

Chapter 01:- Introduction to Goods and Service Tax

Introduction to Taxation:

India has a well-developed tax structure with clearly demarcated authority between Central and State Governments and Local Bodies. Central Government levies taxes on income (except on agriculture income, which the state governments can levy), customs duties, central excise and service tax. Value added tax, stamp duty, state excise, land revenue, and profession tax are levied by the state governments. Local bodies are empowered to levy tax on properties, octroi and for utilities like water supply, drainage etc.

Indian taxation system has undergone tremendous reforms during the last decade. The tax rates have been rationalized and tax laws have been simplified resulting in better compliance, ease of payment and better enforcement. The process of rationalization of tax administration is ongoing in India.

Meaning of Goods and Service Tax:

GST (Goods and Services Tax) is a indirect tax levied on goods and services. GST is a single tax on the supply of goods and services. GST is a comprehensive indirect tax levy on manufacture, sale and consumption of goods as well as services at the national level.

Definition of Goods and Service Tax:

The term GST is defined in Article 366 (12A) to mean “any tax on supply of goods or services or both except taxes on supply of the alcoholic liquor for human consumption”. In other words, GST is a destination based tax and levied at a single point at the time of consumption of goods or services by the ultimate consumer.

Meaning of Goods:

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

Objectives of GST:

1. One country – one tax
2. Consumption based tax instead of manufacturing
3. Uniform GST registration, payment and Input tax Credit becomes very easy.
4. To eliminate cascading effect of indirect taxes/ doubling tax/ tax on tax
5. Subsume all indirect taxes at centre and state level
6. Reduce tax evasion and corruption
7. Increase productivity
8. Increase Tax to GDP and revenue surplus
9. It helps in reducing economic distortions in the country thereby maintaining economic stability.

Features of GST:

- A. Subsuming of Central Taxes
- B. Subsuming of State and Other Taxes
- C. Dispensing with the concept of ‘declared goods of special importance
- D. Integrated Goods and Services Tax.
- E. Distribution of GST
- F. No Surcharge levy on GST

Subsuming of Taxes:

- 1) Subsuming of Central Taxes:

It is provided that GST shall subsume various Central indirect taxes and levies such as-

- a) Central Excise Duty,
- b) Additional Excise Duties,
- c) Excise Duty levied under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955,
- d) Service Tax,
- e) Additional Customs Duty commonly as Countervailing Duty,
- f) Special Additional Duty of Customs, and

g) Central Surcharges and Cesses so far as they relate to the supply of goods and services.

2) Subsuming of State and Other Taxes:

It is provided that GST shall also subsume Taxes such as –

- i. State Value Added Tax/Sales Tax,
- ii. Entertainment Tax (other than the tax levied by the local bodies),
- iii. Central Sales Tax (levied by the Centre and collected by the States),
- iv. Octroi and Entry tax,
- v. Purchase Tax,
- vi. Luxury tax, Taxes on lottery, betting and gambling; and
- vii. State cesses and surcharges in so far as they relate to supply of goods and services.

Principles Subsumed the Taxes Under GST

- (i) Taxes to be subsumed should be primarily on indirect taxes, either on the supply of goods or on the supply of services.
- (ii) Taxes to be subsumed should be part of the transaction chain which commences with import/ manufacture/ production of goods or provision of services at one end and the consumption of goods and services at the other.
- (iii) The subsumation should result in free flow of tax credit in intra and inter-State levels.
- (iv) Revenue fairness for both the Union and the States individually would need to be attempted.

Basic Scheme / Composition Scheme of GST

A. Intimation and effective date for composition levy

- For persons already registered under pre-GST regime
- For persons who applied for fresh register under GST to opt scheme
- Registered under GST and person switches to composition scheme

B. Effective date for composition levy

- Option to pay tax under composition scheme shall be effective.

- For persons who applied for fresh register under GST to opt scheme.
- C. Conditions and Restrictions for composition levy
- Person opting for scheme must neither be casual taxable person nor non- resident taxable person.
 - Goods must be inter- state purchase, imported goods, branch situated outside the state.
 - Mandatory display of invoices.
- D. Validity of composition levy – fulfilment of conditions, filing application.
- E. Composition scheme under GST – Compliance
- F. Rate of tax

Benefits of GST:

Advantages to the Citizens:

- a) Simpler tax system.
- b) Reduction in prices of goods and services due to elimination of cascading.
- c) Uniform prices throughout the country
- d) Transparency in taxation system.
- e) Increase in employment opportunities

Advantages to the industry:

- a) Reduction in multiplicity of taxes.
- b) Mitigation of cascading/double taxation.
- c) More efficient neutralization of taxes especially for exports.
- d) Development of common national market.
- e) Simpler tax regime-fewer rates and exemptions.

Advantages to the Central/State Government

1. A unified common national market to boost Foreign Investment and “Make in India” campaign.
2. Boost to export/manufacturing activity, generation of more employment, leading to reduced poverty and increased GDP growth.
3. Improving the overall investment climate in the country which will benefit the development of states.

4. Uniform SGST and IGST rates to reduce the incentive for tax evasion.
5. Reduction in compliance costs as no requirement of multiple record keeping.

Models of GST

1:- SGST

2:- IGST

1) SGST

SGST means State Goods and Service Tax. It is covered under State Goods and service Tax Act 2017. A collection of SGST will be the revenue for State Government. After the introduction of SGST all the state taxes like Value Added Tax, Entertainment Tax, Luxury Tax, and Entry Tax etc. will be merged under SGST. For example, if goods are sold or services are provided within the State then SGST will be levied on such transaction.

2) IGST

IGST means Integrated Goods and Service Tax. IGST falls under Integrated Goods and Service Tax Act 2017. Revenue collected from IGST will be divided between Central Government and State Government as per the rates specified by the government. IGST will be charged on transfer of goods and services from one state to another state. Import of Goods and Services will also be deemed to be covered under Inter-state transactions so IGST will be levied on such transactions. For example, if Goods or services are transferred from Rajasthan to Karnataka then the transaction will attract IGST.

GST Council

The GST Council will be a joint forum of the Centre and the States. The Council will make recommendations to the Union and the States on important issues like tax rates, exemption list, threshold limits, etc. One-half of the total number of Members of the Council will constitute the quorum of GST council.

Functions of GST Council:-

- (i) The taxes, cesses and surcharges levied by the Centre, the States and the local bodies which may be subsumed under GST.
- (ii) The goods and services that may be subjected to or exempted from the GST.
- (iii) The date on which the GST shall be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.
- (iv) Model GST laws, principles of levy, apportionment of IGST and the principles that govern the place of supply.
- (v) The threshold limit of turnover below which the goods and services may be exempted from GST.
- (vi) The rates including floor rates with bands of GST.
- (vii) Any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster.
- (viii) Special provision with respect to the North East States, J&K, Himachal Pradesh and Uttarakhand.
- (ix) Any other matter relating to the GST, as the Council may decide.

Chapter 2:- GST Acts: CGST Act, SGCT Act (Karnataka State), IGST

Introduction:

Goods & Service Tax (GST) is an indirect tax throughout India to replace taxes levied by the central and state governments. It is introduced as the constitution act 2017, following the passage of constitution 122nd amendment bill. The GST is governed by GST council and its chairman is Union Finance Minister of India. Under GST, goods and services will be taxed at the following rates, 0%, 5%, 12% & 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold.

Central Goods and Services Tax (CGST) ACT, 2017

Central Goods and Services Tax (CGST) Act, 2017 has been notified by the Govt. Of India, relating to provision for levy and collection of tax on Intra-State supply of goods and services, by the Central Government under the GST regime and related matters.

Features of CGST Act, 2017:-

- 1) To levy tax on all intra-State supplies of goods or services or both.
- 2) To broaden the base of the input tax credit by making it available in respect of taxes paid on supply of goods or services or both used or intended to be used in the course or furtherance of business.
- 3) To provide for self assessment of the taxes payable by the registered person.
- 4) To provide for powers of inspection, search, seizure and arrest to the officers.
- 5) To establish the Goods and Services Tax Appellate Tribunal by the Central Government.
- 6) To provide for conduct of audit of registered persons in order to verify compliance with the provisions of the Act.

State Goods and Service Tax (Karnataka state)

The karnataka Legislative Assembly passed the GST bills on 15th June 2017 and adopted the state GST bill to pave the way for implementation of the provisions of the central Act that will come into force from July 1.

An Act to make a provision for levy and collection of tax on intra- state supply of goods and services or both by the State of Karnataka and the matters connected therewith or incidental thereto.

Integrated Goods and Service Tax

IGST means Integrated Goods and Service Tax. IGST falls under Integrated Goods and Service Tax Act 2017. Revenue collected from IGST will be divided between Central Government and State Government as per the rates specified by the government. IGST will be charged on transfer of goods and services from one state to another state. Import of Goods and Services will also be deemed to be covered under Inter-state transactions so IGST will be levied on such transactions.

Aggregate turnover

Aggregate turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods or services or both, interstate state supplies of persons having permanent account number but excludes CGST, SGST/UTGST, IGST.

Adjudicating Authority:

It means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of Excise and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority and the Appellate Tribunal. The following authorities are not permitted to pass an order/ decision under the GST laws: a) The Central Board of Excise and Customs b) Revisional Authority c) Authority for Advance Ruling d) Appellate Authority for Advance Ruling e) Appellate Authority f) Appellate Tribunal

Supply

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. It also includes

import of services for consideration whether or not in the course or furtherance of business.

Composite supply

Composite supply means supply consisting of 2 or more taxable supplies or both, which are naturally bundled and supplies in conjunction with each other in the ordinary course of business and one of which is a principal supply. Example: if goods are packed and transported with insurance, the supply of goods, packing materials, transport and insurance will be a composite supply, wherein supply of goods will be a principal supply.

Mixed supply

Mixed supply means 2 or more individual supplies of goods or services or both made in conjunction with each other by a taxable person for a single price. Example: A supply of a package consisting of sweets, dry fruits, cakes for a single price is a mixed supply. Further, it shall not be a mixed supply, if these are items are supplied separately.

Exempted supply

Exempted supply includes supplies that have a NIL rate of tax, supplies that are wholly exempted from UTGST, CGST OR IGST, supplies that are not taxable under the act like alcoholic liquor for human consumption.

Inward supply

Inward Supply in relation to a person means receipt of goods or services or both whether by purchase, acquisition or any other means with or without consideration.

Outward supply

Outward supply means supply of goods or services or both, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, by such person in the course or furtherance of business.

Job work

Job work means any treatment or process undertaken by a person on goods belonging to another registered person.

Manufacture

Manufacture means processing of raw material or inputs in any manner that result in the emergence of a new product having distinct name, character and use.

Location of the recipient of services

Location of the recipient of services means,

- a) Where a supply is received at a place of business for which the registration has been obtained, the location of such place of business.
- b) Where a supply is received at a place other than the place of business for which registration has been obtained, (a fixed establishment elsewhere), the location of such fixed establishment,
- c) Where a supply is received at more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply,
- d) In the absence of such places, the location of the usual place of residence of the recipient.

Location of the supplier of services

Location of the supplier of services means,

- a) Where a supply is made from place of business for which the registration has been obtained, the location of such place of business.
- b) Where a supply is made from a place other than the place of business for which registration has been obtained, (a fixed establishment elsewhere), the location of such fixed establishment,
- c) Where a supply is made from more than one establishment, whether the place of business or fixed establishment, the location of the establishment most directly concerned with the receipt of the supply,
- d) In the absence of such places, the location of the usual place of residence of the recipient.

Stock transfers

Stock transfers to a branch located outside the state would qualify as supply and will be liable to tax. Further, stock transfers to a branch located within the same state and having separate registration would also be liable to tax since both such units would qualify as distinct persons.

Reverse charge

The recipients receiving supply from unregistered persons are liable to pay tax under reverse charge. Once tax is paid, its input tax credit is available, if such supply of goods or service or both are eligible for input tax credit.

Composition Scheme

The registered taxable person, whose aggregate turnover in the preceding financial year does not exceed Rs.50 lakhs may opt to pay tax under composition scheme and such persons are not eligible for input tax credit. In case of Uttarakhand, the turnover of limit for composition scheme will be 75 lakhs. Further, supplier of services is not eligible to opt for the composition scheme except restaurant sectors.

Input tax

Input tax in relation to a registered person means the central tax, state tax, integrated tax or union territory tax charged on any supply of goods or services or both made to him but does not include the tax paid under the composition levy.

Input tax credit

Input tax credit means the credit of CGST, SGST/UTGST and IGST available to a registered person on the inward supply of goods or services or both, made to him, excluding the tax paid on supplies liable to composite tax.

Casual taxable person

Casual taxable person is a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, either as principal or agent in a state or union territory, where he has no fixed place of business.

Nonresident taxable person

Nonresident taxable person is a person who occasionally undertakes transactions involving supply of goods or services or both in the course or furtherance of business, either as principal or agent or in any other capacity, but has no fixed place of business or residence in India.

Person

PERSON includes: an individual, a HUF, a company, a firm, an association of persons or body of individuals whether incorporated or not, a local authority, and artificial juridical person.

Supplier

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

Intermediary

An 'intermediary' is a person who arranges or facilitates a provision of service between two persons. Thus, an intermediary is involved with two supplies at any one time: (i) the supply between the principal and the third party; and (ii) the supply of his own service (agency service) to his principal, for which a fee or commission is usually charged.

Works contract

Works contract means a contract for construction, completion, modification, renovation etc of any immovable property, wherein transfer of property in goods is involved in the execution of such contract.

Electronic Credit Ledger

As per section 49 (2) Electronic credit ledger means the input tax credit register required to be maintained in an electronic form by each registered person. As a process, based on details of outward supplies filed by the suppliers, the electronic credit ledger of the recipient of goods/ services would be auto populated in the GSTN

under the categories matched, unmatched and provisional. The tax payer claiming input credits should review the same and accept the relevant ones for claiming input credit.

Chapter 3: Procedure and Levy Under GST

Problems:

1) Vishwas Private Ltd has the following details for the year 2018-18:

- a) Intra-state supplies - Rs 1,50,000.
- b) Inter-state Supplies - Rs 8,00,000.
- c) Value of exports - Rs 1,70,000.
- d) Exempt supplies - Rs 50,000.

Compute the aggregate turnover.

2) Madhu Private Ltd provides the following details for the year 2018-18:

- e) Intra-state supplies - Rs 4,50,000.
- f) Inter-state Supplies - Rs 6,00,000.
- g) Value of exports - Rs 1,00,000.
- h) Exempt supplies - Rs 70,000.

Compute the aggregate turnover.

3) Mr. White private ltd has the following details for the year 2018-19.. Compute the aggregate turnover.

- a) Intra-state supplies - Rs 4,00,000.
- b) Inter-state supplies - Rs 5,00,000.
- c) Non-taxable supplies - Rs 20,000.
(Included in exempt supplies)
- d) Value of exports - Rs 70,000.
- e) Exempt supplies - Rs 60,000.
- f) IGST Paid - Rs 20,000

4) Mr. Pradeep supplies goods worth Rs 24,300 to Mr. Prakash and issues invoice dated 25/07/2017 for Rs 24,300 and Mr Prakash pays Rs 25,000 on 30/07/2017 against such supply of goods. The excess Rs 700 is adjusted in the next invoice for supply of goods issued on 5/08/2017. Identify the time of supply and value of supply.

5) If the date of invoice is 31/12/2017, due date of issue of invoice is 15/12/2017, date of advance payment received is 10/12/2017 and date on which the amount credited to the bank account of supplier is 12/12/2017, What will be the time of supply?

6) If the date of receipt of goods is 15/07/2017, date on which the payment is entered in the books of accounts is 20/07/2017 and date on which the amount debited in the account is 22/07/2017, what will be the time of supply?

7) RCB company manufactures 10,000 units of products and sold to a wholeseller at Rs 50 per unit. 20% trade discount is allowed to the whole seller as per the normal practice. What is the amount of GST payable if rate of GST is 18%. (Assumed exclusive of GST).

8) Compute the transaction value and GST payable from the following details.

| Particulars | Amount |
|---|---------------|
| a) Selling price (Including IGST of Rs 5,000) | 80,000 |
| Transactions which are not included in the above price: | |
| b) Secondary packing cost | 3,000 |
| c) Cost of special packing | 2,000 |
| d) Cost of durable and returnable packing | 2,500 |
| e) Freight charges paid by supplier charged separately | 2,500 |
| f) Insurance on freight paid by supplier charged separately | 800 |
| g) Trade discount 10% of transaction value | |
| h) Rate of GST 18%. | |

9) Compute the amount of GST payable from a manufacture has prepared the invoice as under:

| Particulars | Amount |
|---|---------------|
| a) Price of goods (excluding CGST at 9% and SGCT at 9%) | 5,00,000 |
| Items not included in the above price: | |
| b) Selling expenses | 30,000 |
| c) Publicity charges | 40,000 |
| d) Advertising charges | 50,000 |
| e) Loading and handling charges | 11,000 |
| f) Outward freight & insurance on buyer request | 22,000 |

Discount at 10% on the price of the goods and shown in invoice.

10) Mr. Power is a registered dealer in Karnataka. From the following particulars, find out taxable turnover and CGST & SGST payable under the GST Act:

- a) Shampoo worth Rs 2,02,000 sold to a registered dealer within the state (CGST & SGST rate is 14% each)
- b) Speakers & monitors worth Rs 2,20,000 were transferred to their branch at Mandya (CGST & SGST rate is 9% each)
- c) Cell-phones worth Rs 1,60,000 are sold within the state. (CGST & SGST rate is 6% each)
- d) Frozen vegetables worth Rs 54,000 are sold to a registered dealer in Mysore. (CGST & SGST rate is 2.5% each)
- e) Butter milk worth Rs 2,00,000 was transferred to their branch at Mangalore.
- f) Sale of motor spirit to a registered dealer in Mysore for Rs 2,00,000.
- g) Sale of bangles to a registered dealer in Mangalore for 4,50,000.

11) A dealer in Kolkata entered a contract with a supplier in Odisha to deliver a Machinery along with essential accessories. From the information determine the total amount of GST Payable U/s 15 of the CGST Act 2017.

- a) Machinery cost (excluding taxes) Rs 4,00,000.
- b) Installation expenses charged separately Rs 30,000.
- c) Packing charges (Secondary) Rs 80,000.
- d) Design charges paid by the buyer Rs 10,000.
- e) Cost of material supplied by buyer free of charge Rs 5,000.
- f) Pre-delivery inspection charges Rs 2,000.
- g) Loading and handling charges within the factory Rs 5,000.

Other information:

- 1) Cash discount 5% on price of machinery.
- 2) Bought-out-Accessories supplied along with machinery valued at 10,000 which was necessary for the working of the machinery. These bought out goods are charged for tax at the rate of 5%.
- 3) GST rate 18%. Make suitable assumptions as are required and provide brief reasons.

12) CA Karthik, a practicing chartered accountant (Bangalore) received money from various clients for the services rendered in the month of November, 2017.

- a) Accounting and auditing services of Rs 1,25,000.
- b) Representation before various statutory authorities Rs 1,00,000.

- c) Cost accounting and cost auditing of Rs 50,000.
- d) Secretarial auditing RS 35,000.
- e) Verification of declarations in prescribed forms of compliance for obtaining a certificate of commencement of business Rs.40,000.
- f) Certificate of documents to be filed before registrar of companies Rs 25,000.
- g) Ledger, maintenance, non-professional services and preparation of coaching material Rs 20,000.
- h) Fee for routine visits to income tax offices Rs 55,000.
- i) Remuneration for teaching CA &ICWA students Rs 30,000.
- j) Fee from outsourcing work of a client such as billing and ledger posting Rs 75,000.
- k) Services rendered in Delhi Rs 70,000.

You are required to calculate GST Payable, IGST rate is 18%, CGST is 9% & SGST rate is 9%.

13) From the following details, compute the value of GST payable for the assessment year 2017-18. If the rate of CGST & SGST in at 9% each.

- a) Services provided by foreign diplomatic mission Rs 5,00,000.
- b) Aerial advertising Rs 1,00,000.
- c) Service by way of private tuitions Rs 30,000.
- d) Speed post services Rs 50,000.
- e) House given on rent for residential purpose Rs 3,00,000.
- f) Value of free services rendered to friends 50,000.
- g) Services rendered to UNO Rs 2,00,000.
- h) Certification for exchange control purpose Rs 50,000.
- i) Secretarial auditing Rs 20,000.
- j) Fees to act as a liquidator Rs 1,00,000.
- k) Vacant land used for horticulture Rs 10,00,000.
- l) Sale of time slot by broadcasting organisation Rs 1,00,000.
- m) Services rendered within Indian territorial water Rs 10,00,000.
- n) Services relating to supply of farm labour Rs 2,00,000.

14) The Move N Pick (5 star) provided the following services within the state of Karnataka from its various establishments. Compute the amount of GST payable for the month August 2019.

- a) Supply of food in restaurant Rs 15,000 without air conditioning facilities @12% GST.
- b) Supply of drink in restaurant Rs 50,000 with license to serve liquor @ 18% GST.
- c) Supply of food or drink in outdoor catering Rs 80,000 @ 18% GST.
- d) Hotel rooms Rs 2,50,000 @18% GST.
- e) Supply of food and drink in 5 Star hotel and restaurant service Rs 75,000 @28% GST.

15) Mr. Rakesh purchases 5,500 bags whose assessable value is Rs 100 per bag. SGST & CGST payable is 6% each. SGST & CGST paid on input goods and services is Rs 50,000 each. Mr. Rakesh sells 4,500 bags within the state, exports 500 bags and balance 500 bags is in stock. Calculate his net GST payable.

16) Mr. Mike supplies goods within the state and its value is Rs 12,00,000. The value of goods exported Rs 20,00,000. The value of receipt of goods from other state is Rs 20,00,000. If IGST rate is 18%, SGST & CGST rate is 9% each, calculate net GST payable.

17) M/s Murthy Ltd. Of Bengaluru having registered business premises makes the supplies goods worth Rs 30,00,000 to M.s Naidu Ltd. Which has also registered business in Hyderabad. Further M.s Naidu ltd. Sells the goods to its customer in Hyderabad for 32,00,000. Compute the taxability under GST if GST rate is 18%.

18) From the following details, compute the input tax credit eligible on inputs:

- a) Raw material “R” purchased within the state (GST@5%) Rs 4,00,000.
- b) Raw material “A” purchased from local market (GST@12%) Rs 3,00,000.
- c) Raw material “M” purchased from registered dealer (5% @ GST) Rs 80,000.
- d) Raw material “A” purchased within the state from unregistered dealer (@18%GST) Rs. 4,00,000.
- e) Raw material “C” purchased within the state from a dealer, who opted for composition scheme (12% @GST) Rs. 4,00,000.
- f) Raw material “H” imported from UK excluding IGST @28% Rs 80,000.
- g) Raw material “A” purchased from other state (exclusive of IGST @5%) Rs. 40,000.

- h) Raw material “N” imported from USA (including BCD and excluding IGST @12%) Rs 5,50,000.
- i) Raw material “D” imported from Pakistan (inclusive of BCD and GST @18%) Rs 1,18,000.
- j) Raw material “R” purchased at 0% rate Rs 20,00,000.
- k) Raw material “A” purchased was exempt from GST at the time of purchase Rs 5,00,000.

19) Mr. Kamal submits the following information. Calculate the Transaction value.

- a) Preserved vegetables purchased within the state (GST inclusive of 18%) Rs 1,18,000.
- b) Shaving creams purchased from USA (excluding BCD at 10% & GST at 28%) Rs 1,28,000.
- c) Soaps purchased from unregistered dealer for Rs 80,000 rate of GST is 18%.
- d) Machine tools purchased from UK (including BCD at 10% and including GST at 18%) Rs 1,18,000.
- e) Food mixes purchased from composite dealer, rate of GST is 18% Rs 5,00,000.
- f) Printed circuits purchased from Pakistan including BCD at 10% and excluding GST at 18% Rs 4,00,000.
- g) Transportation cost is Rs 2,00,000.
- h) Profit to manufacture is Rs 80,000.

Chapter 4: Assessment and Returns

Problems:

- 1) Mr. Mayank (registered dealer) purchased goods for Rs 10,50,000 from a registered dealer outside the state. He sold goods locally for Rs 10,50,000. Again he sold goods outside the state for 10,00,000. If CGST is 9%, SGCT is 9% and IGST 18%, Calculate net GST payable.
- 2) Output tax payable by Mr. Suraj – CGST Rs 96,000, SGST Rs 96,000 and IGST payable is 2,40,000. Suppose the dealer purchases goods interstate and have input tax credit of IGST available is 3,80,000. Compute the net GST payable.
- 3) The taxable inter state supplies made by Mr. Anup Gupta (Registered dealer) in Karnataka is as follows:
 - a) Intra-state supplies Rs 7,00,000.
 - b) Inter-state supplies Rs 7,00,000.
 - c) He purchases ten vacuum cleaners worth Rs 2,00,000 for business purpose but uses them for his personal use.
Calculate net GST payable, If Mr. Anup Gupta has IGST input credit of Rs 1,50,000. (CGST is 6%, SGST is 6% and IGST is 12%)
- 4) K.G.F , a registered dealer, submits the following information. Compute net GST payable.
Raw material purchased from another state Rs 40,00,000
Raw material purchased within the state Rs 25,00,000
Pooja equipment's Purchased from another state Rs 20,00,000
High speed diesel purchased from another state Rs 20,00,000
Sale of goods within the state Rs 68,00,000
SGST & CGST rate on such sale is 9% each.
- 5) From the following particulars, calculate net GST payable, (Assume CGST is 6% & SGST is 6%)
Purchase of Raw materials within the state Rs 10,500 (inclusive of GST @ 5%), profit margin Rs 2,000, manufacturing expenses Rs 500, Wages 500, storage cost 500, consultation fees 500.
- 6) Mr. Manjunath of Karnataka purchased goods from Mr. Venkatesh babu of Karnataka for Rs 8,55,000 including CGST @ 6% & SGST @ 6% in the month of

July, 2017. He incurred Rs 2,50,000 as manufacturing expenses and added 30% profit on cost. Mr. Manjunath sold 80% of the goods to Mr. Ramesh of Karnataka on 2/08/2017. Remaining 20% of the goods were transferred to his branch in AP on 2/08/2017. Compute net GST payable.

- 7) Mr. Prakash enterprises, a registered dealer provides the following details for the year ended 31/03/2018.
- Purchase of raw material within state (1,500 units), inclusive of CGST @6% & SGST @ 6% = Rs 4,05,000
 - Interstate purchases of raw material, inclusive of IGST @ 12% =Rs 3,06,000
 - Import of raw material = Rs 4,50,000
 - Sale of goods within the state Rs 10,92,000.
 - Sale of exempted goods within the state Rs 2,25,000.
 - Closing stock of 200 units raw material purchased within the state as on 31/03/2018.
Compute net GST payable.
- 8) Ms. Anurag limited (Registered dealer) situated in Pune has purchased raw material from a local registered dealer for Rs 50,000 and paid consultation fees Rs 8,000, spent storage cost Rs 4,000, Transportation cost Rs 6,000. Wages Rs 10,000 and packaging cost Rs. 12,480. Calculate net GST payable , if she sells goods (locally) at a profit of Rs 20,50,000. (Assume CGST is 6% & SGST is 6%)
- 9) Swamy, a registered dealer had input tax credit balance for CGST and SGST Rs 75,000 & 1,05,000 respectively in respect of purchase of goods. He manufactured 18,000 liters of finished products. 2,000 liters was normal loss in the process. The final product was sold at uniform price of Rs 200 per liter as follows:
- Goods sold within the state- 8,000 liter.
 - Finished product sold in inter-state sale – 6,500 liter.
 - Goods sent on stock transfer to consignment agents outside the state – 3,500 liter.
- Further, CGST and SGST rate on the finished product of dealer is 6% and 6% respectively. Further IGST rate is 12%. Calculate tax liability of SGST and CGST to be paid after tax credit.
- 10) Mr. Manohar (Registered dealer) imported goods for Rs 90,000 and incurred expenses to produce final saleable goods of Rs 10,000. BCD @10% was chargeable

on imported goods. These manufactured goods were sold in the custom warehouse for Rs 45,00,000. Rate of IGST is 12%. Landing charges @1%. Compute value of imported goods, aggregate sale value and net GST Payable for the transaction.

11) From the following particulars determine net GST payable:

Idel limited imports certain goods from USA, at Chennai port, at cost of 1,00,000 (dollars) FOB. The other details are as follows:

- a) Packing charges Rs 22,000 (dollars)
- b) Sea freight to Indian port 28,000 (dollars)
- c) Transit insurance 10,000 (dollars)
- d) Design and development charges paid to a consultant in USA by importer 9,000 (dollars).
- e) Selling commission paid 5,000(dollars)
- f) Exchange rate = 60by CBEC.
- g) Landing charges = 1% of CIF cost.
- h) These goods are sold for Rs 40,00,000 in India.
- i) Basic Customs Duty = 15%.
- j) IGST rate = 12%.

12) Mr. Sreenivas a dealer submits the following information. Compute the net GST liability.

- a) Import of skimmed milk powder (excluding 10% of BCD) – IGST @ 5% Rs 2,00,000.
- b) Pan masala purchased from Mysore (including CGST at 14% & SGST @14%) Rs 1,28,000.
- c) Tea purchased from Kerala excluding IGST @5 %. Rs 60,000.
- d) Consultation fees Rs 5,000.
- e) Legal fees Rs 6,000.
- f) Storage cost Rs 3,000.
- g) Subsidy received from central government which was directly linked to the price of the product Rs 24,000.
- h) Additional incentives paid to the employees of sale department Rs 6,000.
- i) Warranty charges Rs 8,600.

Compute net GST payable, if Mr. Sreenivas sells within the state all the goods at a profit of 25% on the cost of production and the rate of GST on such sales is 18%.

13) From the following information of Mr. Ravi for the month of July, 2017. Calculate GST liability.

- a) Purchases from the local market (includes GST at 18%) Rs 2,00,000.
- b) Direct cost incurred Rs 25,000.
- c) Overheads Cost Rs 35,000.
- d) Goods sold at a margin of 8% on the cost of goods.
- e) GST rate on sales 12%.

14) Mr. Ganesh Rao (registered dealer) in Karnataka from the information as given below:

- a) Raw material purchased from foreign market including custom duty paid on imports @10% +EC @3% and exclusive of IGST at 12% is Rs 5,50,000.
- b) Raw material purchased from local market (including GST charged on the material @ 5%) – Rs 2,30,000.
- c) Raw material purchased from Odisha (including IGST @ 12%) – Rs 45,000.
- d) Transportation and insurance cost Rs 25,000
- e) Manufacturing expenses Rs 3,50,000.
- f) Materials purchased from a registered dealer who opted for composition scheme Under GST Rs 4,00,000. Rate of GST on this material is 1%.
- g) Profit margin of a manufacture is 10% on the selling price.

Mr. Ganesh Rao sold 25% of the finished goods to a SEZ in Bangalore and the balance to a dealer in Bangalore. GST rate on such goods is 12%. Compute the Net GST liability.

15) Ms. Lalita (registered dealer) submits the following information in relation to manufacture and selling of machine. Compute Net GST Payable.

- a) Import of raw-materials (excluding 10% BCD on import) rate of IGST @ 5% Rs 2,10,000.
- b) Raw materials purchased from Karnataka (Including CGST T 9% & SGST @ 9%) Rs 7,50,000.
- c) Subsidy received from an NGO which was directly related to price of the goods Rs 19,000.
- d) Raw materials purchased from Tamilnadu excluding IGST @5% Rs 60,000.
- e) Manufacturing expenses Rs 6,000.
- f) Subsidy received from central Government which was directly linked to the price of the product Rs 20,000.

g) Warranty charges Rs 15,000.

She supplied some components at a fixed price of Rs 22,000. The components are bundled with the supply of the machine. The GST rate of the three products is 28%, 5% and 12% respectively.

Ms. Lalita sold the machine to Ms. Shanti at a profit of 10% on the cost of Production and the rate of GST on Sales is 18%.

16) Mr. Ram Gopal a dealer in Kolkata dealing in consumer goods, submits the following information pertaining to the month of August 2017. Compute the turnover, input GST, output GST and net GST payable.

Exempt goods 'B-1' purchased for Rs 9,00,000 and sold for Rs 12,00,000.

Goods 'B-2' purchased within the state for Rs 6,30,000 (including GST at 5%) and sold to Kolkata at a margin at 10% profit on purchases (GST rate 5%).

Goods 'B-3' purchased for 6,00,000 (excluding GST and sold for Rs 7,50,000 (GST rate 12%).