INDIRECT TAX
FOR . B.COM (CBCS) – HONS
PROBLEMS & SOLUTIONS

COMPILIATION BY

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Question 1
For the following transaction within Delhi, fill in the blanks to find the amount of bill :
MRP = Rs. 12,000, Discount % = 30%, GST = 18%
Discount =
Selling price (discounted value) =
CGST =
SGST =
IGST =
Amount of Bill =

Solution 1
MRP = Rs. 12,000, Discount % = 30%, GST = 18%

Discount = 30% of 12,000 = $\frac{30}{100} \times 12000$ = Rs. 3600
Selling price (discounted value) = 12000 - 3600 = Rs. 8400
CGST = 9% of 8400 = Rs. 756
SGST = 9% of 8400 = Rs. 756
IGST = 0
Amount of Bill = Selling price + CGST + SGST = 8400 + 756 + 756 = Rs. 9912

Question 2
For the following transaction from Delhi to Jaipur, fill in the blanks to find the amount of bill :
MRP = Rs. 50,000, Discount % = 20%, GST = 28%
Discount =
Selling price (discounted value) =
CGST =
SGST =
IGST =
Amount of Bill =

Solution 2
MRP = Rs. 50,000, Discount % = 20%, GST = 28%

Discount = 20% of 50,000 = $\frac{20}{100} \times 50,000$ = Rs. 10,000
Selling price (discounted value) = 50,000 - 10,000 = Rs. 40,000
CGST = 0
SGST = 0

IGST = 28% of 40,000 = $\frac{28}{100} \times 40,000$ = Rs. 11,200
Amount of Bill = Selling price + IGST = 40,000 + 11,200 = Rs. 51,200

Question 3
A computer mechanic in Delhi charges repairing cost from five different persons A, B, C, D and E with certain discounts. The repairing costs and the corresponding discounts are as given below :

Name of the person	A	B	C	D	E
Repairing cost (in Rs.)	5500	6250	4800	7200	3500
Discount %	30	40	30	20	40

If the rate of GST is 18%, find the total money (including GST) received by the mechanic.

Solution 3

Name of the person	Repairing cost (in Rs.)	Discount %	Discount	Selling price	CGST (9%)	SGST (9%)
A	5500	30	1650	3850	346.5	346.5
B	6250	40	2500	3750	337.5	337.5
C	4800	30	1440	3360	302.4	302.4
D	7200	20	1440	5760	518.4	518.4
E	3500	40	1400	2100	189	189
Total				18,820	1693.8	1693.8

The total money (including GST) received by the mechanic is 18,820 + 1693.8 + 1693.8 = Rs. 22,207.6

Question 4
Find the amount of bill for the following intra-state transaction of goods/services. The GST rate is 5%.

Quantity (no. of items)	MRP of each item (in Rs.)	Discount %
18	150	10
24	240	20
30	100	30
12	120	20

Solution 4

Quantity	MRP	Total MRP	Discount %	Discounted price	Selling price	CGST 2.5%	SGST 2.5%
18	150	2700	10	270	2430	60.75	60.75
24	240	5760	20	1152	4608	115.2	115.2
30	100	3000	30	900	2100	52.5	52.5
12	120	1440	20	288	1152	28.8	28.8
Total					10,290	257.25	257.25

Amount of bill = Selling price + GST
= 10,290 + 257.25 + 257.25
= Rs. 10,804.5

Question 5
Find the amount of bill for the following inter-state transaction of goods/services. The GST rate is 18%.

Quantity (no. of items)	35	47	20
MRP of each item (in Rs.)	420	600	350
Discount %	10	10	20

Solution 5

Quantity	MRP	Total MRP	Discount %	Discounted price	Selling price	IGST 18%
35	420	14,700	10	1470	13,230	2381.4
47	600	28,200	10	2820	25,380	4568.4
20	350	7000	20	1400	5600	1008
Total					44,210	7961.76

Amount of bill = Selling price + IGST
= 44,210 + 7961.76
= Rs. 52,167.8

Question 6
Find the amount of bill for the following intra-state transaction of goods/services.

MRP (in Rs.)	12,000	15,000	9500	18,000
Discount %	30	20	30	40
CGST %	6	9	14	2.5

Solution 6

MRP (in Rs.)	Discount %	CGST %	Discounted value	Selling price	CGST	SGST
12,000	30	6	3600	8400	504	504
15,000	20	9	3000	12,000	1080	1080
9500	30	14	2850	6650	931	931
18,000	40	2.5	7200	10,800	270	270
				37,850	2785	2785

Amount of bill = Selling price + CGST + SGST
= 37,850 + 2785 + 2785 = Rs. 43,420

Question 7
Find the amount of bill for the following inter-state transaction of goods/services.

MRP (in Rs.)	12,000	15,000	9500	18,000
Discount %	30	20	30	40
CGST %	6	9	14	2.5

Solution 7

MRP (in Rs.)	Discount	Discounted value	Selling price	IGST	IGST
12,000	30	3600	8400	12	1008
15,000	20	3000	12,000	18	2160
9500	30	2850	6650	28	1862
18,000	40	7200	10,800	5	540
			37,850		5570

Amount of bill = Selling price + GST
= 37,850 + 5570
= Rs. 43,420

Question 8
A dealer in Mumbai supplied an item at the following prices to a dealer in Delhi. Find the total amount of the bill.

Rate per piece (in Rs.)	Quantity (no. of pieces)	Discount %	SGST %
180	10	Net	9
260	20	20	9
310	30	Net	9
175	20	30	9

Solution 8

Rate per piece (in Rs.)	Quantity (no. of pieces)	Discount %	MRP	Selling price	IGST @18%
180	10	Net	1800	1800	324
260	20	20	5200	4160	748.8
310	30	Net	9300	9300	1674
175	20	30	3500	2450	441
				17,710	3187.8

Amount of bill = Selling price + IGST
= 17,710 + 3187.8
= Rs. 20,897.8

Question 9
National Trading Company, Meerut (UP) made the supply of the following goods/services to Samarth Traders, Noida (UP). Find the total amount of bill if the rate of GST = 12%

Quantity	20	30	12	40

(no. of pieces)				
MRP (in Rs. per piece)	225	320	300	250
Discount %	40	30	50	40

Solution 9

MRP (in Rs. per piece)	Quantity (no. of pieces)	Discount %	MRP	Selling price	SGST @ 6%	CGST @ 6%
225	20	40	4500	2700	162	162
320	30	30	9600	6720	403.2	403.2
300	12	50	3600	1800	108	108
250	40	40	10,000	6000	360	360
				17,220	1033.2	1033.2

Amount of bill = Selling price + SGST + CGST
= 17,220 + 2066.4
= Rs. 19,286.4

Question 10
M/s Ram Traders, Delhi, provided the following services to M/s Geeta Trading Company in Agra (UP). Find the amount of bill :

Number of services	8	12	10	16
Cost of each service (in Rs.)	680	320	260	420
GST %	5	12	18	12

Solution 10

Number of services	Cost of each service (in Rs.)	GST %	MRP	IGST
8	680	5	5440	272
12	320	12	3840	460.8
10	260	18	2600	468
16	420	12	6720	806.4
			18,600	2007.2

Amount of bill = Selling price + IGST
= 18,600 + 2007.2
= Rs. 20,607.2

Question 11

For the following, find the amount of bill data :

Rate per piece (in Rs.)	Number of pieces	Discount %	GST%
18	360	10	12
12	480	20	18
12	120	5	12
28	150	20	28

Solution 11

Rate per piece (in Rs.)	Number of pieces	Discount %	MRP (in Rs.)	Selling price (in Rs.)	GST %	GST (in Rs.)
18	360	10	6480	5832	12	699.84
12	480	20	5760	4608	18	829.44
12	120	5	1440	1368	12	164.16
28	150	20	4200	3360	28	940.8
				15,168		2634.24

Amount of bill = Selling price + GST
= 15,168 + 2634.24
= Rs. 17,802.24

Question 12
The tax invoice of a telecom service in Meerut shows cost of services provided by it as Rs. 750. If the GST rate is 18%, find the amount of the bill.

Solution 12
According to the question,
GST = 18% of 750
$= \frac{18}{100} \times 750 = Rs. 135$

The amount of bill = 750 + 135 = Rs. 885

Question 13
Mr. Pankaj took Health Insurance Policy for his family and paid Rs. 900 as SGST. Find the total annual premium paid by him for this policy, rate of GST being 18%.

Solution 13
Let the total annual premium paid by Mr. Pankaj be Rs. x. According to the question, 18% of x = SGST +
CGST 18% of x = 1800 $\because$ SGST = CGST $\frac{18}{100} \times x = 1800$ x = Rs. 10,000

Question 14
Mr. Malik went on a tour to Goa. He took a room in a hotel for two days at the rate of Rs. 5000 per day. On the same day, his friend John also joined him. Hotel provided an extra bed charging Rs. 1000 per day for the bed. How much GST, at the rate of 28% is charged by the hotel in the bill to Mr. Malik for both the days?

Solution 14

According to the question,

The amount of bill = 5000 × 2 + 1000 + 1000

= 10,000 + 2000

= Rs. 12,000

GST = 28% of 12,000

$= \dfrac{28}{100} \times 12,000 = 3360$

GST charged by Mr. Malik Rs. 3360.

Question 15

Asharaf went to see a movie. He wanted to purchase a movie ticket for Rs. 80. As the ticket for Rs. 80 was not available, he purchased a ticket for Rs. 120 of upper class. How much extra GST did he pay for the ticket? (GST for a ticket below Rs. 100 is 18% and GST for a ticket above Rs. 100 is 28%)

Solution 15

According to the question,

GST on ticket of Rs. 80 = 18% of 80 = $\dfrac{18}{100} \times 80 = $ Rs. 14.40

GST on ticket of Rs. 120 = 28% of 120 = $\dfrac{28}{100} \times 120 = $ Rs. 33.60

Difference between both GST = 33.60 - 14.40 = Rs. 19.20

Question 16

Goods/services are sold from Agra (U.P.) to Kanpur (U.P.) for Rs. 20,000 and then from Kanpur to Jaipur (Rajasthan). If the rate of GST is 18% and the profit made at Kanpur is Rs. 5000, find:

i. the net GST payable by the dealer at Kanpur.

ii. the cost of goods/services at Jaipur.

Solution 16

When the product is sold from Agra to Kanpur (intra-state transaction)

For the dealer in Agra :

S. P. in Agra = Rs. 20,000

CGST = 9% of Rs. 20,000 = $\dfrac{9}{100} \times 20,000 = 1800$

SGST = 9% of Rs. 20,000 = $\dfrac{9}{100} \times 20,000 = 1800$

When product is sold from Kanpur to Jaipur (inter-state transaction)

For the dealer in Kanpur

Input-tax credit = 1800 + 1800 = Rs. 3600

C. P. = Rs. 20,000 and Profit = Rs. 5000

S.P. = 20,000 + 5000 = Rs. 25,000

IGST = 18% of 25,000 = Rs. 4500

i.   Net GST paid by the dealer at Kanpur

= Output GST - Input GST

= 4500 - 3600

= Rs. 900

ii.   The cost of goods/services at Jaipur
       = S. P. in Agra + IGST
       = 25,000 + 18% of 25000
       = 25,000 + 4500
       = Rs. 29,500

Question 17
Goods/services are sold from Kota (Rajasthan) to Mumbai for Rs. 20,000 and then from Mumbai to Pune. If the rate of GST is 12% and the profit made at Mumbai is Rs. 5000; find the net GST paid at Pune, if the dealer at Pune is the end-user.

Solution 17
For the dealer in Mumbai (inter-state transaction)
CP = Rs. 20,000

IGST = 12% of Rs. 20,000 = $\frac{12}{100} \times 20,000 = Rs.\ 2400$
Profit = Rs. 5000
SP = Rs. 25,000
For the dealer in Pune (intra-state transaction)
CP = Rs. 25,000
CGST = 6% of 25,000 = Rs. 1500
SGST = 6% of 25,000 = Rs. 1500
GST payable by the end user at Pune = 1500 + 1500 = Rs. 3000

Question 18
A is a dealer in Banaras (U.P.). he supplies goods/services worth Rs. 8000 to a dealer B in Agra (U.P.). Dealer B, in turn, supplies the same goods/services to dealer C in Patna (Bihar) at a profit of Rs. 1200. Find the input and output taxes for the dealer C under GST system; if the rate of GST is 18% and C does not sell his goods/services further.

Solution 18
For the dealer A (intra-state transaction)
SP = Rs. 8,000

For the dealer B (intra-state transaction)
CP = Rs. 8,000
CGST = 9% of 8,000 = Rs. 720
SGST = 9% of 8,000 = Rs. 720
Profit = Rs. 1,200
SP = Rs. 9,200

For the dealer C (inter-state transaction)
CP = Rs. 9,200

IGST = 18 % of Rs. 9,200 = $\frac{18}{100} \times 9,200 = Rs.\ 1656$
Input Tax = Rs. 1,656
Since, the dealer in Patna does not sell the product.
Output GST (tax on sale) = Rs. 0

Question 19
A is a dealer in Meerut (U.P.). He supplies goods/services, worth Rs. 15,000 to a dealer B in Ratlam (M.P.). Dealer B, in turn, supplies the same goods/services to dealer C in Jabalpur (M.P.) at a profit of Rs. 3000. If rate of tax (under GST system) is 18%, find

i. The cost of goods/services to the dealer C in Jabalpur.
ii. Net tax payable by dealer B.

Solution 19
<u>For A (case of inter-state transaction)</u>
S.P. in Meerut = Rs. 15,000

<u>For B (case of inter-state transaction)</u>
C.P.= Rs. 15,000

IGST = 18% of 15,000 = $\dfrac{18}{100} \times 15,000 = Rs. 2700$
Input tax for B = Rs. 2,700
S.P. in Ratlam = 15,000 + 3000 = Rs. 18,000

<u>For C (case of intra-state transaction)</u>
C.P.= Rs. 18,000

CGST = 9% of 18,000 = $\dfrac{9}{100} \times 18,000 = Rs. 1620$

SGST = $\dfrac{9}{100} \times 18,000 = Rs. 1620$

Out put tax for B = Rs. 1620 + Rs. 1620 = Rs. 3240
Net GST payable by the dealer B
= Output tax - Input tax
= 1620 + 1620 - 2700
= Rs. 540

Cost for the dealer C in Jabalpur

= S.P. for the dealer in Ratlam + GST
= 18,000 + 1620 + 1620
= Rs. 21,240

Question 20
A dealer X in Hapur (U.P.) supplies goods/services, worth Rs. 50,000 to some other dealer Y in the same city. Now the dealer Y supplies the same goods/services to dealer Z in Calcutta at a profit of Rs. 20,000. Find
i. Output and input taxes for the dealer Y
ii. Net GST payable by dealer Y.
The rate of GST at each stage is 28%

Solution 20
For the dealer X (intra-state transaction)
SP = Rs. 50,000

For the dealer Y (intra-state transaction)
CP = Rs. 50,000
CGST = 14% of 50,000 = Rs. 7,000
SGST = 14% of 50,000 = Rs. 7,000
Input tax for dealer Y = Rs. 14,000

Profit = Rs. 20,000
SP = Rs. 70,000

For the dealer Z (inter-state transaction)
CP = Rs. 70,000

IGST = 28 % of Rs. 70,000 = $\dfrac{28}{100} \times 70,000$ = Rs. 19,600

∴ Input Tax = Rs. 19,600 which is the output tax for dealer Y.

Net GST payable for Y
= Output tax for Y - Input tax for Y
= 19,600 - 14,000
= Rs. 5600

Problem 21

M/s Nanda Bakery sells a special type of fruit cake for New Year with MRP ₹ 200/- per pound. The customer being offered a discount @ 10% per cake. In the month of January 2020, M/s Nanda Bakery sold 600 nos, cakes.

Find the GST liability considering rate of tax is 18%

Answer:

M/s Nanda Bakery	
Calculation of GST liability	
Particulars	₹
Transaction Value (taxable supply)	1,08,000
Add : CGST @ 9% on 1,08,000	9,720
Add : SGST @ 9% on 1,08,000	9,720
Invoice price (taxable supply)	1,27,440

Working Notes	
Calculation of transaction value	
Particulars	₹
MRP ₹ 200*600	1,20,000
Less : Discount 10% on ₹ 1,20,000/-	12,000
Transaction value	1,08,000

Problem 22

Example : 98

M/s X Ltd. being a manufacturer of laptops has five factories in Chennai, Salem, Coimbatore and Madurai.

Place	P.Y. Turnover ₹ in lakhs (Including Taxes @ 18%)
Chennai I	57.91
Salem	12.00
Coimbatore	8.00
Madurai	30.00
Chennai II	43.60
Total	151.51

M/s X Ltd is eligible for composition levy in the current year.

Answer:

Aggregate turnover = 151.51 x 100/118 = ₹128.39831 lakhs

Note: Since, Aggregate turnover in the preceding financial year does not exceed ₹1.50 crore and hence, M/s X Ltd. is eligible for Composition Scheme.

Problem 23

Example : 106

Hotel King Pvt. Ltd. is a registered person under GST. P.Y. turnover was ₹100 lakhs. Applicable GST 18%. Inputs cost ₹7,80,000 (exclusive of GST 18%). Profit margin is 40% on cost. Find the invoice price and advice the best option to pay tax if any. There is no opening balance and closing balance for the tax period.

Answer:

Composition Levy		Normal provision			
Particulars	Value in ₹	Particulars			Value in ₹
Cost of inputs	7,80,000	Cost of inputs			7,80,000
Add: GST 18% on inputs	1,40,400	Add: GST 18% on inputs			Not cost
Total cost	9,20,400	Total cost			7,80,000
Add: Profit margin 40%	3,68,160	Add: Profit margin 40%			3,12,000
Invoice Price	12,88,560	Add: GST 18% CGST & SGST			1,96,560
CGST 2.5%	32,214	Invoice Price			12,88,560
SGST 2.5%	32,214			CGST 9%	SGST 9%
Total GST liability	64,428	Output tax		98,280	98,280
		Less: ITC		-70,200	-70,200
		Let Liability		28,080	28,080
		Total Tax is ₹56,160			

Advise:

Normal scheme is economical.

Example : 114

Mr. C of Chennai is running a Kirana business. He furnished the following:

Supply of goods	P.Y turer	Current Year
Wheat & rice (exempted supply)	₹80 lakhs	₹88 lakhs
Packed products (taxable supply)	₹8 lakhs	₹12 lakhs
Rent from commercial property	₹10 lakhs	₹2 lakhs
Rent from residential dwelling	₹2 lakhs	₹6 lakhs

You are required to answer the following:

(a) Mr. C of Chennai is eligible for composition levy scheme in the current year?

(b) If so, find the GST under composition levy in the current year?

Answer:

(a) Turnover in the previous year does not exceed ₹1.50 crore (i.e. in the given case it is ₹100 lakhs).

   However, Mr. C is not eligible for composition scheme since, supply of service in the P.Y. exceeds 10% of total turnover (i.e. ₹12 L/₹100 x 100 = 12%).

(b) GST will not be levied as composition scheme.

Note : The CBEC notified rate of exchange in force as on the date on which the bill of entry is filed, is what will be applied for computation of assessable value. Note also, that the above cess, Compensation Cess is leviable under GST and hence applicable on the same base; i.e. AV + BCD, like IGST.

Problem 24

Example : 128

Mr. Param (register person under GST) being a dealer furnished the following business transactions took place during the Feb 20XX. Find the GST liability.

(a) Sale of plastic bangles for ₹ 20,000.

(b) Supply of mobile phones for ₹ 3,20,120

(c) Sale of printed books and newspapers for ₹ 1,25,500

(d) Sale of Dates for ₹ 13,500

(e) Sale of Salt for ₹ 9,180

(f) Sale of Organic manure worth ₹ 2,00,000

(g) Sale of Chemical Fertilizers ₹ 5,75,000 (out of which 30% subsidy received from Government of India).

Note: Taxable supply attracts GST @5% (CGST 2.5% and SGST 2.5%).

Answer:

Statement showing tax liability of Mr. Param

S.No.	Particulars	Taxability	CGST 2.5%	SGST 2.5%
(a)	Plastic bangles	Exempted	Nil	Nil
(b)	Mobile phone	3,20,120	8,003	8,003
(c)	Books	Exempted	Nil	Nil
(d)	Dates	Exempted	Nil	Nil
(e)	Salt	Exempted	Nil	Nil
(f)	Organic manure	Exempted	Nil	Nil
(g)	Che. Fertilizers 70%	4,02,500	10,063	10,063
	Total		18,066	18,066

Problem 25

Illustration 2

Ms. Nisha imported 2500 Tonnes of goods and materials valued at USD 50 per tonne (C.I.F.). Exchange Rate per notification (CBEC) was $1= INR 63.84. The Basic Customs Duty was chargeable @ 10% and over and above, there was an anti-dumping duty levied on the goods, which was the differential between the amount so calculated as the Landed Value Incl. Basic Customs Duty and Cess and INR 100,00,000/-. Calculate the Anti-Dumping Duty.

Description	Tonnes	Rate	USD	INR
C.I.F. Value	2,500	50	1,25,000	79,80,000
Landing Charges at 1% of C.I.F. Value				79,800
Assessable Value				80,59,800
Basic Customs Duty @ 10%				8,05,980
Cess @ 3%				24,179
Landed Value				88,89,959
Landed Value per Notification				1,00,00,000
Anti Dumping Duty				11,10,041

Note : Anti-Dumping duty is levied to promote the local industry and to curb imports, and to ensure that India is not used as a dumping ground, which could otherwise have serious repercussions on the economic growth of the Nation. This Anti-dumping duty is continued even under the GST regime.

Problem 26

XYZ imports Pan Masala into India and the C.I.F value is INR 500/-. The rates of tax for Pan Masala (HSN Code 21069020) are Basic Customs Duty 37.5%; IGST 28% and Compensation Cess 60%.

Compute Total Import Duty.

Description	INR	
C.I.F. Value	500	
Landing Charges at 1% of C.I.F. Value	5	
Assessable Value	505	
Basic Customs Duty @ 37.5%	189	A
Education & Secondary Higher Education Cess	6	B
AV + BCD + Cess 700		
IGST @ 28%	196	C
Cess @ 60%	420	D
Total Import Duty Payable (A+B+C+D)	811	
Total Value incl. Import Duty	1,316	

Problem 27

Calculate the total import duty payable if :

a) F.O.B. Value is GBP 18000

b) Freight Charges incurred (actual) are GBP 7500

c) Design & Development Charges incurred at UK are GBP 2500

d) Selling Commission at India paid to a local agent @ 2% of F.O.B. Value

e) Date of Bill of Entry : 24th Oct 2017 (Rate of Basic Customs Duty is 20% and Exchange Rate as notified by CBEC is INR 68 to 1 GBP)

f) Date of Entry Inward : 20th Oct 2017 (Rate of Basic Customs Duty is 18% and Exchange Rate as notified by CBEC is INR 70 to 1 GBP)

g) IGST @ 18%

h) Insurance Charges could not be ascertained

Item	GBP	INR	
F.O.B	18,000		
Design & Development	2,500		
Insurance	203		
Freight	3,600		
C.I.F.	24,303	16,52,570	
Local Commission		24,480	
C.I.F. Value (Adj.)		16,77,050	
Landing Chgs.		16,771	
Assessable Value		16,93,821	

Basic Customs Duty		3,38,764	A
Education & Secondary Higher Education Cess		10,163	B
Total for IGST (AV + All Customs Duties)		20,42,748	
IGST		3,67,695	C
Total Import Duty		7,16,622	**A+B+C**

Notes :

a) Insurance is taken @ 1.125% of F.O.B. value, as the charges aren't ascertainable

b) Freight can be taken at actuals but capped to 20% of F.O.B.

c) Selling Commission is paid in Indian Rupees to local agents appointed by exporters to usher their sales in India and hence included in C.I.F. Value

d) The Exchange Rate in force per CBEC notification, on the date when the Bill of Entry is presented is to be considered

e) IGST is levied on Assessable Value + All Customs Duties

f) Cess is levied on BCD @ 3%