

GST

Semester 6

Theory

Questions



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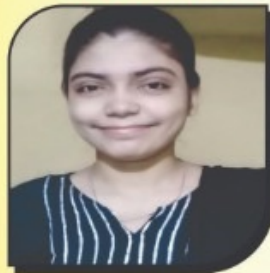
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Short Notes Board Question & Answer

April 2019

- 1) Electronic commerce operator
- 2) composite and mixed supply
- 3) supplier
- 4) Aggregate turnover.
- 5) Casual taxable person.
- 6) Electronic credit ledger.

October 2019 ATKT

- 7) Non-resident taxable person.
- 8) Time of supply.
- 9) State any five exempt services
- 10) Electronic cash ledger
- 11) Order of input tax credit set of
- 12) Person who are eligible for composition scheme.

November 2019

- 13) Goods and service tax network.
- 14) Reverse charge
- 15) Goods.
- 16) Intrastate supply.

Nov 2018

- 17) GST Council
- 18) Leave of GST & Tax Structure
- 19) Different between Direct tax & GST

(i) Electronic Commerce operators [Eco]

- Eco means any person who owns, electronic facility or operator or manages digital or platform for Electronic Commerce
- Threshold Exemption is not available to E-Commerce operators. They are liable to be registered irrespective of the value of supply made by them.
- The E-Commerce operator is required to collect an amount at the rate of 1% (0.5% CGST + 0.5% SGST) of the net value of taxable supplies made. The amount so collected is called as TCS.
- Eco should make the collection during the month in which the consideration amount is collected from the recipient.
- The amount collected by the operator is to be paid to the Govt. within 10 days after the end of the month in which amount was so collected.
- Online travel agent providing services through digital or electronic platform will fall under the category of Eco, liable to deduct TCS.

E.g. \rightarrow Amazon or Flipkart display products as well as services which are actually supplied by some other person to the consumer, on their electronic portal.

\Rightarrow The price / consideration for the product / services is collected by the Eco from the consumer and passed on to the actual supplier after the deduction of commission by the Eco.



② Composite & mixed Supply

Composite Supply

Consist of Two or More Supply and one of which is Principle Supply.

It is naturally Bundled.

Trade practice is to bundle such items together.

Price may be charged Separately.

Tax liability shall be the rate of principle Supply.

Example :- Charger supplied along with mobile phones.

Mixed Supply

Consist of Two or More Supply made together for single price.

Not naturally Bundled, only Supplied together.

No such practice is possible

A single price is charged

Tax liability shall be the rate applicable to the supply that attract highest rate of tax.

A gift pack comprising of Chocolates and Sweets.

③ Supplier Sec 2 (105)

Supplier in relation to any goods or services or both, shall mean the person supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied.

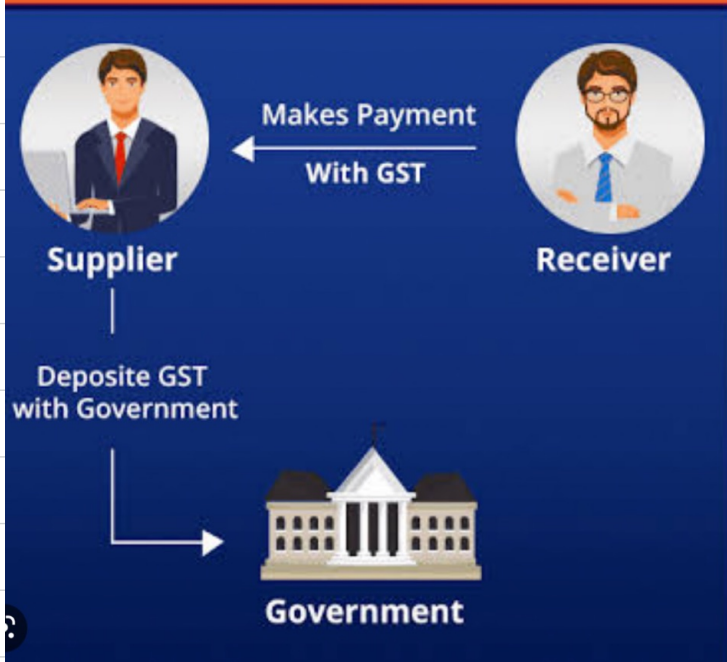
Comments :-

A supplier is a person supplying and / or services. Supplier is not necessarily a taxable person or a registered person .

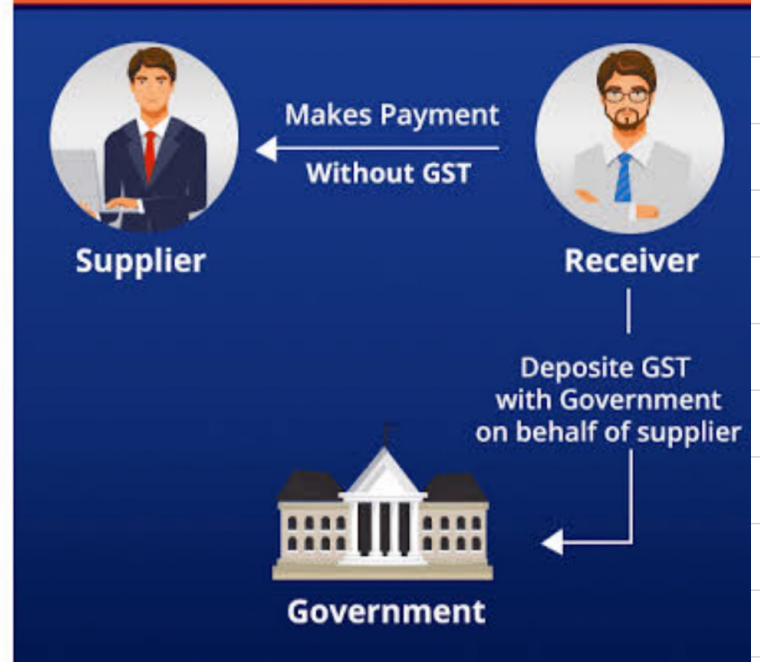
Location of Supplier :-

- Location of Supplier is usually where a supply is made from, a place mentioned as a principal place of business on the GST registration certificate.
- In Case the Supplier distributes the supply apart from the places as mentioned on the GST registration Certificate, the Supplier can use the location of a place mentioned on the GST registration Certificate.
- If the Supplier makes the supply from more than one location, the Supplier can treat the location of the Supplier which directly reflects the concerned supply.

Normal Mechanism



Reverse Charge Mechanism



Under **Normal Mechanism** Supplier received payment with GST amount. and Supplier deposite GST amount with government.

Under **Reverse Charge Mechanism** Supplier received payment amount if goods & Service only i.e. (excluded GST amount). and in that RCM case Receiver Deposit GST with Government on behalf of Supplier.

④ Aggregate Turnover

Aggregate turnover refers to the aggregate value of all taxable supplies (not including the value of inward supplies over which tax is payable by an individual on a reverse charge basis), exports of goods and services, exempt supplies, and inter-state supplies of persons having the same PAN, ..

Every Supplier liable to be Registered if **aggregate turnover** exceeds the limits.

Aggregate Turnover = Taxable Supplies + Exempt Supplies + Export + Inter State Supplies

Taxable Supplies :- →

Any Supply of goods or Services or both which, is liable to tax under the act.

Exempt Supplies :- → Supply of any goods or Services or both which attracts nil rate of tax or which may be wholly exempt from tax u/s 11.

Export :- → Sale of goods and Services out the Country is called as export Sale. Including zero rated Supplies (to SEZ).

Inter State Supply :- → Between units of a person under Same PAN.

⑤ Casual Taxable Person

⇒ A person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, whether as principal, agent or in any other capacity, in a state or a union territory where he has no fixed place of business.

⇒ Compulsory Registration § 2

A casual taxable person making taxable supply in India has to compulsorily take registration. There is no threshold limit for registration.

However casual taxable persons making supplies of specific handicraft goods need not take compulsory registration and are entitled to the threshold exemption of ₹ 20 lakh.

⇒ Validity of Registration Certificate § 2

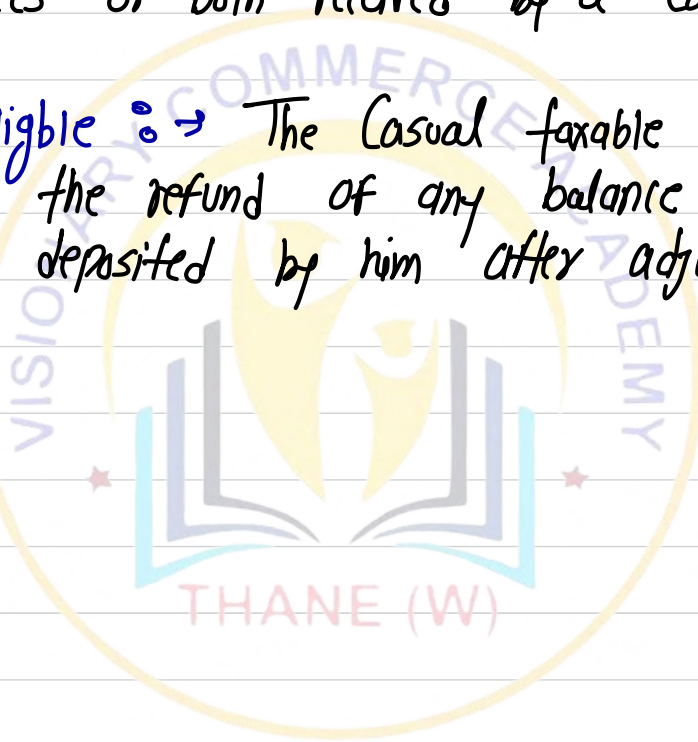
The certificate of registration shall be valid for the period specified in the application for registration or 90 days from the effective date of registration, whichever is earlier.

⇒ Supply After R.C. § 2

The casual taxable person can make taxable supplies only after the issuance of the certificate of registration.

⇒ ITC § → ITC shall be availed in respect of goods or services or both received by a casual taxable person.

⇒ Refund Eligible § → The casual taxable person is eligible for the refund of any balance of the advance tax deposited by him after adjusting his tax liability.



⑥ Electronic Credit Ledger

The electronic credit ledger, all credit accrued on account of Inward Supplies made by a taxpayer within a tax period are accumulated.

The ledger is maintained major Head - wise i.e. IGST, CGST, SGST and CESS.

1) Central Goods & Service Tax (CGST)

☞☞☞ CGST is levied by the Central Government of India on any transaction of goods & Services taking place intra state (within one state).

☞☞☞ CGST replaces all the existing central taxes including service tax, central Excise Duty, Central state tax, special additional duty etc.

2) State Goods & Service Tax (SGST)

☞☞☞ SGST is levied by the State Government of India on any transaction of goods & Services taking place intra state (within one state).

☞☞☞ SGST replaces all the existing central taxes including VAT, state Tax, Entertainment Tax, Luxury tax, Entry Tax etc.

3) Integrated Goods & Service Tax (IGST)

☞☞☞ IGST is collected by the Central Government of India on any transaction of goods & Services taking place Intra state (between two state). as well as on import of goods & services.

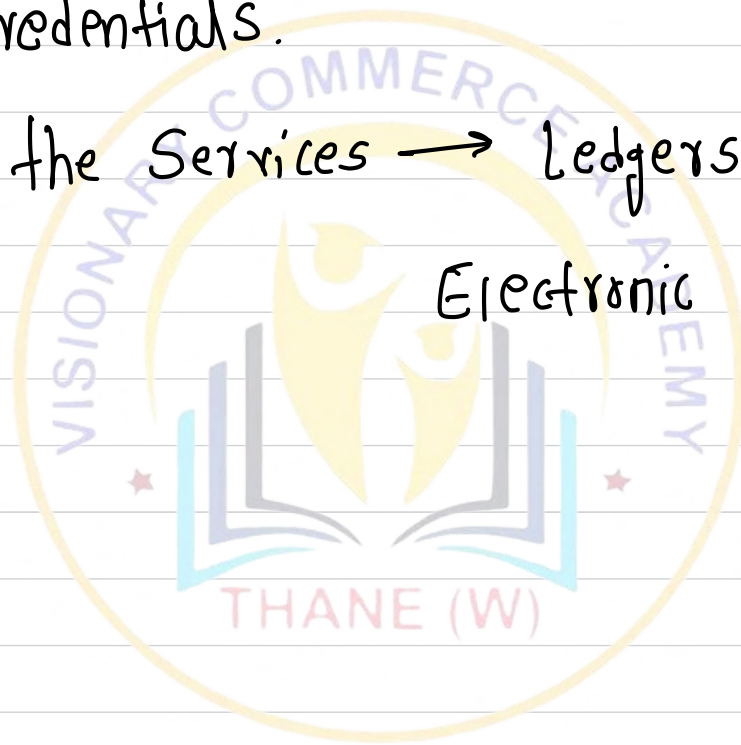
4) **CESS** :- The cess is levied over and above the highest Goods and Services Tax (GST) rate of 28%.

How do I Get an Electronic Credit ledger ?

Login to the GST Portal with Valid Credentials.

Click the Services → Ledgers ↘

Electronic Credit ledger.



Q7

Non-Resident Taxable Person

Means any person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

A non-resident taxable person making taxable supply in India has to compulsorily take registration.

There is no threshold limit for registration.

A non-resident taxable person cannot exercise the option to pay tax under composition levy.

He has to apply for registration at least 5 days prior to commencing his business in India using a valid passport (and need not have a PAN number in India).

Input Tax Credit :-> ITC shall not be available in respect of goods or services or both received by a non-resident taxable person except on goods imported by him.

Returns :- The non-resident taxable person shall furnish a return in FORM GSTR-5 electronically through the common portal, either directly or through a facilitation center notified by Commissioner.

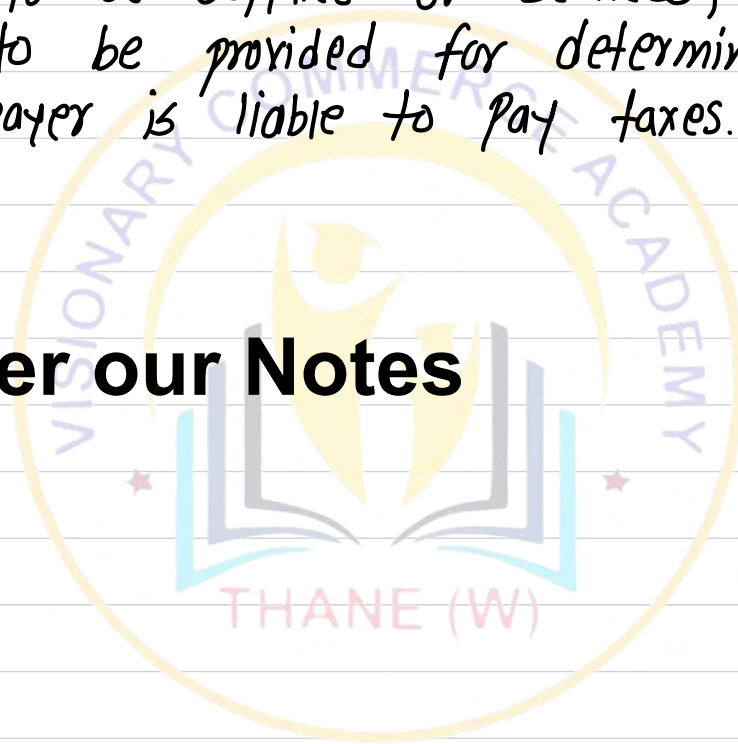
Refund :- → The amount of advance tax deposited by non-resident taxable person, will be refunded only after the person has furnished all the returns required in respect of the entire period for which the certificate of registration granted to him had remained in force.

Q8

Time of Supply

Means the point in time when goods have been deemed to be supplied or services, have been deemed to be provided for determining when the taxpayer is liable to pay taxes.

Refer our Notes



Q9

State Any five Exempt Services.

Meaning of Exempt Services :-

Exempt Services means taxable Services which are exempt from the whole of the Service tax leviable thereon and includes Services on which no services tax is leviable.

Examples :-

- Services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.
- Services by the reserve Bank of India.
- Agricultural operations directly related to production of any agricultural produce including cultivation, plant protection etc.
- Services by way of renting of residential dwelling for use as residence.
- Transmission or distribution of electricity by an electricity transmission or distribution utility.

Services by a Veterinary Clinic in relation to health care of animals or birds.

Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material.



Q10 Electronic Cash ledger

E-ledger is an electronic form of Passbook for GST. These e-ledgers are available to all GST registrants on the GST Portal.

The ledger contains details of the following

- Amount of GST deposited in cash to government in electronic cash ledger.
- Balance of Input Tax Credit available (ITC) in electronic credit ledger.
- Manner of set off of GST liability and balance liability (if any) in electronic liability ledger.

Electronic Cash ledger :-

This is like a e-wallet. Any GST payment made in cash or through a bank reflects in the Electronic Cash ledger.

After deduction of Input Tax Credit (ITC) any balance tax liability has to be paid using balance in Electronic Cash ledger.

The Cash ledger segregates the information head wise such as IGST, CGST, SGST/UTGT, and CESS

How to get Electronic Cash ledger option in portal:

log on to the GST Portal → Services ↓
ledger ↓
Electronic Cash ledger

Form GST PMT-05

Need to maintain the electronic Cash ledger in Form GST PMT-05 on the Common portal.

The information in FORM GST PMT-05 is divided into major and minor heads.

Major heads includes IGST, CGST, SGST/UTGST, and CESS.

And the minor heads include tax, penalty, fees, and other.

Q11 Order of Input Tax Credit Set off

Input Tax Credit (ITC) :->

Goods and Services Tax (GST) paid by a taxable person on any purchase of goods and/or services that are used or will be used for business.

ITC Value can be reduced from the GST payable on the sales by the taxable person only after fulfilling some conditions.

Order :->

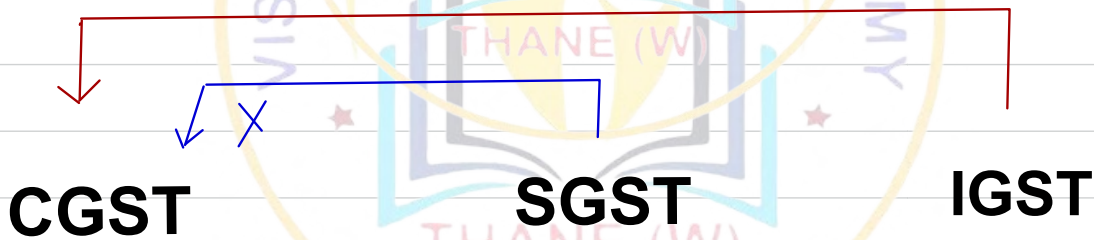
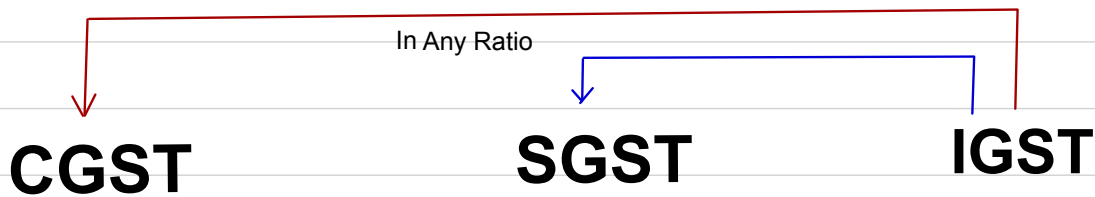
Particulars	CGST	SGST/UTGST	IGST
Output GST :- (less) :-> Input GST Opening ITC Balance ->			

Input IGST must be first utilized against output IGST. the balance (if any) shall be fully adjusted against Output CGST and then towards output SGST.

What is the new rule of ITC Setoff?

Output liability of and the taxpayer has to pay nothing in cash. But as per new GST ITC set off rules 2022, ICGST Credit ₹ 200 shall be utilized towards the payment of output liability of ₹ 100 of ICGST and ₹ 100 of CGST.

ITC Credit Balance Adjusting

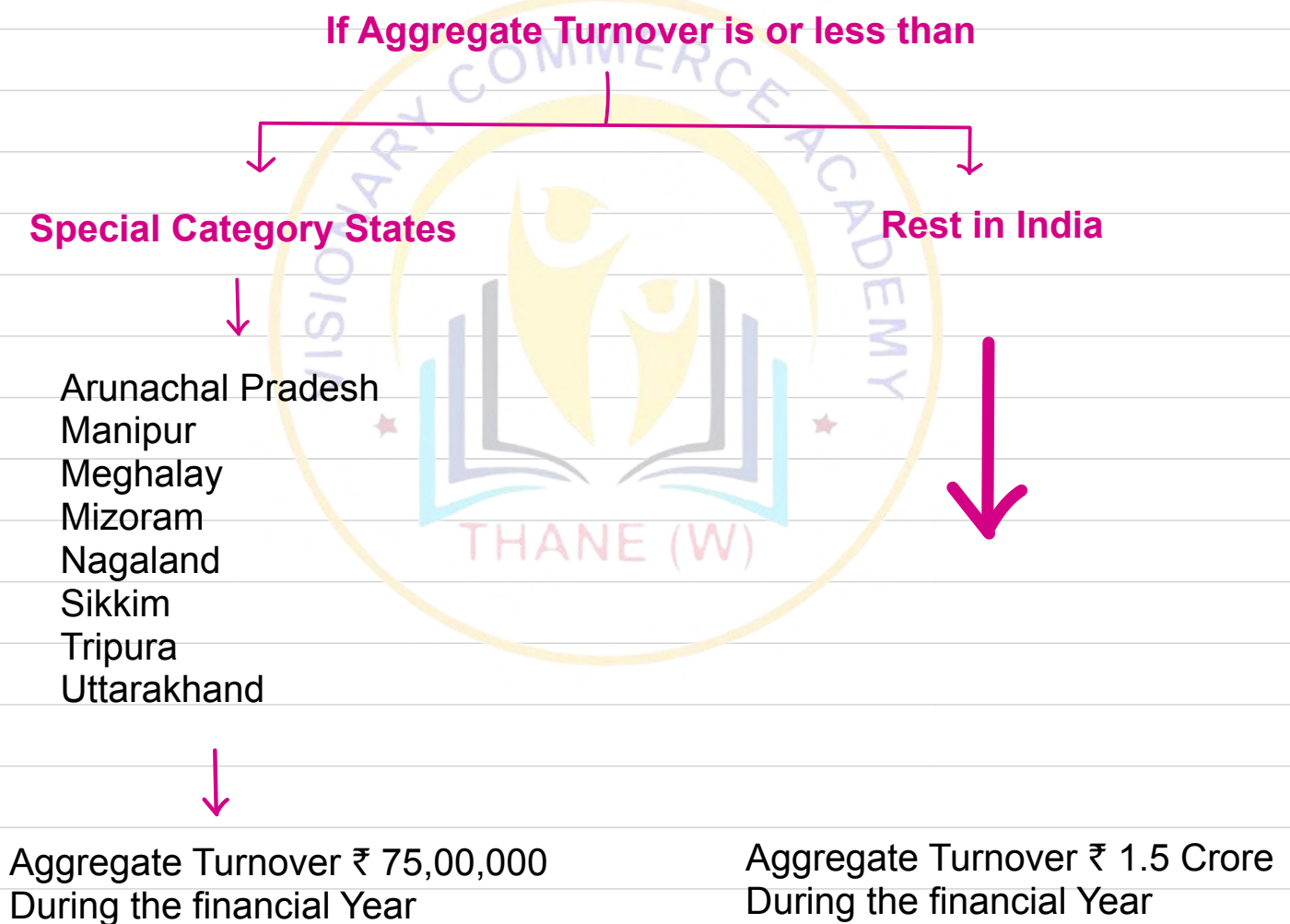


Explain :- →

Q12 Person who are eligible for Composition Scheme

- The composition levy scheme is very simple free compliance scheme for small taxpayers.
- It is a voluntary and optional scheme.
- A taxpayer registered under composition levy scheme has to pay an amount equal to certain fixed percentage of his annual turnover as tax to the government.

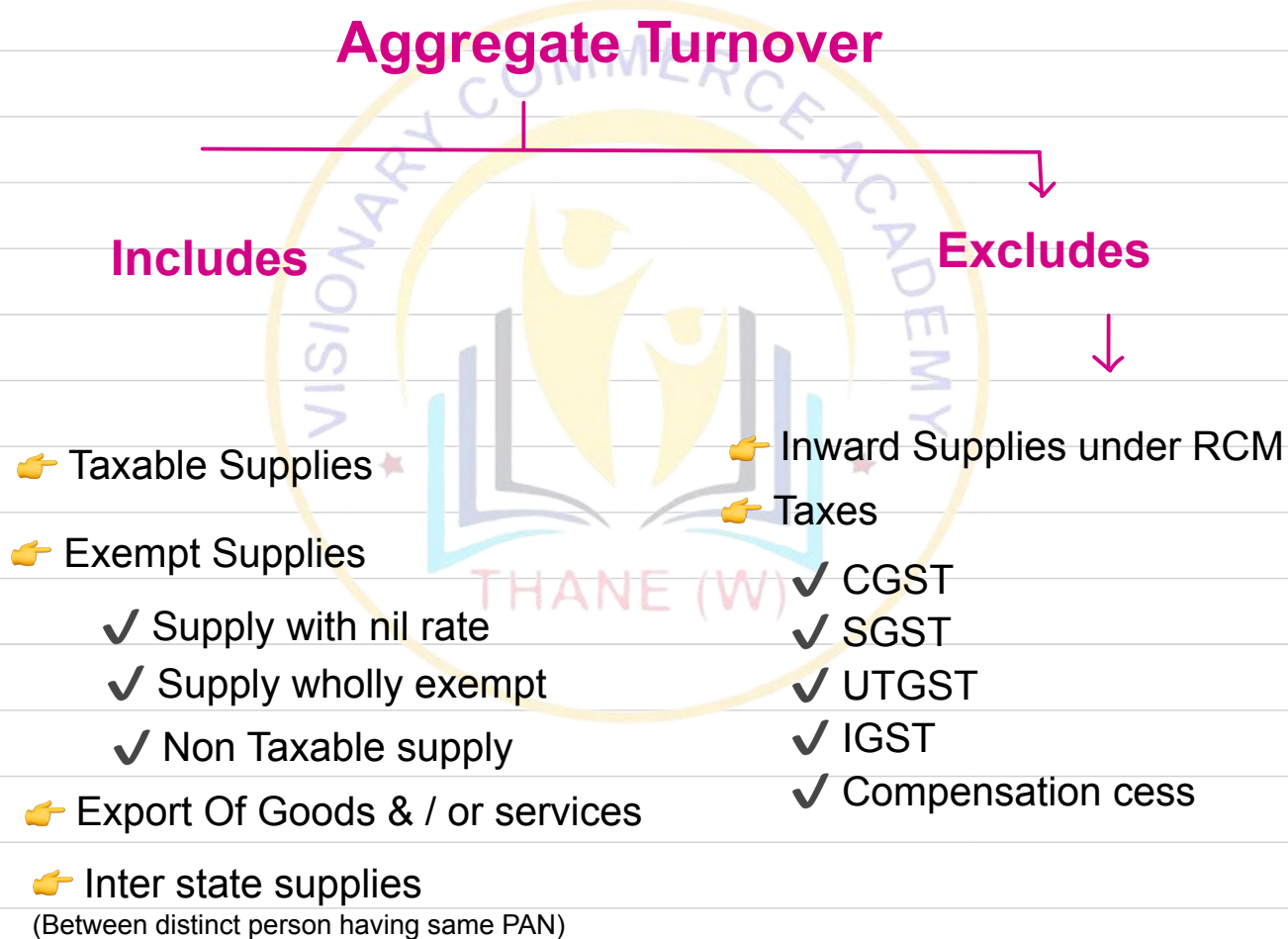
Eligibility for composition Levy :-



A taxpayer whose turnover is below Rs. 1.5 crore can opt for Composition Scheme.

In case of Special Category State, the limit is Rs. 75 lakh.

Aggregate Turnover means :-



Q13

Goods & Services Tax Network

The Goods and Service Tax Network (or GSTN) is a non-profit, non-government organization. It will manage the entire IT system of the GST portal, which is the mother database for everything GST. The government will use this portal to track every financial transaction and provide taxpayers with all services – from registration to filing taxes and maintaining all tax details.

Salient Features of the GSTN

- ✓ Trusted National Information Utility
- ✓ Handles complex transactions.
- ✓ All information will be secure
- ✓ Expenses will be shared between the government and central government
- ✓ And many more

Goods and services Tax Network (GSTN)

- 👉 Registration
- 👉 Tax payment
- 👉 Returns (GSTR)
- 👉 Assessment
- 👉 Notices / replies
- 👉 Refund
- 👉 Audit

↓
Electronic platform

↓
→ **Functions**

Q.5 a) Features of Goods and Services Tax:

(10)

- 1) Tax on consumption of goods and services
- 2) GST is a destination-based tax
- 3) GST is in the nature of value-added tax
- 4) GST aims to eliminate cascading effect of taxes
- 5) GST is a tax on supply not on manufacture or sale
- 6) It would be a dual GST with the centre and the states simultaneously levying it on a common base.
- 7) The GST levied by central is called CGST and GST levied by state is called SGST
- 8) The IGST is levied on inter-state supply.
- 9) Import of goods would be treated as inter-state supplies and would be subject to IGST in addition to the applicable custom duties.
- 10) GST would be applicable to all goods and services except alcohol for human consumption. Tobacco and tobacco products would be subject to GST. In addition, the centre would continue to levy Central Excise duty.

Q. 5 (b) Discuss the provisions regarding registration of a Non-Resident Taxable Person.

Non-Resident Taxable Person (NRTP)

(10)

A taxable person who occasionally undertakes transactions involving supply of goods or services but has no fixed place of business residence in India.

NRTP making taxable supply in India has to compulsorily take registration. There is no threshold limit for registration.

Registration Procedure:

1) NRTP has to apply for registration at least five days prior to commencing his business in India.

2) A simplified form **GST REG-09** is required to be filed electronically.

3) NRTP should apply for registration using valid passport and need not have a PAN number in India.

4) A business entity incorporated or established outside India, has to submit the application for registration along with tax identification number or unique number or its PAN number, if available

5) NRTP has to electronically submit an application along with a self-attested copy of his valid passport, for registration, duly signed or verified through Electronically Verified Code in Form **GST REG-09**.

6) The application for registration made by NRTP has to be signed by his authorised signatory who shall be a person resident in India having a valid PAN.

7) After successful verification of PAN, mobile number and e-mail address of the authorised signatory, he will be given temporary reference number by the common portal.

8) The temporary reference number will be used by the NRTP for making mandatory advance deposit of tax for an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought.

9) The amount of deposit shall be credited to the electronic cash ledger of the Non-resident person.

10) The registration certificate shall be issued electronically only after the deposit appears in his electronic cash ledger. He can make taxable supplies only after the issuance of the certificate of registration.

The certificate of registration shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier.

OR

Q.5) Write short Notes on **any four** of the following: **(20)**

(a) Time of supply of goods:

- a) Sec 12(1) states that the liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provision in this section.
- b) In order to calculate and discharge the tax liability it is important to know the date when the tax liability arises that is the date on which the charging event has occurred. In GST law, it is known as time of Supply.
- c) Time of Supply determines the rate of tax. It also determines the due date of payment of tax.
- d) Thus, time of supply determines when tax is to be levied, at what rate and when it should be paid.
- e) Section 12 covers the determination of time of supply in the following situations:
 - 1) Supply of goods where supplier is liable to pay tax i.e. forward charge
 - 2) Receipt of goods that are taxable under reverse charge.
 - 3) Supply of vouchers that can be used to pay for goods
 - 4) Residual cases
 - 5) Addition to value of supply by way of interest or fee or penalty for delayed payment.

b) Categories of persons required Compulsory Registration under GST Act:

Notwithstanding anything contained in section 22(1), the following categories of persons shall be required to be registered under GST Act-

- a) Person making Inter-state taxable supply
- b) Casual Taxable persons making taxable supply
- c) Persons required to pay tax under reverse charge
- d) Non-resident taxable person making taxable supply
- e) Input service distributors, whether or not separately registered under the Act
- f) Every electronic commerce operator

c) Persons not eligible to opt for Composition scheme:

- 1) Supplier of services other than supplier of restaurant services
- 2) Supplier of goods which are not taxable under the CGST Act/SGST Act/UTGST Act
- 3) Inter-state supplier of goods
- 4) Person supplying goods through electronic commerce operator
- 5) Manufacturer of certain notified goods

(d) Recipient:

Recipient of supply of goods or services or both means-

- 1) Where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration.
- 2) Where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available
- 3) Where no consideration is payable for the supply of a service, the person to whom the service is rendered.

Person to whom supply is made to be construed as a recipient.

Recipient shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied.

(e) Compulsory Inclusions in Transaction Value:

Following are the compulsory inclusions are to be added to compute the Transaction Value:

- 1) Taxes other than GST, if charged separately by the supplier
- 2) Payment made to third parties by the recipient on behalf of the supplier.
- 3) Incidental expenses
- 4) Interest, late fee and penalty for delayed payment
- 5) Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Government.

f) Functions of Goods and Services Tax Network (GSTN):

- 1) Facilitating registration.
 - 2) Forward the returns to Central and State authorities
 - 3) Computation and settlement of IGST
 - 4) Match tax payment details with banking network
 - 5) Provide analysis of taxpayer's profile.
 - 6) Manage the website www.gst.gov.in.
 - 7) Provide three front end services to the tax payers like registration, payment, and return.
-
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Note :- For Other Answers Plz refer our Notes .

Thank You

All the best

