

Chapter 1.

Introduction to Taxation

What is Tax?

Tax may be defined as a "pecuniary burden laid upon individuals or property to support the government a payment exacted by legislative authority". It is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority.

Taxation may also be defined as any contribution imposed by government whether under the name of toll, tribute, tallage, gabel, impost, duty, custom, excise, subsidy, aid, supply, or any other name. In modern taxation systems, taxes are levied in money, but in kind taxation is characteristics of traditional or pre-capitalist states and their functional equivalents. The method of taxation and the government expenditure of taxes raised are often highly debated in politics and economics

According to Prof. Seligman "Tax is a compulsory contribution from a person to the government to defray the expenses incurred in the common interest of all, without reference to special benefits conferred.

According to Bastable "Taxation is a compulsory contribution of the wealth of a person or body of persons for the service of the public powers".

According to Taylor "Taxes are compulsory payment to the government without expectation of the direct return or benefit to the tax-payer".

There are three stages in the imposition of tax;

1. The declaration of tax liability i.e., the party of the statute, which determines the persons in respect of what property are liable.
2. The assessment of tax liabilities.
3. The method of recovery if the person taxed does not voluntarily pay.

Nature of Taxation

1. Taxation is a legal Collection.
2. It is a Personal Obligation.
3. It is a Compulsory Contribution.
4. It Imposed by Government alone.
5. Revenue Collection.
6. Socio-Economic Objective.
7. It is a Contribution for the Common Benefit of the Society.
8. Benefit is not a condition for Tax payment.
9. It is not imposed to Realize Cost of Benefit.

Objectives of Tax

1. Rising Public Revenue.
2. Regulation and Control of Economic system.
3. Reduction of Inequalities in Income and Wealth.
4. Bringing Business Stability and Maintaining Full Employment Conditions.
5. Promoting Capital Formation.
6. Political Objectives.
7. Increase in Nation Income.
8. Restrict Unnecessary Consumption.

Distinguish between Direct tax & Indirect Tax

BASIS FOR COMPARISON	DIRECT TAX	INDIRECT TAX
Meaning	Direct tax is referred to as the tax, levied on person's income and wealth and is paid directly to the government.	Indirect Tax is referred to as the tax, levied on a person who consumes the goods and services and is paid indirectly to the government.
Nature	Progressive	Regressive
Incidence and Impact	Falls on the same person.	Falls on different person.
Types	Wealth Tax, Income Tax, Property Tax, Corporate Tax, Import and Export Duties.	Central Sales tax, VAT (Value Added Tax), Service Tax, STT (Security Transaction Tax), Excise Duty, Custom Duty.
Evasion	Tax evasion is possible.	Tax evasion is hardly possible because it is included in the price of the goods and services.
Inflation	Direct tax helps in reducing the inflation.	Indirect taxes promotes the inflation.
Imposition and collection	Imposed on and collected from assessee, i.e. Individual, HUF (Hindu Undivided Family), Company, Firm etc.	Imposed on and collected from consumers of goods and services but paid and deposited by the assessee.
Burden	Cannot be shifted.	Can be shifted
Event	Taxable income or wealth of the assessee	Purchase/sale/manufacture of goods and provision of services

Introduction of Indirect Taxation

There are a number of indirect taxes applied by the government. Taxes are levied on import, manufacture, sale and even purchases of goods and services. These laws aren't also well-defined in terms of Acts from the government; rather orders, circulars and notifications are given out by relevant government bodies to this end. As such, it can be cumbersome trying to understand every feature of indirect taxes in India.

Indirect taxes are touted to be streamlined following the introduction of the uniform Goods and Services Tax (GST). The GST is under deliberation in the parliament and may be approved by mid-2016. The points below will help you understand more about the types of indirect taxes and where they are applicable from a consumer's perspective.

Advantages of Indirect Taxes:

(i) The Poor Can Contribute: They are the only means of reaching the poor. It is a sound principle that every individual should pay something, however little, to the State. The poor are always exempted from paying direct taxes. They can be reached only through indirect taxation.

(ii) Convenient: They are convenient to both the tax-payer and the State. The tax-payers do not feel the burden much partly because an indirect tax is paid in small amounts and partly because it is paid only when making purchases. But the convenience is even greater due to the fact that the tax is “price-coated”. It is wrapped in price. It is like a sugar-coated quinine pill. Thus, a tobacco tax is not felt when it is included in the price of every cigarette bought. It is convenient to the State as well which can collect the tax at the ports or at the factory.

(iii) Broad-based: Indirect taxes can be spread over a wide range. Very heavy direct taxation at just one point may produce harmful effects on social and economic life. As indirect taxes can be spread widely, they are more beneficial and suitable.

(iv) Easy Collection: Collection takes place automatically when goods are bought and sold. A dealer collects the tax when he charges a price. He is an honorary tax collector.

(v) Non-avoidable: They cannot be evaded, as they are a part of the price. They can be evaded only when the taxed article is not consumed, and ‘this may not always be possible’

(vi) Elastic: They are very elastic in yield, imposed on necessities of life which have an inelastic demand. Indirect taxes on necessities yield large revenue, because people must buy these things.

(vi) Equitable: When imposed on luxury or goods consumed by the rich, they are equitable. In such cases, only the rich will pay the tax.

(vii) Check Harmful Consumption: By being imposed on harmful products, they can check consumption of harmful commodities. That is why tobacco, wine and other intoxicants are taxed.

Disadvantages: Indirect taxes have some disadvantages too, which are as follows:

(i) Regressive: Indirect taxes are not equitable. For instance, salt tax in India fell more heavily on the poor than on the rich, as it had to be paid at the same rate by all. Whether a rich man buys a commodity or a poor man, the price in the market is the same for all. The tax is wrapped in the price. Hence, rich and poor pay the same amount, which is obviously unfair. They are thus; regressive.

(ii) Uncertain: Unless indirect taxes are imposed on necessities, we cannot be sure of the revenue yield. In the case of goods, with an elastic demand, the tax might not bring in much revenue. The tax will raise the price and contract the demand. When the thing is not purchased, the question of the tax payment does not arise.

(iii) Raising Prices Unduly: They cause the price of an article to rise by more than the tax. A fraction of the money unit cannot be calculated, so every middleman tends to charge more than the tax. This process is cumulative.

(iv) **Uneconomical:** The cost of collection is quite heavy. Every source of production has to be guarded. Large administrative staff is required to administer such taxes. This turns out to be a costly affair.

(v) **No Civic Consciousness:** These taxes do not develop civic consciousness, because many times the tax-payer does not even know that he is paying tax. The tax is concealed in the price.

(vi) **Harmful to Industries:** They discourage industries if raw materials are taxed. This will raise the cost of production and impair their competitive capacity.

Chapter .2.

Introduction to GST.

India's biggest indirect tax reform in the form of Goods and Services Tax (GST) has completed 1 year. A comprehensive dual GST was introduced in India from 1 July 2017.

The idea of moving towards the GST was first mooted by the then Union Finance Minister in his Budget for 2006-07. The talks of ushering in GST took concrete shape with the introduction of Constitution (122nd Amendment) Bill, 2014. The Bill was passed by the Parliament on 8 August 2016. This was followed by the ratification of the Bill by more than 15 states. On 12 April 2017, the Central Government enacted four GST bills:

- Central GST (CGST) Bill
- Integrated GST (IGST) Bill
- Union Territory GST (UTGST) Bill
- The GST (Compensation to States) Bill

In a short span of time, all the states approved their State GST (SGST) laws. Union territories with legislatures, i.e., Delhi and Puducherry, have adopted the SGST Act and the other 5 union territories without legislatures have adopted the UTGST Act.

The GST Council, a recommendatory body consisting of representatives of Central as well as state governments, has met on several occasions and taken important decisions relating to tax rate structure, exemptions, rules, composition scheme etc. Over the period, the Council has recommended a reduction in the tax rates of various goods and services. It is also considering the various issues faced by trade and industry and endeavoring to simplify the new tax regime and ease compliance.

Meaning of GST

Goods and Services Tax (GST) is an indirect tax (or consumption tax) levied in India on the supply of goods and services. GST is levied at every step in the production process, but is meant to be refunded to all parties in the various stages of production other than the final consumer.

Goods and services are divided into five tax slabs for collection of tax - 0%, 5%, 12%, 18% and 28%. However, Petroleum products, alcoholic drinks, electricity, are not taxed under GST and instead are taxed separately by the individual state governments, as per the previous tax regime. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 22% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products. Pre-GST, the statutory tax rate for most goods was about 26.5%, Post-GST; most goods are expected to be in the 18% tax range

Advantages of GST Tax

- **Simplicity at its Best** – Goods and Service Tax (GST) will replace the existing form of indirect tax in the nation. It will prove a substitute for the 17 indirect laws pertaining to the nation and will subsidize it with the new GST Tax. That shall come across as a simpler term to envision.
- **Boosting of Revenue** – Think of it, with the new GST in the nation, there won't be more of an evasion as what is happening with the current tax laws. Such simpler term of taxation will make more suppliers in a mood to pay the tax amount which in turn marks the boost in revenue levels.
- **Lesser cost of Logistics and Inventory** – As the GST tax will mark the end of 17 other indirect laws, there won't be much of logistics and inventory costs as of now. Also, the slow movement across the state levels of goods carrier will

be stopped with the transit speed increasing tenfold. As per one of the surveys conducted recently, it has been estimated that the Indians will be able to save almost about Rs 2300 crore which is spent at the various check post at the border of the state.

- **Quite an Investment Boost** – As is the norm with the current tax laws in India, there isn't any input on capital goods. But with the new GST Tax laws, one can avail input tax credit on the capital goods. That way, the investment might surge up quite a bit with an expected 6% increase.
- **Lift for the Lesser Developed States** – The normal rules stay put as the 2% interstate-levy with the major chunk of production kept within the state itself. However, with the change in rules, the tax amount can be dispersed across the nation to offer a greater lift for the lesser-developed
- **Standardization** – Many countries follow a GST Tax regime and the new tax will make it easy for everyone to understand the bill. People have already started verifying the bills at restaurants and other retail outlets for the right tax. Earlier, there were many cases of people being charged inappropriately and this has ended with GST.
- **Transparency and Less Corruption** – GST will also lead to less corruption and there will be a significant reduction in corruption as all the money spent needs to be reported for the taxation purpose. Moreover, the retailer would not be able to make sales without the bill hence the cases of income tax evasion will also reduce a lot.
- **Cheaper cars and Phones** – This advantage is totally for the consumers who are planning to buy car or phones. The overall tax rate has been reduced by at least 2 percent and the car price of most of the cars have been reduced. Another such impact is on phones and Apple recently reduced the phone of the price by as much as 7.5%.
- **Boost to GDP** – In one of the studies conducted by HSBC, the GST would have a positive impact on GDP of the country and the GDP of the country will increase by at least 80bps which translate to 0.80%. This is surely a great help to the targets set by Modi Government.
- **Ease of Starting Business**–India has gained position on the scale of ease of doing business and one of the reasons for this is the implementation of GST. This is also attracting foreign investments and more people are now encouraged to start the business. A fewer number of registrations makes it quick and easy to start the business.
- **Reduced Burden of Tax**–GST has certainly reduced the tax burden. For example, eating out is lot cheaper now. Earlier, the food bill at the restaurant was taxed at 18% but today, if you go out for a meal, the overall tax rate would be only 5%. In addition to this, the government is closely monitoring the situation to ensure that the benefits are delivered to the consumer.
- **Easier to Process**– It is certainly easy to process GST as the tax is now submitted online. You do not have to visit various government department or banks to submit the tax.
- **Inflation**– It is also speculated that the implementation of GST will control the inflation and the inflation would not rise for the next couple of years. This is quite evident as the bank's Fixed Deposit rates are falling continuously which reflects a part of inflation.
- **Tax Evasion Easy to Catch**– With the implementation of GST, it has become easy for the government to catch the tax evasion. The most certain advantage of this is the reduction in black money and increment in the government tax

collection. The money can be infused back into the economy for the development of infrastructure and other public works.

- **Cost of Tax Collection**– The cost of tax collection has gone down for the government and this is certainly a benefit. Online tax collection has reduced a significant cost for the government and in addition to this, the simplification of the process is another reason why the cost of tax collection has gone down.
- **High Threshold of Registration**–GST has a higher threshold and under GST, the threshold has been increased from Rs 5 Lakh to Rs 20 Lakh. This means that many small traders are exempted from the GST structure.
- **A clear pathway for e-commerce**– The GST also defines the pathway for the taxation procedure of e-commerce industry. This was really necessary as it was missing from the previous taxation policies. With increasing dependency on e-commerce, this is certainly a move which is welcomed by all. GST has also reduced the complexities and compliances associated with previous taxation system.
- **GST for the unorganized sector**– Unorganized sector was a part which was often left unaccounted for in GDP but with the implementation of GST the unorganized sector can also be accounted for. There is a provision on online sites to stay compliant with GST in case of unorganized sector.

Definitions

Goods

“Goods” means every kind of movable property other than money and securities but includes actionable claims ,growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

The above is summarized as under:

Goods include:

- Every kind of movable property
- Actionable claims
- Growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

A goods does not include:

- Money and
- Securities

“Services” : means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged;

Explanation 1 Services include transactions in money but does not include money and securities. Meaning thereby that if transaction is done without any separate charge /consideration no service;

Explanation 2 But transaction in money relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination *for which a separate consideration is charged then it is service* .

BUSINESS: includes

- a) any trade, commerce, manufacture, profession, vocation, adventurer, wager or any other similar activity, whether or not it is for a pecuniary benefit;
- b) any activity or transaction in connection with or incidental or ancillary to (a) above;
- c) any activity or transaction in the nature of (a) above, whether or not there is volume, frequency, continuity or regularity of such transaction;
- d) supply or acquisition of goods including capital assets and services in connection with commencement or closure of business;
- e) provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members, as the case may be;
- f) admission, for a consideration, of persons to any premises; and
- g) services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation
- h) services provided by a race club by way of totalisator or a license to book maker in such club.
- i) Any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities shall be deemed to be business.

CONSIDERATION

“consideration” in relation to the supply of goods or services or both includes—

- a) Any payment made or to be made, whether in money or otherwise, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government;
- b) The monetary value of any actor forbearance, in respect of, in response to, or for the inducement of, the supply of goods or services or both, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government:

Provided that a deposit given in respect of the supply of goods or services or both shall not be considered as payment made for such unless the supplier applies such deposit as consideration for the said supply.

Person

Person includes

- (i) An individual,
- (ii) A Hindu undivided family,
- (iii) A company,
- (iv) A firm,
- (v) An association of persons or a body of individuals, whether incorporated or not,
- (vi) A local authority, and
- (vii) Every artificial juridical person, not falling within any of the preceding sub-clauses

Money

Money is any item or verifiable record that is generally accepted as payment for goods and services and repayment of debts, such as taxes, in a particular country or socio-economic context.^{[1][2][3]} The main functions of money are distinguished as: a medium of exchange, a unit of account, a store of value and sometimes, a standard of deferred payment.^{[4][5]} Any item or verifiable record that fulfils these functions can be considered as money.

Money is historically an emergent market phenomenon establishing a commodity money, but nearly all contemporary money systems are based on fiat money.^[4] Fiat money, like any check or note of debt, is without use value as a physical commodity. It derives its value by being declared by a government to be legal tender; that is, it must be accepted as a form of payment within the boundaries of the country, for "all debts, public and private".^[6] Counterfeit money can cause good money to lose its value.

Securities

A **security** is a tradable financial asset. The term commonly refers to any form of financial instrument, but its legal definition varies by jurisdiction. In some jurisdictions, the term specifically excludes financial instruments other than equities and fixed income instruments. In some jurisdictions, it includes some instruments that are close to equities and fixed income, e.g., equity warrants. In some countries and languages, the term "security" is commonly used in day-to-day parlance to mean any form of financial instrument, even though the underlying legal and regulatory regime may not have such a broad definition.

India

India includes area up to 200 nautical miles from base line inside sea. Area up to 12 nautical miles is deemed to be area of coastal State or Union Territory. Area between 12 nautical miles to 200 nautical miles is of central Government for purpose of GST

Place of Business

Place from where business is carried on, includes a warehouse, a godown or any other place from where supply is done or received or Maintains his books of accounts, or A place from where business is carried through an agent.

Principal place of business

- Principal Place as mentioned in certificate of registration.

Fixed Establishment

- Place other than registered place of business, where suitable structure in terms of human and technical resources is present. Sufficient degree of permanence.

Aggregate Turnover

Taxable Supplies + Exempt Supplies + Export + Interstate Supplies of person having same PAN (Excludes RCM Inward supplies + GST Tax Amount) of Goods & Services on PAN India basis

Business Vertical

Multiple business verticals in a state may be granted a separate registration for each business vertical.

Agent

• Means a person who carries on the business of supply or receipt or both on behalf of another • Includes factor, broker, commission agent, arhatia, Del credere agent.

Principal

• Person on whose behalf agent carries on the business of supply of goods or services.

Intermediary

• A broker, agent or any other person who arranges or facilitates the supply of goods or services or securities between two or more person but does not include a person who supplies on his own account.

Capital Goods

Goods whose value is capitalized in the books of accounts of the person claiming the credit; and which are used or intended to be used in the course or furtherance of business.

Input

Any goods other than capital goods, used or intended to be used by a supplier for in the course or furtherance of business.

Input Service

Service used or intended to be used in the course or furtherance of business.

RATE STRUCTURE & CLASSIFICATION

Classification of Goods	Based on HSN codes <ul style="list-style-type: none"> • Turnover below 1.5 Cr – No HSN • Turnover from 1.5 Cr to 5 Cr – 2 Digit HSN • Turnover from 5 Cr – 4 Digit HSN • Total Chapters - 84
Classification of Services	<ul style="list-style-type: none"> • Services Accounting Code • Total Headings – 31, further divided into sub heads.
Rate Structure	<ul style="list-style-type: none"> • Nil Rated/ Exempt Supplies • Zero Rated • Rates: 5%, 12%, 18% , 28% & Compensation Cess on specified commodities
Principals of Classification	<ul style="list-style-type: none"> • Commercial/ Trade Parlance • Definition as per statute/ chapter note/ section note • Description of HSN • Specific description over general • Functional Use of Product • Essential Characteristics • Expert Opinion • ISI specification • Finance Minister's Speech • Trade Notices/ Circulars • Chemical examination • Relevant Time • Beneficial Classification

Levy & Collection of GST
(Practical)

1. Mr. Deepak Vishwakarma gives you following information for his transactions for Nov, 2017.

Particulars	Rs.
Rent Received:	
For Factory Building	6,00,000
For Machinery in factory	1,20,000
For Residential House	3,00,000
For Furniture in Residential House	80,000
For open plot of Land rented to circus.	2,40,000
For Agricultural plot	90,000
For Hotel rooms (Declared Tariff per day Rs. 1,200)	4,20,000
For Hostel working women	5,40,000
For Renting building to Saraswati High School.	2,70,000
For Renting premises to ATM Machines of Bank	1,40,000
For Renting of Agricultural Machinery	1,50,000
For Open Plot of land for Animal Husbandry	90,000
Remuneration received as a member of Parliament (MP)	3,60,000
Pension received from Ex- Employer	72,000

As per the provisions related to Goods & Services Tax, classify the above items as taxable or non-taxable and calculate the value of taxable services, assuming that Goods & services Tax is not included in above amounts.

2. Mr. Naynesh is owning certain properties which he is given as follows. The said sum include rent from:

a. A building was let out to Try Sure Coaching Classes for Providing coaching of TYBCOM Rs. 4 Lakhs.

b. Allowed to use space of building for placing vending machines : Rs. 5 Lakhs.

c. A Ganesh Temple hall was let out for religious purpose for general public : R. 6 Lakhs.

(Rent of Rs. 4 lakhs was in cases where charges were less than Rs. 10,000 per day)\

d. Houses are let out to individuals for residential purpose : Rs. 7 lakhs.

e. Vacant land used for animal husbandry : Rs. 8 Lakhs.

f. A Building was let out to Vidya Prasarak School : Rs. 9 Lakhs.

g. A Building was let out to be used as corporate office : Rs. 10 Lakhs.

h. A Building let out to RBI : Rs. 11 Lakhs.

i) Land used for exhibition : Rs. 12 Lakhs.

Compute the amount of Goods and Services Tax payable by Mr. Naynesh assuming the rent is exclusive of GST in each case. Make suitable assumptions. Applicable rate of GST was 18%.

3. Nikhat Bank has furnished following information for April 2018.

Particulars	Rs.
Interest Received on Term Loans	7,00,000
Penal Interest Received on Delayed Repayment of Loans	3,00,000
Annual Fees on Debit Cards	1,50,000
Bank Charges on Current Account	2,50,000
Bank Charges for issue of demand drafts	1,60,000
Loan Processing Charges	3,40,000
Interest Received on Credit Cards	1,20,000

Late Payment fees on Credit Cards.	40,000
Rent of Safe Deposit Lockers	3,60,000
Commission from Government for collection on Income Tax	1,30,000
Interest received from RBI	90,000
Charges received for conversion of foreign currency.	70,000
Commission on sale of Foreign Exchange to Janata Bank	30,000
Fees Received for Investment Consultancy Services.	80,000

As per the provisions related to Goods & Services Tax, classify the above items as taxable or non-taxable and calculate the value of taxable services, assuming that Goods & services Tax is not included in above amounts.

4. Afreen bank, furnishes you the following transaction during the period 1-11-2017 to 31-3-2018:

- a. Interest earned on loan Rs. 5 crore.
- b. Penal Interest charged on delay in repayment of loans by customers : Rs. 2 lakhs.
- c. Debit card related charges : Rs. 35 lakhs.
- d. Charges for use of Locker facilities : Rs. 40 Lakhs.
- e. Commission from government towards collection of taxes : Rs. 15 Lakhs.
- f. Commission of Rs. 20 lakhs charged for preparation of demand draft.
- g. Charges for late payment of dues on credit card outstanding : Rs. 2 Lakhs
- h. Sale and purchase of forward contract of Rs. 10 Lakhs.
- i. Loan Processing fee charged : Rs. 50 Lakhs.

Compute the value of taxable services as well as goods and services tax payable thereon if charges are exclusive of goods and services tax. Applicable rate of GST was 18%.

5. Manisha Trainers Ltd., a commercial training or coaching centre, provides the various services as follows:

- a. Training in recreation activities relating to culture : Rs. 1 Lakhs.
- b. Receipts from nursing training centre in relation (hobby classes) : Rs. 2 lakhs
- c. Receipts from Admission Processing Fees charged : Rs. 3 Lakhs.
- d. Postal Coaching receipts : Rs. 4 Lakhs.
- e. Services by way of transportation of students : Rs. 5 Lakhs.
- f. Training and coaching in different games : Rs. 6 lakhs.
- g. Placement services : Rs. 7 Lakhs
- h. Coaching to students for IIM exams : Rs. 8 Lakhs.

Compute the goods and services tax payable, if all receipts are exclusive of goods and services tax.

6. Compute the value of taxable service & goods and service tax payable on Information Technology Software if all charges are exclusive of goods and service tax. Ignore Small Service Providers Exemption:

- a. Development and design of software : Rs. 1 Lakh.
- b. Sale of Pre Packed software given to different clients : Rs 2 Lakhs
- c. License to use software given to different clients : Rs. 3 Lakhs
- d. Up – gradation of software : Rs. 4 Lakhs
- e. Enhancement and Implementation of software : Rs. 5 Lakhs.
- f. Programming of software : Rs. 6 Lakhs.
- g. Tailor made Modification to the software and delivered on electronic storage media : Rs. 7 Lakhs
- h. Advice and consultancy on matters relating to software : Rs. 8 Lakhs
- i. On-site development of software : Rs. 9 Lakhs

7. Following are the details with respect to the activities undertaken in relation to Agriculture:

Particulars	Rs.
a. Supply of farm labour	1,85,000
b. Charges for Seed testing	2,65,000
c. Charges for soil Testing of Farm Land	3,35,000
d. Charges for Warehousing of Agricultural produce	4,00,000
e. Commission Received for selling of Agricultural Produce	5,75,000
f. Charges for Training of Farmers on use of New Pesticides and Fertilizers developed through Scientific Research	6,10,000
g. Renting of Agricultural vacant land for Rearing Horses.	7,00,000
h. Leasing of Vacant land to a cattle farm	8,83,500
i. Renting/Leasing of Agro Machinery.	3,00,000
j. Loading and Unloading charge in Agricultural Activities.	2,00,000
k. Storage and warehousing of Agricultural produce	4,00,000
l. Curing and grading of Agricultural produce	5,00,000
m. Sale of Agricultural produce on behalf of Agriculturist for commission	2,00,000
n. Agriculture extension service	6,00,000
o. Leasing of vacant land with storage shed meant for agricultural produce.	8,00,000
p. Carry out operations of shelling of paddy on Job Work basis	2,50,000
q. Cleaning of wheat	2,00,000
r. Charges for warehousing electronic item.	9,00,000

8. Ms. Afreen provides the following services for the year:

- Aerial advertising: Rs. 5 Lakhs
- Sale of Time slot for Advertisement on television : Rs. 10 Lakhs
- Charges for preparation of Advertisement for VODAPHONE : Rs. 15 Lakhs
- Advertisement via space in print media : Rs. 20 Lakhs
- Commission charges for canvassing advertisement : Rs. 25 Lakhs
- Sale of time slot for advertisement on Radio Mirchi : Rs 30 Lakhs.

Compute the value of taxable services as well as goods and services tax payable thereon if charges are exclusive of goods and services tax. Applicable rate of GST was 18%. However GST rate applicable on print media is 5%.

9. Following are the activities/transactions decide whether goods and services tax shall be levied on them.

- Job work of Agriculture : Rs. 2 Lakhs.
- Charges for printing work undertaken for the client : Rs. 2 Lakhs
- Charges for textile processing work for the client : Rs. 3 Lakhs.
- Charges for cutting polishing work of diamond and gemstones for the client : Rs. 4 lakhs.
- charges for manufacture of alcoholic drinks Rs. 5 lakhs
- Carried out certain process as job work for M/s Sanil Engineers Rs. 6 Lakhs
- Sale of goods which is liable to nil rate of duty Rs. 7 Lakhs
- Sale of goods which is liable to @12% : Rs. 8 lakhs.

10. From the following given to you of Mr. Raja compute the value of taxable service & the goods and services tax payable for the month. All amounts given are excluding GST.

Particulars	Rs
a. Coaching for IIM entrance exam	28,000
b. Courier service	1,44,000
c. Royalty from permanent transfer of trademark	24,000

GYAN COMMERCE CLASSES	GST	Indirect Tax
d. Services of transport passenger by ropeways		1,32,000
e. Commission from acting as commission agent of consumer goods		36,000
f. Commission from acting as clearing and forwarding agent		1,20,000
g. Transportation charges of sugar.		48,000
h. Commission for acting as commission agent of agricultural produce		1,08,000
i. Toll receipt from highway of Mumbai to Pune		60,000
j. Commission earned on toll receipts		96,000
k. Transportation charges : Freight collected per trip was Rs. 1,200		72,000
l. Carried out certain process as job work which did not amount to manufacture.		84,000

GST rate for all the supplies may be assumed to be 18%.

CHAPTER 3. SUPPLY OF GOODS & SERVICES

SUPPLY OF GOODS

1. Transfer of title in goods
2. Transfer of title in goods under an agreement at a future date upon payment of full consideration.
3. Transfer or Disposal of goods forming part of business assets whether or not for a consideration.
4. Goods forming part of Asset of business held by a person ceases to be taxable person. Except- Business transferred as a going concern or Business carried on by personal representative who is a taxable person.
5. Supply of goods by any unincorporated association or body of persons to a member there of for consideration.

SUPPLY OF SERVICES

Transfer of Goods or right in Goods without transfer of title	Giving Machinery on rent
Lease, tenancy, easement, license to occupy land	For defined period giving land for shooting movies
Leasing or letting of building (R,C,I) wholly or partly for Business or Commerce.	Renting of building to business entity for Business
Renting of Immovable Property	Renting of Land
Treatment or process applied to another persons goods	Job Worker
Business Goods put to Private use (with or without consideration)	Computer manufacturer uses computer for private use
Construction of a complex , building or a civil structure where consideration is received before CC or first occupation, whichever is earlier	Sale of flat, shop etc by Builders before CC or first occupancy
Temporary transfer/use of Intellectual Property	Allowing a person to use your trademark (Mc Donald's)
Development, Design, Programming, Customisation, Adaptation, Upgradation , Enhancement, implement of IT Software	Designing of Software for a company (ERP Program)
Works Contract	Construction of building
Agreeing to the obligation	To do an act Forfeiture of Advance, Compensation for termination of business agreement Refrain from an act Non Compete Fees To tolerate an act or an situation Penalty on early termination of agreement, Charges on early payment of loan, Demurrage charges, booking cancellation charges
Supply of food or any article or drink (other than liquor)	Catering

NOT A SUPPLY OF GOODS & SERVICES

1. Services by an employee to the employer in the course of or in relation to his employment.
2. Services by any Court or Tribunal
3. Functions performed by the elected public representatives.
4. Duties performed by person holding Constitutional posts
5. Duties performed in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause
6. Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
7. Sale of land and Sale of Building after first occupation or completion certificate.
8. Actionable claims, other than lottery, betting and gambling.
9. Notified activities of CG, SG or Local authority as public authority

TYPES OF SUPPLY

Type	Meaning	Valuation	Example
Composite Supply	1. Comprising two or more supplies of goods or services, or any combination thereof, which are naturally bundled supplied in conjunction with each Other in the ordinary course of business one of which is a principal supply. (Predominant element of composite supply) 2. No option to purchase separately	Principal Supply Item	1. Goods packed, & transported with Insurance. 2. TV with warranty & Maintenance. 3. Works Contract 4. Travel in Rajdhani Express
Mixed Supply	1. Two or more individual supplies of goods or services, or any combination thereof, for a single price. 2. No option to purchase separately	Supply which attracts the highest rate of tax.	Supply of Chocolate and aerated drinks for single price. Each can be supplied separately and is not dependent.
Exempt Supply	Means supply of any goods and/or services which are not taxable under this Act and includes such supply of goods and/or services which attract nil rate of tax or which may be exempt from tax by Central or State Government if satisfied in public interest.		1. Supply of food grains 2. Basic Education Service
Zero Rated supply	1. Exports; or 2. Supply to a SEZ developer or a SEZ unit.		Supply from India to USA.

CHAPTER 4.
PLACE OF SUPPLY

PLACE OF SUPPLY- GOODS

Particulars	Place of Supply	Example
Movement of Goods by Supplier/ Recipient	Place where movement of goods terminated for delivery to the recipient.	A Ltd supplies to B Ltd electronic products at his factory. Place of Supply will be B Ltd location. In case of ex-factory supply place will be A Ltd location.
Supply on direction of Third Person by transfer to title documents (Sale during transit)	Location of such Third Person (whether agent or otherwise)	A Ltd supplies to B Ltd, B Ltd directs A Ltd to deliver the goods to C Ltd. Place of Supply will be B Ltd location.
Supply without movement	Location of goods at the time of delivery to recipient	'A' purchases grocery from 'B', sale completes at B's location. Place of Supply will be B's Location.
Supply of goods assembled or installed at site	Place where such assembly or installation took place	'A' purchases lift, to be installed at B's location. Location of 'B' will be Place of supply.
Supply on Board Conveyance- vessel, aircraft, train or motor vehicle	Location at which goods are taken on board	'A' purchases power bank from in-flight shopping catalogue on board. Location at which the power bank was taken in flight.
Import	Location of Importer	A Ltd purchased from B Ltd located in USA. Place of Supply will be B Ltd location.
Export	Location outside India	A Ltd supplied to B Ltd located in USA. Place of Supply will be B Ltd location.
Others	As per law of Parliament based on Council's suggestion	

Place of Supply of Services - Residual Category

Situation	Place of Supply
Supply to Registered Person	Location shall be the address of registered service recipient;
Supply to Unregistered Person	Address on records; Otherwise, the location of supplier of service

Place of Supply of Services – Location Based

1. Related to immovable property including services by architects, Interior decorators, Surveyors, engineers, estate agents, grant of right to use immovable property, carrying out or co-ordination of construction work
2. By way of accommodation in any immovable property for organizing marriage, reception, official, social, cultural, religious or business functions
3. Any Services ancillary to the above services
4. Admission to cultural, artistic, sporting, scientific, educational, entertainment event, amusement park or any other place and services thereto

Place of Supply of Services – Where the place where services are performed

1. Supply of Restaurant & Catering Services
2. Personal Grooming

3. Fitness/ Beauty Treatment/ Health Services including Plastic or Cosmetic surgery
 4. Service in respect of goods/ recipient to be made physically available to the supplier

➤ **DETERMINATION OF PLACE OF SUPPLY:**

1. Mr. Mayur of pune receives order from Mr. Suraj of Ahmedabad, for supply of certain goods. The price quoted by Mr. Mayur being inclusive of freight. Mr. Mayur arranges for the transportation of the goods to Ahmedabad. The delivery of goods is taken by Mr. Suraj at Ahmedabad. Determine the place of supply of goods.

2. M/s. Mr. Nirmal of Nasik places order on Mr. Vijay of Mumbai for delivery of certain goods. Mr. Nirmal directs Mr. Vijay to deliver the gods to Mr. Atul in Indore, and Mr. Vijay arranges for transportation of the goods to Mr. Atul in Indore. What will be the place of supply of goods?

3. From the following information determine the place of supply of goods as per section 10(1)(b) of IGST Act, 2017, where the goods are delivered by the supplier to a recipient on the direction of a third person during the course of movement of goods. Also determine the nature of supply – whether inter state or intra state supply?

Supplier and his Location	Location of the buyer (third person)	Recipient and his location	Place of delivery of goods
Mr. Atul, Indore	Mr. Atul, Indore	Mr. Ramesh, Surat	Surat
Mr. Atul, Indore	Mr. Ramesh, Surat	Mr. Atul, Indore	Indore
Mr. Atul, Indore	Mr. Manthan, Mumbai	Mr. Ramesh, Surat	Surat
Mr. Atul, Indore	Mr. Ramesh, Surat	Mr. Subhash, Surat	Surat

4. Mr. rajesh of Mumbai purchased a ‘RADO watch’ from shop in Indore, Madhya Pradesh. Determine place of supply.

5. Mr. Prashant, of Akola has a godown in Indore, Madhya Pradesh. Mr. Amar of Mumbai approaches Mr. Prashant for purchase of goods lying at godown in Indore and takes delivery of goods from the Indore godown. Mr. Prashant issues an invoice for sale of goods at his principal place of business in Madhya Pradesh. Determine the Place of supply of goods.

6. Mr. Kiran located in Pune places an order on Mr. Ravi of Pune for installation of a Machinery at his factory in Madras. Mr. Ravi procures the various parts of the machinery from different states and arranges for installation of the same in Kiran factory at Madras. Determine the place of supply of machine.

7. Determine place of supply of goods in the following cases and also state the nature of supply and the type of tax leviable:

Supplier and his Location	Recipient and his location	Place of Assembly/Installation of goods
Mr. Arun, Mumbai	Mr. Bharat, Mumbai	Ahmedabad
Mr. Arun, Mumbai	Mr. Rajesh, Jodhpur	Indore
Mr. Arun, Mumbai	Mr. Ravi, Madras	Calcutta
Mr. Arun, Mumbai	Mr. Rajesh, Jodhpur	Mumbai

8. Mr. Ravi of Madras entered into a contract with the Railway authority for the supply of food the passengers on Madras-Rajasthan route. Journey commenced from Madras. The goods were loaded on board in Mumbai. Determine the place of supply of goods.

9. If Mr. X of Mumbai has a property in Mohali and avails architect services from Mr. Y of Bengaluru, will your answer change if the property is located in America?

10. X of Mohali who has a saving Bank Account with SBI Bank of Mohali gets a DD issued from SBI Bank of Mumbai will your answer differ if services from ICICI Bank Mumbai branch is taken without having an account.

**CHAPTER 5.
TIME OF SUPPLY**

NATURE	TIME SUPPLY OF GOODS (Earlier of)	TIME SUPPLY OF SERVICE (Earlier of)
NORMAL SUPPLY	1. Date of Receipt of payment 2. Date of Issue of invoice 3. Removal of Goods (Movement) 4. Delivery of Goods (Other than Movement)	1. Date of Receipt in Books of Account. 2. Date of Invoice if issued within 30 days of provision of service or Date of payment. 3. Date of provision of service if invoice not issued within 30 days or date of payment.
REVERSE CHARGE	1. Date of Receipt of Goods 2. Date of Payment by Recipient 3. 31st day from Date of Invoice 4. Date of Entry in Books of Accounts of Recipient	1. Date of Payment by Recipient. 2. 61st day from Date of Invoice 3. Date of entry in Books of Accounts of Recipient
VOUCHERS	1. Issue of voucher, if the supply is identifiable. 2. Date of Redemption of Voucher	1. Issue of voucher, if the supply is identifiable. 2. Date of Redemption of Voucher
OTHERS	1. Date of Filing of Return 2. Date of Payment of GST	1. Date of Filing of Return 2. Date of Payment of GST
Interest, Late Fees or Penalty	Date of Receipt of payment	

Date of Receipt of Payment – Date on which payment is entered in Books of Account of Supplier

➤ **DETERMINATION OF TIME OF SUPPLY:**

11. Find out the time of supply in following independent cases:

Sr. no.	Date of Removal	Date of Invoice	Date of Receipt of payment
1	01-11-2017	02-11-2017	15-12-2017
2	03-11-2017	01-11-2017	25-11-2017
3	04-12-2017	04-12-2017	01-11-2017
4	05-01-2018	07-01-2018	13-01-2018
5	10-01-2018	09-01-2018	15-01-2018
6	25-02-2018	26-02-2018	05-03-2018

12. Find out the time of supply in following independent cases:

Sr. no.	Date of Removal	Date of Invoice	Date of Receipt of payment
1	07-01-2018	05-01-2018	15-01-2018
2	08-12-2017	08-12-2017	25-11-2017
3	11-12-2017	12-12-2018	16-01-2018
4	20-11-2017	22-11-2017	15-12-2017
5	27-02-2018	24-02-2018	06-03-2018
6	24-11-2018	21-11-2017	15-12-2017

13. Find out the time of supply in following cases as per the provisions of CGST Act, 2017.

Sr. no.	Date on which goods are made available	Date of Invoice	Date of Receipt of payment
1	13-11-2017	12-11-2017	05-11-2017
2	07-12-2017	10-12-2017	02-01-2018
3	05-01-2018	04-01-2018	23-01-2018

GYAN COMMERCE CLASSES

GST

Indirect Tax

4	28-10-2018	07-10-2018	15-10-2018
5	17-12-2018	24-12-2018	30-12-2018
6	14-01-2018	20-01-2018	08-01-2018
7	07-02-2018	11-02-2018	15-02-2018

14. . Find out the time of supply in following cases as per the provisions of CGST Act, 2017.

Sr. no.	Date on which goods are made available	Date of Invoice	Date of Receipt of payment
1	12-12-2017	15-12-2017	06-11-2017
2	17-12-2017	20-12-2017	02-01-2018
3	25-12-2017	04-01-2018	23-01-2018
4	26-10-2017	16-10-2018	15-10-2018
5	18-12-2017	12-12-2017	10-12-2017
6	15-01-2017	16-01-2018	05-01-2018
7	17-02-2017	13-02-2018	12-02-2018

15. Find out the time of supply in following cases as per the provisions of CGST Act, 2017.

Sr. no.	Date of Removal	Date of Invoice	Date of Receipt of payment
1	02-11-2017	01-11-2017	15-12-2017
2	01-11-2017	03-11-2017	25-11-2017
3	04-12-2017	02-12-2017	12-12-2017
4	06-01-2018	05-01-2018	13-01-2018
5	08-01-2018	09-01-2018	22-01-2018
6	10-03-2018	07-03-2018	14-03-2018

16. Determine the time of supply in each of the following independent cases in accordance with Section 12 of the CGST Act.

Sr. no	Date of Invoice	Last Date for Issue of invoice	Payment entry in the supplier's books	Credit of the amount in bank Account
1	01-01-2018	02-01-2018	26-12-2017	25-12-2017
2	10-01-2018	05-01-2018	15-01-2018	16-01-2018
3	06-01-2018	10-01-2018	12-01-2018	12-01-2018
4	06-02-2018	08-02-2018	05-02-2018	07-02-2018
5	08-02-2018	04-02-2018	09-02-2018	10-02-2018
6	10-03-2018	12-03-2018	06-03-2018	07-03-2018

17. Determine the time of supply in each of the following independent cases in accordance with Section 12 of the CGST Act.

Sr. no	Date of Invoice	Last Date for Issue of invoice	Payment entry in the supplier's books	Credit of the amount in bank Account
1	10-10-2017	15-10-2017	12-10-2017	12-10-2017
2	14-10-2017	13-10-2017	10-10-2017	11-10-2017
3	19-11-2017	25-11-2017	27-11-2017	29-11-2017
4	01-01-2018	03-01-2018	02-01-2018	02-01-2018

5	17-01-2018	15-01-2018	25-01-2018	26-01-2018
6	23-01-2018	21-01-2018	28-01-2018	28-01-2018
7	08-12-2018	16-12-2018	05-12-2018	07-12-2018

18. From the following transactions related to Continuous Supply of goods, find out the time of supply for each of the case:

Sr. no	Date of Invoice	Date of Statement of Accounts	Date of receipt of Payment
1	20-11-2017	25-11-2017	01-12-2017
2	15-10-2017	15-10-2017	14-10-2017
3	10-12-2017	09-12-2017	12-12-2017
4	15-01-2018	12-01-2018	17-01-2018
5	10-01-2018	09-01-2018	05-01-2018
6	20-12-2017	25-12-2017	31-12-2017
7	13-02-2018	15-02-2018	20-02-2018

19. Time of supply in case of continuous supply of goods:

Sr. no	Date of Invoice	Date of Statement of Accounts	Date of receipt of Payment
1	25-11-2017	16-11-2017	20-11-2017
2	15-10-2017	15-10-2017	16-10-2017
3	06-12-2017	10-12-2017	08-12-2017
4	06-01-2018	15-01-2018	15-01-2018
5	05-12-2017	11-12-2017	12-01-2018
6	22-10-2017	25-11-2017	12-11-2017
7	16-09-2017	06-12-2017	10-12-2017

20. Determine Time of Supplying following independent cases under RCM:

Sr. no	Date of Invoice	Date of Receipt of goods	Date of receipt of payment
1	16-12-2017	12-11-2017	25-11-2017
2	10-02-2018	11-02-2018	10-02-2018
3	20-08-2018	26-08-2018	11-02-2018
4	02-05-2018	20-08-2018	26-08-2018
5	02-07-2018	02-07-2018	02-08-2018
6	12-10-2017	03-07-2018	15-10-2017

21. Determine Time of Supply for the services as per the provisions of GST in the following independent cases under RCM:

Sr. no	Date of Invoice	Date of Receipt of goods	Date of receipt of payment	Date of Debit in Bank account
1	15-11-2017	25-11-2017	15-01-2018	10-01-2018
2	15-11-2017	12-11-2017	10-01-2018	09-01-2018
3	15-02-2018	11-02-2018	10-02-2018	16-02-2018
4	25-01-2018	26-12-2017	26-02-2018	25-02-2018
5	03-02-2018	02-02-2018	02-04-2018	01-04-2018
6	12-10-2017	10-10-2017	15-12-2017	14-12-2017

CHAPTER 6.
VALUATION OF SUPPLY

Transaction Value	Price actually paid or payable when <ul style="list-style-type: none"> • Supplier or Recipient are not related. • Price is sole consideration.
Related Party	<ul style="list-style-type: none"> • Officers or Directors of one another's business. • Legally recognised Partners in business. • Employer – employee. • A person directly/ indirectly owns/ controls/ holds 25% or more of outstanding voting stock or shares of both them. • One directly/ indirectly controls the other. • Both are directly/ indirectly controlled by a third person. • Together, they directly/ indirectly control a third person. • Sole agent / Sole distributor/ Sole Cessionaire of the other. • Members of the same family. "Family" means,— <ul style="list-style-type: none"> i) spouse and children of the person, and (ii) parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person;
Inclusion	<ul style="list-style-type: none"> • Amount paid by recipient instead of supplier, not included in price. • Incidental Costs/ Expenses(such as Commission, Packing etc) • Taxes, Duties, Cess, fees & charges other than GST if separately charged. • Interest or late fee or penalty for delayed Payment of any consideration. • Subsidies directly linked to price excluding subsidies provided by CG & SG
Exclusion	<ul style="list-style-type: none"> • Discount before or at the time of supply and recorded in invoice. • Post supply discount. <ul style="list-style-type: none"> a) Established in terms of an agreement entered into at or before the time of supply and specifically linked to relevant Invoices. b) ITC attributable to the discount is reversed by the recipient.
Applicability of Valuation Rules	<ul style="list-style-type: none"> a) Consideration wholly or partly not in money b) Parties are Related c) Supply by any specified category of supplier d) Transaction value declared is not reliable.

► DETERMINATION OF VALUE OF SUPPLY:

22. Mr. Neeraj purchased goods worth Rs. 1,18,000 which included amount of GST @18%. The seller incurred Rs. 3,000 towards loading expenses which were not included in the price. Further, Municipal taxes paid on such goods were Rs. 3,200. Mr. Neeraj Paid cargo charges expenses of Rs. 3,000 to bring the goods to his factory. Calculate the value of goods as per the provisions of Sec 15 of the CGST Act.

23. Mr. Dilip acquired goods worth Rs. 70,800 which included amount of CGST @9% and SGST @9%. The seller incurred Rs. 2,000 towards testing expenses which were not included in the price. Further, Municipal taxes paid on such goods were Rs. 1,600. Discount of Rs. 2,000 was given as trade discount. Mr. Dilip paid cargo charges expenses of Rs. 3,000 to bring the goods to his factory. Calculate the value of supply as per the provisions of section 15 of CGST Act.

24. Mr. Naynesh purchased goods for total contract value of Rs. 3,40,000 from M/s. JM Patel Enterprises. The contract value included packing of Rs. 4,000. Mr. Naynesh requested additional packaging for safe transportation of the goods (Rs. 2,000). Insurance of Rs. 2,000 was paid on by the supplier (Inclusive in contract value). The services of Mr. Manoj for Rs. 3,600 on commission basis were hired to complete the delivery of goods by M/s Supreme Productions, they requested Mr. Naynesh to

make payment directly. Rs. 4,700 was incurred as an extra cost towards testing the goods before the supply by the supplier. Rs. 2,800 were charged additionally to deliver the goods to Mr. Naynesh. Calculate the value of supply as per the provisions of Section 15 of CGST Act.

25. M/s. Manisha Chemicals entered into a contract with M/s. Sagar industries for supply of goods worth Rs. 3,47,000. It was agreed that any additional expenses incurred to complete the sale will also be included in the contract value. M/s Manisha incurred the following expenditures to complete the sale: Insurance Charges: Rs. 2,200, transportation charges: Rs 1,600, Packaging Charges: Rs. 1,650, Testing charges: Rs. 1,170, Inspection charges: Rs. 2,600, Loading Charges: Rs. 800. M/s. Manisha industries received subsidy of Rs. 10,000 from 'Shweta manufacturers' Association per transaction. Calculate the value of taxable supply.

26. Mr. Raghav purchased goods for total value of Rs. 5,60,000 from M/s High Quality Productions. The contract value included packing of Rs. 10,000. Insurance of Rs. 5,000 was paid on by Mr. Raghav (Inclusive in contract value). The services of Mr. Arun for Rs. 3,800 on commission basis were hired to complete the delivery of goods by High quality Productions, they requested Mr. raghav to make payment directly. Rs. 5,000 was incurred as an extra cost towards testing of the goods before supply of goods. Calculate the value of supply as per the provisions of Section 15 of CGST Act.

27. Mr. Raman entered into an Agreement to purchase Machinery from M/s. Anant Traders. The price of Rs. 1,10,000 was decided after considering an exchange of old machine. The old machine was valued at Rs. 85,000. Further, the supplier incurred additional costs: Rs. 3,000 towards insurance, Rs. 5,400 towards transportation, Rs. 1,450 towards testing and Rs. 400 towards packing & forwarding. Discount of Rs. 3,000 was given as trade discount. Calculate the value of taxable supply as per the provision of CGST Act, 2017.

28. M/s. Sohail traders entered into a contract with M/s Krishnaben Industries for supply of goods worth Rs. 3,25,000. It was agreed that any additional expenses incurred to complete the sale will also be included in the contract value. M/s. Sohail Industries incurred the following expenses to complete the sale: Insurance Rs. 1,500, Freight: Rs. 2,350, packaging charges: Rs. 4,000, Testing Charges: Rs. 1,800, Loading Charges: Rs. 300. M/s. Sohail Industries received subsidy of Rs. 25,000 from the Sahyadri manufacturers' Association per transaction. Calculate the value of taxable supply.

29. Ms. Mahira purchased goods worth Rs. 1,50,000 which included amount of GST at 18%. The seller incurred Rs. 5,000 towards insurance which was not included in the price. Further, Municipal Taxes paid on such goods were Rs. 7,500. Testing incurred charges of Rs. 2,850 were borne by Ms. Mahira. She paid transportation expenses of Rs. 3,500 to bring to her shop. Calculate the value of supply as per the provisions of section 15 of CGST Act.

30. Mr. Aniket wants to purchase a machinery from M/s. Vivek industries. He is supplied following information regarding the cost of the machinery. Cost Rs. 3,45,000. Designing Charges of the machinery: Rs. 55,000, custom-made packaging: Rs. 22,000, Freight: Rs. 20,000, Pre-Installation Inspection: Rs. 10,000, Pre-Installation Consultancy: Rs. 15,000, M/s. Vivek Industries paid Rs. 5,000 to Mr. Amar to complete the documentation. Further, it is informed that Government of Maharashtra pays Rs. 25,000 as subsidy to the supplier of machinery. Calculate the value of taxable supply as per the section 15 of CGST Act, 2017.

31. Mr. Rupesh entered in to an agreement to purchase machinery from M/s. Paranjape Traders. The price of Rs. 4,25,000 was decided considering exchange of old machine. The old Machine was valued at Rs. 2,50,000. Further the Supplier incurred the following additional costs: Rs. 2,350 towards insurance, Rs. 1,200 towards transportation, Rs. 2,850 towards packing & forwarding. Discount of Rs. 5,000 was offered as trade discount. Calculate the value of taxable supply as per the provisions of CGST Act, 2017.

32. Mr. Kishan wants to purchase a Machinery from Stark Industries. He is supplied following information regarding the cost of the machinery:

Basic cost Rs. 8,25,000. Designing Charges of the machinery: Rs. 25,000, custom-made packaging: Rs. 52,000, Freight: Rs. 25,000, Pre-Installation Inspection: Rs. 15,000, Pre-Installation Consultancy: Rs. 5,000. Stark Industries paid Rs. 2,000 to Mr. Anup to complete the documentation. Further, it is informed that government pays Rs. 15,000 as subsidy to the supplier of machinery. Calculate the value of supply as per the provisions of CGST Act, 2017.

33. Tony Traders entered into a contract with Mr. Bruce for supply of goods worth Rs. 2,75,000. It was agreed that any additional expenses incurred to complete the sale will also be included in the contract value. Mr. Bruce incurred following expenses to complete the sale:

Mr. Bruce received subsidy of Rs. 25,000 from the Jankalyan Manufacturers Association per transactions.

Expenses	Rs
Insurance Charges	5,000
Freight	15,000
Packaging charges	8,000
Testing Charges	6,250
Inspection	950
Loading charges	3,540

Calculate the value of taxable supply.

34. Mr. Anurag purchased goods worth Rs. 1,00,300 which included amount of GST at 18%.

Expenses	Rs
Insurance Charges	750
Freight	5,000
Packaging charges	10,000
Testing Charges	3,250
Inspection	550
Loading charges	2,500

Calculate the value of supply as per the provisions of Section 15 of CGST Act.

35. Mr. Rishi purchased goods for total value of Rs. 15,00,000 from Mr. Shankar. The contract value included packaging charges of Rs. 5,000. Insurance of Rs. 700 was paid by the supplier which was part of the contract. The services of Mr. Shailesh were hired for Rs. 1,600 to complete the delivery of goods, Rs. 2000 was incurred as a cost towards testing of the goods before supply. Registration charges of Rs. 12,500 were incurred by Mr. Rishi. Discount of Rs. 25,000 was given at the time of supply. Calculate the value of supply as per the provision of Section 15 of CGST Act.

Chapter .7. REVERSE CHARGE

Meaning	Liability to pay on recipient instead of supplier.
Applicability	Goods & Services
Registration	Registration
Coverage	<ul style="list-style-type: none"> • Unregistered Dealer selling to Registered Dealer • Notified categories supply of services. • Concept of Partial RCM is being removed. • 100% service tax to be paid by service receiver
Input Tax Credit	Would be available
Payment Mode	Cash (ITC not allowed)

CHAPTER .8. Input Tax Credit

Input Goods -: Any goods other than capital goods used or intended to be used by a supplier for in the course or furtherance of business.

Input Service -: Service used or intended to be used in the course or furtherance of business.

PROVISIONAL CREDIT	PREREQUISITES FOR FINAL CREDIT	FINAL CREDIT	VALIDITY
Entitled to claim credit on self- assessed basis as per return filed.	<ol style="list-style-type: none"> 1. Receipt of Invoice or Debit note or Tax Paying Document. 2. Received Goods and/or Services 3. The tax is actually paid in respect of such supply to the Government. 4. Return is furnished. 	<ul style="list-style-type: none"> • Credit claimed will be matched with the corresponding details of outward supply. • After Matching, final credit will be available. • Rectification allowed till September 30 or date of filing of annual return Whichever is earlier? 	Valid for 1 Year from the Invoice Date

Manner of Adjustment of Input Tax Credit

Particular	CGST	SGST	UTGST	IGST
Output				
Less-: input				
Add/ less-: opening				
Total				

INELIGIBLE ITC

1. Personal Consumption
2. Input proportion to Exempt Supplies
3. Motor vehicle and other conveyances (except for the purpose of making taxable supplies)
4. Food and beverages, outdoor catering, beauty treatment, health services, cosmetic & plastic surgery (except used by a registered taxable person for making an outward taxable supply of the same category of Goods & Services).

5. Membership of club, health and fitness centre Rent a Cab, Life Insurance, Health Insurance except notified by Government
6. Travel Benefits extended to Employees
7. Works Contract Services when supplied for Construction of Immovable Property (other than Plant & Machinery) except where it is an input service for further supply of works contract service.
8. Goods or Services used for Construction of Immovable Property (other than Plant & Machinery) on his own Account, even when used for furtherance of business.
9. Composition Scheme
10. Tax paid during Investigation or proceedings invoking extended period
11. Goods lost, stolen, destroyed, free samples
12. Goods or Services or both received by a Non-Resident taxable person except on Goods imported by him.

PRACTICALS:

1. Jai Shree Ram Transportation Services, a goods transportation company, has provided information regarding input tax credit related to GST on inward supplies for the month of March, 2018. Following Inputs Tax Credit was available on various transactions:

- a) Purchase of Trucks – Rs. 6,45,000
- b) Purchase of gift articles for customers – Rs. 5,980
- c) Purchase of gift articles for customers – Rs. 16,200.
- d) Goods lost due to natural calamity – Rs. 800
- e) Truck purchased for imparting training for new drivers – Rs. 28,120.
- f) Repairing of trucks from Shyam Garage – Rs. 14,780.
- g) Health Insurance purchased for the drivers. (Mandatory as Govt. has issued a notification) – Rs. 6,450.

You are required to calculate, ITC available for the month of March, 2018.

2. M/s. Manoj Enterprises has provided information regarding input tax credit related to GST on inward supplies for the month of December, 2017. Following Inputs Tax Credit was available on various transaction: On raw materials purchased during the month – Rs. 99,800. It distributed goods as gifts – Rs. 12,250. Some of the goods were used in the testing process – Rs. 3,800. It purchased Plant & machinery – Rs. 55,000. Refreshments provided to employees during working hours – Rs. 3,800. For the work contract services availed for manufacturing process – Rs. 24,220. ITC on Inputs purchased under composition schemes – Rs. 8,250.

You are required to calculate, ITC available for the month of December, 2017.

3. M/s Raj Engineering has provided information regarding input tax credit related to GST on inward supplies for the month of January, 2018. Following Inputs Tax Credit was available on various transactions:

- a) Inputs purchased for constructing additional office floor Rs. 5,00,000.
- b) Inputs purchased to be used in manufacturing Rs. 90,000.
- c) Sales promotion services availed Rs. 12,000.
- d) Inputs purchased for constructing platform of a new plant & machinery. Rs. 18,000.
- e) Purchase of plant & machinery for manufacturing Rs. 80,000.
- f) Refreshment provided for creditors meeting Rs. 7,000.
- g) Goods distributed as free samples Rs. 12,000.

You are required to calculate, ITC available for the month of January, 2018.

4) Royal Bank provides you with the following information for the month of December, 2017. You are informed that they have exercised the option of availing 50% of ITC as per section 17(4).

Particulars	SGST	CGST	GST	Value of transactions
Input tax credit available on inward supplies of goods	17,540	17,540	35,080	-
Input tax credit available on inward supplies of services	8,120	8,120	16,240	-
Input tax credit available on capital goods	21,590	21,590	43,180	-
Value of taxable supply of services @18% GST	-	-	-	16,50,000
Value of exempted supply of services	-	-	-	26,75,000

Compute the Net Tax Liability of Royal bank for the month of December, 2017.

5) Chaitali Bank provides you with the following information for the month of November, 2017. You are informed that they have exercised the option of availing 50% of ITC as per section 17(4).

Particulars	SGST	CGST	GST	Value of transactions
Input tax credit available on inward supplies of goods	13,120	13,120	26,240	-
Input tax credit available on inward supplies of services	19,250	19,250	38,500	-
Input tax credit available on capital goods	11,700	11,700	23,400	-
Value of taxable supply of services @18% GST	-	-	-	18,90,000
Value of exempted supply of services	-	-	-	5,25,000

Compute the Net Tax Liability of Chaitali Bank for the month of November, 2017.

6) Janseva Bank (Pune Branch) furnishes the following information relating to business of accepting deposits that it has exercised the option of availing and extending loans for the month of February, 2018. Its head office is at Mumbai. Its also informed that it has exercised the option of availing 50% of ITC as per section 17(4).

Particulars	SGST	CGST	GST	Value of transactions
Input tax credit available on inward supplies of goods	68,120	68,120	1,36,240	-
Input tax credit available on inward supplies of services	34,250	34,250	68,500	-
Services available from Head Office	5,400	5,400	10,800	-
ITC on Inward supplies include following				
Lunch provided to employees during office hours	1,100	1,100	2,200	-
Gifts given to clients	1,800	1,800	3,600	-
Goods written off due to lower quality	2,600	2,600	5,200	-
Value of taxable supply of services @18% GST	-	-	-	12,25,000
Value of exempted supply of services	-	-	-	7,15,000

7. M/s Vidya creations provides following information for the month of October, 2017. **Compute admissible Input Tax Credit for the month of October, 2017.**

Date	Particulars	ITC (Rs.)
05/10/2017	Services Received however no invoice has been yet received.	18,000
06/07/2017	Services availed on which tax is not paid	32,000
08/10/2017	Services availed without Tax invoice	23,000
12/10/2017	Services availed for personal benefits of family members	22,000
15/10/2017	Services availed with valid Invoice.	85,000

8. M/s Vartak Enterprises purchased goods from Mr. Chirag for construction of a public road Mr. Chirag agrees to supply the required goods and he will prepare the invoice only after the last lot is received by M/s Vartak Enterprises. Following information is provided:

Sr.no	Batch no.	Total Amount	SGST Rate	CGST Rate	Date of Receipt of goods	Date of Invoice
1	P	2,36,000	9%	9%	16.10.2017	25.12.2017
2	M	2,21,840	9%	9%	22.10.2017	25.12.2017
3	T	1,69,920	9%	9%	01.11.2017	25.12.2017
4	J	2,89,100	9%	9%	11.11.2017	25.12.2017
5	L	2,55,352	9%	9%	25.12.2017	25.12.2017

The amount of each batch also includes the applicable GST. You are required to **calculate amount of ITC available as well as the effective date on which such ITC which can be claimed.**

9. Mr. Reddy is a registered dealer in the state of Maharashtra under GST provides the following information about his business for the month of February, 2018.

Particulars	SGST	CGST
Tax Liability on outward supply of services [Rs. 16,50,000 x 9%]	1,48,500	1,48,500

	IGST	CGST	SGST
Opening Balance in Electronic Credit Ledger as on 01.02.2018	-	6,000	8,000
Input Tax Credit available on Inward supplies during the Month of February, 2018.	20,000	30,000	30,000
Transactions During the Month		GST Rate	Amount Rs.
Sold Goods to a customer in Mumbai		12%	2,00,000
Sold Goods to a customer in Pune		18%	3,00,000
Sold Goods to a customer in Madhya Pradesh		12%	5,00,000
Sold Goods to a customer in Nashik		5%	4,00,000
Services Charges received for services Provided in Kolhapur.		18%	7,00,000

Compute Net Tax Liability of Mr. Reddy for the Month of February, 2018.

10. Mr. Desai is a registered dealer in the state of Maharashtra under GST, provide the following information about his business for the month of April, 2018.

	IGST	CGST	SGST
Opening Balance in Electronic credit Ledger as on 1.4.2018	-	-	-

Input Tax Credit available on Inward supplies during the Month of April, 2018.	15,000	45,000	65,000
Transactions		GST Rate	Basic Amount
Sold goods to Pratik in Ahmedabad		5%	2,00,000
Sold goods to Mashal in Chennai		12%	9,00,000
Sold goods to Kritika in Surat		5%	6,50,000
Sold goods to Kajal in Amritsar		18%	2,30,000
Professional Services provided to Sneha in Bareilly		18%	5,75,000

Compute Net Tax Liability of Mr. Desai for the Month of April, 2018.

11. Mr. Dalal is a registered dealer in the state of Chennai under GST provides the following information about his business for the month of February, 2018.

	IGST	CGST	SGST
Opening Balance in Electronic credit Ledger as on 1.2.2018	25,000	15,000	15,000
Input Tax Credit available on Inward supplies during the Month of February, 2018.	25,000	35,000	45,000
Transactions		GST Rate	Basic Amount
Sold goods to Arpit in Chennai		18%	2,50,000
Sold goods to Krina in Chennai		12%	7,75,000
Sold goods to Krisha in Chennai		18%	8,90,000
Sold goods to Deepa in Chennai		12%	11,50,000
Professional Services provided to Aiyar, in Chennai		12%	6,60,000

Compute Net Tax Liability of Mr. Dalal for the Month of February, 2018.

12. Mr. Patel is a registered dealer in the State of Maharashtra under GST provides the following information about his business for the month of December, 2017.

Transactions	GST Rate	Amount Rs.
Consultancy Provided in Ahmedabad	18%	7,00,000
Professional Fees charged for services rendered in Vadodara	5%	2,00,000
Sold goods to a customer in Anand	12%	4,00,000
Sold goods to a customer in Bangalore	5%	6,00,000
Service charges received for services provided in Bharuch	18%	10,00,000
Sold goods to customer in Chennai	5%	5,00,000
Sold goods to a customer in Ranchi	12%	2,50,000

Details of the Electronic Credit Ledger for the Month of December, 2017 are as follows:

	IGST	CGST	SGST
Opening Balance in Electronic credit Ledger as on 1.12.2017	25,000	15,000	15,000
Input Tax Credit available on Inward supplies during the Month of December, 2017.	1,50,000	1,70,000	1,70,000

Compute Net Tax Liability of Mr. Patel for the Month of December, 2017.

13. Mr. Suhas is a registered dealer in the state of Kerela under GST provides the following information about his business for the month of March, 2018.

	IGST	CGST	SGST
Opening Balance in Electronic Credit Ledger as on 01.03.2018	Nil	3,500	19,500
Input Tax Credit available on Inward supplies during the Month of March, 2018.	Nil	21,000	21,000
Transactions during the month		GST Rate	Amount
Sold Goods to Customer in Cochin		18%	2,00,000
Sold Goods to Customer in Munnar		18%	3,50,000
Sold Goods to Customer in Palakkad		18%	4,75,000
Sold Goods to Customer in Trichur		12%	2,75,000
Sold Goods to Customer in Trivandrum		12%	6,80,000
Sold Goods to Customer in Calicut		5%	7,40,000
Sold Goods to Customer in Cochin		5%	9,00,000

Compute Net Tax Liability of Mr. Suhas for the Month of March, 2018.

14. Mr. Akash Shetty is a registered dealer in the state of Karnataka under GST provides the following information amount his business for the month of May, 2018.

Date	Transactions During the month	GST Rate	Amount
01.05.2018	Sold Goods to Ajay in Bangalore	12%	1,12,000
11.05.2018	Sold Goods to Malesh in Mysore	18%	2,36,000
15.05.2018	Sold Goods to Vikas in Mangalore	5%	1,68,000
17.05.2018	Sold Goods to Darshan in Assam	5%	3,67,500
22.05.2018	Service charges received for Services Provided in Bangalore	18%	3,06,800
26.05.2018	Professional Services provided in Mumbai	18%	1,47,500
27.03.2018	Professional Services provided in Bangalore	18%	1,43,960

Details of the Electronic Credit Ledger for the Month of May, 2018 are as follows:

	IGST	CGST	SGST
Balance as on 01.05.2018	20,000	25,000	25,000
Input Tax Credit available on Inward supplies during the Month of May, 2018.	29,500	40,000	40,000

Compute the Net Tax Liability of Mr. Akash Shetty for the Month of May, 2018.

15. Mr. Shashi Tharoor is a registered dealer in the State of Maharashtra under GST provies the following information about his business for the month of August, 2017. Details of Electronic Credit Ledger are as follows:

	IGST	CGST	SGST
Opening Balance in Electronic credit Ledger as on 1.08.2017	5,000	6,000	7,000
Input Tax Credit available on Inward supplies during the Month of August, 2017.	9,000	13,000	13,000

The following details about various transactions for the month of August, 2017 are also provided.

Date	Transactions During the month	GST Rate	Amount
05/08/2017	Sold Goods to customer in Mumbai	18%	88,000
11/08/2017	Sold Goods to customer in Solapur	12%	75,000
18/08/2017	Sold Goods to customer in New Delhi	5%	66,000
20/08/2017	Consultancy charges for services provided in Kolhapur	12%	1,23,000

GYAN COMMERCE CLASSES

GST

Indirect Tax

22/08/2017	Service charges for services provided in Thane	5%	1,15,000
25/08/2017	Professional service charges rec.in Mahabaleshwar	12%	56,000
28/08/2017	Sold Goods to customer in Haryana	18%	2,35,000
31/08/2017	Sold Goods to customer in Silvassa	5%	1,28,000

Compute the Net Tax Liability of Mr. Shashi Tharoor for the Month of August, 2017.

Chapter 9. Registration

When	30 Days from becoming liable to pay tax
Where	In every state from where the taxable supply is made
Threshold Limit	Aggregate turnover more than Rs 20 Lacs OR Aggregate turnover more than Rs 10 Lacs North east states (i.e. Arunachal Pradesh, Assam, Meghalaya, Manipur, Tripura, Mizoram & Nagaland), Sikkim, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.
No liability to Register	Below threshold limit, Agriculturist, Exclusive supply of non-taxable or wholly exempted goods.
Casual Taxable person & Non Resident taxable person	<ul style="list-style-type: none"> • Person who occasionally undertakes supply in state/UT, where he has no fixed place of business or residence in India. • 5 days prior to Commencement of business. • Certificate of Registration will be valid till the period specified in application OR • 90 days from effective date, whichever is earlier. (extension by 90 days) • Payment of tax in advance.
Effective Date of registration	Within 30 days from due date.
Voluntary registration	Yes

CANCELLATION OF REGISTRATION

By Registered Person	<ul style="list-style-type: none"> a) Discontinuance of Business b) Change in constitution of Business c) Transfer of Business d) No longer liable for Registration • Application on GSTN portal • Include details of closing stock & liability • Pay amount equivalent to credit of Input tax on date immediately preceding date Stock – Inputs / Semi Finished / Finished Capital Goods
By Officer	<ul style="list-style-type: none"> a) Contravention of provision of Act/ Rules b) Non filling of Returns for continuous period of 6 months c) Non filing of 3 consecutive Returns (composition) d) Voluntary Registration if business not commence within 6 months e) Registration by fraud, willful misstatement or suppression of facts • Issue SCN (Reply time 7 days) • Notify taxable person of arrears, tax, interest or penalty.
Revocation of Cancellation	<ul style="list-style-type: none"> a) Only when initial cancellation is done suo moto by Officer b) Application within 30 days of receipt of order for Revocation c) Pending Liability <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> Pending Returns – Revocation after Completion. d) Within 30 days of Application or receipt of clarification, revoke the cancellation or reject application.

ELECTRONIC WAY BILL

- On every consignment value of over Rs 50,000 where movement of goods is involved.
- Optional to generate E-Way bill if consignment value is less than Rs 50,000

Debit Note -: A **debit note** or **debit memorandum (memo)** is a commercial document issued by a buyer to a seller as a means of formally requesting a credit note.¹¹ Debit note acts as the Source document to the Purchase returns journal. In other words it is an evidence for the occurrence of a reduction in expenses. The seller might also issue a debit note instead of an invoice in order to adjust upwards the amount of an invoice already issued (as if the invoice is recorded in wrong value). Debit notes are generally used in business-to-business transactions.

Credit Note -: A **credit note** or **credit memorandum (memo)** is a commercial document issued by a seller to a buyer. Credit notes act as a Source document for the Sales return journal. In other words the credit note is evidence of the reduction in sales. It can also be a document from a bank to a depositor to indicate the depositor's balance is being in event other than a deposit, such as the collection by the bank of the depositor's note receivable.

Disclosure in return -: Debit note and credit note should be disclosed in the return of the month in which it is issued.

Time Limit -: On or before 30th September from the end of financial year in which supply was made
OR

- The date of filing Annual Return
(Whichever is earlier?)

Noting on DN/CN -:

- Invoice Number of the original Supplies made.
- Contain the word 'Revised Invoice'.

PRACTIALS:

1. Mr. Jay is a new dealer. From the following information find out on which day he will be liable to register under GST. Give reason for your answer:

Date	Purchases		Sales	
	Taxable	Tax Free	Taxable	Tax Free
02/04/17	1,00,000	15,000	-	-
04/04/17	-	-	6,00,000	1,40,000
11/04/17	2,00,000	40,000	5,00,000	1,00,000
20/04/17	-	-	1,00,000	4,00,000
30/04/17	4,00,000	6,00,000	-	-
02/05/17	-	-	5,00,000	1,50,000
11/05/17	5,000	20,000	1,00,000	3,00,000
20/05/17	1,00,000	1,00,000	50,000	15,000
31/05/17	-	-	10,00,000	10,000
01/09/17	15,000	3,15,000	20,000	3,20,000
03/09/17	5,000	10,000	2,00,000	30,000

2. Mr. KBC started Business in April 2017. Find out of which month he will be liable for registration as per the provisions of the GST Act, Give Reason.

Month	Purchases		Sales	
	Taxable	Tax Free	Taxable	Tax Free
April to June	3,50,000	1,35,000	2,50,000	14,00,000
July	2,500	24,000	2,00,000	2,60,000
August	3,500	52,000	1,00,000	6,50,000
September	3,000	25,000	4,00,000	2,80,000
October	4,500	72,000	2,50,000	7,50,000
November	6,000	2,25,000	4,500	3,26,000
December	9,000	75,000	7,000	84,000

3. Ms. Ruby commences business from 1st April 2017. She furnishes the following information and wants to find out from which month she will be liable for Registration and to pay GST as per the provisions of GST Act.

Month/Year 2017	Purchases		Sales	
	Taxable	Tax Free	Taxable	Tax Free
April to July	4,50,000	9,00,000	6,00,000	8,00,000
August	1,00,000	2,00,000	12,00,000	2,50,000
September	15,00,000	4,00,000	17,50,000	5,00,000
October	80,000	50,000	2,00,000	1,50,000
November	2,00,000	1,00,000	8,00,000	2,00,000
December	1,00,000	2,50,000	12,00,000	4,00,000

4. Mr. Ajinkya Agency businessman of Mumbai, started supplying the services from 3rd July, 2017. He gives the following detail, determine the date of liability of tax payable as SGST, CGST and IGST:

Date	Services	Value of Supply (Rs.)
05-07-2017	Taxable supply at Mumbai	2,11,000
10-07-2017	Services to M/s. KT Ltd. at Rajasthan	1,01,000
15-08-2017	Services to Mr. Mehta at Japan	5,11,000
22-08-2017	Taxable Supply to RBI	3,00,000
25-09-2017	Supply to SEZ	2,00,000
29-09-2017	Taxable supply to Pune	4,00,000
01-10-2017	Taxable supply to Delhi	3,45,000
05-10-2017	Taxable supply to Nagpur	2,33,000
15-10-2017	Taxable supply to Indore	3,45,000

5. Mr. Z is a dealer with Intra state supply of goods and services has place of business in India furnished the following information in the financial year 2017-18:

- Sale of taxable goods by Head Office located in Mumbai for Rs. 80,000
- Supply of taxable services by Branch office at Chennai for Rs. 70,000.
- Supply of goods exempted from GST Rs. 30,000.
- Export of goods and services for Rs. 1,80,000.
- Sale of goods acting as agent on behalf of principal for Rs. 14,50,000.

6. Mr. Satish supplies goods and services from Ahmedabad. He states that he is not required to register under GST laws. Compute the aggregate turnover.

On 7th May, 2017 he made Intra-State Goods Supply (Taxable @5%, Exclusive of GST) Rs. 4,30,000. On 20th May, 2017 supply of Intra-State Goods (Taxable @18%, Exclusive of GST) Rs. 6,50,000 was made. On 25th May, 2017 supplied Inter-State Services (Taxable @12%, Exclusive of GST) Rs. 5,20,000. On 16th June, 2017 Agricultural produce cultivated by family members Rs. 65,000 was supplied. On 23rd June, 2017 Intra-State Goods Wholly exempt under GST Rs. 35,000. On 28th June, 2017 Exports were made to Japan Rs. 3,00,000.

7. M/s Shivaji Industries provides you with the following information for the month of October, 2017, calculate aggregate turnover under GST.

Sr. no	Particulars	Rs.
1	Intra-State Goods Taxable @18% (Inclusive of GST)	17,70,000
2	Intra-State Goods Taxable @5% (Inclusive of GST)	7,35,000

3	Intra-State Services Taxable @12% (Inclusive of GST)	4,48,000
4	Export of goods to USA	4,50,000
5	Export of goods to Indonesia	3,10,000
6	Value of inward supplies under RCM	1,50,000
7	Exempt Service	1,60,000
8	Exempt Goods	3,00,000.

8. M/s. Haresh Electronics runs a business relating to supply of various Goods and Services from Mumbai, Maharashtra. You are provided with the following information relating to his Business.

Date	Particulars	Rs.
05/02/2018	Intra-State Goods Taxable @18% (Exclusive of GST)	2,68,000
10/02/2018	Intra-State Goods Taxable @5% (Exclusive of GST)	4,51,000
12/02/2018	Intra-State Goods Taxable @12% (Exclusive of GST)	3,62,000
14/02/2018	Intra-State Goods wholly exempt under GST	5,65,000
15/02/2018	Exempt Supply of Services	3,50,000
18/02/2018	Intra-State Goods Taxable @5% (Exclusive of GST)	5,02,000
22/02/2018	Intra-State Goods Taxable @18% (Exclusive of GST)	4,80,500
24/02/2018	Export sales to Scotland	3,25,600

Comment whether he is required to register under relevant GST laws.

9. Mr. Nagappa supplies Goods and Services from Kerala. He provides following details relating to his business for the month of December, 2017. Comment whether he is required to register under relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Intra-State Goods Taxable @18% (Exclusive of GST)	6,80,000
2.	Intra-State Goods Taxable @5% (Exclusive of GST)	6,75,000
3.	Intra-State Services Taxable @12% (Exclusive of GST)	8,000
4.	Intra-State Goods wholly exempt under GST	4,28,000
5	Service charges within the State	70,000
6.	Exports made to Italy	5,00,000

10. Mr. Mahesh of Maharashtra provides you following information regarding supplies made by him. Comment whether he is required to register under relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Intra-State Goods Taxable @18% (Exclusive of GST)	4,00,000
2.	Intra-State Goods Taxable @5% (Exclusive of GST)	1,20,000
3.	Intra-State Services Taxable @12% (Exclusive of GST)	5,00,000
4.	Agricultural Produce cultivated by family members	50,000
5	Intra-State Goods wholly exempt under GST	2,88,000
6.	Exports made to U.K.	1,74,000

11. M/s Sharma Textiles runs a business relating to supply of various Goods and Services from Indore, Madhya Pradesh. You are provided with following information relating to the business.

Date	Particulars	Rs.
15/01/2018	Intra-State Goods Taxable @18% (Exclusive of GST)	1,99,000
05/02/2018	Intra-State Goods Taxable @5% (Exclusive of GST)	2,50,000
17/02/2018	Intra-State Goods wholly exempt under GST	3,00,000
24/02/2018	Intra-State Services Taxable @12% (Exclusive of GST)	5,00,000

28/02/2018	Intra-State Goods Taxable @5% (Exclusive of GST)	8,00,000
01/03/2018	Intra-State Goods Taxable @18% (Exclusive of GST)	1,75,000
09/03/2018	Exempt Supply of Services	4,10,000

Comment whether it is required to register under relevant GST Laws.

12. M/s Kausar Industries Pvt. Ltd. runs a business relating to supply of various Goods and Services from Ahmadabad, Gujarat. You are provided with following information relating to the business.

Date	Particulars	Rs.
15/12/2017	Intra-State Goods Taxable @5% (Exclusive of GST)	8,80,000
20/12/2017	Intra-State Goods Taxable @5% (Exclusive of GST)	2,75,000
28/12/2017	Intra-State Services Taxable @18% (Exclusive of GST)	2,18,000
14/01/2018	Intra-State Goods Taxable @12% (Exclusive of GST)	5,50,000
21/01/2018	Intra-State Goods wholly exempt under GST	3,30,000
16/02/2018	Intra-State Services Taxable @18% (Exclusive of GST)	1,92,500
15/03/2018	Exempt Supply of Services	4,51,000

Comment whether it is required to register under relevant GST Laws.

13. Mr. Manoj supplies Goods & Services from Kolhapur. He provided following details relating to the business for the month of January, 2018. Comment whether he is required to register under the relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Exports made to Mauritius	5,00,000
2.	Intra-State Goods Taxable @12% (Exclusive of GST)	4,00,000
3.	Services charges within the State	3,00,000
4.	Intra-State Goods wholly exempt under GST	2,00,000
5	Intra-State Goods Taxable @5% (Exclusive of GST)	6,00,000
6.	Intra-State Services Taxable @18% (Exclusive of GST)	3,00,000

14. Mr. Sartaj supplies Goods and Services from Haryana, Punjab. He provides following details relating to the business for he month of February, 2018. Comment whether he is required to register under relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Exports made to New Zealand	1,00,000
2.	Intra-State Goods Taxable @18% (Exclusive of GST)	1,75,000
3.	Services charges within the State	85,000
4.	Intra-State Goods wholly exempt under GST	7,00,000
5	Intra-State Goods Taxable @12% (Exclusive of GST)	3,75,000
6.	Intra-State Services Taxable @5% (Exclusive of GST)	3,25,000

15. Ms. Anjali Mathur Supplies goods and Services from Delhi. She provides following details regarding the business for the month of March, 2018. Comment whether she is required to register under relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Intra-State Goods Taxable @5% (Exclusive of GST)	3,25,000
2.	Intra-State Goods Taxable @12% (Exclusive of GST)	2,10,000
3.	Intra-State Goods Taxable @18% (Exclusive of GST)	5,10,000
4.	Intra-State Goods wholly exempt under GST	90,000
5	Service charges within the state.	60,000

6.	Exports made to Sri Lanka	4,00,000
----	---------------------------	----------

16. M/s. Kshrisagar Industries supplies Goods and Services from Nagpur. It provides following details relating to the business for the month of February, 2018. Comment whether it is required to register under the relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Intra-State Goods Taxable @18% (Exclusive of GST)	1,75,000
2.	Intra-State Goods Taxable @5% (Exclusive of GST)	4,10,000
3.	Intra-State Goods Taxable @12% (Exclusive of GST)	4,95,000
4.	Intra-State Goods wholly exempt under GST	1,25,000
5.	Service charges within the state.	80,000
6.	Exports made to Turkey	5,00,000

17. Mr. Vishal Gogoi resident of Arunachal Pradesh provides you the following information regarding supplies made by him. Comment whether he is required to register under relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Intra-State Goods Taxable @18% (Exclusive of GST)	50,000
2.	Intra-State Goods Taxable @5% (Exclusive of GST)	7,00,000
3.	Intra-State Goods Taxable @12% (Exclusive of GST)	2,00,000
4.	Agricultural produce cultivated by Family Members	1,00,000
5.	Intra-State Goods wholly exempt under GST	88,000
6.	Exports made to Turkey	74,000

18. M/s Rajesh Enterprises runs a business relating to supply of various Goods and Services from Assam. You are provided with the following information relating to the business.

Date	Particulars	Rs.
01/01/2018	Intra-State Goods Taxable @18% (Exclusive of GST)	5,50,000
05/01/2018	Intra-State Goods Taxable @5% (Exclusive of GST)	90,000
10/01/2018	Intra-State Services Taxable @12% (Exclusive of GST)	1,40,000
12/01/2018	Intra-State Goods wholly exempt under GST	90,000
14/01/2018	Exempt Supply of Services	80,000
16/01/2018	Exports made to England	1,70,000
20/01/2018	Intra-state Goods Taxable @5% (Exclusive of GST)	95,000

Comment whether he is required to register under relevant GST Laws.

19. Mr. Jeevan Biswas resident of Assam provides you following information regarding supplies made by him. Comment whether he is required to register under relevant GST Laws.

Sr. no	Particulars	Rs.
1.	Intra-State Goods Taxable @18% (Exclusive of GST)	85,000
2.	Intra-State Goods Taxable @5% (Exclusive of GST)	6,90,000
3.	Intra-State Services Taxable @12% (Exclusive of GST)	1,80,000
4.	Agricultural Produce cultivated by family members	95,000
5.	Intra-State Goods wholly exempt under GST	70,000
6.	Exports made to USA	1,10,000

20. M/s. Choi & Associates, Nagaland engages in the business of supply of Goods and Services. The following details of their business is provided to you.

Sr.no	Particulars	Rs.
-------	-------------	-----

GYAN COMMERCE CLASSES

GST

Indirect Tax

1.	Intra-State Goods Taxable @12% (Exclusive of GST)	2,00,000
2.	Intra-State Goods Taxable @5% (Exclusive of GST)	1,00,000
3.	Intra-State Goods Taxable @12% (Exclusive of GST)	3,00,000
4.	Intra-State Goods wholly exempt under GST	1,50,000
5.	Intra-State Services Taxable @12% (Exclusive of GST)	2,25,000
6.	Exports made to Maldives	1,80,000

Comment whether it is required to register under relevant GST Laws.

21. Mr. Rajesh Kapoor, Tripura engages in the business of supply of Goods and Services. The following details of his business is provided to you:

Sr.No	Particulars	Rs.
1.	Intra-State Goods Taxable @5% (Exclusive of GST)	80,000
2.	Intra-State Goods Taxable @5% (Exclusive of GST)	90,000
3.	Intra-State Services Taxable @18% (Exclusive of GST)	70,000
4.	Intra-State Goods wholly exempt under GST	55,000
5.	Intra-State Services Taxable @12% (Exclusive of GST)	1,00,000
6.	Exports made to USA	3,00,000

Comment whether it is required to register under relevant GST Laws.

22. Mr. Rajesh Dharamadhikari supplies goods & services from Maharashtra. He provides following information relating to his business:

On 16th January, 2018 he made Intra-State Goods Supply (Taxable @5%, Exclusive of GST) Rs. 5,30,000. On 20th January, 2018 supply of Intra-State Goods (Taxable @5%, Exclusive of GST) Rs. 4,60,000 was made. On 21st February, 018 supplied Inter-State Services (Taxable @12%, Exclusive of IGST) Rs. 3,40,000. On 19th February, 2018, exempt supplies of goods worth Rs. 1,10,000 were provided. On 23rd February, 2018. Intra-State Goods wholly exempt under GST Rs. 2,20,000. On 28th February, 2018 exports were made to Spain Rs. 3,20,000. Calculate his aggregate turnover and comment whether he should be registered under GST Laws.

23. Mr. Ramesh Shetty from Mumbai provides the information regarding to supplies made by him in the month of September, state whether he is required to register under relevant GST Laws.

Intra-State Goods Taxable @18% (Exclusive of GST) Rs. 5,00,000.

Intra-State Goods Taxable @5% (Exclusive of GST) Rs. 3,00,000.

Inter-State Services Taxable @12% (Exclusive of IGST) Rs. 4,50,000.

Agricultural produce cultivated by family members Rs. 2,00,000.

Intra-State Goods wholly exempt under GST Rs. 50,000.

Exports made to Germany Rs. 5,00,000.

Chapter.10.
ACCOUNTS & RECORDS

Records to be maintained by a Registered Person at Principal Place of business	<ul style="list-style-type: none"> • Manufacture/Production of goods. • Supplies attracting payment under RCM. • Output tax payable & paid. • Input tax credit availed. • Stock of goods. • Goods/ Services Imported or Exported. • Inward/ Outward supply of goods/services. • Such other particulars as may be prescribed.
More than one Place of Business	• Accounts relating to each place shall be kept at such places
Audit of Accounts	• By CA / Cost Accountant if Turnover exceeds prescribed limit
Retention of Accounts	• 72 months (6years) from the date of filing annual return.
Mode of Retention	• The records are to be maintained in physical form or electronic form as prescribed.
Records in Electronic Form	<ul style="list-style-type: none"> • Proper backup with restoration time of reasonable period • On demand produce 1. the records in hand copy or soft copy with duly authentication. 2. Audit trails, inter linkage source documents financial accounts, record lay out, data dictionary and explanation of codes, total number of records in each field along with sample copy of Documents. • A log of every entry edited/ deleted has to be maintained • Authentication by means of a digital signature

Maintenance of Accounts by Registered Persons (RP)
(except for person paying tax u/s 10, opted for Composition Scheme)

Accounts	With regard to stock	With regard to advances
<ul style="list-style-type: none"> • Invoices • Bills of supply • Delivery Challans • Credit/Debit Notes • Receipt Vouchers • Payment Vouchers • Refund Vouchers • E-way Bills 	<ul style="list-style-type: none"> • Opening balance • Receipts • Supply • Goods lost/ stolen/ destroyed/written off/disposed by gifts/samples • Closing balance • (RM, FG, Scrap, Wastage) 	<ul style="list-style-type: none"> • Advances received • Advance paid • Advance Adjustments

Tax Payments	Register	Details
<ul style="list-style-type: none"> • Payable under RCM • Tax collected & Paid • Input Tax • Input Tax Credit Claimed 	<ul style="list-style-type: none"> • Tax Invoice • Debit Note • Credit Note • Delivery Challan (Issued/ Received) 	<ul style="list-style-type: none"> • Name & Address of Supplier • Name & Address of Recipient • Address of premises where goods are stored.

- Activity wise separate Accounts for Manufacture, Trading, Provision of services etc.
- RP manufacturing goods shall maintain Monthly production accounts showing quantitative details of:
 1. Raw material/input services used
 2. Goods manufactured.
 3. Waste & By products.
- Registered Person supplying services shall maintain quantitative details of goods used, ITC utilized and services provided.
- Each Volume of books of accounts shall be serially numbered.

• Any entry in registers, accounts, documents shall not be erased, effaced or overwritten without proper attestation after recording correct entry.

CHAPTER .11.

Returns

Every person registered under the GST Act has to periodically furnish the details of sales and purchases along with tax collected and paid thereon, respectively, by filing online returns. Before filing the return, payment of tax due is compulsory otherwise such return will be invalid.

Details of GST Return Forms

This information shows the details of all GST return forms & details of returns which are required to be filed under the GST Law:

1. Who is required to furnish the return?

GSTR 1: Registered person shall be required to submit details of outward supplies other than the following registered person

- i. Input Service Distributor
- ii. Non-Resident Taxable Person
- iii. Person paying tax under section 10 i.e. person opting for Composition Levy
- iv. Person required to deduct tax at source i.e. person paying tax under section 51
- v. Person required to collect tax at source i.e. person paying tax under section 52

GSTR 2: Registered person shall be required to submit details of Inward supplies other than the following registered persons:

- i. Input service distributor
- ii. Non-Resident Taxable person
- iii. Person paying tax under section 10 i.e. person opting for Composition Levy
- iv. Person required to deduct tax at source i.e. person paying tax under section 51.
- v. Person required to collect tax at source i.e. person paying tax under section 52

GSTR 3: Registered person shall be required to submit return in form GSTR-3, barring the following registered persons

- i. Input service distributor
- ii. Non-Resident Taxable person
- iii. Person paying tax under section 10 i.e. person opting for Composition Levy
- iv. Person required to deduct tax at source i.e. person paying tax under section 51.
- v. Person required to collect tax at source i.e. person paying tax under section 52

GSTR 4: Registered person paying tax under section 10 i.e. person paying composition levy in lieu of tax

GSTR 5: Registered Non-Resident Taxable person

GSTR 6: Taxable person registered as Input Service Distributor

GSTR 7: Registered person required to deduct tax under section 51

GSTR 9/9A: Registered person shall be required to submit Annual return other than the following registered person

- i. Input Service Distributor
- ii. Non-Resident Taxable person
- iii. Person required to deduct tax at source i.e. Person paying tax under section 51
- iv. Person required to collect tax at source i.e. person paying

2. How should the return be submitted?

Electronically

3. Periodicity of Filing of Return:

GSTR 1, GSTR 2 & GSTR 7: Monthly

GSTR 3, GSTR 5 & GSTR 6: Every Calendar month or part thereof

GSTR 4: Each quarter or part thereof

GSTR 9/9A: Yearly

4. Due Date for Deposit of Tax:

GSTR 1, GSTR 2, GSTR 6 & GSTR 9/9A: NA

GSTR 3, GSTR 4, GSTR 5 & GSTR 7: Last Date for filing of the return

5. Due Date for Submission of Return:

GSTR 1: On or before the 10th day of the month succeeding the said tax period

GSTR 2: After the tenth but on or before the fifteenth day of the month succeeding the tax period

GSTR 3: On or before twentieth day of the month succeeding such calendar month or part thereof

GSTR 4: Eighteen days after the end of such quarter

GSTR 5: Twenty days after the end of a calendar month or within seven days after the last day of the period of registration, whichever is earlier

GSTR 6: Thirteen days after the end of such month

GSTR 7: Ten days after the end of such month

GSTR 9/9A: On or before the thirty first day of December following the end of such financial year

6. Time Limit to Rectify error or omission in the Return:

GSTR 1 & GSTR 2: Earlier of the Two Dates:

i. Furnishing of the returns under section 39 for the month of September following the end of the financial year to which such details pertain or

ii. Furnishing of the relevant annual return

GSTR 3, GSTR 5, GSTR 6 & GSTR 7: Earlier of the Two Date:

i. Due date for Furnishing of return for the month of September, following the end of the financial year to which such details pertain

ii. Actual Date of Furnishing of the relevant annual return

GSTR 4: Earlier of the Two Date

i. Due date for Furnishing of return for the Second Quarter, following the end of the financial year to which such details pertain.

ii. Actual Date of Furnishing of the relevant annual return

GSTR 9/9A: NA

Penalty- non filing of return

• **Late Fees:** INR 100 per day subject to a maximum of INR 5,000

• **Late Fee - Annual Return** INR 100 per day subject to a maximum of 0.25 % of the aggregate turnover of the defaulter

Chapter .12. Payment of Tax

When does payment liability arises	Time of Supply of Goods or Services.	
Ledgers	Electronic Cash Ledger	•Tax payment+ Interest + Penalty
	Electronic Credit Ledger	Eligible Tax Payment
	Electronic Liability Ledger	Contain details of Tax, Interest, Penalty, late fee or any other amount payable
Unique Identification Number	Shall be generated for each debit or credit transaction in the above ledgers.	
Due Date	Normal Tax Payer	Monthly (20th of succeeding month)
	Composition	Quarterly
Interest (Maximum)	Normal- upto 18% Excess claim of ITC or excess reduction in output tax- 24%	
Order for discharging tax liability	<ul style="list-style-type: none"> •Self assessed dues of previous tax period •Self assessed dues of current tax period •Amount payable under demand Notice 	
Challan	Online challan to be generated through GSTN common Portal in Form PMT-06	
Validity	15 days	
Mode of Payment	online	

TDS

1. Liability to deduct- Central Government or State & its department, Local Authority, Government Agencies & Notified category of persons
2. Specified recipient of goods & services of contract value exceeding Rs.2, 50,000 will be obliged to:
 - Deduct TDS - Rate @ 1% on amount paid or credited to supplier's account (Excluding tax & cess)
 - Pay to Government before 10th of subsequent month
 - Issue TDS certificate within 5 days from payment of tax.
 - File monthly TDS returns on 10th of subsequent month.
 - Amount will be credited in Cash Ledger can be utilized for making eligible payments

TCS

- E- Warehouse operator to collect TCS at such rate not exceeding 1% from net taxable supplies (consideration).
- Pay such amount before 10th of subsequent month
- File monthly TCS returns on 10th of subsequent month
- File annual statement, electronically containing details of outward supplies of goods or services or both, during the F.Y. before 31st December following the end of F.Y.

REFUND

Usually when the GST paid is more than the GST liability a situation of claiming GST refund arises. Under GST the process of claiming a refund is standardized to avoid confusion. The process is online and time limits have also been set for the same.

Time Limit • 2 years from Relevant Date.