

CMA FINAL

APPLICABLE FOR JUNE '26 & DECEMBER '26



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REVIEWER™

INDIRECT TAX LAWS AND PRACTICE

CHAPTERWISE
COMPILATION OF

**PYP + MQP +
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REFERENCE TO
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ABC ANALYSIS



LAST DAY REVISION
QUESTIONS MARKED



QUICK RECAP OF
IMPORTANT CONCEPTS

19

GROUP IV

REVIEWER™

INDIRECT TAX LAWS AND PRACTICE

CMA Final

1st Edition

Publisher:



VIVITSU
STRIVING TOWARDS KNOWLEDGE

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202 Professional Plaza, 17 Punit Nagar,
Near Malhar point, Old Padra Road,
Vadodara – 390007, Gujarat

Reviewer™

Indirect Tax Laws and Practice

Published by Vivitsu

1st Edition: July 2026

ISBN: 978-81-686370-5-4

Price: ₹ 599/-

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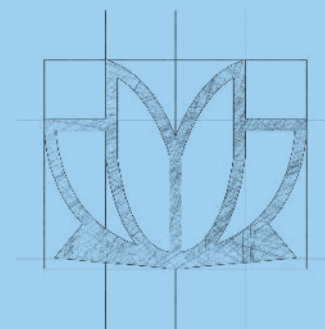
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To the one who's not just dreaming CMA —
but becoming it

CMA

Write your name here



What Matters in CMA?

1 CONCEPTUAL CLARITY

Understand the 'intent' and 'application' behind every Section, Provision and Rule. In IDT, memorizing the provision isn't enough; you must know how to apply it to complex questions.

Use this Reviewer to bridge the gap between understanding a concept and writing it technically.

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To master IDT, you need to practice one answer every day. Success in this subject depends on your ability to correctly apply multiple provisions to reach the right conclusion.

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3 CONFIDENCE

Use the **LDR questions** for a powerful final boost, ensuring you walk into the exam hall fully prepared.

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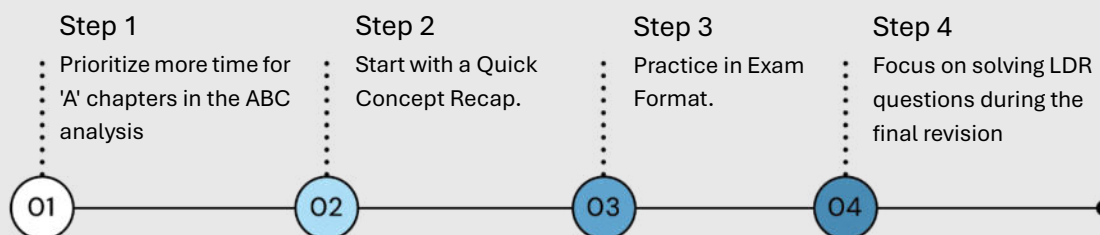


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60+ in INDIRECT TAX LAWS AND PRACTICE



Step 1: Prioritize your chapters

Topics in the index are categorized as A, B, or C based on their importance. Focus more on 'A' chapters, as they carry the most weight, and give adequate attention to 'B' chapters. While all chapters must be covered, this approach helps manage time efficiently for better results.



Step 2: Start with a Quick Concept Recap

Use this powerful summary for a quick brush-up on key concepts before you attempt the chapter. This helps you identify and understand the core principles. If a question gives you trouble, return to this section / main study material to solidify the concept, then come back and solve it again.



Step 3: Practice in Exam Format

Always solve the question on your own before looking at the answer. If you get confused in MCQs and options or make a conceptual mistake, be sure to mark it to review during your next revision.



Step 4: Last Day Revision (LDR)

Focus on solving LDR questions during the final revision. On the day before your exam, prioritize these questions as they cover the most critical concepts from each chapter. You'll find a quick summary of LDR question numbers listed right before each chapter for easy reference.

Table of Contents

										IMP
Sl.	Particulars	2023		2024		2025		Average	Page No.	
		June	Dec	June	Dec	June	Dec			
SECTION A: GOODS AND SERVICES TAX ACT AND RULES										
1	Supply under GST - A Refresh									C
1.1	Introduction	7	2	-	2	-	9	3.33	1.1-1 - 1.1-9	A
1.2	Supply - Taxable, Non-taxable, Exempted, Deemed Supplies, Reverse Charge	-	11	11	11	2	11	8	1.2-1 - 1.2-34	A
1.3	Notifications on Exempted Supplies	9	-	7	11	11	-	6.67	1.3-1 - 1.3-39	A
1.4	Important Circulars covering Clarifications on Supply	2	-	-	-	-	-	0.33	1.4-1 - 1.4-10	B
2	Time of Supply (Advanced)	5	4	7	-	9		4.17	2-1 - 2-1	B
3	Place of Supply	-	9	2	2		9	1.6	3-1 - 3-22	B
4	Valuation (Advanced)	8	14	9	7	4	14	11	4-1 - 4-40	A
								17	5-1 - 5-62	A
								30	6-1 - 6-3	C
								33	7-1 - 7-19	B
								33	8-1 - 8-4	B
								67	9-1 - 9-16	C
	Structure and Zero-Rated Supplies									
10	GST Returns	6	14	9	7	7	7	8.33	10-1 - 10-21	A
11	Accounts and Records	-	-	-	-	-	-	-	11-1 - 11-3	C
12	GST Annual Return and GST Audit Return	-	7	-	-	-	-	1.33	12-1 - 12-7	A
13	Transition to GST (Transitional Provisions)	-	-	-	-	-	-	-	13-1 - 13-3	C

Prioritize using ABC Analysis

Each chapter is categorized as A , B or C

A : Very Important, Read on priority

B : Moderately Important

C : Less Critical but still essential

Prioritize using ABC Analysis

Each chapter is categorized as A , B or C

A : Very Important, Read on priority

B : Moderately Important

C : Less Critical but still essential



- Total value of taxable supply > ₹ 2.5 Lakh under a single contract. This value shall exclude taxes & cess leviable under GST.
- If the contract is made for both taxable supply and exempted supply, deduction will be made if the total value of taxable supply in the contract > ₹ 2.5 Lakh. This value shall exclude taxes & cess leviable under GST.
- Where the location of the supplier and the place of supply are in the same State/UT, it is an intra State supply and TDS @ 1% each under CGST Act and SGST/UTGST Act is to be deducted if the deductor is registered in that State or Union territory without legislature.
- Where the location of the supplier is in State A and the place of supply is in State or Union territory without legislature - B, it is an inter-State supply and TDS @ 2% under CGST Act is to be deducted if the deductor is registered in State or Union territory without legislature - B.
- Where the location of the supplier is in State A and the place of supply is in State or Union territory without legislature B, it is an inter-State supply and TDS @ 2% under CGST Act is to be deducted if the deductor is registered in State A.
- When advance is paid to a supplier on or after 01.10.2018 to a supplier for supply of taxable goods or services or both.

Tax deduction is not required in following situations:

- Total value of taxable supply < ₹ 2.5 Lakh under a contract.
- Contract value > ₹ 2.5 Lakh for both taxable supply and exempted supply, but the value of taxable supply under the said contract < ₹ 2.5 Lakh.
- Receipt of goods/services which are exempted.
- Goods on which GST is not leviable. For example, petrol, diesel, petroleum crude, natural gas, aviation turbine fuel (ATF) and alcohol for human consumption.
- Where a supplier had issued an invoice for any sale of goods in respect of which tax was required to be deducted at source under the VAT Law before 01.07.2017, but where payment for such sale is made on or after 01.07.2017.
- Where the location of the supplier and place of supply is in a territory which separates from the State/UT where the deductor is registered.

Question 15 (SM, MQP [1] 3 Marks June'23)

Peter England is a trader who sells his ready-made clothes online on Amazon India. He receives an order for ₹12,000 in the month of April 2025, inclusive of tax and commission 2%. Amazon charges a commission of ₹200. Applicable GST ₹1,800. Find the TCS in the hands of Amazon.

Note: there are sales returns of Peter England products from other customer for ₹2,000 in the month of April 2025.

Amazon would therefore need to deduct 0.1% tax (0.05% CGST and 0.05% SGST towards TCS) on the amount, excluding the money paid as commission and GST. Amazon would thus be deducting tax for ₹80 (0.1% of ₹8000).

Working note:	
Supply of goods	12,000
Less: sales returns	(2,000)
Balance	10,000
Less: GST 18%	(1,800)
Less: Commission	(200)
Net value of taxable supplies	8,000
Tax Collected at Source 0.1%	80

ALL QUESTIONS ARE AMENDED

has supplied product W from supplier of July 2025. Further there are sales returns of product W sold in the month of May, June and July 2025 amounting to ₹20 lakhs during the month of July 2025.

Find the following:

- Who is liable to pay GST and TCS?
- Amount of TCS.



LDR Questions

Descriptive: Q 16, Q 17, Q 22, Q 29, Q 30, Q 32, Q 35
MCQ: 12

QUICK REVIEW OF IMPORTANT CONCEPTS

1. Supply in the Course or Furtherance of Business

A transaction is treated as a supply only when it is made in the course or furtherance of business.

- In the course of business refers to activities regularly carried out in running a business (e.g., a practicing Cost Accountant providing audit, accounting and certification services).
- Furtherance of business refers to activities undertaken to expand or promote the business (e.g., appointing a consultant to identify a location for setting up a new manufacturing unit).

Remember

- Personal activities are generally not liable to GST.
- Even a sale of goods by an individual is not a supply.

2. Forms of Supply

Supply includes:

• Sale

• Transfer

• Barter

• Exchange

• License

• Rental

• Lease

• Disposal



Last Day Revision Questions

Last Day Revision Questions mentioned right at the beginning of each chapter
Easy to find 1 day before the exam

3. Sale

Sale involves transfer of ownership of goods for consideration.

Remember

- Sale is treated as supply of goods.
- Mortgage, charge, hypothecation and pledge are not supply.
- Sale of stolen goods may still amount to a taxable supply, whereas sale of prohibited goods (e.g., narcotic drugs) is not regarded as a supply under GST.

4. Transfer

Transfer means only the right to use goods is transferred, ownership remains with the original owner.

Example: Giving a farm machine on hire for four months is a supply of service.

Remember: Goods sent for demonstration on a returnable basis are not supply because ownership is not transferred.

5. Barter & Exchange

Barter

- Exchange of goods/services without money. Both parties are liable to GST on their respective supplies.

Exchange

- Ownership of one asset is exchanged for another.
- GST is payable on the transaction value determined under valuation provisions.

Exam Point: Exchange offers on mobiles, TVs, cars, etc., are taxable under GST.



Answer 2

(a) TDS @2% on Purchase Order No. 002 = ₹7,000

(₹3,50,000 × 2%)

Person liable to deduct TDS is Education Department of TN, State.

Note: Purchase Order No. 002, value after deducting tax ₹3,40,000 (i.e. ₹3,50,000 – ₹10,000) and not attract TDS provision u/s 51 of CGST Act, 2017

(b) Last date of payment of TDS is 10-09-2018

(i.e. Specified person shall be paid to the credit of the appropriate Government within 10 days after the end of the month in which such deduction is made)

(c) Date of furnishing certificate to supplier (i.e. Form GSTR-7A)

Last date = 15-9-2018

(i.e. certificate is required to be furnished within 5 days of crediting the amount to the appropriate Government)

(d) Date of furnishing return (i.e. Form GSTR-7)

Last date of furnishing return = 10-09-2018

(i.e. Submit return in Form GSTR-7 within 10 days after the end of the month in which deduction was made).

(e) Penalty for late furnishing of Form GSTR-7A is nil.

Question 3

(SM, PYP 5 Marks June'23)

LDR

The Government of India, in exercise of powers conferred on it by section 51 of the CGST Act, 2017, has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 2018 as under:

Sr. No.	Particulars	Total contract value (Excluding GST)	Payment due in October, 2018 (Excluding GST)
(i)	Supply of stationery to Fisheries Department, Kullu	10,00,000	1,15,000
(ii)	Supply of car repair services to Municipal Corporation of Delhi	12,35,000	1,30,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,50,000	25,000
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	8,45,000	50,000
			12,35,000
(v)	West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000.]	9,72,000	50,000 for books & 20,000 for printed post cards
(vi)	Maintenance of streetlights in Municipal area of East Delhi [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution	13,50,000	13,50,000

Includes 100% coverage of Work Book+ SM + MCQ Bank + MQP + PYP



QUICK REVIEW OF IMPORTANT CONCEPTS

Circumstances Where Refund Can Be Claimed-

Refund under GST may arise in the following cases:

- **Inverted Duty Structure.**
- **Zero-Rated Supplies, i.e.:**
 - Export of Goods/Services.
 - Supply to SEZ Unit/SEZ Developer.

Inverted Duty Structure

- **Inverted Duty Structure** arises when the **GST rate on inputs is higher than the GST rate on outward supplies.**
- Refund of **unutilised ITC** is available under **Section 54(3)**, subject to prescribed conditions.
- **Refund is not available for:**
 - Nil-rated/Fully Exempt outward supplies.
 - ITC on **Capital Goods** and **Input Services.**
 - Where drawback of Central Tax or refund of IGST paid on exports has been claimed.
 - Notified goods/services.
 - ITC not reflected in **GSTR-2B.**

Conditions for Refund under Inverted Duty Structure

- Rate of tax on **inputs > output supplies.**
- Output supplies should not be **Nil-rated/Exempt.**
- Refund should not be specifically restricted by the Government.
- Refund is restricted to eligible **Input ITC** reflected in **GSTR-2B.**

- Export under **Benami** without payment of IGST and claim refund of unutilised ITC.
- Export on payment of IGST and claim refund of IGST paid.

Refund Computation (Concept)

Refund of unutilised ITC for zero-rated supplies is computed under Rule 89(1) as follows:

- **Net ITC** × **Turnover of Zero-Rated Supplies** ÷ **Adjusted Total Turnover**

Important restrictions:

- Export turnover is taken as the lower of FOB Value or Invoice Value.
- Where applicable, export turnover is restricted to 1.5 times the value of the goods supplied domestically.

Letter of Undertaking (LUT)

- Export without payment of IGST is available for one financial year.
- Available to all registered persons.
- If export/payment conditions are not met, LUT is withdrawn and interest is levied.

Time Limit for Refund

- Refund application is generally required to be filed **within 2 years** from the relevant date.
- Relevant date differs for exports of goods, exports of services, deemed exports, provisional assessment, etc.

Refund Procedure (High Level)

- Application generally filed in **Form GSTR-7** × Refund of 90% may be granted provisionally in eligible cases.
- Final refund order to be issued **within 60 days**, subject to verification and adjustment of outstanding dues.

Quick Review of Important Concepts

Table of Contents

[illegible]

14	Dispute Resolution Mechanism under GST									
14.1	Demands	-	-	-	-	-	-	-	14.1-1 – 14.1-11	B
14.2	Assessment and Appeals	13	2	4	7	9	2	6.17	14.2-1 – 14.2-15	A
14.3	Advance Ruling	-	-	-	-	-	7	1.17	14.3-1 – 14.3-6	B
14.4	Offences and Penalties	-	-	-	-	-	-	-	14.4-1 – 14.4-6	B
15	Inspection, Search, Seizure, Arrest and Prosecution	8	-	-	-	2	-	1.67	15-1 – 15-10	A
16	Anti-profiteering	-	-	-	-	-	-	-	16-1 – 16-3	C
17	Walkthrough of GSTN Portal	5	-	-	-	-	-	0.83	17-1 – 17-2	C
SECTION B: CUSTOMS ACT AND RULES										
18	Valuation and Related Party Transactions	15	7	9	4	2	11	8	18-1 – 18-25	A
19	Customs Procedures - Baggage & Courier / Post	5	9	-	2	7	16	6.5	19-1 – 19-10	B
20	Manufacture in Bond	2	-	-	-	2	-	0.67	20-1 – 20-7	B
21	Duty Drawback	2	-	2	-	-	2	1	21-1 – 21-9	B
22	Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017	-	-	-	2	-	-	0.33	22-1 – 22-3	C
23	Remission of Duties	-	2	2	-	7	-	1.83	23-1 – 23-3	C
24	Refund	5	-	-	-	-	-	0.83	24-1 – 24-2	B
25	Trade Facilitation Measures	4	2	2	-	7	-	2.5	25-1 – 25-3	B
26	Export Promotion Schemes under Foreign Trade Policy	-	16	14	16	20	9	12.50	26-1 – 26-12	A
27	Special Economic Zone Scheme (with Amended SEZ Rules)	-	-	-	-	-	7	1.17	27-1 – 27-4	C

ABC Analysis



Very Important,
Read on priority



Moderately
Important



Less critical but still
essential

Ensure you thoroughly read all chapters without skipping any. The ABC analysis is designed to help you prioritize based on past trends, but it should not replace comprehensive preparation.

WHAT DOES REVIEWER INCLUDE?

This Reviewer offers 100% coverage, including all questions from:

- SM: ICMAI Study Material Questions
- WB: ICMAI Work Book Questions
- MCQ Bank
- PYP: Past Year Papers
- MQP: Model Question Papers (1 or 2 denotes MQP 1 or MQP 2)



QUICK REVIEW OF IMPORTANT CONCEPTS

1. Supply in the Course or Furtherance of Business

A transaction is treated as a **supply** only when it is made **in the course or furtherance of business**.

- **In the course of business** refers to activities regularly carried out in running a business (e.g., a practicing Cost Accountant providing audit, accounting and certification services).
- **Furtherance of business** refers to activities undertaken to expand or promote the business (e.g., appointing a consultant to identify a location for setting up a new manufacturing unit).

Remember

- Personal activities are generally **not liable to GST**.
- Even a **one-time activity** can amount to supply if it qualifies as a business or vocation.

2. Forms of Supply [Section 7(1)(a)]

Supply includes all forms of transactions made for consideration in the course or furtherance of business.

Form	Meaning	Exam Point
Sale	Transfer of ownership	Mortgage, pledge, hypothecation & charge are not sale .
Transfer	Right in goods transferred without transferring ownership	Treated as supply of service.
Barter	Goods/services exchanged without money	Both parties make taxable supplies.
Exchange	Goods exchanged for other goods with/without money	GST on open market value.
Licence	Right to use an asset	Taxable as service.
Rental	Periodic payment for use of property	Residential dwelling for residence is exempt.
Lease	Right to use asset for a specified period	Taxable as service.
Disposal	Permanent disposal of business assets	Taxable where applicable.

3. Sale

Sale involves transfer of ownership of goods for consideration.

Remember

- Sale is treated as **supply of goods**.
- Mortgage, charge, hypothecation and pledge are **not supply**.
- Sale of stolen goods may still amount to a taxable supply, whereas sale of prohibited goods (e.g., narcotic drugs) is not regarded as a supply under GST.

4. Transfer

Transfer means only the **right to use goods** is transferred; ownership remains with the original owner.

Example: Giving a Xerox machine on hire for four months is a **supply of service**.

Remember: Goods sent for demonstration on a returnable basis are **not supply** because ownership is not transferred.

5. Barter & Exchange

Barter

- Exchange of goods/services **without money**. | • Both parties are liable to GST on their respective supplies.

Exchange

- Ownership of one asset is exchanged for another.
- GST is payable on the transaction value determined under valuation provisions.

Exam Point: Exchange offers on mobiles, TVs, cars, etc., are taxable under GST.



6. Licence, Rental, Lease & Disposal

Licence - Granting the right to use an asset or intellectual property is treated as a **supply of service**.

Rental - Periodic payment for using another person's property.

Remember

- Renting commercial property → Taxable.
- Renting residential dwelling for use as residence → Exempt.

Lease - Giving the right to use an asset for an agreed period is a **supply of service**.

Disposal - Permanent disposal of business assets may be treated as a taxable supply depending on the provisions relating to business assets and ITC.

7. Consideration [Section 2(31)]

Consideration includes:

- | | |
|---|---|
| • Payment in money or kind. | • Payment by the recipient or even by a third person . |
| • Monetary value of any act or forbearance. | |

It does not include:

- | | |
|-----------------------|--|
| • Government subsidy. | • Refundable deposit (unless adjusted against supply). |
|-----------------------|--|

Amounts NOT treated as Consideration

- | | |
|--|------------------------------|
| • Government subsidy. | • Refundable deposits. |
| • Traffic fines and statutory penalties. | • Gifts without reciprocity. |
| • Pocket money. | • Alimony. |
| • No Claim Bonus (NCB) given by insurance companies. | |

Important Practical Points

- Donation or charity without consideration → **Not liable to GST**.
- Travel agent's consideration is **only the commission**, not the ticket value.
- Consideration may be received from a **third person**.
- Non-monetary consideration also forms part of consideration.
- Payment made to a third party as a condition of sale also forms part of consideration.

8. CBIC Clarifications

Remember these important clarifications:

- Goods sent for repair or calibration on returnable basis → **Not supply**.
- Free replacement under warranty → **Not supply**.
- Services between a Joint Venture and its members are taxable if supplied for consideration.
- Cash calls in a JV are taxable only if they are **not merely transactions in money**.

Composite Supply & Mixed Supply (Section 8)

Composite Supply Meaning - Supply consisting of **two or more taxable supplies** which are:

- | | |
|--|---|
| • Naturally bundled, | • Supplied together in the ordinary course of business, and |
| • One of them is the Principal Supply . | |

Principal Supply - The predominant supply to which all other supplies are ancillary.

Conditions

- | | |
|---------------------------------|---------------------|
| • Two or more supplies together | • Naturally bundled |
|---------------------------------|---------------------|

Cannot normally be supplied separately

GST Treatment

Entire supply is taxed at the rate applicable to the Principal Supply.

Important Examples

- | | |
|---|---|
| • Air ticket + Meal | • Hotel accommodation + Breakfast |
| • Goods + Packing + Insurance + Transport | • Laptop + Laptop Bag (ordinary course) |



Mixed Supply

Meaning - Two or more individual supplies:

- Sold together for a single price
- Can be supplied separately
- Not naturally bundled.

GST Treatment - Entire bundle is taxed at the **highest GST rate** applicable to any item in the bundle.

Examples

- | | |
|---------------------------|---------------------------------------|
| • Diwali Gift Hamper | • Shirt + Watch + Wallet + Book Combo |
| • Detergent + Free Bucket | |

Composite vs Mixed Supply (Exam Table)

Particular	Composite	Mixed
Naturally bundled	✓	X
Can be sold separately	X	✓
Principal supply	✓	X
Tax Rate	Principal Supply	Highest Rate

Composition Scheme [Section 10]

Objective - Simplified scheme for small taxpayers with:

- Lower compliance
- Simple returns
- Lower tax burden

Eligibility

- Aggregate Turnover ≤ ₹1.5 Crore - (₹75 lakh for specified special category States).

Aggregate Turnover Includes

- | | |
|--------------------|--|
| • Taxable supplies | • Exempt supplies |
| • Exports | • Inter-State supplies having same PAN |

Excludes

- | | |
|------------------------------------|--|
| • GST | • Compensation Cess |
| • Inward supplies liable under RCM | • Interest on deposits/loans (for specified computation purposes). |

Persons NOT Eligible

- | | |
|---------------------------------------|---|
| • Inter-State outward supply of goods | • Supply of non-taxable goods |
| • Manufacturers of notified goods | • Persons violating prescribed conditions |

Important amendment: From **1-10-2023**, supply of **goods** through an e-commerce operator is permitted subject to conditions (including no inter-State supply through the operator).

Important Restrictions

- | | | |
|------------------|--|----------------------|
| • No tax invoice | • Display "Composition Taxable Person" | • Cannot collect GST |
| • No ITC | • Mention "Composition taxable person, not eligible to collect tax" on Bill of Supply. | |

Important Forms

Form	Purpose	Form	Purpose
CMP-01	Migration	CMP-06	Reply
CMP-02	Opt Composition	CMP-07	Order
CMP-03	Stock Details	CMP-08	Quarterly Statement
CMP-04	Withdrawal	GSTR-4	Annual Return
CMP-05	SCN		

Exempt Supply

Meaning - Includes:

- Nil-rated supplies
- Wholly exempt supplies
- Non-taxable supplies



Types of Exemption

General Exemption

- Absolute
- Conditional

Special Order Exemption

Granted in exceptional circumstances on GST Council recommendation.

Question & Answers

Question 1 (SM)

M/s B Ltd., is in the business of Hotel. He purchases AC for business purpose and after 2 years, he transfers the AC to director without consideration. Will the transaction be a supply in terms of GST ACT?

Note: AC machines on which ITC availed.

Answer 1

Yes, it shall be a deemed supply (as per Schedule I).

Supply between related persons or distinct persons:

As per Explanation to Section 15 persons shall be deemed to be “related persons” if –

- Such persons are officers or directors of one another’s businesses;
 - Such persons are legally recognized partners in business;
 - Such persons are employer and employee;
 - Any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
 - One of them directly or indirectly controls the other;
 - Both of them are directly or indirectly controlled by a third person;
 - Together they directly or indirectly control a third person; or
 - They are members of the same family;
- The term “person” also includes legal persons;
 - Persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

Question 2 (SM)

Ram is an architect in Chennai. His brother who is settled in London is a well -known lawyer. Ram has taken legal advice from him free of cost with regard to his family dispute. Examine whether the said activity would amount to supply under section 7 read with Schedule I of the CGST Act.

Would your answer be different if in the above case, Ram has taken advice in respect of his business unit in Chennai?

Answer 2

Import of Services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. In the given case Ram and his brothers are not related persons. Since Ram’s brother who is not wholly or mainly dependent on Mr. Ram.

Therefore, services provided by Ram’s brother to him would not be treated as supply under section 7 read with Schedule I of the CGST Act, 2017.

In the above case, if Ram has taken advice with regard to his business unit, services provided by Ram’s brother to him still not be treated as supply under section 7 of the CGST Act, 2017 read with Schedule I, as although the same are provided in course or furtherance of business, such services have not been received from a related person.

Question 3 (SM)

You are required to the following:

- Whether transfer of tenancy rights to an incoming tenant, consideration for which is in form of tenancy premium, shall attract GST when stamp duty and registration charges is levied on the said premium, if yes what would be the applicable rate?
- Further, in case of transfer of tenancy rights, a part of the consideration for such transfer accrues to the outgoing tenant, whether such supplies will also attract GST?



Answer 3

- (i) The activity of transfer of 'tenancy rights' is squarely covered under the scope of supply and taxable per-se. Transfer of tenancy rights to a new tenant against consideration in the form of tenancy premium is taxable. However, renting of residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both is exempt.
- (ii) As regards services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of a portion of tenancy premium is liable to GST.

Note: The applicable rate of GST 18%.

Question 4 (SM)

Crown Beers India Pvt Ltd., supplies raw material to a job worker Kareena Ltd. for manufacture of alcoholic liquor for human consumption. After completing the job-work, the finished product of 5,000 beer bottles are returned to Crown Beers India Pvt Ltd., putting the retail sale price as ₹ 200 on each bottle (inclusive of duties and taxes). Kareena Ltd., charged ₹ 100 per bottle as job work charges of carrying out of intermediate production process of alcoholic liquor for human consumption from Crown Beers India Pvt. Ltd.

Find the GST liability if rate is 18% (CGST 9% and SGST 9%) any in the hands of Kareena Ltd.

Answer 4

Carrying out of intermediate production process of alcoholic liquor for human consumption on job work basis attract GST.

CGST = ₹ 45,000

(5,000 bottles × ₹ 100 × 9%)

SGST = ₹ 45,000

(5,000 bottles × ₹ 100 × 9%)

Total tax liability of Kareena Ltd. = ₹ 90,000

Note: GST does not attract on manufacture of alcoholic liquor. Since, it is the State subject, which will attract State Excise Duty.

Question 5 (SM)

A builder has entered into agreement to sale a flat (carpet area 1900 sq ft) to customer. The additional information is as follows:

- (a) Price of flat (including apportioned value of cost of land): ₹ 42,00,000 (includes Prime Location Charges namely charges for getting sea view ₹ 2,00,000).
- (b) Charges for providing space for covered parking: ₹ 1,25,000.
- (c) Stamp duty paid for ₹ 3,60,000.

The builder received part payment before construction was completed and balance amount was received after obtaining completion certificate from the Corporation. Find the GST liability (CGST 6% and SGST 6%)?

Answer 5

It is supply of service. Builder is liable to pay GST.

CGST = ₹ 2,81,100

(₹ 42,00,000 + 1,25,000 + 3,60,000) × 6%

SGST = ₹ 2,81,100

(₹ 42,00,000 + 1,25,000 + 3,60,000) × 6%

Total liability = ₹ 5,62,200

Note: Stamp duty is form part of value of supply u/s 15(2)(a) of CGST Act, 2017

Question 6 (SM)

M/s. ABC Ltd. provides the following relating to information technology software. Compute the value of taxable service and GST liability (Rate of CGST 9% and SGST 9%)?

- (a) Development and Design of information technology software: ₹ 15 lakhs;
- (b) Sale of pre-packaged software, which is put on media: ₹ 52 lakhs.

Answer 6

Value of Taxable supply of service is ₹ 15 Lakhs.

CGST is ₹ 1.35 lakhs [i.e. ₹ 15 Lakhs × 9%].

SGST is ₹ 1.35 lakhs [i.e. ₹ 15 Lakhs × 9%].



Note: Pre-packaged software, which is put on media treated as supply of Goods. Value of Taxable supply of goods is ₹ 52 Lakhs.

Question 7 (SM)

ABC Consultancy, registered in Delhi, supplies technical consultancy services to its clients. It has been providing technical services to CBA Ltd., Delhi since, past two years. Consideration is settled by CBA Ltd. assignment wise. CBA Ltd. paid ₹ 45 lakh to ABC Consultancy on 10th January, 20XX and ABC consultancy agreeing to not provide similar technical services to any other entity in India or abroad for a period of 8 years. ABC Consultancy is of the view that ₹ 45 lakh is not chargeable to GST.

You are required to examine whether the view taken by ABC Consultancy is valid in law. Calculate GST liability of ABC Consultancy, if any. The technical services provided by ABC Consultancy is otherwise chargeable to GST at the rate of 18%. It may be noted that CBA Ltd. is not ready to pay any further amount to ABC Consultancy in addition to the amount already agreed.

Answer 7

The view taken by ABC Consultancy of Delhi is not valid in law.

As per the paragraph 5(e) of Schedule II provides that agreeing to the refrain from an act, or to tolerate an act or a situation, or to do an act is treated as supply of service.

Thus, any consideration received for agreeing to the obligation to refrain from an act, is subject to GST.

Since, GST is not separately collected, it will be assumed that it is included in ₹ 45 lakh.

Rule 35 of CGST Rules, 2017 provides that where the value of supply is inclusive of GST, the tax amount is determined in the following manner.

Value of Taxable Supply	
₹ 45 lakhs × 100/118	= ₹ 38,13,559/-
GST liability	CGST = ₹ 45 lakhs × 9/118 = ₹ 3,43,220/-
	SGST = ₹ 45 lakhs × 9/118 = ₹ 3,43,220/-

Question 8 (SM)

A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B Ltd., with terms and conditions that the entire work should be completed within 30 days. However, there is a delay of 10 days to complete the work. BMC charged liquidated damages of ₹ 1,20,000 and the same recovered from M/s B Ltd. Applicable rate of CGST 9% and SGST 9%. Previous year turnover of M/s B Ltd. ₹ 2 crores.

Find the following:

(a) Who is liable to pay GST on what amount?

(b) Total tax liability if any?

Answer 8

(a) It is supply of service.

(b) M/s B Ltd. being recipient of service is liable to pay GST on ₹ 1,20,000 (i.e. Reverse Charge applicable). Since, the contractor has performed the contract, but there is a delay of 10 days.

Note:

(i) It appears the liquidated damages recovered by local authority for delay in performance in contract will not be covered under exemption list of GST. The contract has been performed in such cases, GST will be payable on the same.

(ii) Services provided by Government or a local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government or the local authority under such contract; is exempted from GST.

Question 9 (SM)

Shambhu Pvt. Ltd. was awarded a contract in January 2026 for providing flooring and wall tiling services in respect of a building located in Delhi by Nath Ltd. As per the terms of contract, Shambhu Pvt. Ltd. was to provide all the required material for execution of the contract. However, Nath Ltd also provided a portion of the material.

Whether the services provided by Shambhu Pvt. Ltd. are subject to GST? If yes, determine the GST liability of Shambhu Pvt. Ltd. from the following particulars—



Particulars	₹
(i) Gross amount charged by the Shambhu Pvt. Ltd.	6,00,000
(ii) Fair market value of the material supplied by Nath Ltd.	1,00,000
(iii) Amount charged by Nath Ltd. for the material [included in (i) above]	60,000

Note: CGST 9% and SGST 9%.

Answer 9

Works contract is treated as supply of service.

Gross amount charged by the Shambhu Pvt. Ltd. 6,00,000

Add: Fair market value of the material supplied by Nath Ltd. 1,00,000

Less: Amount charged by Nath Ltd. for the material (60,000)

Total value subject to GST 6,40,000

CGST 9% × 6,40,000 = ₹ 57,600

SGST 9% × 6,40,000 = ₹ 57,600

Total GST liability = ₹ 1,15,200

Note: The value would have to be in tune with Section 15(4) of CGST Act, 2017 read with Rule 27 of CGST Rules, 2017(i.e. open market value of service) as consideration is not in monetary terms.

Question 10 (SM)

Mr. J has a proprietorship firm in the name of Best & Sons in Jaipur. The firm, registered under GST in the State of Rajasthan, manufactures taxable products. The firm also provides taxable consultancy services.

Mr. J has provided the consultancy service to his brother - Mr. A (located in USA) without any consideration. The products manufactured by Mr. A are similar to the ones manufactured by Mr. J. Mr. J charges Rs. 3,00,000 for providing similar consultancy services to other independent customers located in USA.

Compute the GST liability, if any, in the given case assuming the rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.

Answer 10

Since, there is no consideration GST will not be levied in the given case.

Mr. J and Mr. A are not related parties as defined under section 2(49) of CGST Act, 2017.

Distinct persons specified under section 25 of CGST Act, 2017:

Every place of business of a person where separate registration is obtained for output supply will be considered as distinct person.

Section 25(4), A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

Section 25(5), Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

Question 11 (SM)

Big Bazar offers a free bucket with detergent purchased. Is it composite supply or mixed supply? Assume rate of GST for detergent @ 28% and bucket @18%.

Answer 11

This is a mixed supply. These items can be sold separately.

Product which has the higher rate, will apply on the whole mixed bundle.

Indicators for determining whether the supply is a Composite or Mixed

Particulars	Composite Supply	Mixed Supply
Naturally Bundled	Yes	No
Supplied Together	Yes	Yes
Can be supplied separately	No	Yes
One is predominant supply of recipient	Yes	No
Other supply is not aim in itself of recipient	Yes	No
Each supply priced separately	No	No
All supplies are goods	Yes	Yes
All supplies are services	Yes	Yes
One supply is goods and other supply is services	Yes	Yes



QUICK REVIEW OF IMPORTANT CONCEPTS

Applicability (Section 51)

- TDS is applicable on payment made for **taxable goods or services** under a contract where the **taxable value (excluding GST and Cess) exceeds ₹2,50,000**.
- TDS is deducted **at the time of payment or credit**, whichever is earlier.
- No TDS is required where the **location of supplier and place of supply are in a State/UT different from the State/UT of registration of the deductor**.

Persons Liable to Deduct TDS - TDS is required to be deducted by:

- Central Government/State Government Departments.
- Governmental Agencies.
- Government-established Societies.
- Local Authorities.
- Government-controlled Authorities/Boards/Bodies.
- Public Sector Undertakings (PSUs).
- Other notified persons.

Rate of TDS

- Intra-State Supply: CGST 1% + SGST/UTGST 1% (Total 2%)**
- Inter-State Supply: IGST 2%**
- TDS is deducted only on the **taxable value** and **not on GST or Cess**.

Cases Where TDS is Not Applicable - TDS is **not deductible** in the following cases:

- Taxable value under the contract does not exceed **₹2,50,000**.
- Supply consists of **exempt goods/services**.
- Supply of **non-GST goods** (e.g., petrol, diesel, alcohol for human consumption, etc.).
- Payment is made to an **unregistered supplier**.
- Tax is payable under **Reverse Charge Mechanism (RCM)**.
- Location of supplier and place of supply are in a State/UT different from the State/UT where the deductor is registered.
- Transactions covered under **Schedule III**.
- Payment relates to the **Cess** component.

Compliance

- Deductor is required to obtain **TDS Registration**.
- TDS deducted must be deposited with the Government **within 10 days** after the end of the month in which deduction is made.
- Form GSTR-7** is to be furnished within **10 days** after the end of the month.
- TDS details are reflected electronically in the deductee's Electronic Cash Ledger.

Interest, Late Fee & Recovery

- Failure to deposit TDS attracts **interest**.
- Excess TDS deducted may be claimed as **refund**, subject to prescribed conditions.
- Recovery proceedings may be initiated under **Sections 73, 74 or 74A**.
- Delay in filing **GSTR-7** attracts late fee under Section 47.

Applicability (Section 52)

- TCS is applicable where an **Electronic Commerce Operator (ECO)** collects consideration on behalf of suppliers for taxable supplies made through its platform.
- TCS is collected only on supplies made by **other suppliers** through the ECO and **not** on supplies made by the ECO on its own account.
- TCS provisions do **not apply** to services notified under **Section 9(5)** where the ECO itself is liable to pay GST.



Important Definitions

- **Electronic Commerce** means the supply of goods or services, including digital products, through a digital or electronic network.
- **Electronic Commerce Operator (ECO)** means a person who owns, operates or manages a digital or electronic platform for electronic commerce.
- **Net Value of Taxable Supplies** = Aggregate value of taxable supplies (excluding Section 9(5) services) less taxable supplies returned during the month.

Rate of TCS

- **Intra-State Supply:** CGST 0.25% + SGST/UTGST 0.25% (Total 0.5%).
- **Inter-State Supply:** IGST 0.5%.
- **Effective from 10-07-2024.**

Cases Where TCS is Not Applicable

- Supplies on which the ECO is liable to pay tax under **Section 9(5)**.
- **Exempt supplies.**
- Supplies liable to **Reverse Charge Mechanism (RCM)**.
- Supplies made by **unregistered persons** permitted to supply goods through ECO under the prescribed scheme.
- Imports and supplies made by **Composition Taxpayers** through ECO.

Compliance

- Every ECO is required to obtain **compulsory registration**.
- TCS collected must be deposited with the Government **within 10 days** after the end of the month.
- Monthly statement is furnished in **Form GSTR-8** within **10 days** after the end of the month.
- TCS is credited to the supplier's **Electronic Cash Ledger** and can be utilised for payment of GST liability.

Question & Answers

Question 1 (SM)

Supplier Y of Mumbai makes taxable supply worth ₹10,000 & exempted supply worth ₹20,000/- in an invoice/bill of supply to Finance Deptt. of GoI located in New Delhi where contract for supply is for ₹6,00,000/- (₹2,60,000 for taxable supply including GST and ₹3,40,000 for exempted supply). The rate of GST is 18%. Following payment is being made by GoI to Y: ₹10,000 (value of taxable Supply) + ₹1,800 (Integrated Tax) + ₹20,000/- (value of exempted Supply). Whether any deduction of tax is required?

Answer 1

No.

Value of taxable supply in the contract = ₹2,60,000 (including GST)

Value of such contract excluding tax = $260000 \times 100/118 = ₹2,20,340$

Since, the value of taxable supply in the contract does not exceed ₹2.5 Lakh, deduction of tax is not required.

Question 2 (SM)

X Ltd supplier has received two different purchase orders from Education Department a unit of State Government of Tamil Nadu specified under Section 51. The details of two purchase orders are—

- (a) Purchase Order No. 001 for ₹3,00,000 (inclusive of tax ₹60,000)
- (b) Purchase Order No. 002 for ₹3,50,000.

Person has received goods in the month of July 20XX. The bills are approved and payment is made on 15-8-20XX.

Find the following—

- (a) Quantum of TDS and person liable to deduct TDS u/s 51.
- (b) Last date of payment of TDS
- (c) Date of furnishing certificate to supplier (i.e. Form GSTR-7A)
- (d) Date of furnishing return (i.e. From GSTR-7)
- (e) Penalty for late furnishing of Form GSTR-7A



Answer 2

(a) TDS @2% on Purchase Order No. 002 = ₹7,000

(₹3,50,000 × 2%)

Person liable to deduct TDS is Education Department of T.N. State.

Note: Purchase Order No. 001, value after deducting tax ₹2,40,000 (i.e. ₹3,00,000 – 60,000) and not attract TDS provision u/s 51 of CGST Act, 2017

(b) Last date of payment of TDS is 10-09-20XX

(i.e. Specified person shall be paid to the credit of the appropriate Government within 10 days after the end of the month in which such deduction is made)

(c) Date of furnishing certificate to supplier (i.e. Form GSTR-7A)

Last date = 15-9-20XX

(i.e. certificate is required to be furnished within 5 days of crediting the amount to the appropriate Government)

(d) Date of furnishing return (i.e. From GSTR-7)

Last date of furnishing return = 10-09-20XX

(i.e. Submit return in Form GSTR-7 within 10 days after the end of the month in which deduction was made).

(e) Penalty for late furnishing of Form GSTR-7A is nil.

Question 3 (SM, PYP 5 Marks June'23)

LDR

Raj Departments, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 20XX as under:

Sl. No.	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October, 20XX exclusive of GST wherever applicable (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	12,60,000	2,15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	12,95,000	1,20,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000
(v)	Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh).	12,39,000	12,39,000
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of ₹ 9,72,000, contract value for supply of books (exempt from GST) is ₹7,00,000 and for supply of printed post cards (taxable under GST) is ₹ 2,72,000.]	9,72,000	50,000 for books & 20,000 for printed post cards
(vii)	Maintenance of streetlights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution	13,50,000	13,50,000



You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Raj Departments is registered under composition scheme?

Answer 3

Sl. No.	Particulars	Total contract value (₹)	Payment due (₹)	Tax to be deducted: CGST (₹)	Tax to be deducted: SGST (₹)	Tax to be deducted: IGST (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	12,60,000	2,15,000	--		
(ii)	Supply of car rental services to Municipal Corporation of Delhi	12,95,000	1,20,000	--		
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000			500
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000	500	500	
(v)	Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh).	12,39,000	12,39,000	--		
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office	9,72,000		--		
(vii)	Maintenance of streetlights in Municipal area of East Delhi	13,50,000	13,50,000	--		

Question 4 (WB)

Supplier Y registered person under GST makes a supply worth ₹23,600 (inclusive of GST) to a Municipality, where the contract value is ₹25,00,000. The rate of GST applicable is 18%. Both the supplier and the deductor (Municipality) are located in the same State.

Required:

- Whether TDS is to be deducted by the Municipality?
- What will be the net payment to Supplier Y after TDS?

Answer 4

(a) Applicability of TDS:

Yes, TDS is applicable.

- As per Section 51 of CGST Act, 2017, TDS is applicable if:
 - The recipient is a government department or local authority (like Municipality).
 - The contract value exceeds ₹2,50,000 (excluding GST).
- In this case:
 - Contract value: ₹25,00,000 (>₹2,50,000).
 - Recipient: Municipality (local authority).

Conclusion:

TDS must be deducted by the Municipality.

(b) Net Payment to Supplier Y after TDS:

1. Breakup of the payment of ₹23,600 (inclusive of GST at 18%):

Particulars	Amount (₹)
Value of supply (excluding GST)	₹20,000 (₹23,600 × 100 / 118)
Central Tax @9%	₹1,800
State Tax @9%	₹1,800
Total Payment (incl. GST)	₹23,600

**2. TDS to be deducted (1% CGST + 1% SGST on taxable value):**

Particulars	Amount (₹)
Central Tax (1% of ₹20,000)	₹200
State Tax (1% of ₹20,000)	₹200
Total TDS	₹400

3. Net Payment to Supplier Y:

Particulars	Amount (₹)
Total invoice amount	₹23,600
Less: TDS deducted	₹400
Net payment to Supplier Y	₹23,200

Question 5**(WB)**

Supplier Z of Chennai makes a taxable supply worth ₹15,000 and an exempted supply worth ₹25,000 in a single invoice to the Ministry of Health, Government of India, located in Kolkata. The contract value for supply is as follows:

- Taxable supply: ₹4,80,000 (inclusive of GST @18%).
- Exempted supply: ₹5,20,000.

The payment released by the Ministry of Health against this supply is:

- ₹15,000 (taxable value),
- ₹2,700 (Integrated GST), and
- ₹25,000 (exempted supply value).

Required:

1. Determine whether TDS is applicable under Section 51 of the CGST Act, 2017.
2. If TDS is applicable, calculate the amount of TDS and net payment to Supplier Z.

Answer 5**1. Applicability of TDS under Section 51 of CGST Act, 2017:**

As per Section 51, TDS is required to be deducted when:

- The recipient is a government department, local authority, or specified entity.
- The contract value of taxable supply (excluding GST) exceeds ₹2,50,000.

In this case:

- Recipient: Ministry of Health, Government of India (eligible for TDS).
- Contract value for taxable supply (inclusive of GST): ₹4,80,000.

Taxable value excluding GST:

Particulars	Amount (₹)
Contract value (inclusive of GST)	₹4,80,000
GST rate	18%
Taxable value (excluding GST) = ₹4,80,000 × 100/118	₹4,06,780

Conclusion: Since the taxable value (₹4,06,780) exceeds ₹2,50,000, TDS is applicable

2. TDS Calculation and Net Payment:

Particulars	Amount (₹)
Taxable value in current payment	₹15,000
TDS @ 2% (IGST, since inter-state supply)	₹300

Total invoice amount: ₹15,000 (taxable value) + ₹2,700 (IGST) + ₹25,000 (exempt supply) = ₹42,700.

- TDS deducted: ₹300.

Net payment to Supplier Z = ₹42,700 – ₹300 = ₹42,400

Question 6**(WB, SM)**

Supplier AB, registered under the composition scheme in Odisha, makes a taxable supply worth ₹12,000 to a Local Authority of Odisha. The contract value for taxable supply is ₹3,10,000.

Determine whether TDS is applicable under Section 51 of CGST Act, 2017, and if so, calculate the amount of TDS.

Answer 6**Step 1: Applicability of TDS under Section 51 of CGST Act, 2017:**

- Recipient: Local Authority (liable to deduct TDS).



- Supplier: Composition taxpayer (TDS is applicable even if the supplier is under composition, as per Section 51).
- Contract value for taxable supply: ₹3,10,000 (exceeds ₹2,50,000 threshold).

Conclusion:

- Since the taxable contract value exceeds ₹2,50,000, TDS is applicable.

Step 2: TDS Calculation:

Particulars	Amount (₹)
Taxable value in current payment	₹12,000
CGST @1% on ₹12,000	₹120
SGST @1% on ₹12,000	₹120
Total TDS	₹240

Question 7 (WB)

Kiran Enterprises, a registered supplier from Lucknow, is engaged in the supply of various goods and services exclusively to Government departments, agencies, local authorities, and other persons notified under Section 51 of the CGST Act, 2017.

You are required to:

1. Briefly explain the provisions relating to Tax Deduction at Source (TDS) under Section 51 of CGST Act, 2017.
2. Determine the amount of TDS, if any, to be deducted from each of the following receivables (independent cases), assuming that payments as per contract values are made on 31.10.20XX.

(Rates of CGST, SGST, and IGST may be assumed to be 6%, 6%, and 12% respectively.)

Receivables:

1. Supply of office furniture to a Public Sector Undertaking (PSU) located in Chennai.
 - a. Contract value: ₹2,78,000 (inclusive of GST).
2. Supply of air purifiers to the Income Tax Department located in Delhi.
 - a. Contract value: ₹2,60,000 (exclusive of GST).
3. Supply of water cooler renting service to the Municipal Corporation of Lucknow.
 - a. Contract value: ₹3,80,000 (inclusive of GST).

Answer 7

1. TDS Provisions under Section 51 of CGST Act, 2017:

- Recipients liable to deduct TDS:
 - Government departments/agencies, local authorities, PSUs, and other notified persons.
- Applicability of TDS:
 - Deduction is made only on taxable supplies when contract value (excluding GST) exceeds ₹2,50,000.
- Rate of TDS:
 - 2% of taxable value (excluding GST) (i.e., 1% CGST + 1% SGST for intra-state supply or 2% IGST for inter-state supply).

2. TDS Computation for Each Case:

Case 1: Supply of office furniture to PSU in Chennai

Particulars	Amount (₹)
Contract value (inclusive of GST)	₹2,78,000
GST rate (IGST)	12%
Taxable value (excluding GST) = ₹2,78,000 × 100/112	₹2,48,214

Conclusion:

- Taxable value is below ₹2,50,000, hence TDS is not applicable.

Case 2: Supply of air purifiers to Income Tax Department in Delhi

Particulars	Amount (₹)
Contract value (exclusive of GST)	₹2,60,000
IGST @12%	₹31,200
Total Invoice Value	₹2,91,200

Conclusion:

- Taxable value (₹2,60,000) exceeds ₹2,50,000, so TDS is applicable.
- TDS @2% (IGST) on ₹2,60,000 = ₹5,200

**Case 3: Supply of water cooler renting service to Municipal Corporation of Lucknow**

Particulars	Amount (₹)
Contract value (inclusive of GST)	₹3,80,000
GST rate (CGST + SGST)	6% + 6% = 12%
Taxable value (excluding GST) = ₹3,80,000 × 100/112	₹3,39,286

Conclusion:

– Taxable value (₹3,39,286) exceeds ₹2,50,000, so TDS is applicable.

TDS @2% (1% CGST + 1% SGST) on ₹3,39,286 = ₹6,786

Summary of TDS:

Case	TDS Applicable?	Amount of TDS (₹)
1. Office furniture to PSU (Chennai)	No	Nil
2. Air purifiers to Income Tax Dept (Delhi)	Yes	₹5,200 (IGST)
3. Water cooler renting to Municipal Corp (Lucknow)	Yes	₹6,786 (CGST + SGST)

Question 8**(WB)****LDR**

M/s Raj & Co., a registered person under GST located in New Delhi, provided interior decorating services to the State Government of Andhra Pradesh, which is registered in Andhra Pradesh.

- The services were provided at Andhra Bhawan, located in New Delhi.
- Contract value (exclusive of GST): ₹50,00,000.
- Applicable GST: CGST @9% and SGST (Delhi) @9% (since the service is provided within New Delhi).
- The State Government of Andhra Pradesh (registered in Andhra Pradesh) made payment on 30th June 2025.

Required:

1. Determine whether TDS under Section 51 of the CGST Act, 2017 is applicable in this case.
2. If applicable, calculate the amount of TDS.
3. Explain the legal reason for the applicability or non-applicability of TDS.

Answer 8**1. GST Supply Classification (Place of Supply):**

Particulars	State
Location of Supplier	New Delhi
Place of Supply (Service performed at)	New Delhi
Recipient's Registration	Andhra Pradesh

As per Section 12(3)(a) of the IGST Act, 2017, for services directly related to immovable property (like interior decoration), the place of supply is the location of the immovable property.

- Since the services are provided at Andhra Bhawan, New Delhi (immovable property), the place of supply is New Delhi.
- Supplier's location (New Delhi) = Place of supply (New Delhi) ⇒ Intra-state supply (CGST + Delhi SGST).

2. TDS Applicability under Section 51 of CGST Act, 2017:

- Recipient: State Government of Andhra Pradesh (liable to deduct TDS under Section 51).
- Contract value (excluding GST): ₹50,00,000 (exceeds ₹2,50,000 threshold).

However, TDS is NOT applicable in this case due to Notification No. 50/2018 – Central Tax dated 13.09.2018, which provides:

TDS is not required to be deducted if the location of supplier and place of supply are in a different State/UT from the State/UT of registration of the recipient.

Location of Supplier | New Delhi |

Place of Supply | New Delhi |

Recipient's Registration | Andhra Pradesh |

- Since supplier and place of supply (New Delhi) differ from the recipient's registration (Andhra Pradesh), TDS is NOT applicable.

3. GST Invoice Calculation:

Particulars	Amount (₹)
Taxable value (Interior decorating)	₹50,00,000
CGST @9%	₹4,50,000
SGST (Delhi) @9%	₹4,50,000
Total Invoice Value	₹59,00,000

**Final Answer:**

1. TDS is NOT applicable under Section 51 because the location of supplier (New Delhi) and place of supply (New Delhi) are different from the recipient's registration state (Andhra Pradesh).
2. Total invoice value: ₹59,00,000 (₹50,00,000 + ₹4,50,000 CGST + ₹4,50,000 SGST).
3. No TDS deduction, so the full amount of ₹59,00,000 is payable to M/s Raj & Co..

Question 9**(WB)**

Refer to the applicability of GST and TDS on the sale of metal scrap (w.e.f. 10th October 2024) and answer the following cases:

Cases:

1. M/s Alpha Traders (an unregistered supplier) sells metal scrap to M/s Beta Enterprises (an unregistered buyer).
 - a. Contract value: ₹1,50,000.
2. M/s Gamma Scrap Dealers (an unregistered supplier) sells metal scrap to M/s Delta Manufacturing Pvt. Ltd. (a registered buyer).
 - a. Contract value: ₹3,50,000.
3. M/s Epsilon Steels Pvt. Ltd. (a registered supplier) sells metal scrap to Mr. Rohan Sharma (an unregistered buyer).
 - a. Contract value: ₹2,80,000.
4. M/s Omega Metals Pvt. Ltd. (a registered supplier) sells metal scrap to M/s Sigma Industries Ltd. (a registered buyer but not a DDO).
 - a. Contract value: ₹4,20,000.

All supplies are intra state supplies. Location of supplier and location of recipient are in the same State.

Required:

For each case, determine:

- Whether GST is applicable (under RCM or FCM).
- Whether TDS is applicable under Section 51 of CGST Act, 2017.

Answer 9**Case 1: Unregistered Supplier → Unregistered Buyer**

Supplier Status	Unregistered Supplier
Buyer Status	Unregistered Buyer
GST Applicability	Exempt (No GST applicable)
TDS Applicability	Not applicable

Case 2: Unregistered Supplier → Registered Buyer

Supplier Status	Unregistered Supplier
Buyer Status	Registered Buyer
GST Applicability	Reverse Charge Mechanism (RCM) applicable @18% (as per Notification No. 6/2024 dt. 8.10.2024)
TDS Applicability	Not applicable

Case 3: Registered Supplier → Unregistered Buyer

Supplier Status	Registered Supplier
Buyer Status	Unregistered Buyer
GST Applicability	Forward Charge Mechanism (FCM) applicable @18%
TDS Applicability	Not applicable

Case 4: Registered Supplier → Registered Buyer (Not DDO)

Supplier Status	Registered Supplier
Buyer Status	Registered Buyer (even though not DDO)
GST Applicability	Forward Charge Mechanism (FCM) applicable @18%
TDS Applicability	TDS applicable CGST 1% on ₹4,20,000 = ₹4,200 SGST 1% on ₹4,20,000 = ₹4,200

TDS Rate:

- 1% CGST + 1% SGST (if intra-state supply), or
- 2% IGST (if inter-state supply).



QUICK REVIEW OF IMPORTANT CONCEPTS

Circumstances Where Refund Can Be Claimed-

Refund under GST may arise in the following cases:

- **Inverted Duty Structure.**
- **Zero-Rated Supplies, i.e.:**
 - Export of Goods/Services.
 - Supply to SEZ Unit/SEZ Developer.

Inverted Duty Structure

- **Inverted Duty Structure** arises when the **GST rate on inputs is higher than the GST rate on outward supplies.**
- Refund of **unutilised ITC** is available under **Section 54(3)**, subject to prescribed conditions.
- **Refund is not available for:**
 - Nil-rated/Fully Exempt outward supplies.
 - ITC on **Capital Goods** and **Input Services**.
 - Where drawback of Central Tax or refund of IGST paid on exports has been claimed.
 - Notified goods/services.
 - ITC not reflected in **GSTR-2B**.

Conditions for Refund under Inverted Duty Structure

- Rate of tax on **inputs > output supplies.**
- Output supplies should not be **Nil-rated/Exempt.**
- Refund should not be specifically restricted by the Government.
- Refund is restricted to eligible **Input ITC** reflected in **GSTR-2B**.

Refund of Zero-Rated Supplies

Refund can be claimed by either of the following methods:

- Export under **Bond/LUT** without payment of IGST and claim **refund of unutilised ITC.**
- Export on **payment of IGST** and claim **refund of IGST paid.**

Refund Computation (Concept)

Refund of unutilised ITC for zero-rated supplies is computed under **Rule 89(4)** based on:

- **Net ITC**
- **Turnover of Zero-Rated Supplies**
- **Adjusted Total Turnover**

Important restrictions:

- Export turnover is taken as the **lower of FOB Value or Invoice Value.**
- Where applicable, export turnover is restricted to **1.5 times the value of like goods supplied domestically.**

Letter of Undertaking (LUT)

- Export without payment of IGST can be made under **Bond or LUT.**
- LUT is generally valid for **one financial year.**
- Available to all registered persons except specified persons prosecuted for serious GST offences.
- If export/payment conditions are not fulfilled within the prescribed period, the LUT facility is withdrawn and restored upon compliance.

Time Limit for Refund

- Refund application is generally required to be filed **within 2 years from the relevant date.**
- Relevant date differs for exports of goods, exports of services, deemed exports, provisional assessment, etc.

Refund Procedure (High Level)

- Application generally filed in **Form GST RFD-01.**
- Refund of **90%** may be granted provisionally in eligible cases.
- Final refund order to be issued **within 60 days**, subject to verification and adjustment of outstanding dues.



Recovery of Refund

- If export proceeds are **not realised within the FEMA time limit**, the refund received along with applicable interest must be repaid.
- If RBI subsequently permits write-off or export proceeds are realised within the permitted extended period, recovery provisions are relaxed accordingly.

Question & Answers

Question 1 (SM)

How soon will refund in respect of export of goods or services be granted during the GST regime?

Answer 1

(a) In case of refund of tax on inputs used in exports:

- Refund of 90% will be granted provisionally within seven days of acknowledgement of refund application.
- Remaining 10% will be paid within a maximum period of 60 days from the date of receipt of application complete in all respects.
- Interest @ 6% is payable if full refund is not granted within 60 days.

(b) In the case of refund of IGST paid on exports:

Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.

Question 2 (SM)

How to execute Bond required for exporting without payment of IGST?

Answer 2

Following are the instructions on how to execute Bond required for exporting without payment of IGST.

Step 1: Bond has to be executed when your turnover in the previous year is less than ₹1,00,00,000/- (now please refer master circular CBIC Circular No. 8/8 /2017-GST, dated 4th October 2017 with regard to export given above).

Step 2: Bond of amount equivalent to the tax liability (usually annual liability) has to be executed on non-judicial stamp paper in the favour of President of India, through the concerned Assistant Commissioner.

Step 3: In the bond, exporter has to mention the Bank Guarantee amount which is equivalent to 15% of the bond value (or lesser if allowed by Assistant Commissioner).

Step 4: Stamp Paper for Bond can be of value ₹500/- or more (or as prescribed by concerned Assistant Commissioner). Stamp paper should be purchased from your own State (same jurisdiction) i.e. where the concerned Range Office is located. It should be purchased in the name of exporter (with address).

Bond-Language does not fit well on single page, so you have to use second page. Second page can be any blank page to print the extra content.

Step 5: Exporter has to self-sign the bond on first page as well as on second page. Second page has to be signed by two witnesses. Then, Bond has to be attested by a Notary.

Step 6: Exporter has to submit self-signed copy of own ID-Proof (Like Aadhar Card). You also have to submit the copies of ID-Proofs (Like Aadhar Card) of witnesses, which has to be self-signed by him.

Question 3 (SM, MQP [2] 5 Marks June'23)

X Ltd. exported 1000 watches @ ₹1,100 per watch. Further watches are also sold in domestic tariff area (i.e. DTA) 1000 watches @ ₹800 per watch. Input tax credit on inputs and input services is ₹10,00,000 is available for the relevant tax period. GST applicable rate is 18%. Find the net GST payable for DTA clearances and refund of tax if any?

Answer 3

GST payable on DTA clearances = ₹1,44,000 [i.e. (₹800 × 1000 units) × 18%]

Less: ITC receivable. (₹10 lakh × ₹8 lakh / ₹19 lakh) = ₹(4,21,053)

Net GST payable = nil

Excess credit carried forward is ₹2,77,053/-

Refund = ₹10,00,000 × ₹11,00,000 / ₹19,00,000 = ₹5,78,947/-

Working note:

Total turnover = Export turnover + Domestic turnover



₹19,00,000 = ₹11,00,000 + 8,00,000

₹11,00,000 or 1.5 times of ₹8,00,000 whichever is less ₹11,00,000 or ₹12,00,000 whichever is less Therefore, exported turnover is ₹11,00,000/-

Question 4 (PYP 7 Marks Dec'23) (SM, WB, MQP [1] 7 Marks June'23, MQP [2] 7 Marks June'25)

CDA Ltd., a unit in SEZ, received services from various service providers in relation to authorized operations in SEZ during the month May, 2025. The following details are furnished for the month May, 2025:

- Value of Taxable services used exclusively for authorized operations within SEZ: ₹ 8,00,000 (exemption from GST availed).
- Value of Taxable Services used by SEZ units and DTA units: ₹ 9,00,000. GST paid @ 18%.
- Value of Taxable Service used wholly for DTA units: ₹ 7,00,000. GST paid @ 18%.
- Export Turnover of SEZ Unit: ₹ 90,00,000
- Turnover of DTA Unit: ₹ 60,00,000

Compute the Input Tax Credit (ITC) and amount of refund if any.

Note: All input services used by SEZ for its authorized operations only.

Answer 4

Computation of Input Tax Credit (ITC):

Particulars	Amount (₹)	Remarks
Services used for authorized operations within SEZ	–	No GST paid
Services used by both SEZ and DTA	1,62,000	[9,00,000 × 18%]
Services used wholly by DTA	1,26,000	[7,00,000 × 18%]
Total ITC	2,88,000	
Refund	97,200	Common ITC × Zero rated supplies / Total TO = 1,62,000 × 90L / 150L = ₹ 97,200
ITC to be claimed	1,90,800	[2,88,000 – 97,200]

Question 5 (WB- Answer inspired by CA Final)

LDR

Super Engineering Works, a registered supplier in Haryana, is engaged in supply of taxable goods within the State. Given below are the details of the turnover and applicable GST rates of the final products manufactured by Super Engineering Works as also the input tax credit (ITC) availed on inputs used in manufacture of each of the final products and GST rates applicable on the same, during a tax period:

Products	Turnover exclusive of GST ₹	Output tax rate	ITC availed ₹	Input Tax rate
A	5,00,000	5%	54,000	18%
B	3,50,000	5%	54,000	18%
C	1,00,000	18%	10,000	18%

Determine the maximum amount of refund of the unutilized input tax credit that Super Engineering Works is eligible to claim under section 54(3)(ii) of the CGST Act, 2017 provided that Product B is notified as a product, in respect of which no refund of unutilised input tax credit shall be allowed under said section.

Answer 5

Section 54(3)(ii) allows refund of unutilized input tax credit (ITC) at the end of any tax period to a registered person where the credit has accumulated on account of inverted duty structure i.e. rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by the Government on the recommendations of the Council.

In the given case, the rates of tax on inputs used in Products A and B (18% each) are higher than rates of tax on output supplies of Products A and B (5% each). However, Product B is notified as a product, in respect of which no refund of unutilised ITC shall be allowed under section 54(3)(ii). Further rate of tax on input used in the product C is carrying same rate of tax on output supplies hence it is not the case of inverted duty structure. Therefore, no refund on the Product C.

Therefore, only Product A is eligible for refund under section 54(3)(ii).

Further, rule 89(5) stipulates that in the case of refund on account of inverted duty structure, refund of ITC shall be granted as per the following formula -

Maximum Refund Amount