

CHAPTER 1

BASIC CONCEPTS OF GST

MAY 2026 EXAMS

No Question

MAY 2026 RTP

No Question

MAY 2026 MTP-1

No Question

MAY 2026 MTP-2

No Question

JANUARY 2026 EXAM: 2 MARKS

Explain the concept of "Seamless flow of credit" under GST Act.

SOLUTION:

Meaning: One of the fundamental objectives of the GST regime is to ensure seamless flow of ITC across the supply chain. Seamless flow of credit means that the tax paid at earlier stages on inputs, input services, and capital goods is available as credit to the subsequent supplier, thereby ensuring that tax is levied only on value addition at each stage.

Result: Tax is ultimately borne only by the final consumer and each supplier pays tax only on the value added by him.

JANUARY 2026 RTP

No Question

JANUARY 2026 MTP-1

No Question

JANUARY 2026 MTP-2

No Question

SEPTEMBER 2025 EXAMS

No Question

SEPTEMBER 2025 RTP

No Question

SEPTEMBER 2025 MTP-1

No Question

SEPTEMBER 2025 MTP-2

No Question

MAY 2025 EXAM: 3 MARKS

List the deficiencies in the erstwhile value-added taxable which led to evolution of GST.

SOLUTION: Under the old system of indirect taxes in India there were various shortcomings some of which are highlighted below:

No exclusivity	Various indirect taxes being levied were not mutually exclusive. Taxes were charged by Central Government as well as State Government.
Set off of indirect taxes	Taxes charged by Central Government and by State Government were not allowed to be set off against each other.
Overlapping of State VAT and Service Tax	In many transactions, there was an ambiguity over distinction between goods and services. This lead applicability of both of State VAT and Service Tax on many transactions like works contract, restaurants, etc.
State taxes and VAT	State Government charges many local taxes such as luxury tax, entertainment tax, entry tax etc. but they were not allowed to be set off while calculating VAT liability of a dealer thus cascading effect of taxes cannot be avoided.
Cascading of taxes	There were cascading of taxes as State Government did not allow set off of CST, Excise Duty, Custom Duty, Service Tax, Luxury Tax, Entertainment Tax, Entry Tax.
Tax on goods	Central Government did not charge any tax on goods beyond the manufacturing stage. CST was charged by the Central Government but its revenue was collected by the State Government.
Tax on services	State Government did not charge any tax on services as the Service Tax was imposed and collected by the Central Government
Origin based tax	Old Indirect Taxes were imposed on the principle of "Origin" and thus was called origin-based tax.

MAY 2025 RTP

No Question

MAY 2025 MTP-1

No Question

MAY 2025 MTP-2: 3 MARKS | SEPTEMBER 2024 MTP-1: 3 MARKS

Which are the commodities which have been kept outside the purview of GST? Examine the status of taxation of such commodities after introduction of GST.

SOLUTION: Constitution defines GST as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. Therefore, alcohol for human consumption is kept out of GST by way of definition of GST in the Constitution.

Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of the purview of GST; GST Council shall decide the date from which they shall be included in GST. The erstwhile taxation system (CST/VAT & Central Excise) still continues in respect of the said commodities.

JANUARY 2025: 3 MARKS | MAY 2018: 3 MARKS | MTP NOVEMBER 2018: 2 MARKS

List any six state levies, which are subsumed in GST.

SOLUTION: This is the list of State Taxes which have been subsumed in GST.

- (i) Value Added Tax
- (ii) Taxes on lottery, gambling and betting
- (iii) Purchase tax
- (iv) Luxury tax
- (v) Entertainment tax
- (vi) Taxes on advertisement
- (vii) Surcharge and Cesses
- (viii) Entry tax and Octroi

JANUARY 2025 RTP

No Question

JANUARY 2025 MTP-1

No Question

JANUARY 2025 MTP-2

No Question

SEPTEMBER 2024: 3 MARKS

No act or proceedings of the Goods and Services Tax Council shall be invalid merely by certain reasons. What are they?

SOLUTION: No act or proceedings of the GST Council shall be invalid by reason of

- (a) any vacancy in, or any defect in, the constitution of the Council; or
- (b) any defect in the appointment of a person as a Member of the Council; or
- (c) any procedural irregularity of the Council not affecting the merits of the case.

SEPTEMBER 2024 RTP

No Question

SEPTEMBER 2024 MTP-1: 3 MARKS

Same question as that of MAY 2025 MTP-2

SEPTEMBER 2024 MTP-2

No Question

MAY 2024 EXAMS

No Question

MAY 2024 RTP

No Question

MAY 2024 MTP-1

No Question

MAY 2024 MTP-2

No Question

NOVEMBER 2023 EXAMS

No Question

NOVEMBER 2023 RTP

No Question

NOVEMBER 2023 MTP-1

No Question

NOVEMBER 2023 MTP-2

No Question

MAY 2023 EXAMS

No Question

MAY 2023 RTP

No Question

MAY 2023 MTP-1

No Question

MAY 2023 MTP-2

No Question

NOVEMBER 2022 EXAMS

No Question

NOVEMBER 2022 RTP

No Question

NOVEMBER 2022 MTP-1

No Question

NOVEMBER 2022 MTP-2

No Question

MAY 2022 EXAMS

No Question

MAY 2022 RTP

No Question

MAY 2022 MTP-1

No Question

MAY 2022 MTP-2

No Question

NOVEMBER 2018: 2 MARKS

List any four Central levies, which are subsumed in GST

SOLUTION: Central levies which have been to be subsumed

- (i) Central Excise Duty & Additional Excise Duty.
- (ii) Service Tax.
- (iii) Excise Duty under Medicinal and Toilet Preparation Act.
- (iv) CVD & Special CVD
- (v) Central Sales Tax
- (vi) Central surcharges and Cesses in so far as they relate to supply of goods and services.

NOVEMBER 2018: 2 MARKS

Differentiate between direct and indirect Taxes (Give any two points)

SOLUTION: Difference between direct taxes and indirect taxes

Direct Tax	Indirect Tax
The person paying the tax to the Government directly bears the incidence of the tax	The person paying the tax to the Government collects the same from the ultimate consumer thus incidence of the tax is bear by another person.
Progressive in nature: High rate of taxes for people having higher ability to pay	Regressive in nature: All the consumers equally bear the burden, irrespective of their ability to pay

MAY 2018: OLD SYLLABUS: 3 MARKS

How does the new system of Indirect Taxes (GST) benefit the taxpayer and commercial tax department?

SOLUTION: Benefits of GST to tax payer and to the government.

BENEFITS FOR TAX PAYER	BENEFITS FOR GOVERNMENT
Reduction in multiplicity of taxes: GST is one indirect tax for the whole nation, which ensure that indirect tax rates and structure are common across the country.	Simple and easy to administer: With the help of high-end IT System GST would be simpler and easy to administer.
Removal of cascading of taxes: With GST there will be a system of set off of all input taxes from output taxes (tax-credits) throughout which would ensure that there is no cascading of taxes.	Better controls on leakage: GST will result in better tax compliance due to IT System.
Improved competitiveness GST will lead to uniform pricing of goods across India and that will result in the competitiveness among business entities.	Higher revenue efficient: GST is expected to decrease the cost of collection of tax revenues of the Government and will lead to higher revenue efficiency.
Easy compliance: Services such as registrations, returns, payments, etc. would be available online, which would make compliance easy and transparent.	Boost to “make in India” campaign: A unified common national market will boost Foreign Investment and “Make in India” campaign.

Alternatively, answer can be written in this manner as well

Benefits to Taxpayer:

- No more queues and waiting for making payments as payments can be made online 24 x 7.
- Electronically generated challan from GSTN common portal in all modes of payment and no use of manually prepared challan. Paperless transactions.
- Instant online receipts for payments made online.
- Tax consultants can make payments on behalf of the clients.
- Single challan form to be created online, replacing the three or four copy challan.
- Greater transparency.

Benefits to the Commercial Tax Department:

- Revenue will come earlier into the Government Treasury as compared to the old system.
- Logical tax collection date in electronic format.
- Speedy accounting and reporting.
- Electronic reconciliation of all receipts.
- Warehousing of digital challan.

Note: Any three points each may be mentioned for tax payer and commercial tax department.

MTP NOVEMBER 2021: 5 MARKS

Write a short note on various Lists provided under Seventh Schedule to the Constitution of India.

SOLUTION: Seventh Schedule to Article 246 of the Constitution contains three lists which lists the matters under which the Union and the State Governments have the authority to make laws.

- List-I (UNION LIST): It contains the matters in respect of which the Parliament (Central Government) has the exclusive right to make laws.
- List-II (STATE LIST): It contains the matters in respect of which the State Legislative Assembly (State Government) has the exclusive right to make laws.
- List-III (CONCURRENT LIST): It contains the matters in respect of which both the Parliament and the State Legislative Assembly have power to make laws.

MTP NOVEMBER 2021: 4 MARKS | MTP MAY 2021: 5 MARKS

GST is a simplified tax structure. Justify the statement.

SOLUTION: Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity in tax structure. The uniformity in laws, procedures and tax rates across the country makes doing business easier. Common system of classification of goods and services across the country ensures certainty in tax administration across India.

MTP NOVEMBER 2018: 2 MARKS

Discuss any two functions of GSTN.

SOLUTION: The functions of the GSTN include:

- (a) facilitating registration;
- (b) forwarding the returns to Central and State authorities;
- (c) computation and settlement of IGST;
- (d) matching of tax payment details with banking network;
- (e) providing various MIS reports to the Central and the State Governments based on the taxpayer return information;
- (f) providing analysis of taxpayers' profile; and running the matching engine for matching, reversal and reclaim of input tax credit.

MTP MAY 2018: 2 MARKS

Discuss any two significant benefits of GST.

SOLUTION: GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Government and the consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive. The significant benefits of GST are:

- (a) **Creation of unified national market:** GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level.
- (b) **Mitigation of ill effects of cascading:** By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it would mitigate the ill effects of cascading, improve competitiveness and improve liquidity of the businesses.

MTP MAY 2021: 5 MARKS

Briefly explain the leviability of GST or otherwise on petroleum crude, diesel, petrol, Aviation Turbine Fuel (ATF) and natural gas.

SOLUTION: Petroleum crude, diesel, petrol, ATF and natural gas are presently not leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.

MCQs

Q1) MAY 2020: 1 MARK | MTP MAY 2019: 1 MARK

Taxes subsumed in GST are

- (a) Service tax
- (b) Luxury tax
- (c) VAT
- (d) All of the Above

Answer: (d)

SOLUTION: When GST was introduced many Central and State indirect taxes have been subsumed which includes Service Tax, Luxury Tax, VAT among many other.

Q2) NOVEMBER 2022: 1 MARK

Article _____ of the Constitution empowers the President to constitute a joint forum of the Centre and State namely GST Council.

- (a) 245A
- (b) 246A
- (c) 269A
- (d) 279A

Answer: (d)

SOLUTION: Article 279A of the Constitution empowers the President of India to constitute within 60 days from the date commencement of the Constitution (101st Amendment) Act, 2016, a joint forum of the Centre and States namely, Goods & Services Tax Council (GST Council).

Q3) MAY 2023: 1 MARKS

“Every decision of the GST Council shall be taken at a meeting, by majority of not less than _____ of the weighted votes of the members present and Voting.” Fill in the blank spaces from the below options.

- (a) 2/3 (i.e. 66.67%)
- (b) 3/4 (i.e. 75%)
- (c) 1/2 (i.e. 50%)
- (d) 1/3 (i.e. 33.33%)

Answer: (c)

SOLUTION: Article 279A, GST Council shall take decisions regarding making and implementation of GST law. For this purpose, Quorum is 50% for any meeting of GST Council to take place. If there is no consensus in the meeting, then voting will be done.

Q4) MTP NOVEMBER 2019 | MTP MAY 2019 | MTP MAY 2021: 1 MARK

Alcoholic liquor for human consumption is subjected to

- (a) State excise duty
- (b) Central Sales Tax/Value Added Tax
- (c) Both (a) and (b)
- (d) GST

Answer: (c)

SOLUTION: As per Article 366(12A), the alcoholic liquor for human consumption has been kept out of GST. Thus, old provisions of State Excise Duty and VAT shall continue to apply.

Q5) MTP NOVEMBER 2023: 1 MARK

_____ provides that no tax shall be levied or collected except by authority of law.

- (a) Article 269
- (b) Article 245
- (c) Article 265
- (d) Article 246

Answer: (c)

SOLUTION: Article 265

- Gives power to Government (Central Government and State Government) to levy Taxes.
- No tax shall be levied or collected except by the authority of law.
- Authority of law means that there must be an Act to levy tax.

Q6) RTP MAY 2021

Various taxes have been subsumed in GST to make one nation one tax one market for consumers. Out of the following, determine which taxes have been subsumed in GST.

- (i) Basic customs duty levied under Customs Act, 1962
 - (ii) Taxes on lotteries
 - (iii) Environment tax
- (a) (ii)
 - (b) (ii) and (iii)
 - (c) (iii)
 - (d) (i), (ii) and (iii)

Answer: (a)

SOLUTION: Among many other state government taxes, taxes on lotteries has been subsumed while implementing GST.

CHAPTER 2

CONCEPT OF SUPPLY

MAY 2026 EXAMS: 5 MARKS

Explain the meaning of "Specified Actionable Claims" as per the provisions of Section 2(102A). Explain the treatment of Specified Actionable Claims and other Actionable Claims.

SOLUTION: Section 2(102A): Specified actionable claim

Specified actionable claim means the actionable claim involved in or by way of

- (i) betting;
- (ii) casinos;
- (iii) gambling;
- (iv) horse racing;
- (v) lottery; or
- (vi) online money gaming

Above mentioned actionable claims are regarded as a supply on which GST is attracted.

Other Actionable claim

Actionable claims mean a claim to any debt, other than a debt secured by mortgage of immovable property or by hypothecation or pledge of movable property. Examples of actionable claim can be

- (a) insurance policy
- (b) arrear of rent
- (c) a claim by partner in profits of firm
- (d) a claim of shareholder in the dividends declared by company
- (e) right to sue for infringement of brand or copyrights even when brand or copyright is not registered

Above mentioned actionable claims are neither regarded as goods nor as service and thus are not a supply and no GST is attracted.

MAY 2026 RTP

No Question

MAY 2026 MTP-1

No Question

MAY 2026 MTP-2: 5 MARKS

Gagan Engineering Pvt. Ltd., registered in Haryana, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, Gagan Engineering Pvt. Ltd. sends its container trucks equipped with items like repair equipment, consumables, tools, parts etc. from Haryana workshop to its own repairing centres (registered under GST law) located in other States across India where the clients' machinery are being brought and are being repaired.

Discuss the levability of GST on the inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. in Haryana to its own repairing centres located in other States across India.

SOLUTION:

- As per section 25(4) a person who has obtained 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.
- Schedule I specifies situations where activities are to be treated as supply even if made without consideration.
- Supply of goods and/or services between distinct persons when made in the course or furtherance of business is one such activity included in Schedule I.

- However, the interstate movement of various modes of conveyance including trucks carrying goods or passengers or both or for repairs and maintenance, between distinct persons not involving further supply of such conveyance, may be treated 'neither as a supply of goods nor supply of service' and therefore, will not be leviable to GST.
- Thus, in the given case, inter-State movement of trucks from the workshop of Gagan Engineering Pvt. Ltd. located in Haryana to its repair centres located in other States is 'neither a supply of goods nor supply of service'.

JANUARY 2026 EXAMS: 5 MARKS

State in which Schedule of the CGST Act, 2017 the following supplies have been covered. Also determine the category (i.e. Supply of Goods/Services/deemed supply) in which they shall be classified:

- Services by any court or tribunal established under any law for the time being in force
- Any treatment or process which is applied to another person's goods
- Goods forming part of business assets are transferred or disposed off by or under directions of person carrying on the business so as no longer to form part of those assets
- Sale of land
- Permanent transfer or disposal of business assets where input tax credit has been availed on such assets

SOLUTION:

- Services by any court or tribunal established under any law is covered in Schedule III. It is classified neither as supply of goods nor supply of services.
- Any treatment or process which is applied to another person's goods is covered in Schedule II and it is classified as supply of services.
- Goods forming part of business assets are transferred or disposed of by or under the directions of the person carrying on the business so as no longer to form part of those assets is covered in Schedule II and it is classified as supply of goods.
- Sale of land is covered in Schedule III. It is not a supply as same is classified neither as supply of goods nor supply of services.
- Permanent transfer or disposal of business assets where ITC has been availed on such assets is covered in Schedule I. Same is treated as deemed supply.

JANUARY 2026 RTP

No Question

JANUARY 2026 MTP-1

No Question

JANUARY 2026 MTP-2

No Question

SEPTEMBER 2025 EXAMS

No Question

SEPTEMBER 2025 RTP

No Question

SEPTEMBER 2025 MTP-1

No Question

SEPTEMBER 2025 MTP-2

No Question

MAY 2025 EXAMS: 5 MARKS

As per Section 7 for the purposes of GST the expression "supply" includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. Discuss, when an activity can be treated as supply even if there is no consideration, or even if it is not in the course or furtherance of business.

SOLUTION: As per Schedule-I following are the activities which are to be treated as supply even if made without consideration:

- (i) Permanent transfer or disposal of business assets where ITC has been availed on such assets.
- (ii) Supply of goods or services or both between related persons or between distinct persons when made in the course or furtherance of business.
Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
- (iii) Supply of goods
 - (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- (iv) Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business.

MAY 2025 RTP

No Question

MAY 2025 MTP-1: 5 MARKS

State the activities which are treated as supply even if made without consideration.

SOLUTION: As per Schedule-I following are the activities which are to be treated as supply even if made without consideration:

- (i) Permanent transfer or disposal of business assets where ITC has been availed on such assets.
- (ii) Supply of goods or services or both between related persons or between distinct persons when made in the course or furtherance of business.
- (iii) Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.
- (iv) Supply of goods
 - (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.
- (v) Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business

MAY 2025 MTP-2: 5 MARKS

Examine whether the activity of import of service in the following independent cases would amount to supply:

- (1) Miss Sushma Pathak received interior decoration services for her residence located at Bandra, Mumbai from Mr. Mischel of Sydney (Australia). The amount paid for the said service is 5,000 Australian dollar.
- (2) Miss Sushma Pathak received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss Sushma]. Further, Miss Sushma did not pay any consideration for the said service.
- (3) Will your answer change if in the above case, if Miss Sushma has taken interior decoration services with regard to her business premises and not her residence?

SOLUTION:

- (1) Supply includes import of services for a consideration, even if it is not in the course or furtherance of business. Thus, although the import of service for consideration by Miss. Sushma Pathak is not in course or furtherance of business [as the interior decoration services have been availed in respect of residence], it would amount to supply.
- (2) Import of services by a taxable person from a related person located outside India, without consideration is treated as supply only if it is provided in the course or furtherance of business. The persons shall be deemed

to be “related persons” if they are members of the same family. In the given case, Miss Sushma Pathak has received interior decoration services from her brother. Thus, Miss Sushma and her brother shall be considered to be related as Miss Sushma’s brother is wholly dependent on her.

However, Miss Sushma Pathak has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Sushma Pathak’s brother to her would not be treated as supply.

- (3) In the above case, if Miss Sushma has taken interior decoration services with regard to her business premises, services provided by Miss Sushma’s brother to her would be treated as supply as the same are provided in course or furtherance of business.

JANUARY 2025 EXAMS: 5 MARKS

Gamma Multiplex registered in the State of Punjab, gives the following offers for booking movie tickets:

Sr. No.	Particulars	Price Charged (excluding GST)
1	Tickets only	₹200 per person
2	Combo offer	₹350 per person (which includes Rs. 200 for ticket and Rs. 150 for snacks)
3	Snacks only	₹250 per token (snacks quantity will be more when compared to combo offer)

For the month of April Gamma Multiplex situated in Punjab made the following supplies:

- (i) 10,000 tickets under combo offer
(ii) 2,500 tickets only
(iii) 1,000 tokens of snacks only

GST rates applicable are:

Rate of GST	CGST	SGST	IGST
Supply of Snacks	2.5%	2.5%	5%
Supply of service of exhibition of cinema	9%	9%	18%

You are required to determine the following by explaining the relevant provisions:

- (i) Rate of GST to be applied when combo supply is made.
(ii) Rate of GST to be applied when snacks are sold in Multiplex.
(iii) Gross GST payable by Gamma Multiplex for the month of April.

SOLUTION:

- (i) The combo supply of cinema tickets and snacks is a composite supply wherein the entire supply will attract GST at the rate applicable to service of exhibition of cinema being the principal supply. Further, it is an intra-State supply since the place of supply is Punjab. [as the place of supply of services supplied to unregistered persons with no address on records is location of the supplier.] Thus, in the given case, rates of GST to be applied are 9% CGST and 9% SGST.
- (ii) Supply of snacks is an individual supply. Further, it is an intra-State supply since the place of supply is Punjab. [as the place of supply of goods supplied to unregistered persons over the counter with no address on records is location of the supplier]. Thus, the applicable rates of GST are 2.5% CGST and 2.5% SGST.

(iii) Computation of Gross GST payable by Gamma Multiplex for April

S. No.	Particulars	GST Rate (%)	Value (₹)	CGST (₹)	SGST (₹)
1.	Supply of combo offer [10,000 X ₹350]	9	35,00,000	3,15,000	3,15,000
2.	Supply of tickets only [2,500 X ₹200]	9	5,00,000	45,000	45,000
3.	Supply of snacks only [1,000 X ₹250]	2.5	2,50,000	6,250	6,250
Total GST payable by Gamma Multiplex				3,66,250	3,66,250

JANUARY 2025 RTP

No Question

JANUARY 2025 MTP-1: 5 MARKS

Same question as that of MAY 2025 MTP-2

JANUARY 2025 MTP-2: 6 MARKS

Examine whether the following activities would amount to supply u/s 7 read with Schedule I:

- (i) Rimjhim Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold from the depot.
- (ii) Mohan is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Mohan has taken legal advice from him free of cost with regard to his family dispute.

SOLUTION

- (i) Schedule I provides that supply of goods or services or both between related persons or distinct persons, is supply even without consideration provided it is made in the course or furtherance of business. Further, a person who has obtained more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as **distinct persons**.

In view of the same, factory and depot of Rimjhim, Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Rimjhim Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under Schedule I.

- (ii) Schedule I provides that import of services by a taxable 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. Persons shall be deemed to be **related persons** if they are **members of the same family**.

In the given case, Mohan has received free of cost legal services from his brother, who cannot be considered to be related as he is not wholly/mainly dependent on Mohan. Further, Mohan has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Mohan's brother to him would not be treated as supply under Schedule I.

SEPTEMBER 2024 EXAMS: 5 MARKS

Describe the provisions relating to import of services by a registered person as contained in the section 7(1)(b), 7(1)(c) and Schedule 1 of the CGST Act, 2017.

SOLUTION: As per the provisions of section 7(1)(b), 7(1)(c) and Schedule I of the CGST Act, 2017, import of services for a consideration shall be considered as supply, whether or not in the course or furtherance of business. Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business shall be treated as supply even if made without consideration.

SEPTEMBER 2024 RTP

No Question

SEPTEMBER 2024 MTP-1

No Question

SEPTEMBER 2024 MTP-2

No Question

MAY 2024 EXAMS: 5 MARKS

Examine the existence of "consideration" for donation received by charitable institutions from individual donors, without quid pro quo an important feature as defined in section 2(31) of the CGST Act, 2017.

SOLUTION: Donations received by the charitable institutions from individual donors are treated as consideration only if there exists, quid pro quo, i.e., there is an obligation on part of recipient of the donation or gift to do anything.

If the name of the donor is displayed in charitable institution's premises as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, there is no supply for the payment in the form of donation.

MAY 2024 RTP

Happy Constructions Ltd., a registered builder under GST in Bengaluru, Karnataka has got permission to build five floors from the Municipal Projects for one of its projects at Suraj Nagar. Aditya Constructions, a neighbouring housing project approached Happy Constructions Limited to discuss regarding blockage of sun light

issue arising out of construction of five floors and asked it to build only three floors for which ₹20 lakh was offered as compensation. Happy Constructions Limited agreed to the offer. It may be noted that Aditya Constructions is not ready to pay any further amount to Happy Constructions Ltd. in addition to the amount already agreed.

Briefly explain with correct legal provision whether the above amount received as compensation is liable to GST or not? And if considered as taxable, then calculate the total GST payable by Happy Constructions Ltd. Assume the applicable rate of CGST and SGST is 9% each. Also state the conditions to be complied with.

SOLUTION: Agreeing to obligation to refrain from an act, or to tolerate an act or situation, or to do an act has been specifically declared to be a supply of service.

In the given case, Happy Constructions Limited has agreed to build only three floors, even though it is permitted to construct five floors by the Municipal Authorities, for a compensation of ₹20 lakh. This results in supply of service. The conditions to be complied with for the above supply will be

- (a) There must be an expressed or implied agreement or contract must exist.
- (b) Consideration must flow in return to this contract/ agreement.

Since Aditya Constructions is not ready to pay any further amount to Happy Constructions Limited in addition to the amount already agreed, the amount received ₹20 lakh shall be treated as inclusive of GST and the GST payable will be ₹20 lakhs \times $\frac{9}{118}$ = ₹1,52,542 (rounded off) as CGST and SGST each.

MAY 2024 RTP

Examine the implications of GST on supply of food and beverages at cinema halls.

SOLUTION: Eating joint is a wide term which includes refreshment or eating stalls/ kiosks/ counters or restaurant at a cinema hall. Supply of food or beverages in a cinema hall is taxable as restaurant service.

Where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

MAY 2024 MTP-1: 5 MARKS

Discuss taxability of shares held in a subsidiary company by holding company?

SOLUTION: Securities are considered neither as goods nor as services and further securities include shares. This implies that the securities held by the holding company in the subsidiary company are neither goods nor services. Further, purchase or sale of shares or securities, in itself is neither a supply of goods nor a supply of services. For a transaction to be treated as supply of services, there must be a supply as per Section 7.

Therefore, the activity of holding of shares of subsidiary company by the holding company cannot be treated as a supply of services by a holding company to the said subsidiary company and cannot be taxed under GST.

MAY 2024 MTP-2

No Question

NOVEMBER 2023 EXAMS: 2 MARKS EACH

Examine whether the following activities would be treated as supply under GST law?

- (1) Mr. Sonu from Chandigarh purchased a water cooler from Malhotra Bros of Hoshiarpur for ₹25,000 to donate it to a temple situated in Hoshiarpur. Mr. Sonu directed Malhotra Bros. to engrave the words on the water cooler- "Donated by Mr. Sonu from Chandigarh" and dispatch the water cooler directly to the temple.
- (2) Wesco Ltd. a registered person in Ahmedabad (Gujarat) having head office located in Singapore, received management consultancy services free of cost from its head office.

SOLUTION:

- (1) Donations received by the charitable organisations are treated as consideration only if there is an obligation on recipient of the donation to do supply a service. Since the name of the donor, Mr. Sonu is displayed in temple as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, hence, donation of water cooler by Mr. Sonu to temple is not a supply under GST law.

However, supply of water cooler by Malhotra Bros. to Mr. Sonu is supply as it is made for consideration in course or furtherance of business.

- (2) As per schedule I, in case of import of services by a person from a related person located outside India, without consideration, in the course or furtherance of business shall be treated as “supply”. Hence, services received by Wesco Ltd. qualify as supply even though such services have been provided free of cost by the head office.

NOVEMBER 2023 RTP

Examine the implications of GST on payment of honorarium to the Guest Anchors.

SOLUTION: Services provided by the guest anchors in lieu of honorarium attract GST liability. However, guest anchors whose aggregate turnover does not exceed ₹20 lakh (₹10 lakh in case of specified Special Category States) shall not be liable to take registration and pay GST.

NOVEMBER 2023 MTP-1

No Question

NOVEMBER 2023 MTP-2: 5 MARKS

Same question as that of MAY 2026 MTP-2

MAY 2023 EXAMS: 5 MARKS | RTP NOV 2018

List any FIVE activities which shall be neither treated as supply of goods nor a supply of services under the GST law.

SOLUTION: Section 7(2)(a) of CGST Act, 2017 read with Schedule III specifies the activities or transactions which shall be treated neither as a supply of goods nor a supply of services:

- (1) Services by an employee to the employer in the course of or in relation to his employment.
- (2) Services by any court or Tribunal established under any law for the time being in force.
- (3) Following services
 - (a) Functions performed by the Members of Parliament, Members of State Legislature, Members of Panchayats, Members of Municipalities and Members of other local authorities;
 - (b) Duties performed by any person who holds any post in pursuance of the provisions of the constitution in the capacity; or
 - (c) Duties performed by any person as a chairperson or a member or a director in a body established by the Central Government or a State Government or local authority and who is not deemed as an employee before the commencement of this clause.
- (4) Services of funeral, burial, crematorium or mortuary including transportation of the deceased.
- (5) Sale of land and, subject to paragraph 5(b) of Schedule II, sale of building.
- (6) Actionable claims, other than lottery, betting and gambling.

MAY 2023 RTP

No Question

MAY 2023 MTP-1: 2 MARKS

The goods supplied on hire purchase basis will be treated as supply of services. Examine the validity of the statement.

SOLUTION: The statement is not correct. Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date: Schedule II of CGST Act, 2017.

MAY 2023 MTP-2

No Question

NOVEMBER 2022 EXAMS

No Question

NOVEMBER 2022 RTP

No Question

NOVEMBER 2022 MTP-1

No Question

NOVEMBER 2022 MTP-2

No Question

MAY 2022 EXAMS: 2 + 2 MARKS

Examine whether the following activities would amount to “supply” under GST law?

- (a) Glory Ltd. is engaged in manufacturing and selling of cosmetic products. Seva Trust, a charitable organization approached Glory Ltd. to provide financial assistance for its charitable activities. Glory Ltd. donated a sum of ₹2,00,000 to Seva Trust with a condition that Seva Trust will place a hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd
- (b) Mr. Swamy of Chennai is working as a manager with ABC Bank. He consulted Jacobs and Company of London and took its advice for buying a residential house in Mumbai and paid them consultancy fee of 200 UK Pound for this import of service

Solution: Transactions to be regarded as a supply or not

Donations by Glory Ltd. to Seva Trust	Yes, this transaction is to be regarded as a supply. When the name of the donor is displayed by placing a name plate or similar such acknowledgement which is aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is supply of service for a consideration (in the form of donation).
Import of Services by Mr. Swamy	Yes. As per Section 7(1)(b) of CGST Act, 2017, Supply includes import of services for a consideration whether or not in the course or furtherance of business. Hence, in the above case it will be treated as supply.

MAY 2022 RTP

No Question

MAY 2022 MTP-1

No Question

MAY 2022 MTP-2

No Question

JANUARY 2021: 2 MARKS MTP MARCH 2019: 5 MARKS
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Explain with reasons whether transfer of title and/or possession is necessary for a transaction to constitute supply of goods under the laws of GST.

SOLUTION: In terms of Schedule II, for a supply to constitute the supply of goods, either the title in the goods is to be transferred immediately or the title in goods is to be transferred under an agreement which stipulates that property in goods shall pass at a future date upon payment of full consideration as agreed. Therefore, transfer in title irrespective of the transfer of possession is necessary in such cases.

RTP MAY 2021

Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of ₹1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?

- (a) Mr. Priyam is an independent director of Sun Moon Company Private Limited and not an employee of the company.
- (b) Mr. Priyam is an executive director, i.e. an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to ₹1,25,000, ₹60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS u/s 192 of Income Tax Act, 1961. However, ₹65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited’s accounts and subjected to TDS u/s 194J of Income Tax Act, 1961 as professional services.

SOLUTION:

- (a) Schedule III: Services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e. they are neither supply of goods nor supply of services. Services provided by the independent directors who are not employees of the said company to such company are clearly outside Schedule III and are therefore taxable. Further, such remuneration paid to the directors is taxable in hands of the company, on RCM basis. Thus, GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST.
- (b) Schedule III: The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS u/s 192 of Income-tax Act, 1961, is not taxable under GST since this is consideration for services by an employee to the employer in the course of or in relation to his employment. Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts and subjected to TDS u/s 194J of the Income Tax Act, 1961 as fees for professional or technical services are treated as consideration for providing services which is taxable under GST. The recipient of the said services i.e. the company, is liable to pay GST under RCM. Thus, on ₹60,000 declared as salaries in the books of Sun Moon Company Private Limited is not liable for GST. Further, ₹65,000 declared separately other than salaries in the Sun Moon Company Private Limited's accounts is treated as consideration for providing services which is liable to GST and the Sun Moon Company Private Limited, is liable to pay GST on RCM basis.

JULY 2021: NEW SYLLABUS: 4 MARKS

Explain, whether following are composite supply or mixed supply.

- (1) A trader launches a package sale of marriage items which contains a double bed, a refrigerator, a washing machine, a wooden wardrobe at a single rate
- (2) He issues an invoice showing value of each goods separately.

SOLUTION:

- (1) If a trader launches a package sale for marriage contained double bed, refrigerator, washing machine, wooden wardrobe at a single rate then it will be the case of mixed supply and GST rate shall be the rate which results in the highest revenue for the government.
- (2) If a trader launches a package sale for marriage contained double bed, refrigerator, washing machine, wooden wardrobe and issues invoice showing value of each goods separately then it is the case of mix supply and GST rate to be applied will be for each product taken separately.

JULY 2021: OLD SYLLABUS: 4 MARKS

Mr. J is a manufacturer of Paper products having factory at Pune, Maharashtra, M/S Kela and M/S Bela of Mumbai, Maharashtra are appointed as agents to sell the products on behalf of Mr. J with the conditions that both of them guarantee the realization of payment from buyers

Both M/S Kela and M/S Bela provide short-term borrowing facilities to buyers for timely payment of dues against supplies made to them and for his they charge interest from the ultimate buyer. While M/S Kela raises invoices in the name of Mr. J and M/S Bela raises invoices in its own name.

In light of provisions contained in Para 3 of Schedule I of CGST Act, kindly explain treatment of interest charged by M/S Kela and M/S Bela in above mentioned cases.

SOLUTION: DEL-CREDERE AGENT (DCA)

In commercial trade parlance, a DCA is a selling agent who is engaged by a principal to assist in supply of goods or services by contacting potential buyers on behalf of the principal. The factor that differentiates a DCA from other agents is that the DCA guarantees the payment to the supplier.

In such scenarios where the buyer fails to make payment to the principal by the due date, DCA makes the payment to the principal on behalf of the buyer (effectively providing an insurance against default by the buyer), and for this reason the commission paid to the DCA may be relatively higher than that paid to a normal agent.

In order to guarantee timely payment to the supplier, the DCA can resort to various methods including extending short-term transaction-based loans to the buyer or paying the supplier himself and recovering the amount from the buyer with some interest at a later date.

This loan is to be repaid by the buyer along with an interest to the DCA at a rate mutually agreed between DCA and buyer.

Whether a DCA is an agent under Para 3 of Schedule I of the CGST Act?	
NO , if the invoice for supply of goods is issued by the supplier to the customer, either himself or through DCA	YES , if the invoice for supply of goods is issued by the DCA in his own name

If temporary short-term transaction-based loan is given by DCA to the recipient (buyer), for which interest is charged by the DCA, then whether such interest is to be included in the value of goods being sold by the supplier (principal)	
If DCA is not an agent	If DCA is an agent
NO , interest being charged by the DCA would not form part of the value of supply of goods supplied (to the buyer) by the supplier. This is so because loan being provided by DCA to the buyer is a supply of service by the DCA to the recipient on principal-to-principal basis and is an independent supply	The temporary short-term transaction-based credit being provided by DCA to the buyer no longer retains its character of an independent supply. Thus, the value of the interest charged for such credit would be required to be included in the value of supply of goods by DCA to the recipient

JULY 2021: OLD SYLLABUS: 4 MARKS

List down the activities/transactions specified under Schedule III of the GST Act as non-supplies or 'Negative List'

SOLUTION: Schedule III: Activities or transactions which shall be treated neither as supply of goods (SoG) nor as supply of services (SoS)

- Activities of employee for the employer
- Activities of courts or tribunals
- Activities of a person who holds constitutional posts
- Activities related to death of human being
- Act of sale of immovable property
- Act relating to actionable claims, other than lottery ticket, betting and gambling
- Supply from non-taxable territory

November 2020: NEW SYLLABUS: 5 MARKS

With reference to provisions of CGST Act, 2017 discuss in brief, when "Importation of Services" to be considered as supply and when it is not to be considered as supply.

Solution:

TAXABILITY OF IMPORT OF SERVICES			
With Consideration		Without Consideration	
In the course or furtherance of business	Not in the course or furtherance of business	Related person/distinct person and in the course of furtherance of business	Other Cases
Taxable	Taxable	Taxable	Non-taxable

MAY 2019: OLD SYLLABUS: 4 MARKS: MTP MAY 2020: 5 MARKS

Explain the services provided by way of tolerating non-performance of a contract and its chargeability under the provisions

SOLUTION:

As per schedule II, agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act shall be treated as supply of services

As per section 2(102) "services" means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

Services provided by way of tolerating non-performance of a contract shall be treated as supply of services because agreeing to obligation to refrain from an act, or to tolerate an act or situation shall be treated as supply of service. (section 7(1A), schedule II)

Example: A Ltd has given a contract to B Ltd. to complete a construction of the building in 4 years failing which there will be penalty of ₹10,000 per day. B Ltd. did not complete the work within 4 years and was late by 65 days. In this case it is a case of non-performance of a contract and shall be treated as supply of services and consideration of ₹6,50,000 received for non-performance shall be chargeable to GST.

MAY 2019: NEW SYLLABUS: 4 MARKS

Discuss with reference to the provisions of GST, whether the under mentioned transactions constitute consideration for service.

- (1) Fines and penalties imposed against violation of law.
- (2) X provides services to Y. However, Y's debtor makes payment to X on the instructions of Y.
- (3) Grant given to a researcher to carry out research of his/her choice.

SOLUTION:

As per section 2(31) consideration in relation to the supply of goods/services includes-

- (1) any payment made whether in money or otherwise in respect of the supply of goods/services, whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.
- (2) the monetary value of any act or forbearance in respect of the supply of goods/services whether by the recipient or by any other person but shall not include any subsidy given by the Central Government or a State Government.

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

Keeping the above definition in mind following shall or shall not be regarded as consideration

- (1) Fines and penalties imposed against violation of law shall not be considered as consideration of service as there is no supply of service in case of violation of law.
- (2) Payment made by any other person on behalf of other shall constitute consideration for service.
- (3) Grant given to a researcher to carry out research of his/her choice shall not be treated as consideration for service.

NOV 2018: 5 MARKS | MTP MAY 2019: 5 MARKS

State whether the following supplies would be treated as supply of goods or supply of services as per Schedule-II of CGST Act:

- (1) Renting of Immovable Property
- (2) Transfer of right in goods without transfer of title in goods.
- (3) Works Contract Services
- (4) Temporary transfer of permitting use or enjoyment of any intellectual property right.
- (5) Sale of personal car to dealer.

SOLUTION: As per Schedule-II of CGST Act:

- (1) Renting of Immovable property shall be treated as Supply of services.
- (2) Transfer of right in goods without transfer of title in goods shall be treated as Supply of services.
- (3) Works contract services shall be treated as Supply of services.
- (4) Temporary transfer of permitting use or enjoyment of any intellectual property right shall be treated as Supply of services.
- (5) Any transfer of the title in goods is a supply of goods. But in this case, it is not a supply as it is not made in course of or in furtherance of business of supplier.

NOV 2018: NEW SYLLABUS: 5 MARKS

Explain the meaning of supply as per provisions of Section 7(1) of Central Goods and Service Tax Act, 2017.

SOLUTION: Scope of supply Section 7(1)

For the purposes of this Act, the expression "supply" includes

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- (aa) Activities or transactions, by a person (club) to its members or vice-versa, for cash, deferred payment or other valuable consideration.

- (b) import of services for a consideration whether or not in the course or furtherance of business; and
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration

MAY 2018: OLD SYLLABUS: 5 MARKS

List the activities to be treated as supply under CGST Act, 2017 even if made without consideration.

SOLUTION:

Schedule I: Deemed supply i.e., supply without consideration

In order to constitute supply, there must be consideration but, in some cases, even the supply without consideration is taxable but only in situation given in schedule I:

- (1) **Permanent Transfer or disposal of assets of business where input tax credit has been availed**
If any person has taken ITC with regard to assets of business and subsequently such assets have been disposed of by him without consideration, it will be considered to be supply and GST shall be payable.
- (2) **Supply of goods or services without consideration between Distinct persons or Related persons in the course of business or in the furtherance of business**
If any person has supplied goods/services to the person who is considered to be Distinct or Related, it will be considered to be supply even if there is no consideration.
- (3) **Supply of goods by principal to agent**
Any supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal shall be considered to be supply. Similarly, any supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal shall be considered to be supply.
- (4) **Import of services** without consideration by a taxable person from a related person or from any of his establishment outside India in the course or furtherance of business shall be taxable.

MAY 2018: OLD SYLLABUS: 5 MARKS

- (1) Mrs. J received legal advice for her personal problems & paid 1,000 pound as a legal fee to Mrs. U of London. Explain if import of service would amount to supply u/s 7?
- (2) If in above case both of them are real sisters, & no consideration is paid then will it change your answer?
- (3) Further in the above case both of them are real sisters & Mrs. J receives legal advice for her business & she didn't pay any consideration then what will be your answer?

SOLUTION:

- (1) As per section 7(1)(b), import of services for a consideration whether or not in the course or furtherance of business shall be treated as supply. In the given case, legal advice is taken by Mrs. J from Mrs. U for the consideration of 1,000 pounds. It is import of service and chargeable to GST on RCM basis. However, legal advice services to non-business entity is exempt.
- (2) In the second case, if import of service without consideration for personal purpose shall not be treated as supply.
- (3) In the third case, as per schedule 1 if import of service without consideration for business purpose, shall be treated as supply.

RTP MAY 2018

Sahib Sales, an air-conditioner dealer in Janakpuri, Delhi needs 4 air-conditioners for his newly constructed house in Safdarjung Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply u/s 7.

Further, a Janakpuri resident, Aakash, approached Sahib Sales. He sold an air-conditioner to Sahib Sales for ₹5,000. Aakash had bought the said air-conditioner six months earlier, for his residence. Does sale of the air conditioner by Aakash to Sahib Sales amount to supply u/s 7?

SOLUTION:

Section 7 stipulates that in order to qualify as supply:

- (a) Supply should be of goods and/or services
- (b) Supply should be made for a consideration
- (c) Supply should be made in the course or furtherance of business.

Further, Schedule I illustrates the activities to be treated as supply even if made without consideration. One such activity is permanent transfer or disposal of business assets where input tax credit has been availed on such assets, i.e., said activity is to be treated as supply even if made without consideration. In view of said provisions,

permanent transfer of air conditioners by Sahib Sales from its stock for personal use at its residence, though without consideration, would amount to supply.

However, sale of air-conditioner by Aakash to Sahib Sales will not qualify as supply u/s 7 as although it is made for a consideration, but it's not in the course or furtherance of business.

MTP MARCH 2018: 5 MARKS

Discuss the term composite supply and its tax treatment under GST

SOLUTION: Under section 8 of CGST Act, composite supply is when two or more goods are sold in a combination, it becomes difficult to identify the rate of tax to be levied. Composite supply naturally bundled i.e. goods or services are usually provided together in normal course of business and cannot be separated.

Composite supply consists of two or more goods/services, which is naturally supplied with each other in the ordinary course of business and one of them is a principal supply. The items cannot be supplied separately.

Principal supply means the supply of goods or services, which constitute the predominant element of a **composite supply** and to which another supply is ancillary/secondary.

Following two conditions are necessary for composite supply

- (a) Supply of two or more goods or services together, and
- (b) It should be a natural bundle and they cannot be separated.

RTP NOV 2018

Examine whether the activity of input of service in the following independent cases would amount to supply u/s 7?

- (1) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from Mr. Racheal of Sydney (Australia). The amount paid for the said service is 5,000 Australian Dollars.
- (2) Miss Shriniti Kaushik received vastu consultancy services for her residence located at Bandra, Mumbai from her son, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.
- (3) Miss Shriniti Kaushik received vastu consultancy services for her business premises located at Bandra, Mumbai from her son, Mr. Varun residing in Sydney (Australia). Further, Miss Shriniti did not pay any consideration for the said service.

SOLUTION:

(1) Supply, u/s 7

- Includes import of services for a consideration
- Even if it is not in the course or furtherance of business.

Thus, although the import of services for consideration by Miss. Shriniti Kaushik is not in course or furtherance of business, as the vastu consultancy service has been availed in respect of residence, it would amount to supply.

(2) Section 7 read with schedule I provides that import of services by a taxable 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, import of service without consideration by Miss Shriniti from her son – Mr. Varun [son, being member of the same family, is a related person] will not be treated as supply as it is not in course or furtherance of business.

(3) Section 7 read with Schedule I provides that import of services by a taxable 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.

Thus, import of service without consideration by Miss Shriniti from her son Mr. Varun (son, being member of the same family, is a related person) will be treated as supply as she receives vastu consultancy service for her business premises, i.e., in course or furtherance of business.

QUESTION: The temple of ancestral deity of Mr. Aman Goel and his family is located at Beri, Haryana. The temple is run by a charitable organization registered u/s 12AA of the Income Tax Act, 1961. The family has got unshakeable faith in their ancestral deity. Mr. Aman is a big entrepreneur having flourishing business of tiles in Gurugram. Upon the birth of their first child, he donated ₹10 lakh to the said temple for construction of a sitting

hall in the temple. On the main door of the sitting hall a name plate was placed stating “Donated by Mr. Aman Goel upon birth of his first child”.

You are required to examine the liability of GST on the donation received from Mr. Aman Goel?

SOLUTION:

When the name of the donor is displayed in the religious institution premises, by placing a name plate or similar such acknowledgement, which can be said to be an expression of gratitude and public recognition of donor’s act of philanthropy and is not aimed at giving publicity to the donor in such manner that it would be an advertising or promotion of his business, then it can be said that there is not supply of service for a consideration (in the form of donation). There is no obligation (quid pro quo) on part of recipient of the donation of gift to do anything (supply a service). Therefore, there is no GST liability on such consideration.

In the given case, there is no reference or mention of any business activity of the donor which otherwise would have got advertised. Thus, since the gift or donation is made to a charitable organization, the payment has the character of gift or donation and the purpose is philanthropic (i.e., leads to no commercial gain) and not advertisement, hence GST is not leviable.

QUESTION: Examine whether the following activities would amount to supply u/s 7 of the CGST Act

- (1) Shri Ram Charitable Trust, a trust that gets the neuro treatment of underprivileged children done free of cost, donates clothes and food to children living in slum area.
- (2) Simran is a beauty consultant in Mumbai. Her brother who is settled in Paris is a well-known lawyer. Simran has taken legal advice from him free of cost with regard to her family dispute.

SOLUTION:

- (1) Section 7 of the CGST Act, inter alia, provides that supply must be made for a consideration except the activities specified in Schedule I and in course or furtherance of business. Since, both these elements are missing, donation of clothes and foods to children living in slum area would not amount to supply u/s 7 of the CGST Act.
- (2) Schedule I of CGST Act, inter alia, stipulates that import of services by a taxable 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, Simran has received legal services from her brother free of cost in a personal matter and not in course or furtherance of business. Hence, services provided by Simran’s brother to her would not be treated as supply u/s 7 of the CGST Act.

QUESTION: Diligent Force, a professional training institute, gets its training material of ‘Aptitude Quotient’ printed from ‘Durga Printing House’ – a printing press. The content of the material is provided by the Diligent Force who owns the usage rights of the same while the physical inputs including paper used for printing belong to the Durga Printing House.

Ascertain whether supply of training material by the Durga Printing House constitutes supply of goods or supply of services.

SOLUTION:

Supply of books printed with contents supplied by the recipient of such printed goods, is composite supply and the question, whether such supplies constitute supply of goods or services would be determined on the basis of what constitutes the principal supply

In the case of printing of books where content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore, such supplies would constitute supply of service.

Thus, in view of the above-mentioned provisions, the supply of training material by the Durga Printing House would constitute supply of services.

QUESTION: Agrawal Carriers is a Goods Transport Agency (GTA) which is engaged in transportation of goods by road. As per the general business practice, Agrawal Carriers also provides intermediary and ancillary services like loading/unloading, packing/unpacking, transshipment and temporary warehousing, in relation to transportation of goods by road. With reference to the provisions of GST law, analysis whether such services are to be treated as part of the GTA services, being a composite supply, or as separate supplies.