

MKG

MOCK TEST SOLUTIONS

GST UPTO COMPOSITION SCHEME

ATTEMPT ALL QUESTIONS

(Maximum Marks : 100)

PART-A (30 MARKS)

Question 1: Multiple Choice Questions

1. In case of Inter-State Supply of service/Goods

- (a) only IGST shall be charged (b) only CGST shall be charged
(c) only SGST shall be charged (d) Both CGST and SGST shall be charged.

2. Mr. X, a trader in Delhi has opted for composition scheme of taxation under GST. Determine the rate of total GST payable by him under composition scheme:

- (a) 0.5% CGST & 0.5% SGST
(b) 2.5% CGST & 2.5% SGST
(c) 5% IGST
(d) 5% SGST

3. Which of the following statement is correct

- (i) ITC of CGST can be adjusted from output SGST
(ii) ITC of SGST can be adjusted from output CGST
(iii) ITC of IGST can be adjusted from output CGST
(iv) ITC of CGST can be adjusted from output IGST
(a) (iii) & (iv)
(b) (ii) & (iv)
(c) none of these
(d) (i) & (ii)

4. Mr. X is a dealer registered in GST and has purchased goods for ₹7,60,000 and paid CGST @ 9% & SGST @ 9% and sold the goods at a profit of 40% on cost and charged output CGST @ 9% and Output SGST @ 9%. Tax Payable shall be

- (a) CGST – ₹27,360 & SGST - ₹27,360
(b) CGST – ₹27,360 & SGST - Nil
(c) CGST – Nil & SGST - ₹27,360
(d) CGST – Nil & SGST - Nil

5. Which of the following statement is correct

- (a) In case of purchase of goods from other states, IGST is payable but ITC not allowed
- (b) In case of purchase of goods from other states, IGST is payable and also ITC is allowed
- (c) In case of purchase of goods from other states, CGST is payable and also ITC is allowed
- (d) In case of purchase of goods from other states, CGST is payable and ITC is not allowed

6. Mr. X is a dealer registered in GST and has purchased goods of ₹5,00,000 and paid CGST @ 5% and SGST @ 5% and sold the goods at a profit of ₹2,00,000 and charged output CGST @ 5% and Output SGST @ 5%. Tax Payable shall be

- (a) CGST – ₹35,000 & SGST - ₹35,000
- (b) CGST – ₹10,000 & SGST - ₹10,000
- (c) CGST – Nil & SGST - ₹20,000
- (d) CGST – Nil & SGST - Nil

7. If the goods are received in lots/installment, -----

- (a) 50% ITC can be taken on receipt of 1st installment and balance 50% on receipt of last installment.
- (b) ITC can be availed upon receipt of last installment.
- (c) 100% ITC can be taken on receipt of 1st installment.
- (d) Proportionate ITC can be availed on receipt of each lot/installment.

8. Within how many days a person should apply for registration?

- (a) Within 60 days from the date he becomes liable for registration.
- (b) Within 30 days from the date he becomes liable for registration.
- (c) No Time Limit
- (d) Within 90 days from the date he becomes liable for registration.

9. Can a registered person opting for composition scheme collect tax on his outward supplies?

- (a) Yes
- (b) No
- (c) Yes, if the amount of tax is prominently indicated in the invoice issued by him
- (d) Yes, only on such goods as may be notified by the Central Government

10. Mr. X, a registered supplier of Meghalaya wants to opt for composition levy. The turnover limit for composition levy is-

- (a) ₹50 lakh
- (b) ₹75 lakh
- (c) ₹100 lakh
- (d) ₹150 lakh

11. A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income- tax Act, 1961. The supplier can-

- (a) avail only 50% of the said tax component as ITC
- (b) not avail ITC on the said tax component
- (c) avail 100% ITC of the said tax component
- (d) avail only 25% of the said tax component as ITC

12. Mr. X is a dealer registered in GST and has purchased goods from other State ₹10,00,000 and paid IGST @ 12% and sold the goods at a profit of ₹1,00,000 and charged output CGST @ 6% and Output SGST @ 6%. Tax Payable shall be

- (a) CGST – ₹66,000 & SGST - ₹66,000
- (b) CGST – ₹12,000 & SGST - ₹12,000

(c) CGST – Nil & SGST - ₹12,000

(d) CGST – Nil & SGST - Nil

13. Mr. X is a dealer registered in GST and has purchased goods from other State ₹5,00,000 and paid IGST @ 10% and sold the goods at a profit of ₹2,00,000 and charged output CGST @ 5% and Output SGST @ 5%. Tax Payable shall be

(a) CGST – ₹35,000 & SGST - ₹35,000

(b) CGST – ₹20,000 & SGST - ₹20,000

(c) CGST – Nil & SGST - ₹20,000

(d) CGST – Nil & SGST - Nil

14. Which of the following statement is correct

(a) In case of purchase of capital goods, ITC is not allowed

(b) In case of purchase of capital goods, ITC is allowed

(c) In case of purchase of capital goods, ITC is allowed but depreciation on GST portion is not allowed

(d) In case of purchase of capital goods, ITC is allowed and also depreciation on GST portion is allowed

15. Which of the following statement is not correct

(i) GST is a single stage tax

(ii) GST is a multi stage tax

(iii) GST has cascading effect

(a) (i) & (ii)

(b) (ii) & (iii)

(c) (i) & (iii)

(d) None of these

16. Which of the following statement is true for a composition tax payer?

(a) A composition tax payer can avail only 50% of ITC on capital goods.

(b) A composition tax payer can avail 100% ITC on inputs.

(c) ITC is not available on inward supplies made by a composition tax payer.

(d) Composition tax will be available as ITC to the recipient only if the tax is mentioned separately in the invoice raised by the composition tax payer.

17. In which of the following situations, taxpayer needs to reverse the credit already taken?

(a) If payment is not made to the supplier within 45 days from the date of invoice

(b) If payment is not made to the supplier within 90 days from the date of invoice

(c) If payment is not made to the supplier within 180 days from the date of invoice

(d) None of the above

18. What is the time limit for taking ITC?

(a) 180 days (b) 1 year (c) 20th October of the next financial year or the date of filing annual return whichever is earlier

(d) No limit

19. Mr. X, a registered supplier of Delhi opted for composition levy. He purchased goods A and paid GST of ₹50 lakh on such purchase. ITC allowed shall be

(a) ₹50 lakh

(b) ₹25 lakh

- (c) No tax credit is allowed
- (d) none of the above

20. Input tax credit on capital goods can be availed in one installment or in multiple installments?

- (a) In thirty-six installments
- (b) In twelve installments
- (c) In one installment
- (d) In two installments

21. Mr. A, a registered taxable person, was paying tax at composition scheme upto 30th June. However, w.e.f. 1st July, Mr. A becomes liable to pay tax under regular scheme. Mr. A will be eligible for ITC on inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as on 30th June. ITC on capital goods will be reduced by _____ % per quarter from the date of the invoice.

- (a) 10%
- (b) 25%
- (c) 5%
- (d) 15%

22. The persons making inter-State supplies from Madhya Pradesh is compulsorily required to get registered under GST, _____

- (a) if his all India based aggregate turnover exceeds ₹20 lakh in a financial year
- (b) if his all India based aggregate turnover exceeds ₹10 lakh in a financial year
- (c) irrespective of the amount of aggregate turnover in a financial year
- (d) if his all India based aggregate turnover exceeds ₹40 lakh in a financial year

23. What is the validity of the registration certificate?

- (a) One year
- (b) No validity
- (c) Valid till it is cancelled.
- (d) Five years.

24. Which of the following statement is correct

- (a) GST is payable on supply of goods but not on supply of services
- (b) GST is payable on supply of services but not on supply of goods
- (c) GST is not payable on supply of goods or services
- (d) GST is payable on supply of both goods as well as services

25. Which of the following is not included in aggregate turnover?

- (a) Exempt supplies of goods or services or both
- (b) Export of goods or services or both
- (c) Inter-State supply of goods or services or both
- (d) Value of inward supplies on which tax is paid under reverse charge

26. Within how many days an application for revocation of cancellation of registration can be made?

- (a) Within 7 days from the date of service of the cancellation order.
- (b) Within 15 days from the date of issue of the cancellation order.
- (c) Within 45 days from the date of issue of the cancellation order.
- (d) Within 30 days from the date of service of the cancellation order.

27. Mr. A has started supply of goods in Delhi. He is required to obtain registration if his aggregate turnover exceeds _____ during a financial year.

- (a) ₹10 lakh
- (b) ₹20 lakh
- (c) ₹30 lakh
- (d) ₹40 lakh

28. Which of the following statement is true for Mr. X, a casual taxable person?

- (a) Mr. X is not required to take registration under GST.
 (b) Mr. X is required to get registration under GST, if the aggregate turnover in a financial year exceeds ₹20 lakh.
 (c) Mr. X can opt for voluntary registration under GST.
 (d) Mr. X has to compulsorily get registered under GST irrespective of the threshold limit.

29. What is the threshold limit of turnover in the preceding financial year to be eligible for composition levy in Delhi?

- (a) ₹50 lakh
 (b) ₹75 lakh
 (c) ₹100 lakh
 (d) ₹150 lakh

30. In case of Intra-State Supply of service/Goods

- (a) only IGST shall be charged
 (b) only CGST shall be charged
 (c) only SGST shall be charged
 (d) Both CGST and SGST shall be charged.

PART-B (70 MARKS)

Question 2

(10 marks)

ABC Ltd is a manufacturer and is registered in GST in Delhi and has purchased raw material/spare parts etc. for ₹6,00,000 plus CGST @ 9% plus SGST @ 9% and incurred ₹ 4,00,000 on processing. Profit @ 40% on cost and entire product was sold to a wholesaler and charged CGST @ 12% and SGST @ 12%.

Compute input tax credit/ output tax and net tax of the manufacturer.

The wholesaler has further sold it to retailer at a profit of 30% on cost and charged CGST @ 12% and SGST @ 12%. Compute input tax credit/ output tax and net tax of the wholesaler.

The retailer has further sold it to a consumer Mr. X at a profit of 30% on cost and charged CGST @ 12% and SGST @ 12%. Compute input tax credit/ output tax and net tax of the retailer.

Question 3 (a)

(5 marks)

Dina Ltd., a registered supplier from Maharashtra is engaged in the manufacturing of passenger auto. The company provides the following details of purchase made/services availed by it during the month of March 2020:

Sl. No.	Particulars	GST Paid ₹
i.	Purchase of iron which is used as a raw material (Goods were received in two instalments, first on in March 2020 and the second instalment was received in April)	2,50,000
ii.	Purchase of accessories which were delivered directly to the Dealers of the company. Only invoice was received by Dina Ltd.	90,000
iii.	Purchase of Bus (seating capacity 15) for the transportation of employees from their residence to company and back	1,97,000

iv.	Input tax credit on general insurance taken on a car used by Executives of the company for official purposes.	5,200
v	Payment made to M/s Tasty Caterers for providing daily breakfast & lunch to the employees of the company, as voluntary staff welfare measure.	54,700

You are required to determine the eligible input Tax Credit available to M/s Dina Ltd. for the month of March 2020, by giving brief explanations for treatment of various items. Subject to the information given above, all the other conditions necessary for availing input tax credit have been fulfilled.

Question 3 (b)**(5 marks)**

Explain Eligibility and conditions for taking Tax Credit under GST.

Question 4**(10 marks)**

Mr. X is registered in GST and he is a manufacturer and he has purchased raw material R1 for ₹2,50,000 and has paid CGST @ 10% plus SGST @ 10%.

He purchased raw material R2 for ₹3,20,000 and paid IGST @ 20% and raw material was purchased from other state.

He has purchased raw material R3 for ₹5,50,000 and has paid CGST @ 10% plus SGST @ 10%. Processing charges ₹4,00,000 plus profit ₹70,000.

The manufacturer has taken input services in connection with manufacturing of the product and has paid ₹5,00,000 plus CGST @ 10% plus SGST @ 10%.

Final product was sold and charged CGST @ 10% plus SGST @ 10%.

Show the working for GST and also show the working for payment of tax at the time of sale of final product.

Question 5 (a)**(5 marks)**

Examine in relation to composition levy scheme under the CGST Act, 2017 and the rules made thereunder in the following individual cases:

(1) Ketu is a manufacturer of Ice-cream and pan masala in State of Maharashtra. His turnover for the year does not exceed ₹1.5 Crore. He wants to register for composition levy scheme. Is he eligible for it?

(2) Jadhu of Gujarat opts for composition scheme during a financial year 2018-19. But on 10-02-2019 his turnover crosses ₹ 1.5 Crore, can he continue under composition levy scheme.

(3) X Ltd. has 2 branches K & L in Delhi, having same PAN. Branch K opts for normal scheme. X Ltd. want to continue composition levy in case of its branch L. Can X Ltd. continue Composition levy only for Branch L?

Question 5 (b)**(5 marks)**

Harshgeet Pvt. Ltd. a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of July, 2019:

Sr. No.	Particulars	GST paid
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(1)	Raw Material (To be received in September, 2019)	2,50,000
(2)	Membership of a club availed for employees working in the factory	1,45,000
(3)	Inputs to be received in 5 lots, out of which 3rd lot was received during the month	80,000
(4)	Trucks used for transport of raw material	40,000
(5)	Capital Goods (out of 3 items, invoice for 2 item is missing and GST paid on that Item is 80,000)	1,50,000

Determine the amount of Tax Credit available with Harshgeet Pvt. Ltd. for the month of July, 2019 by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled.

Question 6 (a) (5 marks)

Explain in brief Composition Scheme under section 10 of the CGST Act, 2017.

Question 6 (b) (5 marks)

Answer the following questions with respect to casual taxable person under the CGST Act, 2017:

- (i) Who is a casual taxable person?
- (ii) Can a casual taxable person opt for the composition scheme?
- (iii) When is the casual taxable person liable to get registered?
- (iv) What is the validity period of the registration certificate issued to a casual taxable person?
- (v) Can the validity of registration certificate issued to a casual taxable person be extended? If yes, what will be the period of extension?

Question 7 (a) (5 marks)

Explain the registration requirements under GST law in the following independent cases

(i) Mr. Ahmad of Jammu engaged in the business of supplying tobacco based Pan Masala with an aggregate turnover of ₹ 24 lacs.

(ii) Mr. Lepcha of Mizoram is engaged in the supply of papers with an aggregate turnover of ₹ 13 lacs.

Will your answer be different if Mr. Lepcha is located in Meghalaya?

Question 7 (b) (5 marks)

Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September 2019:

	Particulars	GST paid (₹)
(i)	Purchase of cabs used for the transportation of its employees	3,30,000
(ii)	Inputs consisting of three lots, out of which first lot was received during the month	1,25,000
(iii)	Capital Goods	2,50,000
	(out of three items, invoice for one item was missing and GST paid on that item was, ₹25,000)	
(iv)	Outdoor catering service availed on Women's day	72,000

Determine the amount of Input Tax Credit available with M/s Fun Pharma Private Limited for the month of September 2019 by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

Question 8 (a) (7 marks)

Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the months of September 2019:

Intra-State supply of goods	₹25,00,000
Inter-State supply of goods	₹5,00,000

He has also made the following inward supply:

Intra-State purchase of goods from Registered Dealer	₹14,00,000
Intra-State purchase of goods from Unregistered Dealer	₹2,00,000
Inter-State purchase of goods from Registered Dealer	₹4,00,000

Balance of ITC at the beginning of September 2019:

CGST	₹ 95,000
SGST	₹ 60,000
IGST	₹ 50,000

Additional Information:

He purchased a car (Intra-State supply) used for business purpose at a price of ₹ 6,72,000/- (including CGST of ₹ 36,000 & SGST of ₹ 36,000) on September 15, 2019. He capitalized the full value including GST in the books on the same date to claim depreciation.

Out of Inter-State purchase from registered dealer, goods worth ₹ 1,00,000 were received on October 3, 2019 due to road traffic jams.

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled except mentioned above.

Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September 2019.

Question 8 (b)

(3 marks)

Differentiate between direct and indirect Taxes