

CHAPTER 2 SUPPLY UNDER GST

Gautama Buddha



"If you light a lamp for somebody, it will also brighten your path."

PRACTICAL QUESTIONS

Q 1: Meghraj & Co. wishes to commence the business of supplying ready-made garments within Punjab and in the neighbouring States of Delhi and Haryana. Kindly State as to what is the taxable event under GST and leviability of CGST, SGST/UTGST and IGST on the same? [ICAI Study Module]

Sol 1: Taxable event under GST is supply of goods or services or both. CGST and SGST/UTGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies.

Q 2: Damodar (P) Ltd., registered in Delhi, has transferred some goods to its branch, registered in West Bengal, so that the goods can be sold from the branch. The goods have been transferred without any consideration. The company believes that the transaction undertaken by it does not qualify as supply as no consideration is involved. Ascertain whether the transfer of goods by Damodar Pvt. Ltd. to its branch office qualifies as supply. [ICAI Study Module]

Sol 2: as per Schedule I, supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business is deemed as supply even if made without consideration. In the given case, since the Damodar Pvt. Ltd. and its branch located in another State are distinct persons, supply of goods between them qualifies as supply.

Q 3: Examine whether the following activities would amount to "supply" under GST law?

- (i) 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 lakh to Seva Trust with condition that Seva Trust will place a hoarding at the entrance of the trust premises displaying picture of products sold by Glory Ltd.
- (ii) Mr. Swamy of Chennai is working as a manager with ABC Bank. He consulted M/s. 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 the import of service. [PYQ May 2022]

Sol 3:

- (i) An activity qualifies as supply under GST only if it is for a consideration and is in course/furtherance of business. Donations received by the charitable organizations are treated as consideration only when there's an obligation on part of the recipient of the donation to do anything.

Since in the given case, the display of products sold by the donor – Glory Ltd. - in charitable organization's premises aims at advertising/promotion of its business, it is supply for consideration in course/furtherance of business and thus, qualifies as supply under GST law.

- (ii) Supply includes importation of services, for a consideration whether or not in the course/furtherance of business. Thus, in the given case, the import of services by Mr. Swamy amounts to supply although it is not in course/furtherance of business.

Q 4: Prithvi Associates is engaged in supply of taxable goods. It enquires from its tax advisor as to whether any activity can be treated as supply even if made without consideration in accordance with the provisions. You are required to enumerate such activities, if any. [ICAI Study Module & MTP May 25 – Series I]

Sol 4: Section 7 stipulates that the supply should be for a consideration and should be in the course or furtherance of business. However, Schedule I enumerates the cases where an activity is treated as supply, even if the same is without consideration. These are as follows:

- (i) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- (ii) Supply of goods or services or both between related persons or between distinct persons as specified in section 25 when made in the course or furtherance of business.
- However, 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 received 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.

Q 5: 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 under section 12AA of the Income Tax Law. The family has got unshakable 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 lakhs 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 levability of GST on the donation received from Mr. Aman Goel? [RTP Nov. 2020]

Sol 5: It has been clarified that 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 no 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 or 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. it leads to no commercial gain) and not advertisement, hence GST is not leviable.

Q 6: Composite supply is treated as supply of that particular goods or services which attracts the highest rate of tax. Examine the validity of the statement. [ICAI Study Module]

Sol 6: The statement is not correct. Composite supply is treated as supply of the principal supply. It is the mixed supply that is treated as supply of that particular goods or services which attracts the highest rate of tax.

Q 7: Transfer of title and/or possession is necessary for a transaction to constitute supply of goods. Examine. [ICAI Study Module]

Sol 7: Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II(1)(b). In some cases, possession may be transferred immediately, but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.

Q 8: Examine whether the following activities would amount to supply under section 7 read with Schedule I:

- (a) Sulekha Manufacturers have a factory in Delhi and 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.
- (b) Raman is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.
- (c) Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai? [ICAI Study Module & MTP Jan. 25 – Series II]

Sol 8:

- (a) Schedule I, inter alia, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in Section 25, 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 shall, in respect of each such registration, be treated as distinct persons [Section 25(4)].

In view of the same factory and depot of Sulekha Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under Section 7 read with Schedule I.

- (b) Schedule I, 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. Explanation to Section 15, inter alia provides that persons shall be deemed to be “related person” if they are members of the same family. Further, as per Section 2(49), family means, -
 - (i) the spouse and children of the person, and
 - (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.
 - (iii) The given case, Raman has received free of cost legal services from his brother. However, in view of Section 2(49)(ii) above, Raman and his brother cannot be considered to be related as Raman’s brother is a well-known lawyer and is not wholly/mainly dependent on Raman. Further, Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman’s brother to him would not be treated as supply under Section 7 read with Schedule I.
- (c) In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman’s brother to him would still not be treated as supply under Section 7 read with Schedule I as although the same are provided in course or furtherance of business, such services have not been received from a related person.

Q 9: Explain the composite supply and mixed supply. If a trader launches a package sale for marriage containing double bed, refrigerator, washing machine, wooden wardrobe at a single rate. He is issuing invoice showing value of each goods separately. Whether this is case of mixed supply or composite supply. Explain.

[PYQ July 2021]

Sol 9: Composite supply comprises of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled and also the invoice for the supply shows separate values for each item i.e., the package is not supplied for a single price. Therefore, supply of such items as a package will neither constitute a composite supply nor a mixed supply. Thus, the various items of the package will be treated as being supplied individually.

Note: The question specifies that the various items are supplied at a 'single rate'. The "single rate" expression is construed as single rate of tax in the above answer. Further, the "single rate" may also be construed as single price as given in the below mentioned answer.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled. Therefore, supply of such items as a package will not constitute composite supply. Further, a single price has been charged for the package. Consequently, supply of such items as a package will be treated as mixed supply.

Q 10: State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II:

[ICAI Study Module]

- (a) Renting of immovable property
- (b) Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business.
- (c) Transfer of right in goods without transfer of title in goods.
- (d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

Sol 10:

(a)	Renting of immovable property	Supply of Services
(b)	Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business	Supply of Goods
(c)	Transfer of right in goods without transfer of title in goods	Supply of Services
(d)	Transfer of title in goods under an agreement which stipulates that property shall pass at a future date	Supply of Goods

Q 11: Determine whether the following supplies amount to composite supplies:

- (a) A hotel provides 4 days – 3 nights package wherein the facility of breakfast and dinner is provided alongwith the room accommodation.
- (b) A toothpaste company has offered the scheme of free soap alongwith the toothpaste.

[ICAI Study Module]

Sol 11: Under composite supply, two or more taxable supplies of goods or services or both, or any combination thereof, are naturally bundled and supplied in conjunction with each other, in the ordinary course of business, one of which is a principal supply [Section 2(30)]. In view of the same,

- (a) Since supply of breakfast and dinner with the accommodation in the hotel are naturally bundled, said supplies qualify as 'composition supply'
- (b) Since supply of soap alongwith the toothpaste are not naturally bundled, said supplies do not qualify as 'composite supply'.

Q 12: The goods supplied on hire purchase basis will be treated as supply of services. Examine the validity of the statement. [ICAI Study Module]

Sol 12: 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.

Q 13: Examine whether the activity of import of service in the following independent case would amount to supply under Section 7.

- (i) Miss Shritini Kaushik received interior decoration 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 dollar.
- (ii) Miss Shriniti Kaushik received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. Varun residing in Sydney (Australia) [wholly dependent on Miss. Shriniti]. Further, Miss. Shriniti did not pay any consideration for the said service.
- (iii) Will your answer change if in the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises and not her residence.

[ICAI Study Module, MTP May 2025 – Series I & MTP Jan. 26 – Series I]

Sol 13:

- (i) Supply, under Section 7, inter alia,
 - Includes import of services for a consideration
 - Even it is not in the course or furtherance of business.Thus, although the import of service for consideration by Miss. Shriniti Kaushik 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.
- (ii) Schedule I, 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. Explanation to Section 15, inter alia provides that persons shall be deemed to be “**related person**” if they are members of the same family. Further, as per Section 2(49), family means, -
 - (a) the spouse and children of the person, and
 - (b) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Miss Shriniti Kaushik has received interior decoration services from her brother. In view of Section 2(49)(ii) above, Miss Shriniti and her brother shall be considered to be related as Miss Shriniti's brother is wholly dependent on her.

However, Miss Shriniti has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shriniti's brother to her would not be treated as supply under Section 7 read with Schedule I.

- (iii) In the above case, if Miss Shriniti has taken interior decoration services with regard to her business premises, services provided by Miss Shriniti's brother to her would be treated as supply under Section 7 read with Schedule I.

Q 14: Determine whether the following supplies would be treated as supply of goods or supply of services as per Schedule II:

- (a) Temporary transfer or permitting use or enjoyment of any intellectual property right.
- (b) Any treatment or process which is applied to another person's goods.
- (c) Transfer of title in goods.

[ICAI Study Module]

Sol 14:

(a)	Temporary transfer or permitting use or enjoyment of any intellectual property right	Supply of Services
(b)	Any treatment or process which is applied to another person's goods	Supply of Services
(c)	Transfer of title in goods	Supply of Goods

Q 15: Dumdum Electronics has sold the following electronic items to Akbar Retail Store.

- (i) Refrigerator (500 litres) taxable @ 18%
- (ii) Stabilizer for refrigerator taxable @ 12%
- (iii) LED television (42 inches) taxable @ 12%
- (iv) Split air conditioner (2 Tons) taxable @ 28%
- (v) Stabilizer for air conditioner taxable @ 12%

Dumdum Electronics has issued a single invoice, indicating price of each of the above items separately in the same. Akbar Retail Store has given a single cheque of ₹ 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable in this case. [ICAI Study Module]

Sol 15: In the given case, the items supplied by Dumdum Electronics are not naturally bundled in the ordinary course of business. Therefore, such supply is not a composite supply. Further, although Akbar Retail Store has paid a composite discounted price for these goods, Dumdum Electronics has not charged a single price for the said supply. Supply of these goods is, therefore, supply of individual items which are taxable at the respective rates applicable to them.

Q 16: Manikaran, a registered supplier of Delhi, has supplied 20,000 packages at Rs. 30 each to Mukhija Gift Shop in Punjab. Each package consists of 2 chocolates, 2 fruit juice bottles and a packet of toy balloons. Determine the rate(s) of GST applicable in the given case assuming the rates of GST to be as under:

Goods/services supplied	GST rate
Chocolates	18%
Fruit juice bottles	12%
Toy balloons	5%

[ICAI Study Module]

Sol 16: As per Section 2(74), mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Supply of package containing chocolates, fruit juice bottles and packet of toy balloons is a mixed supply as each of these items can be supplied separately and is not dependent on any other. Further, as per Section 8(b), the mixed supply is treated as a supply of that particular supply which attracts the highest rate of tax. Thus, in the given case, supply of packages is treated as supply of chocolates [since it attracts the highest rate of tax] and the rate of GST applicable on the package of ₹ 6,00,000 (20,000 x ₹ 30) is 18%

Q 17: PTL Pvt. Ltd. is a retail store of merchandise located in 25 States/UTs in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. Determine how the taxability of the goods supplied under "Buy One Get One Free" scheme is determined.

[ICAI Study Module]

Sol 17: As per Section 7(1)(a), the goods or services which are supplied free of cost (without any consideration) are not treated as "supply" except in case of activities mentioned in Schedule I. under "Buy One Get One Free", it is not an individual supply of free goods, but a case of two or more individual supplies where a single price is being charged for the entire supply it can at best be treated as supplying two goods for the price of one.

Taxability of such supply will be dependent upon as to whether the supply is composite supply or a mixed supply and the rate of tax shall be determined accordingly.

Q 18: 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 equipments, 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.

[ICAI Study Module, MTP May 2023 & MTP May 26 – Series II]

Sol 18: 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 to the CGST Act specifies situation where activities are to be treated as supply even if made without consideration. Supply of goods and/or services between 'distinct persons' as specified in Section 25, when made in the course or furtherance of business is one such activity included in Schedule I under para 2.

However, as per CBIC circular, the inter-State movement of various modes of conveyance including, inter alia, trucks, carrying goods or passengers or both or for repairs and maintenance, between 'distinct persons' as specified in Section 25(4), 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 IGST. Applicable CGST/SGST/IGST, however, shall be leviable on repairs and maintenance done for such conveyance.

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'.

Q 19: Sarvanna & Sons wishes to start supplying alcoholic liquor in the State of Tamilnadu. Therefore, it applies for license to the Tamil Nadu Government for selling liquor for which the State Government has charged specified fee from it. Examine whether the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons qualifies as supply.

[ICAI Study Module]

Sol 19: Services by way of grant of alcoholic liquor license by the State Governments have been notified to be treated neither as a supply of goods nor as a supply of service. Such licence is granted against consideration in the form of licence fee or application fee or by whatever name it is called.

Thus, in the given case, the grant of alcoholic liquor license by the Tamil Nadu Government to Sarvanna & Sons is neither a supply of goods nor a supply of service.

Q 20: 'Consideration under GST law includes both monetary and non-monetary considerations.'

Discuss the correctness or otherwise of the statement with reference to the definition of term 'consideration' provided under CGST Act.

[ICAI Study Module]

Sol 20: The statement is correct. As per the definition of the term "consideration" provided under the CGST Act, consideration under the GST law includes both payment in money or otherwise made by the recipient or any other forbearance for the supply by the recipient or any other person. Further, it includes within its ambit any deposit which is applied as a consideration for the supply but excludes the subsidies provided by the State or Central Government.

The term money has also been defined under the CGST Act and it not only includes cash (Indian as well as foreign currency) but also cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller's cheque, money order, postal/electronic remittance or any such similar instrument recognized by RBI. Non-monetary consideration essentially means consideration in kind.

Q 21: Saheb 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 of the CGST Act, 2017.

Further, a Janakpuri resident, Aakash, approached Saheb Sales. He sold an air conditioner to Saheb Sales for ₹ 5,000. Aakash had bought the said air conditioner six months before, for his residence. Does sale of air conditioner by Aakash to Saheb Sales amount to supply u/s 7 of the CGST Act, 2017? [RTP 2018]

Sol 21: Section 7(1)(a) of CGST Act, states that the supply of goods and/or services should be for a consideration and should be in the course or furtherance of business.

As per section 7(1)(c) read with Para 1 of Schedule I of CGST Act, 2017, Permanent transfer or disposal of business assets where input tax credit has been availed on such assets shall be treated as supply even when it is made without consideration.

In the given case, permanent transfer of air conditioners by Saheb Sales from its stock for personal use at its residence would amount to supply even though it is made without consideration as per para 1 discussed above.

But, sale of air conditioner by Aakash to Saheb Sales will not qualify as supply under section 7. Although it is made for a consideration, but it is not in the course of furtherance of business. [ICAI Study Module Example]

Q 22: Raghubir transfers 1000 shirts from his factory located in Lucknow to his retail showroom in Delhi so that the same can be sold from there. The factory and the retail showroom of Raghubir Fabrics are registered in the State where they are located. Although no consideration is charged, supply of goods from factory retail showroom constitutes supply. Justify. [ICAI Study Material Example]

Sol 22: As per section 7(1)(c) read with para 2 of schedule I of the CGST Act, 2017 supply of goods &/or services between distinct person u/s 25 in the course of furtherance of business shall be treated as supply even when it is made without consideration.

Section 25(4) of the CGST Act, 2017 states that if more than one registration is obtained or is required to be obtained by a person in one or more State, then the each of such registration, he shall be treated as distinct persons.

In the given case, factory & retail showroom of Raghubir Fabrics are registered in the state where they are located. So, both are treated as distinct person u/s 25(4).

Although, no consideration is charged, supply of goods from factory to retail showroom constitutes supply as per para 2 of schedule I stated above as it is course of furtherance of business.

Q 23: On occasion of Holi, XYZ Pvt. Ltd. distributes gift hamper to its employee worth ₹ 4,00,000. Does it qualify as supply? Would your answer be different, if gifts of ₹ 40,000 have been given to an employee?

Sol 23: As per section 7(1)(c) read with para 2 of schedule I of the CGST Act, 2017 supply of goods &/or services between related persons is treated as supply even if it is without consideration.

Proviso to para 2 of schedule I states that if gifts given by employer to an employee are not exceeding ₹ 50,000 in value in a financial year, then it shall not be treated as supply of goods &/or services.

As per explanation to section 15, employer and employee are deemed to be related persons.

1. Holi gift to employee worth ₹ 4,00,000 will qualify as supply and such supply would be leviable to GST as the employer & employee are related and value of gift exceeds ₹ 50,000 in a financial year.
2. If a gift of ₹ 40,000 is given instead of ₹ 4,00,000, the same will not qualify as supply. This is because the value of gift is not exceeding ₹ 50,000 in a financial year.

Q 24: M Ltd. being a garment manufacturer, appoints Mr. Ram as an agent, who stores garments manufactured by M Ltd. and sends to dealers whenever M Ltd. asks Mr. Ram to do so. Mr. Ram issues his own invoice. Is it a supply? Justify. [RTP June 2018]

Sol 24: Section 7(1)(c) read with para 3 of schedule I of the CGST Act, 2017 states that supply of goods by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal shall be treated as supply even if made without consideration.

As per CBIC clarification, if an invoice for further supply is being issued by an agent in his own name, then this activity would be treated as supply under para 3 schedule I, otherwise not.

Yes, Transfer of garments from M Ltd. to Mr. Ram is taxable supply under GST and GST will be levied. This is because, Mr. Ram (Agent) is issuing invoice in his own name for further supply of goods on behalf of M/s M Ltd. Thus, this transaction is getting covered under para 3 of schedule I as discussed above.

Q 25: Explain the composite supply & mixed supply. If a trader launches a package sales for marriage containing double bed, refrigeration, washing machine, wooden wardrobe at a single rate. He is issuing invoice showing the value of each goods separately. Whether this is a case of mixed supply or composite supply. Explain. [PYQ July 21]

Sol 25: As per section 2(30) of CGST Act "Composite supply" -

- Consists of two or more taxable supplies of goods &/or services,
- Such supplies are naturally bundled,
- Such supplies are supplied in conjunction with each other,
- They are supplied in the ordinary course of business &
- Have one supply as principal supply.

As per section 2(74) of CGST Act, "Mixed Supply" -

- Consist of two or more individual supplies of goods &/or services,
- They can be supplied independently, still supplied together by the taxable person,
- Supplied for a single price &
- Is not naturally bundled i.e., it is not a composite supply.

Items such as double bed, refrigerator, washing machine & wooden wardrobe are not naturally bundled and the invoice for the supply shows separate values for each item i.e., the package is not supplied for a single price. Thus, supply of such items as a package will neither constitute a composite supply nor a mixed supply. Thus, the various items of the package will be treated as being supplied individually.

Q 26: State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of CGST Act:-

- (i) Works contract services
- (ii) Temporary transfer of permitting use or enjoyment of any intellectual property right
- (iii) Sale of personal car to dealer.

[PYQ Nov. 2018]

Sol 26:

- (i) Supply of services
- (ii) Supply of services
- (iii) It is not a supply as it is not made by the individual in the course or furtherance of business.

Q 27: Whether the following transactions are treated as supply?

- (a) A retailer of clothes gives clothes from his business stock (on which ITC is taken) to his friend free of cost permanently.
- (b) A dealer of air conditioners (on which ITC is not taken) permanently transfers an air conditioner from his stock-in-trade, for personal use at his residence.

Sol 27: As per Section 7(1)(c) read with para I of Schedule I of CGST Act, permanent disposal of business assets where ITC has been availed on such assets shall be treated as supply under GST even when there is no consideration is involved. So, if no ITC is availed on such business asset, then it will not be treated as supply.

- (a) Business assets also includes stock-in-trade. Hence, in this case, permanent transfer of business stock free of cost shall be treated as supply under para I of Schedule I as the retailer claimed input tax credit on his purchase of that business stock.
- (b) The transaction will not constitute a supply even though there is permanent transfer of stock-in-trade (business asset) as in this case, no input tax credit is taken on such stock-in-trade.

Q 28: List down the activities/transactions specified under Schedule III of the CGST Act, as non-suppliers or "Negative List".
[PYQ July 21, MTP Nov. 22 & PYQ May 23]

Sol 28: As per section 7(2)(a) of CGST Act, 2017, activities or transactions specified in Schedule III shall be treated neither as a supply of goods nor a supply of services. Activities/transactions specified under Schedule III of GST act, as non-supplied "Negative List" are as follows:

Para No.	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	(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 that capacity. (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 specified actionable claims. Specified actionable claims shall consist betting, casinos, gambling, horse racing, lottery & online money gaming.
9	Activity of apportionment of co-insurance premium by the lead insurer to co-insurers for jointly supplied insurance services, provided the lead insurer pays full GST on the total premium received from the insured.
10	Services by insurer to reinsurer with ceding commission deducted from reinsurance premium, provided the reinsurer pays GST on the gross premium inclusive of such commission.

Q 29: Mrs. Pragati received legal advice for her personal problems & paid 1,000 pound as legal fees to Miss Unnati of UK (London). Explain whether the above activity of import of service would amount to supply or not?

If in above case, both of them are real sisters & no consideration is paid then will it change your answer?

Further in the above case, if both of them are real sisters & Mrs. Pragati receives legal advice for her business & she doesn't pay any consideration then what will be your answer?

[Note: It has been most logically assumed that Miss Unnati is wholly/mainly dependant on Miss Pragati]

[PYQ May 18 Old, RTP Nov. 18 & PYQ May 22]

Sol 29: As per Section 7(1)(b) of CGST Act, Supply includes import of services for a consideration whether or not it is in the course or furtherance of business.

Further, as per para 4 of Schedule I of CGST Act, import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in course or furtherance of business.

- 1) In the first case, Mrs. Pragati imported service for personal purpose for a consideration & thus, it would amount to supply u/s 7(1)(b) even though it is not in course or furtherance of business.
- 2) In second case, import of service without consideration by Mrs. Pragati from her real sister – Miss Unnati [real sister being member of the same family & wholly/mainly dependent is a related person] will not be treated as supply as it is not in course or furtherance of business.
- 3) In the third case, import of service without consideration by Mrs. Pragati from her sister – Miss Unnati (related person) will be treated as supply if she receives legal advice for her business, i.e., in course or furtherance of business.

Q 30: Determine whether following activities fall under the purview of supply as per section 7 of CGST Act, 2017:

1. Mr. Raj hires an ambulance for transport facility of a deceased person performing funeral rituals.
2. Mr. S enters into an agreement for sale of land to Mr. R for a consideration.
3. M/s ABC developers sold fully furnished building to Mr. Sagar for a valuable consideration.

Sol 30:

1. As per section 7(2) read with para 4 of schedule III of the CGST Act, services of funeral including transportation the deceased shall be treated neither as a supply of goods nor a supply of services. Thus, there is no levy of GST on such activity as it is out of scope of supply.
2. As per section 7(2) read with para 5 Schedule III of CGST Act, Sale of land shall be treated neither as a supply of goods nor a supply of services. Thus, there is no levy of GST on such activity as it is out of scope of supply.
3. As per section 7(2) read with para 5 Schedule III of CGST Act, subject to paragraph 5(b) of schedule II, Sale of building shall be treated neither as a supply of goods nor a supply of services.

Paragraph 5(b) of Schedule II states that where the entire consideration has been received after issuance of completion certificate or after its first occupation, whichever is earlier, then it is not a supply at all.

Thus, there shall be no levy of GST on such activity as it is out of scope of supply.

Q 31: Mr. Veer is a supplier of goods located in Mumbai has appointed Mr. Rudra to procure goods based on a specification given by him. As the same kind of goods are not available in the area of Mr. Veer, Mr. Rudra buys the specified goods on his behalf from M/s XYZ Ltd. for this activity, invoice is issued in the name of principal.

- (i) Whether it is to be treated as a supply under GST?
- (ii) Would your answer differ if invoice is issued in name of an agent Mr. Rudra?

Sol 31: Section 7(1)(c) read with para 3 of schedule I of the CGST Act, 2017 states that supply of goods by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal, shall be treated as supply even if made without consideration.

As per CBIC clarification, if an invoice for further supply is being issued by agent in his own name, then this activity is treated as supply under para 3 Schedule I, otherwise not.

In the given case, Mr. Rudra (Agent) is appointed just to procure the goods on behalf of Mr. Veer (principal) and he is issuing invoice also in name of Mr. Veer (Principal). He has not involved himself in the supply or receipt of goods in any way. Hence, Mr. Rudra is not an agent of Mr. Veer for the purpose of para 3 of schedule I.

- (i) No, it is not to be treated as supply as per para 3 of Schedule I. This is because Mr. Rudra (Agent) is issuing invoice in name of the Mr. Veer (Principal).
- (ii) Yes, if invoice is in the name of Mr. Rudra (Agent), then this transaction will be treated as supply as per para 3 of schedule.

Q 32: Discuss taxability of shares held in a subsidiary company by holding company? [MTP May 24 – Series I]

Sol 32: It has been clarified vide a circular that securities are considered neither as goods nor as services in terms of definition of goods and the definition of services. Further, securities include 'shares' as per definition of securities.

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/activity to be treated as supply of services, there must be a supply as defined under section 7 of the CGST Act, 2017. It cannot be said that a service is being provided by the holding company to the subsidiary company, solely on the basis that there is a specific SAC entry in the scheme of classification of services, unless there is a supply of services by the holding company to the subsidiary company in accordance with section 7 of the CGST Act, 2017.

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

Q 33: Happy Construction 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 neighboring 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.

[RTP May 24]

Sol 33: 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 vide para 5(e) of Schedule II of the CGST Act, 2017 if the same constitutes a supply as per the CGST Act, 2017.

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 Rs.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 $\text{₹ } 20,00,000 \times 9/118 = \text{₹ } 1,52,542.37$ or ₹ 1,52,542 (rounded off) as CGST and SGST each.

Q 34: Examine the implications of GST on supply of food and beverages at cinema halls.

[RTP May 24]

Sol 34: Eating joint is a wide term which includes refreshment or eating stalls/ kiosks/ counters or restaurant at a cinema also. The cinema operator:

- (a) may run these refreshment/eating stalls/kiosks/counters/ restaurant themselves or
- (b) they may give it on contract to a third party.

The customer may like to avail the services supplied by these refreshment/snack counters or choose not to avail these services. Further, the cinema operator can also install vending machines, or supply any other recreational service such as through co-inoperated machines etc. which a customer may or may not avail. It is hereby clarified vide Circular No. 201/13/2023 that:

- (i) supply of food or beverages in a cinema hall is taxable as 'restaurant service' as long as:
 - (a) the food or beverages are supplied by way of or as part of a service, and
 - (b) supplied independent of the cinema exhibition service.
- (ii) 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.

Q 35: Examine whether the following activities would be treated as supply under GST law?

- (i) 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.
- (ii) 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. [PYQ Nov. 23]

Sol 35:

- (i) Donations received by the charitable organisations 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 (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 without quid pro quo and is, thus, 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.
- (ii) As per schedule I, in case of import of services by a person from a related person or from his establishments 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.

Q 36: 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.

[PYQ May 24]

Sol 36: 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.

Q 37: Describe the provision related to Import of services by a registered person as prescribed in the Section 7(1)(b) & 7(1)(c) and Schedule I of CGST Act 2017.

[PYQ Sept. 24]

Sol 37: As per the provisions of section 7(1)(b), import of services for a consideration shall be considered as supply, whether or not in the course or furtherance of business.

As per 7(1)(c) and Schedule I of the CGST Act, 2017, 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.

Q 38: Gamma Multiplex registered in the State of Punjab, gives the following offers for booking movie tickets:

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

For the month of April 2026, Gamma Multiplex situated in Punjab made the following supplies:

- (a) 10,000 tickets under combo offer
- (b) 2,500 tickets only
- (c) 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 2026.

[PYQ Jan. 25]

Sol 38:

- (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. 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. 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, 2026

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

Q 39: State in which Schedule of the CGST Act the following supplies have been covered. Also determine the category (i.e. Supply of Goods / Services / Deemed supply) in which they shall be classified:

- (a) Services by any court or tribunal established under any law for the time being in force.
- (b) Any treatment or process which is applied to another person's goods
- (c) 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
- (d) Sale of land
- (e) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.

[PYQ Jan. 26]

Sol 39:

- (a) Services by any court or tribunal established under any law for the time being in force is covered in Schedule III of the CGST Act, 2017. It is classified neither as supply of goods nor supply of services.
- (b) Any treatment or process which is applied to another person's goods is covered in Schedule II of the CGST Act, 2017, and it is classified as supply of services.
- (c) 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 of the CGST Act, 2017, and it is classified as supply of goods.

- (d) Sale of land is covered in Schedule III of the CGST Act, 2017. It is not a supply as same is classified neither as supply of goods nor supply of services.
- (e) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets is covered in Schedule I of the CGST Act, 2017. Same is treated as deemed supply.

Q 40: Expand the meaning of “Specified Actionable Claims” as per the provisions of Section 2(102A) of CGST Act, 2017. Explain the treatment of Specified Actionable Claims and other Actionable Claims under CGST Act, 2017. [PYQ May 26]

Sol 40: Specified actionable claims 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.

Treatment of specified actionable claims and other actionable claims under the CGST Act, 2017: Only specified actionable claims are considered as supply and are taxable under GST. Actionable claims, other than specified actionable claims, are neither supply of goods nor supply of services since they are covered under negative list under Schedule III of the CGST Act, 2017.

MULTIPLE CHOICE QUESTIONS

1. Which of the following services received, in the course or furtherance of business, without consideration amount to supply?
- (i) Import of services by a person in India from his son well-settled in USA
 - (ii) Import of services by a person in India from his brother well-settled in Germany
 - (iii) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
 - (iv) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
- (a) (i), (iii) & (iv) (c) (ii) & (iii)
(b) (ii), (iii) & (iv) (d) (i) & (ii)
- [ICAI MCQ Booklet]
2. Which of the following activity shall be treated neither as supply of goods nor a supply of services?
- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
 - (ii) Temporary transfer of intellectual property right
 - (iii) Transportation of deceased
 - (iv) Services by an employee to the employer in the course of employment.
- (a) (i) & (iii) (c) (i) & (ii)
(b) (ii) & (iv) (d) (iii) & (iv)
- [RTP Nov. 2019]
3. Which of the following activities is a supply of services?
- (i) Transfer of right in goods/undivided share in goods without transfer of title in goods
 - (ii) Transfer of title in goods
 - (iii) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date upon payment of full consideration as agreed.
- (a) (i) (c) (i) and (iii)
(b) (iii) (d) (i), (ii) and (iii)
- [ICAI MCQ Booklet]
4. Which of the following statements is true under GST law?
- (a) Grand-parents are never considered as related persons to their grand-son/grand-daughter
 - (b) Grand-parents are always considered as related persons to their grand-son/grand-daughter
 - (c) Grand-parents are considered as related persons to their grand-son/grand-daughter only if they are wholly dependent on their grand-son/grand-daughter
 - (d) Grand-parents are considered as related persons to their grand-son/grand-daughter only if they are not dependent on their grand-son/grand-daughter
- [ICAI MCQ Booklet & MTP Nov. 21]
5. Which of the following is not covered under Schedule III of CGST Act, 2017?
- (a) Director's monthly salary under employment agreement
 - (b) Sitting fees to independent directors for attending AGMs
 - (c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with the employee.
 - (d) Both (b) and (c)
- [RTP Nov. 2020]
6. Which of the following is not considered as 'goods' under the CGST Act, 2017?
- (i) Ten-paisa coin having sale value of ₹ 100
 - (ii) Shares of unlisted company
 - (iii) Lottery tickets
- (a) (i) (c) (ii) and (iii)
(b) (ii) (d) (i), (ii) and (iii)
- [ICAI MCQ Booklet]

7. Assuming that all the activities given below are under taken for a consideration, state which of the following is not supply of service—
 (a) Renting of commercial office complex
 (b) An employee agreeing to not work for the competitor organization after leaving the current employment
 (c) Repairing of mobile phone
 (d) Provision of services by an employee to the employer in the course of employment
 [MTP May 19 & ICAI MCQ Booklet]
8. Mr. Avishkar is a painter, registered under GST in Delhi. He sends his artwork for exhibition in Mumbai. At what point of time, supply is considered to have been made under GST?
 (a) When painting is completed
 (b) When painting is sent for exhibition in Mumbai.
 (c) When painting is displayed at the exhibition in Mumbai.
 (d) When painting is purchased by one of the visitors in the exhibition. [RTP Nov. 2020]
9. Goods as per section 2(52) of the CGST Act, 2017 includes:
 (i) Actionable claims
 (ii) Growing crops attached to the land agreed to be served before supply.
 (iii) Money
 (iv) Securities
 (a) (i) & (iii) (c) (i) & (ii)
 (b) (iii) & (iv) (d) (ii) & (iii) [ICAI MCQ Booklet]
10. Determine which of the following independent cases will be deemed as supply even if made without consideration in terms of Schedule I of the CGST Act, 2017?
 (i) AB & Associates transfers stock of goods from its Mumbai branch to Kolkata depot for sale of such goods at the depot.
 (ii) Mr. Raghuveer, a dealer of air-conditions permanently transfers the motor vehicle free of cost. ITC on said motor vehicle is blocked.
 (iii) Mrs. Riddhi, an employee of Sun Ltd. received gift from her employer on the occasion of Diwali worth ₹ 21,000
 (a) (i) (c) (iii)
 (b) (ii) (d) Both (i) and (ii) [RTP Nov. 2021]
11. M.H. Hussain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M.H. Husain when the art work is sent to the gallery for exhibition. M.H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same?
 (a) GST is payable as the same amounts to taxable supply of goods.
 (b) GST is payable as the same amounts to taxable supply of services.
 (c) GST is not payable as the same does not amount to supply at all.
 (d) GST is not payable as the same does not amount to supply at all. [RTP May 2019]
12. Which is not considered as supply under GST law?
 (a) Stock transferred from one establishment in Delhi to another establishment in Gurgaon, Haryana registered under same PAN.
 (b) CA Ram supplies accounting services to CA Radha in lieu of taxation services received from CA Radha.
 (c) A health club supplies lunch to its members at its annual meeting against a nominal charge.
 (d) Mr. A sells a flat to Mr. B
 (i) Date of completion certificate - 31-01-20XX
 (ii) Date of agreement with buyer - 01-02-20XX
 (iii) Consideration received - 05-02-20XX [RTP Nov 2019]

13. Levy which of the following would attract levy of CGST & SGST?
- (a) Inter-State supplies
 - (b) Intra-State supplies
 - (c) Any of the above
 - (d) None of the above
14. ABC Ltd. (holding entity) made certain transfer of fixed asset on permanent basis to its subsidiary XYZ Ltd. without any consideration on which ITC is claimed (by holding entity). Does the same classify as a supply under GST?
- (a) Yes, it is treated as supply
 - (b) No, it is not treated as supply
 - (c) On prior permission of Government
 - (d) Both (a) & (c)
15. Mr. Aman, being a managing director of Alpha Project Pvt. Ltd. made gifts to his employees worth of ₹ 80,000 each for assisting in the architectural work of his house. Does the same be considered as supply?
- (a) Yes, since the value of gift exceeds the provided limit of ₹ 50,000. Taxable supply being ₹ 30,000.
 - (b) No, since the gift is not made in course or furtherance of business
 - (c) Yes, since the value of gift exceeds the provided limit of ₹ 50,000. Taxable supply being ₹ 80,000.
 - (d) As per the option of appropriate authority
16. Which of the following supplies will be classified as inter-State supply?
- (a) Supply within same State
 - (b) Supply within same Union Territory
 - (c) Supply between two different states / Union Territory
 - (d) None of the above
17. For the purpose of GST law, the territory of "India" shall be taken to cover up following:
- (a) Sea area upto 12 nautical miles from base line
 - (b) Exclusive Economic Zone upto 200 nautical miles from base line
 - (c) Air space above its territory and territorial waters
 - (d) All of the above
18. What is the status of 'lottery as actionable claim' under GST law?
- (a) Treated as 'Goods'
 - (b) Treated as 'Services'
 - (c) Treated as 'goods' but out of scope of supply
 - (d) Treated as 'goods' and remains within scope of supply
19. PQR Pvt. Ltd. makes certain supplies to Mr. K and Mr. N. Both of them hold 51% of the voting rights in the company and exercise major stake in the decision making. Does the same supply stands as related party transaction?
- (a) Yes, it is related party transaction
 - (b) No, it is not related party transaction
 - (c) As per the opinion of the appropriate authority
 - (d) None of the above
20. AX Ltd. (GST registered in Delhi) has appointed Mr. Chandra (MP) to act as his agent and supply goods on his behalf to buyers in MP. AX Ltd. has dispatched first lot of 10,000 units to Mr. Chandra (MP) for sales to buyers in MP. Such dispatch to Mr. Chandra (MP):
- (a) Be treated as supply
 - (b) Not be treated as supply
 - (c) Will be treated as supply only when the goods are sold by Chandra & payment is realised
 - (d) None of the above
21. Ram has received the architect services for his house from an architect located in New York at an agreed consideration of \$ 5,000. Whether the import of service is treated as supply under GST?
- (a) Yes, as service is imported for consideration
 - (b) No, as import is not in course or furtherance of business
 - (c) Yes, at the option of proper officer
 - (d) None of the above

22. Activity of 'Supply of money' by Bank to a business entity on interest –
- (a) treated as supply of goods
 - (b) treated as supply of services
 - (c) treated as supply of services to the extent it is relating to use of money
 - (d) none of the above
23. Mr. A has received technical consultancy services from IT Star Consultants, USA. The import of technical consultancy will not be liable to GST if –
- (i) Mr. A pays some consideration for the services received
 - (ii) Mr. A pays some consideration for the services received and if Mr. A uses the said service for business purposes
 - (iii) Mr. A uses the said service for business purposes even though he does not pay any consideration for the same.
 - (iv) Mr. A uses the said service for personal purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
 - (v) Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
- (a) (i), (ii) & (v)
 - (b) (ii), (iii) & (v)
 - (c) (iii) & (iv)
 - (d) (iii), (iv) & (v)
24. Mr. Pawan, a dealer offers combo packs of shirt, watch, wallet, book and they are bundled as a kit and this kit is supplied for a single price as a mixed supply. tax rate for shirt, watch, wallet and book are 12%, 18%, 5% and Nil respectively. The mixed supply will be taxed at:
- (a) 12%
 - (b) 18%
 - (c) 5%
 - (d) Nil
25. What kind of supply is this transaction - food supplied to the in-patients as advised by the doctor in the hospital?
- (a) Composite supply
 - (b) Mixed supply
 - (c) Works Contract Service
 - (d) None of the above
26. Meaning of "family" does not include:
- (a) Spouse
 - (b) Children
 - (c) Independent parents
 - (d) Dependent grand-parents
27. Which of the following activities will be consider as supply of service"
- (a) Mr. Ankur borrows an amount of ₹ 1,50,000 from one of his relative Mr. Sanju and agrees to repay the entire amount with interest after a year
 - (b) Raju Enterprises applied for loan from SBI Bank against which a processing fees and interest is charged by the bank
 - (c) Mr. Hari exchanged INR against purchase of US \$ for which a commission was charged
 - (d) All of the above
28. Which of the following is not a business activity?
- (a) Ms. Puja sold her old jewellery
 - (b) Mr. Rakesh sold his business car
 - (c) Both (a) & (b)
 - (d) Neither (a) nor (b)
29. When will the recipient and supplier be treated as related persons under GST?
- (a) Where such persons are employer and employee
 - (b) Where one of them directly or indirectly controls
 - (c) Where such persons are officers or directors of one another's business
 - (d) All of the above

30. Mr. Anirudh, being a Director of BCD Pvt. Ltd. is provided a car which he uses for his personal purpose. does the same classify as supply? If yes under which group?
- (a) Yes, supply of goods (c) Does not qualify as supply
(b) Yes, supply of services (d) None of the above
31. Ram has received a sum of ₹ 25,00,000 from his employer on premature termination of his contract of employment. The GST implication will be:
- (a) It is not a supply, hence not chargeable to GST.
(b) It is a supply without consideration, hence not chargeable to GST.
(c) It is a supply, hence chargeable to GST.
(d) It is supply, but exemption is there.
32. Mr. Vinod has head office in Pune and has branches in State of Gujarat, Goa and Punjab. Mr. Vinod sent goods to its branch Goa worth ₹ 2,50,000 in a own conveyance. Value of conveyance ₹ 15,00,000 and with the conveyance, some tools and spares parts are also sent worth ₹ 50,000. Calculate total value of taxable supply on which GST is payable.
- (a) ₹ 3,00,000 (c) ₹ 18,00,000
(b) ₹ 2,50,000 (d) ₹ 15,50,000
33. Which of the following is not a composite supply?
- (a) Supply of an air-conditioner along with freight, installation and insurance
(b) Supply of UPS along with external battery
(c) Supply of architect services along with supply of material incidental to his services
(d) Supply of lodging service by a hotel including breakfast.
34. Which of the following supplies are naturally bundled?
- (a) Rent deed executed for renting of two different floors of a building-one for residential and another for commercial purpose to same person
(b) Pack of watch, tie and belt
(c) Package of canned food such as burger, chocolates, sweets, cake etc.
(d) None of the above
35. Which of the following is not covered under Schedule III of CGST Act of 2017?
- (a) Director's monthly salary under employment agreement
(b) Sitting fees to independent directors for attending Annual General Meetings
(c) Payment to employee for providing broking services to the employer for purchase of commercial property. Such services do not form part of the employment contract entered into by the employer with employee.
(d) Both (b) and (c)
36. Which of the following transactions does not qualify as supply under GST law?
- (i) When the Registered Head Office makes a supply of services to its own branch outside the State.
(ii) When a person import services without consideration for the purposes of his business from his brother (not dependant) living outside India.
(iii) Disposal of car without consideration and where ITC has not been claimed.
- (a) (i) & (ii) (c) (iii) only
(b) (i), (ii) & (iii) (d) (ii) & (iii)
37. Which of the following activity is treated as supplied in accordance with Section 7 of CGST Act?
- (a) Mr. Raj sold electronic gadgets to XYZ and Co.
(b) Mr. Veer supply Beer Shampoo to M/s Priya
(c) Vijay Electronics disposed scrap part of electric unit to a scrap dealer
(d) All of the above

38. Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration is
- (a) Supply of goods
 - (b) Supply of services
 - (c) Neither as a supply of goods nor a supply of services
 - (d) Depends on the GST officer
39. Which of the following activity is outside the scope of supply and not taxable under GST?
- (a) Services by an employee to the employer in the course of or in relation to his employment
 - (b) Services of funeral
 - (c) Actionable claims other than specified actionable claims
 - (d) All of the above
40. A supply comprising of two or more supplies shall be treated as the supply of that particular supply that attracts highest rate of tax.
- (a) Composite
 - (b) Mixed
 - (c) Depends on the assessee
 - (d) Depends on the GST Officer
41. There is a difference in taxability of goods forming part of composite supply and mixed supply. Here are few examples from which you need to identify which is correct example of composite supply and mixed supply.
- (a) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car warranty and maintenance here are a mixed supply.
 - (b) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car warranty and maintenance here are a composite supply.
 - (c) Mrs. A buys a microwave oven and some utensils for use in microwave oven. Both microwave oven and utensils are sold at a single price. Microwave oven and its utensils here are a mixed supply.
 - (d) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices and invoiced separately. Chocolates, juices and biscuits are a mixed supply.
42. Mr. Arijit is a well-known singer. He receives a life-time achievement award which consists of memento and a cheque of ₹ 1,00,000. It is:
- (a) Supply and chargeable to GST
 - (b) Supply but exempt from GST
 - (c) Not supply and hence not chargeable to GST
 - (d) None of the above
43. Supply of food or drink items in a restaurant as per CGST Act is
- (a) Supply of goods
 - (b) Supply of service
 - (c) Not a supply under GST
 - (d) Depends on the bill of the restaurant
44. M/s. XYZ Pvt. Ltd. manufactures the jeans on the order of M/s ABC Pvt. Ltd. Further after manufacturing it also gets it delivered to M/s ABC Pvt. Ltd. & gets the in-transit insurance done. What kind of supply is this?
- (a) Mixed supply
 - (b) Composite supply
 - (c) It is not a supply
 - (d) Depends on the GST Officer
45. M/s. Sahni & Co., a partnership firm imported the following services during February, 2027:
- (i) Architect services from Mr. Vipul, a partner of the firm, who resides in France for ₹ 1,00,000. The said service was paid but not used for the furtherance of the business.
 - (ii) Management consultancy services from Mr. Kishore, a renowned lawyer in Sydney, who was an ex-employee of the firm. The value of the said service was ₹ 3,00,000. Even though it was used in the furtherance of the business, no consideration was paid by the firm.
- Compute the amount of import of services by Sahni & Co. that will be treated as supply.
- (a) Nil
 - (b) ₹ 1,00,000
 - (c) ₹ 3,00,000
 - (d) ₹ 4,00,000

SHREY RATHI CLASSES

MCQ's Answers

1. (a)	2. (d)	3. (a)	4. (c)	5. (d)	6. (b)	7. (d)	8. (d)	9. (c)	10. (a)
11. (d)	12. (d)	13. (b)	14. (a)	15. (b)	16. (c)	17. (d)	18. (d)	19. (a)	20. (a)
21. (a)	22. (c)	23. (c)	24. (b)	25. (a)	26. (c)	27. (d)	28. (a)	29. (d)	30. (b)
31. (a)	32. (b)	33. (b)	34. (d)	35. (d)	36. (d)	37. (d)	38. (a)	39. (d)	40. (b)
41. (b)	42. (c)	43. (b)	44. (b)	45. (b)					