

SACHIN AJMERA CLASSES
Chapter – 3 Charging Sections & RCM & FCM
APPLICABLE FOR DEC-23 EXAM

OBJECTIVE QUESTIONS

Q.1 Choose the correct answer with justification/workings wherever applicable:

1. Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act?
 - a) Services supplied by arbitral tribunal to business entity located in Ladakh
 - b) Sponsorship services provided to a partnership firm located in Jammu & Kashmir
 - c) Sponsorship services provided to a body corporate located in Kerala
 - d) Service of renting of motor vehicle for passengers provided to a recipient other than body corporate.
2. A radio taxi driver has provided his services through Electronic Commerce Operator – Kuber Cabs. The tax on such supplies shall be paid by the _____
 - (A) Electronic Commerce Operator – Kuber Cabs
 - (B) Radio Taxi Driver
 - (C) Customer receiving the services from radio taxi driver
 - (D) None of the above
3. GST is payable by the recipient under reverse charge on:
 - (A) Sponsorship services
 - (B) Transport of goods by rail
 - (C) Transport of passengers by air
 - (D) All of the above
4. Reverse Charge Mechanism shall apply
 - (A) only in respect of service
 - (B) only in respect of goods
 - (C) both in respect of goods and services
 - (D) only in respect of inward supplies from unregistered persons
5. When agriculturist supplies tobacco leaves to a factory, registered under GST, the liability to pay GST is on:
 - (a) Tobacco leaves seller
 - (b) The buyer under reverse charge
 - (c) The agriculturist
 - (d) Consumer of tobacco leaves

[CS-(I)-J-19]

6. The payment of tax by electronic operator who does not have physical presence in taxable territory in India be made by

- (A) E-commerce operator himself
- (B) His appointed representative in India
- (C) The person who receives supply
- (D) Either (A) or (B)

7. Reverse charge means

- (a) The reversal of tax liability in case of return of goods
- (b) The liability to pay tax by the recipient of supply of goods and services**
- (c) Reversal of tax due to mistake detected later
- (d) The liability to pay tax where only services provided.**

8. Which of the following services are notified under section 9(3) of CGST Act, 2017 or section 5(3) of IGST Act, 2017 the tax on which shall be paid on reverse charge basis by the recipient of such supply?

- (i) Supply of security services provided by a person other than a body corporate to a composition taxpayer
- (ii) Services supplied by an insurance agent to insurance company located in taxable territory
- (iii) Supply of services by way of renting of hotel accommodation through e-commerce operator.
- (iv) Supply of notified categories of goods or services or both by a supplier, who is not registered, to specified class of registered persons.

Choose from the following options:

- (a) (i) & (ii)
- (b) Only (ii)
- (c) (i), (ii), (iii)
- (d) (i) & (iv)

[CA- Nov-19 RTP]

9. GST is payable by recipient of services in the following cases:-

- i. Services provided by way of sponsorship to ABC Ltd.
 - ii. Services supplied by a director of Galaxy Ltd. to Mr. Krishna.
 - iii. Services by Department of Posts by way of speed post to MNO Ltd.
 - iv. Services supplied by a recovering agent to SNSP Bank
- (a) (i) & (iii)

- (b) (i) & (iv)
 - (c) (ii) & (iii)
 - (d) (ii) & (iv)
- 10. which of the following legal service does not fall under RCM provisions as contained under sec 9(3) of CGST Act 2017?
 - (a) Representations service provided by an Individual advocate
 - (b) Representations service provided by Firm of advocate
 - (c) Representations service provided by senior advocate
 - (d) Legal service provides by advocate to an unregistered person
- 11. which of the following legal service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017?
 - (a) Legal service provided by Arbitral tribunal to Central government
 - (b) Legal service provided by Senior advocate to business entity in PY 23-24, Business entity turnover in PY 23-24 Rs. 2 crore and PY 22-23 Rs. 5 lakh
 - (c) Legal service provided to Mr. A regarding dispute with his wife
 - (d) Legal service provided by Individual advocate to Senior advocates
- 12. which of the following service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017?
 - (a) Constructions service provided by CG to Mr. A for his residence
 - (b) Transport of passenger service by CG to Mr. B
 - (c) Sponsorship service provided to Apple located in USA
 - (d) Renting of immovable property to RIL whose preceding FY turnover 500 Crore
- 13. which of the following service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017?
 - (a) Legal service provided by Individual advocate to firm of advocates
 - (b) Security service provided by ABC Trader (partnership firm) to CG who is not making any supply and CG registered in GST only for deducting TDS u/s 51
 - (c) Security service provided to Ram trader who is registered under compositions scheme
 - (d) Mr. A provided business facilitator service to SBI bank Mumbai
- 14. which of the following service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017
 - i. CG gave a commercial land on rent to Jain pvt ltd (registered under GST)
 - ii. CG gave a commercial land on rent to Jain pvt ltd (not registered under GST)
 - iii. Post office provide speed post service to A ltd who is registered under GST
 - iv. Post office provide speed post service to A ltd who is Not registered under GST
 - a. i only
 - b. i and ii
 - c. iii and iv
 - d. i and iii
- 15. which of the following service fall under RCM provisions as contained under sec

9(3) of CGST Act 2017

- (a) Service of GTA to person who is not registered under GST
- (b) Service of GTA to Post office department of Govt who is registered in GST only for deduct TDS u/s 51 and not making any taxable supply
- (c) Service of GTA to Mr. B , GTA Is registered under GST and not claiming any ITC
- (d) Service of GTA to Mr. B , GTA Is registered under GST and GTA is claiming ITC

16. which of the following service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017 assuming recipient is located in taxable territory?
- a) Mr. Raghu provided sponsorship services to We-Win Cricket Academy, LLP.
 - b) "Safe Trans" a Goods Transport Agency" transported goods of Kapil & Co., a partnership firm which is not registered under GST
 - c) Virat Kohli sponsor a fashion show and asked to Shivali advertising for organised this event and paid Rs. 12,00,000
 - d) Services provided by Director of Company (in a capacity of employee) to the company Rs. 15 lakh
17. which of the following service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017 assuming recipient is located in taxable territory?
- i. Security service provided by A ltd to Mr. B who is registered under GST
 - ii. Rent of motor vehicle Provided by B ltd to RIL ltd located in India
 - iii. Mr. A who is famous author give his property on Rent to B ltd
 - iv. Direct selling agent a firm provided his service to Bank
- (a) iv only
 - (b) i,ii, iv
 - (c) ii and iv only
 - (d) i and iv
 - (e) none of the above
18. which of the following service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017 assuming recipient is located in taxable territory?
- i. Overseeing committee give his property on rent to A ltd
 - ii. Overseeing committee give advice to RBI
 - iii. Business correspondent providing his service to Bank located in taxable territory
 - iv. Music composer give his copyright right to Music company located in USA
- a) ii only
 - b) ii only A, B and D
 - c) ii and iv
 - d) ii and iii
19. Mr. A (registered under GST) book a room in Hotel Clarks Amer through Make My trip.com. who is liable to pay GST?
- (a) Mr. A
 - (b) Hotel Clarks Amer
 - (c) Make my trip.com
 - (d) This is exempted service

20. Mr. B (not registered under GST) placed an order of food from Fort restaurant through swiggy (an E commerce operator)
- (a) Mr. B
 - (b) Fort Restaurant
 - (c) Swiggy
 - (d) This is exempted service
21. Mr. A who is registered under GST as a partnership firm booked rent a cab from Kalra pvt ltd who is liable to pay GST
- (a) Mr. A
 - (b) Kalra pvt ltd
 - (c) this is exempted service
 - (d) this is neither supply of goods nor supply of service
22. which of the following service fall under RCM provisions as contained under sec 9(3) of CGST Act 2017 assuming recipient is located in taxable territory?
- i. Mr. A who is direct selling agent providing fanatical service to HDFC Bank
 - ii. Mr. B who is recovery agent and giving his service to Sachin ajmera classes for recovery his fees
 - iii. Agent of business correspondent providing his service to Bank
 - iv. An author giving his copy right to a publisher located in taxable territory. However, author himself registered GST and has exercised the options to pay GST
- a. i only
 - b. i and ii
 - c. i , ii and iii
 - d. i and iii
23. Mr. A registered under GST placed an order of food of restaurant located in five star Hotel where room rent per day is Rs. 6000 by Zomato
- a. Zomato
 - b. Five start hotel
 - c. Mr. A
 - d. a and b anyone
24. Mr. A (unregistered person) sold toy to some customers from snap deal (E-commerce operator) who is liable to pay GST?
- a. GST will not be levy
 - b. Mr. A will pay
 - c. Snap deal pay
 - d. customers will pay
25. Mr. B (unregistered person) providing to service to some customers from snap deal (E-commerce operator) who is liable to pay GST?
- a. GST will not be levy
 - b. Mr. B will pay
 - c. Snap deal pay

- d. customers will pay
26. which of the following service Not fall under RCM provisions as contained under sec 9(3) of CGST Act 2017 assuming recipient is located in taxable territory?
- a) Security service provided by Mr. A who is registered under GST to RIL Ltd
 - b) Renting a motor vehicle by Mr. B who is registered under GST to TATA Ltd
 - c) Renting an immovable property by CG to A who is registered under GST
 - d) Renting of an immovable property by Mr. A who is registered under GST to RIL Ltd
27. which of the following service Not fall under RCM provisions as contained under sec 9(3) of CGST Act 2017 assuming recipient is located in taxable territory?
- i. Sponsorship service provided to A Ltd located in taxable territory
 - ii. Renting a motor vehicle by Mr. A Ltd who is registered under GST to TATA Ltd
 - iii. Security service provided by A Ltd to B Ltd both are registered under GST
 - iv. Renting of an immovable property by Mr. A who is registered under GST to Mr. B who is registered under GST
- a. iii and iv
 - b. iii only
 - c. iv only
 - d. ii and iv
28. KK Jewellers paid `600,00,000 for sponsorship of Miss India beauty pageant for sponsorship service. Who is liable to pay GST?
- a. KK Jewellers
 - b. Miss India Beauty
 - c. both a 50% and b 50%
 - d. exempt service
29. In case of Goods Transport Agency (GTA) services, tax is to be paid under forward charge if:
- a. GST is payable @ 12%
 - b. GST is payable @ 5% and a factory registered under the Factories Act, 1948 is the recipient of GTA service.
 - c. GST is payable @ 5% and an unregistered individual end customer is the recipient of GTAservice.
 - d. None of the above
30. XY Pvt. Ltd. has taken consultancy services from an engineer in UK. Who shall be liable to pay tax and under what head?
- a. XY Pvt. Ltd. will pay the tax, IGST
 - b. XY Pvt. Ltd. will pay the tax, CGST and SGST
 - c. Engineer will pay the tax, IGST
 - d. Engineer will pay the tax, CGST& SGST
31. PUNO Apparels in Chennai, avails fashion designing services of ` 50 ,00,000 from Prabha Designs in Singapore. Who is liable to pay GST?
- a. PUNO Apparels

- b. Prabha Designs
 - c. Both
 - d. 50% : 50%
32. Mr Ranveer is an agent of Life Insurance company. The insurance company pays commission ` 8,00,000 excluding taxes. Who is liable to pay GST?
- a. Mr. Ranveer
 - b. Life insurance company
 - c. Exempt supply
 - d. no GST because taxable supply not exceed ` 20 lakh
33. When RCM is levy then recipient of service is eligible for ITC?
- a. Yes
 - b. No
 - c. only 50% ITC can be taken by Recipient
 - d. none of the above
34. When RCM is levy u/s 9(3) who is liable to register?
- (a) recipient only if turnover exceed from taxable limit
 - (b) supplier always
 - (c) recipient is compulsory liable to register irrespective of his turnover
 - (d) none of the above
35. If RCM is levy which document issued by Recipient of service on receipt of advance payment
- (a) tax invoice
 - (b) payment voucher
 - (c) receipt voucher
 - (d) bill of supply
36. If RCM levy what is the time of supply in case of service
- (a) payment date
 - (b) invoice issue date
 - (c) service received date
 - (d) payment date or 61the days of date of issue of invoice (whichever is earlier)
37. If import of service taken from associate enterprises what will be time of supply?
- (a) payment date
 - (b) payment date or 61the days of date of issue of invoice (whichever is earlier)
 - © amount entered in books by recipient and date of payment (whichever is earlier)
 - (d) service received date
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Subjective questions

Nov 23

CA INTER

Questions 1

Miss Nitya, proprietor of M/s. Honest Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2022:

S. No.	Particulars	Amount (₹)
	<u>OUTWARD SUPPLY:</u>	
i.	Intra-state supply of goods to M/s. Natural & Sons	7,00,000
ii.	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN.	1,00,000
iii.	Provided inter-state supply of sponsorship services to XYZ Ltd of Chennai	80,000
iv.	Advance received for future supply of management consultancy service to Mr. Sharad (Intra-state supply)	40,000
	<u>INWARD SUPPLY: (Intra-state)</u>	
i.	Purchase of taxable goods from registered suppliers.	8,00,000
ii.	Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account.	30,000
iii.	Availed legal service from an advocate to represent the matter in the Court relating to collection of disputed proceed from customers.	50,000

Notes:

(i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

(ii) Both inward and outward supplies given above are exclusive of taxes.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

(iv) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Honest Enterprise for the month of December 2022. (8 Marks)

Answer

Computation of minimum net GST payable in cash by M/s Honest Enterprise for the month of December 2022

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Intra-State supply of goods to M/s Natural & Sons	7,00,000	17,500 [7,00,000 × 2.5%]	17,500 [7,00,000 × 2.5%]	
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	1,00,000	--	--	
Inter-State supply of sponsorship service to XYZ Ltd. of Chennai ¹ [Since sponsorship service is provided to a body corporate, tax on the same is payable by recipient – XYZ Ltd. - under reverse charge.]	80,000			--
Advance received for future intra-State supply of management consultancy service (In case of supply of service, tax is payable at the time of receipt of advance amount too)	40,000	3,600 [40,000 × 9%]	3,600 [40,000 × 9%]	
Total output tax		21,100	21,100	
Less: ITC utilized		27,200	27,200	
Net GST payable [A]		Nil	Nil	

REVERSE CHARGE TAXATION

Legal services availed ² [B] [Tax on legal services availed by a business entity from an advocate is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be paid in cash since the tax payable under reverse charge is not an output tax.]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Minimum net GST payable in cash [A] + [B]		4,500	4,500	

Working Note:

Computation of ITC available

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State purchase of taxable goods [ITC of goods used in the course/ furtherance of business is available.]	8,00,000	20,000 [8,00,000 × 2.5%]	20,000 [8,00,000 × 2.5%]	
Works contract service for repair of office [ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.]	30,000	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]	
Legal services availed [ITC of services used in the course/ furtherance of business is available]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Total		27,200	27,200	

Questions 2 May-23 { CA Inter}

(a) (i) *Who are not eligible to opt for composition scheme for goods under GST Laws?*

(5 Marks)

(ii) *GTA services provided to an unregistered person (including unregistered casual taxable person) are exempt from GST by virtue of Entry 21 A of GST Laws. Discuss the validity of above statement.*

Answer

(a) (i) The registered person who is not eligible for composition scheme for goods under GST law are as under:

- (i) Supplier engaged in making any supply of goods or services which are not leviable to tax.
- (ii) Supplier engaged in making any inter-State outward supplies of goods or services.
- (iii) Person supplying any goods or services through an electronic commerce operator who is required to collect tax at source (under section 52).
- (iv) Manufacturer of ice cream, panmasala, tobacco, aerated waters, fly ash bricks; fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.
- (v) Supplier who is either a casual taxable person or a non-resident taxable person
- (vi) Supplier of services exceeding an amount which is higher of 10% of the turnover in a State/U.T. in the preceding financial year or ₹ 5 lakh.

(ii) The said statement is invalid.

Services provided by a GTA to an unregistered person, including an unregistered casual taxable person are exempt except when provided to a:

- (a) factory
 - (b) society
 - (c) co-operative society
 - (d) body corporate
 - (e) partnership firm
 - (f) registered casual taxable person
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Questions 3 Nov-22

- (II) *Dharun provides service as a business facilitator to Zio Bank Limited by facilitating in opening of bank accounts to villagers in its rural branches in Punjab and earned a commission of ₹ 22 lakh in the month of April, 2022. So far he is not registered under GST. Dharun's tax consultant advised him that he is liable for registration under GST as his gross receipts exceeded ₹ 20 lakh. Dharun has no other receipt / business activity other than the above.* **(4 Marks)**

- (II) Services by a business facilitator to a banking company with respect to accounts in its rural area branch is exempt from GST.

Since in the given case, Dharun is engaged exclusively in providing the exempt services, it is not liable to obtain registration even though his aggregate turnover exceeds ₹ 20 lakh.

Thus, the advice given by his tax consultant is not correct.

Questions 4 Jan-21 CA Inter

- Q. 8
/ Mr. Anurag, a famous Author is engaged in supply of services by the way of transfer or permitting the use or enjoyment of a copyright covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 relating to original literary works to a publisher.

Explain in brief the conditions under which an Author can choose to pay tax under forward charge. **(5 Marks)**

- (a) Mr. Anurag, an author, can choose to pay tax under forward charge provided he fulfills the following conditions:-
- (i) He has taken registration under the GST law.
 - (ii) He has filed a declaration, in the prescribed form,
that he exercises the option to pay tax on the said service under forward charge and, to comply with all the provisions of the GST law as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and
that he shall not withdraw the said option within a period of 1 year from the date of exercising such option.
 - (iii) He makes a declaration on the invoice issued by him in prescribed form to the publisher.
-

Questions 5 Nov 20

In the following independent cases, decide, which person is liable to pay GST, if any.

You may assume that recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

- (i) 'Veer Transport', a registered Goods Transport Agency (GTA) paying IGST @ 12%, transported goods by road of Dilip & Company, a sole proprietary firm (other than specified person) which is not registered under GST or any other Law. 2
- (ii) Mr. Kamal Jain, an unregistered famous author, received ₹ 20 lakhs of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. 2

Question 6 Nov 18

(c) *Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.*

- (i) *Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP.*
 - (ii) *'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST. (3 Marks)*
- (i) In case of services provided by any person by way of sponsorship to any body corporate or partnership firm / LLP, GST is liable to be paid under reverse charge by such body corporate or partnership firm / LLP located in the taxable territory. Therefore, in the given case, WE-WIN Cricket Academy is liable to pay GST under reverse charge.
 - (ii) In case of services provided by Goods Transport Agency (GTA) in respect of transportation of goods by road to, *inter alia*, any partnership firm whether registered or not under any law; GST is liable to be paid by such partnership firm. Therefore, in the given case, Kapil & Co. is liable to pay GST under reverse charge.
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Questions 7 Nov 18

Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka State) has provided the following information for the month of February 2018:

	Particulars	Amount in ₹
(i)	Intra-state taxable supply of service	5,20,000
(ii)	Legal fee paid to a Lawyer located within the state	20,000
(iii)	Rent paid to the State Govt. for his office building	30,000
(iv)	Received for services towards conduct of exams in Loveall University, Pune (recognized by law), being an inter-state transaction	16,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of February, 2018.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given above are exclusive of taxes.

(6 Marks)

Answer

(a) Computation of net GST liability by Mr. Thiraj for the month of February, 2018

S.No.	Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output supply					
(i)	Intra-State taxable supply of services	5,20,000	46,800	46,800	
(iv)	Services towards conduct of exams in Loveall University, Pune [Note-1]	16,000			Exempt
Inward supply					
(ii)	Legal fee paid to lawyer located within State [Note-2]	20,000	1,800	1,800	
(iii)	Rent paid to State Government for Office Building [Note-3]	30,000	2,700	2,700	
Total tax liability			51,300	51,300	
Less: Cash paid towards tax payable under reverse charge [A] [Note-4]			(4,500)	(4,500)	
Output tax payable against which ITC can be set off			46,800	46,800	
Less: ITC of tax paid on legal fees and rent			(4,500)	(4,500)	
Output tax payable after set off of ITC [B]			42,300	42,300	
Net GST liability [A] + [B]			46,800	46,800	

Notes:-

- Since Loveall University provides education recognized by law¹, it is an educational institution and services provided to an educational institution, by way of conduct of examination by such institution are exempt from GST.

2. In case of legal services provided by an advocate to any business entity GST is payable under reverse charge by the recipient of service².
3. In case of services supplied by, *inter alia*, State Government by way of renting of immovable property to a person registered under the CGST Act, GST is payable under reverse charge by the recipient of service
4. The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

ation of input tax credit (ITC) available

Questions 8 CMA INTER – DEC 2023

7. (a) Examine with brief reasons, which person is liable to pay GST in the following independent cases, where the supplier and recipient both are located in the taxable territory.

Ignore the aggregate turnover and exemption available:

- (i) Ram is an insurance agent (registered under GST), received commission of ₹ 12,00,000 from Insurance Company (registered under GST).
- (ii) Shyam is a business facilitator (registered under GST), received commission of ₹ 1,95,000 for the services provided to the urban branch of a Nationalised Bank with respect to savings bank accounts.
- (iii) Mohan (registered under GST) is an independent director of XYZ Company Ltd, has received sitting fees amounting to ₹ 1,00,000 from XYZ Company Ltd for attending the Board meetings.