

**CHAPTER 3**      **CONCEPT OF SUPPLY**

- 1) Amit of Delhi is participating in Ayush Furniture Expo in Haryana where he has no fixed place of business and exhibiting his products. During the expo, the said products will be sold to the people attending and intending to purchase such products including foreign buyer. In such scenario, Amit shall obtain which of the following registration under the CGST Act, 2017:
  - a. Non-resident taxable person registration
  - b. Casual taxable person registration
  - c. Regular taxpayer registration
  - d. No registration under GST required.
  
- 2) "Manufacture" means processing of raw material or inputs in any manner that results in emergence of \_\_\_\_\_
  - a. A new product having a distinct name, character and use
  - b. An old product having a distinct name, character and use
  - c. A new product having a distinct name
  - d. Either (a) or (b)
  
- 3) 'P' Ltd. has its registered office under the Companies Act, 2013 in the State of Maharashtra. It also has a corporate office in the State of Telangana. What will be the place of business of 'P' Ltd. under the CGST Act, 2017?
  - a. Telangana
  - b. Maharashtra
  - c. Both (a) and (b)
  - d. None of the above
  
- 4) Activity of 'conversion of money/ foreign exchange' by Bank/ Authorized Dealer to a business entity on interest.
  - a. Treated as 'Supply of Goods'
  - b. Treated as 'Supply of Services'
  - c. Treated as 'Supply of Services' and attracts GST payment is made to end user
  - d. Treated as 'Supply of Services' and attracts GST payment when made to another Bank/ Authorized Dealer
  
- 5) 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 other
  - c. Where such persons are officers or directors of one another's business

d. All of the above

**6) 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) and (v)
- c. (iii), (iv)
- d. (iii), (iv) and (v)

**7) A Ltd. (GST registered in Delhi) has appointed Mr C (UP) to act as his agent and supply goods on his behalf to buyers in UP. A Ltd. has dispatched first lot of 10,000 units to Mr C (UP) for sales to buyers in UP. Such dispatch to Mr C (UP):**

- a. Be treated as 'supply'
- b. Not be treated as 'supply'
- c. Will be treated as supply subsequently
- d. None of the above

**8) In which of the following cases, import of services is taxable under GST?**

- (1) Import of service with consideration in course or furtherance of business.
- (2) Import of service with consideration not in course or furtherance of business.
- (3) Import of service without consideration from a related person in course or furtherance of business.
- (4) Import of service without consideration from a related person not in course or furtherance of business.

- a. and (3)
- b. and (4)
- c. (1), (2) and (3)
- d. (4)

- 9) Mr. Amar being a managing director of Alpha Project Pvt. Ltd. made gifts to his employees worth of INR 60,000 each for assisting in the architectural work of his house. Does the same be considered supply?
- Yes, since the value of gift exceeds the provided limit of INR 50,000
  - No, since the gift is not made in course or furtherance of business
  - As per the option of appropriate authority
  - No
- 10) Ram has received a sum of Rs. 5,00,000 from his employer on premature termination of his contract of employment. The GST implication will be:
- It is not a supply, hence not chargeable to GST.
  - It is a supply without consideration, hence not chargeable to GST.
  - It is a supply, hence chargeable to GST.
  - It is not supply, but exemption is there.
- 11) Which of the following activity shall be treated neither as a supply of goods nor a supply of services?
- Permanent transfer of business assets where input tax credit has been availed on such assets
  - temporary transfer of intellectual property right
  - transportation of deceased
  - services by an employee to the employer in the course of employment
- (i) & (iii)
  - (ii) & (iv)
  - (i) & (ii)
  - (iii) & (iv)
- 12) Michael Ltd. of US supplies certain goods to ABC Pvt. Ltd. of Mumbai. Before goods reach Mumbai port, it supplies those goods to XYZ Pvt. Ltd. by transfer of documents of title to goods. What kind of transaction is this?
- Transfer
  - High-sea sales
  - Composite supply
  - Supply
- 13) Mr. X, supplied a laptop for Rs 40,000 to Mr. Y along with a barter of printer, the value of which is Rs 4,000 but the open market value of the laptop is not known. The GST liability will be:
- Mr. X for Rs 40,000 and Mr. Y for Rs 4,000
  - Mr. X for Rs 44,000 and Mr. Y for Rs 4,000

- c. Mr. X for Rs 36,000 and Mr. Y for Rs 4,000
- d. Mr. X for Rs 40,000 and no GST liability for Mr. Y.

**14) 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.**

- i) 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.
- ii) 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.
- iii) 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.
- iv) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. Chocolates, juices and biscuits are a mixed supply. The correct examples of composite and mixed supply are: -
  - a. i, iv
  - b. ii, iii
  - c. ii, iii, iv
  - d. None of the above

**15) M/s X Ltd. a dealer offer 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

**16) XYZ Pvt. Ltd. manufactures the jeans on order of ABC Pvt. Ltd. Further, after manufacturing, it also gets it delivered to ABC Ltd. & gets the in-transit insurance done. What kind of supply is this?**

- a. Mixed supply
- b. Composite supply
- c. None of the above
- d. Don't know

**17) Which of the following transactions does not qualify as supply under GST law?**

- (i) When the 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 elder brother living outside India.
  - (iii) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
  - (iv) When a principal makes supplies to his agent who is also registered and is situated within the same State.
- a. (i) & (iii)
  - b. (i), (ii) & (iii)
  - c. (iii)
  - d. (iii) & (ii) An

**18) A person who occasionally undertakes transactions involving supply of goods or services or both, whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India is:**

- a. Non-resident taxable person
- b. Composition dealer
- c. Registered person
- d. Casual taxable person

**19) Goods under CGST Act excludes:**

- a. Securities
- b. Unsecured debts
- c. Right to participate in the draw to be held in a lottery
- d. Growing crops

**20) Which of the following activities will be considered as a supply of service**

- a. Mr. A borrows an amount of Rs1, 50,000 from one of his relative Mr Q and agrees to repay the entire amount with interest after a year.
- b. M/s Raj enterprises applied for loan from SBI Bank against which a processing fees and interest is charged by the bank
- c. Mr. H exchanged INR against purchase of US \$ for which a commission was charged
- d. All of the above.

**21) 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. none of the above

**22) GST is payable on the services provided by the employee to the employer in the course of employment on:**

- a. Regular basis;
- b. Contract basis as employed by the company;
- c. Contract basis as employed by a contractor;
- d. None of the above.

**23) Which one of the following is not a composite supply:**

- a. Supply of an air conditioner along with freight, insurance and installation
- 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

**24) Which of the following is not covered under Schedule III of CGST Act:**

- (i) Service provided by an employer to his employee on the occasion of his marriage
  - (ii) The functions performed by the members of municipalities and local authorities
  - (iii) The duties performed by a director in a body established by the Central Government
  - (iv) Actionable claims, other than lottery, betting and gambling
- a. (i) & (iii)
  - b. (I)
  - c. (iii)
  - d. None of the above

**25) Which of the following transactions does not qualify as supply under GST law?**

- (i) When the 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 elder brother living outside India.
  - (iii) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
  - (iv) When a principal makes supplies to his agent who is also registered and is situated within the same State.
- a. (i) & (iii)
  - b. (I), (ii) & (iii)
  - c. (iii)
  - d. (iii) & (ii)

**26) 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.**

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. Chocolates, juices and biscuits are a mixed supply. The correct examples of composite and mixed supply are: -

- a. i, iv
- b. ii, iii
- c. ii, iii, iv
- d. None of the above

**27) Mr. Z has an agency of wholesale trading of a particular brand in Gas Stoves for Rajasthan and Gujarat and has separate proprietorship firms in each of the two States. In Gujarat, Mr. Z additionally trades in shoes from the same firm. In the context of the above information, which of the following statement is correct?**

- a. Mr. Z can operate with single registration for Gas Stoves business for Rajasthan and Gujarat. For Shoes business, he has to compulsorily take separate registration since it is different business vertical.
- b. Mr. Z will have to get separate registration for each of the States i.e., Rajasthan and Gujarat for Gas stove Business. For shoes business, he has an option to register separate business verticals independently.
- c. Mr. Z will have to compulsorily take 3 registrations two for Gujarat (Gas Stoves and Shoes separately) and one for Rajasthan business (Gas stoves).
- d. Mr. Z can operate with single registration for Gas Stoves business for Rajasthan and Gujarat and Shoes business for Gujarat.

**28) Where any agent supplies goods on behalf of his principal:**

- a. Such agent shall be jointly and severally liable to pay the GST payable on such goods.
- b. The principal shall be jointly and severally liable to pay the GST payable on such goods.
- c. Both (a) and (b)
- d. None of the above

**29) Which of the following services received without consideration amount to supply?**

- 1) Import of services by a person in India from his son well-settled in USA
- 2) Import of services by a person in India from his brother well-settled in Germany

3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France

4) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia

- a. 1), 3) and 4)
- b. 2), 3) and 4)
- c. 2) and 3)
- d. 1) and 2)

**30) ABC Ltd. provides certain services to Mr. Joy who holds 35% of the voting right in the company. The transfer made was without any consideration. Does the same qualify as supply?**

- a. Yes, if made in the course or furtherance of business
- b. No, since made without any consideration
- c. Not a supply
- d. Yes



**ANSWERS**

QUE	ANS	QUE	ANS	QUE	ANS
1	B	11	D	21	B
2	A	12	B	22	C
3	C	13	B	23	B
4	C	14	B	24	B
5	D	15	B	25	C
6	C	16	B	26	B
7	A	17	C	27	B
8	C	18	A	28	C
9	B	19	A	29	A
10	A	20	D	30	A