

## **Paper 11- Indirect Taxation**

# MTP Intermediate Syllabus-2016 June 2019 Set -1

## Paper 11- Indirect Taxation

Full Marks: 100

Time allowed: 3 hours

The figures in the margin on the right side indicate full marks.  
Working notes should form part of the relevant answer.

### Section - A

Answer Question No. 1 which is compulsory and any four from the rest of this section.

1. Answer the following questions:

(A) Multiple choice questions:

[5×1=5]

(i) Which of the following taxes will be levied on Imports of goods and services?

- (a) CGST
- (b) SGST
- (c) IGST
- (d) Exempt

(ii) In GST, SAC stands for:

- (a) Services Accounting Code
- (b) Software Accounting Code
- (c) System Accounting Code
- (d) Service application code.

(iii) What is the validity of Registration Certificate?

- (a) Five years
- (b) Ten years
- (c) No validity
- (d) Valid till it is cancelled.

(iv) When does liability to pay GST arise in case of supply of goods?

- (a) On raising of invoice
- (b) At the time of supply of goods
- (c) On receipt of payment
- (d) Earliest of any of above.

(v) Input tax credit on capital goods and inputs can be availed in:

- (a) thirty six instalment
- (b) twelve instalment
- (c) one instalment
- (d) six instalment.

(B) Say True or False for the following question:

[5×1=5]

(i) A person can collect tax only he is registered.

(ii) Air Travel Agents are entitled for exemption under GST.

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- (iii) Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below Rs. 1,000 per day or equivalent is an exempted supply under GST.
- (iv) Goods sent for a demonstration on returnable basis, is considered as supply.
- (v) CMA Amit a practicing Cost Accountant carries out the activity of Accounting, Auditing, Filing returns, Certifying documents and so on so forth. These activities can be considered as performed in the course of business.

(C) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	The fringe benefits are transactions	A.	taxable supply of services
2.	Acupuncture treatment	B.	subject to GST
3.	Penal interest charged by the banker for delay in payment of dues is	C.	Input tax credit not available
4.	State Police provided protection services to the Judges of High Court is	D.	exempted service
5.	Composition tax payers	E.	in furtherance of business

(D) Fill in the blanks:

[5×1=5]

- (i) As per Article \_\_\_\_\_, the power to levy GST has been given to the Parliament as well as to Legislature of every State.
- (ii) The form of return which is used by the compounding taxable persons to file their return quarterly is \_\_\_\_\_.
- (iii) A supply of goods or services or both which is leviable to tax under GST, is called \_\_\_\_\_.
- (iv) GST is \_\_\_\_\_ (chargeable/not chargeable) if free replacement is provided by a business to customers without consideration under warranty.
- (v) Under section 25 of CGST Act, 2017, every place of business of a person where separate registration is obtained for output supply will be considered as \_\_\_\_\_.

2. (a) (i) What is meant by "Exempt supply" under the CGST Act, 2017?

- (ii) Swamiji Trust, an entity registered under section 12AA of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its tax liability from the information given below:

Particulars	Rs.
Amount received for the Yoga camps organized for elderly people	4,83,000
Payment made for the services received from a service provider located in US, for the purposes of providing 'charitable activities'	5,50,000
Amount received for counselling of mentally disabled persons	10,50,000
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000

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Note: Applicable CGST 9% and SGST 9% have been charged separately wherever applicable. Swamiji Trust is not eligible for composition levy.

(b) Indian railways has provided following services –

- (1) Transport of passengers by general class : Rs. 15,00,000;
- (2) Transport of passengers by sleeper class : Rs. 10,00,000;
- (3) Transport of passengers by 1st Class air conditioned coach: Rs. 5,00,00,000;
- (4) Transport of passengers by 2 tier air conditioned coach: Rs. 20,00,00,000;
- (5) Transport of passengers by 3-tier air conditioned coach: Rs. 30,00,00,000;

Compute value of taxable supplies and GST liability. Applicable GST rate is 5%. [(3 + 7) + 5]

3. (a) LIC of India provides you the following information for the month of Oct 2018. You are required to compute GST payable by the company if the company has opted to pay GST as per Rule 32(4) of CGST Rules, 2017:

General policies : Total premiums collected Rs.12,000 lakhs (Out of which 1st year premium is Rs. 5,000 lakhs)

Only Risk Cover Policies : Premiums collected Rs. 500 lakhs.

Variable Insurance Policies: Premiums collected Rs. 8,000 lakhs. (80% of the amount is allocated for investments on behalf of policy holder for which policy holder is given separate break up in premium receipts).

- (b) Mr. Rishi, a performing artist, provides the following information relating to August, 2018.

Receipts from	Value in Rs.
Performing classical dance	98,000
Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply of services and GST payable by Mr. Rishi for August, 2018. GST @ 18%. [8 + 7]

4. (a) CMA Ram received Rs. 2,05,200 (after TDS @10%) from client on 1st Nov 2017 for taxable services rendered in the month of July 2017. Find the GST liability. Applicable rate of CGST 9% and SGST 9%.

- (b) ABC Fabricators has its factory located in Gujarat. It has temporarily imported certain goods from its customer located in China and re-exported them to China after carrying out the necessary repairs without putting them to any use in Gujarat.

Examine what would be the place of supply of service in the given case.

Will your answer be different if the repaired goods are re-exported after being put to use in Gujarat for some time? [8 + 7]

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5. (a) What is meant by OIDAR services? Which types of services are included under OIDAR services?

(b) M/s Anjali Ltd, a registered company under GST, being a dealer dealing with second-hand goods. M/s Anjali Ltd. supplies a used camera to a consumer in Chennai for selling price of Rs. 15,000. The used camera (i.e. second hand) was purchased for Rs. 10,000 from a registered dealer in Mumbai; on which CGST + SGST of Rs. 1,400 each were charged (i.e. GST rate applicable to cameras is 28%).

M/s Anjali Ltd. charged IGST 28% on inter State supply.

Find the net GST liability in the following independent cases:

(i) if input tax credit availed.

(ii) if input tax credit not availed.

[7 + 8]

6. (a) M/s. Vipin Ltd. purchased raw material 'A' 10,000 kg @ Rs. 80 per Kg. plus GST. The said raw material was used to manufacture product 'P'. The other information's are as under:

(i) Processing loss : 2% on inputs 'A'.

(ii) Transaction value of 'P' : Rs. 100 per kg.

(iii) Other material 'M' used in the manufacture of 'P' : Rs. 2 lakh plus GST.

(iv) GST on capital goods imported during the period and used in the manufacture of 'P':

- Basic customs duty Rs. 20,000

- IGST under customs under section 3(1) of the Customs Tariff Act, 1975 Rs. 10,000;

(v) Rate of GST on 'A', 'M' and 'P' : 12%.

M/s. Vipin Ltd. is not eligible for composition scheme under Section 10 of CGST Act, 2017

Compute:

(a) Amount of input tax credit available and

(b) Net GST payable by M/s. Vipin Ltd.

(b) M/s. Basu Ltd. is operating in two states Andhra Pradesh and Tamil Nadu. The tax liability for the month of August 2018 is as follows

Sl. No.	Tax Liability	Andhra Pradesh (Rs.)	Tamil Nadu (Rs.)
1.	Output CGST Payable	25,000	10,000
2.	Output SGST Payable	10,000	5,000
3.	Output IGST payable	3,000	2,500
4.	Input CGST	8,000	13,000
5.	Input SGST	15,000	1,500
6.	Input IGST	12,000	16,000

Calculate the tax payable for the month of August 2018.

[7 + 8]

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7. Write short notes on any three of the following:

[5 x 3]

- (a) Transactions through E-commerce Operators.
- (b) Export of Service
- (c) Revised Invoice as per Section 31(3)(a) of the CGST Act, 2017
- (d) Purposes & importance of filing of returns under GST

### Section – B

Answer Question No. 8 which is compulsory and any one from the rest of this section

8. Choose the correct answer:

[5 x 1= 5]

- (i) Entry 83 of the Union List of the \_\_\_\_\_ to the Constitution of India is empowered to levy the customs duty by the Central Government of India
  - (a) Sixth Schedule
  - (b) Seventh Schedule
  - (c) Eighth Schedule
  - (d) Ninth Schedule.
  
- (ii) An area beyond \_\_\_\_\_ from the base line is called High Seas.
  - (a) 100 nautical miles
  - (b) 150 nautical miles
  - (c) 200 nautical miles
  - (d) None of the above
  
- (iii) Which of the following is a taxable event for imported goods?
  - (a) Unloading of imported goods at the customs port
  - (b) Date of entry into Indian territorial waters
  - (c) Date of presentation of bill of entry
  - (d) Date on which the goods cross the customs barrier.
  
- (iv) Which section of the Customs Act, 1962 provides for levy of Customs duty on import and export of goods?
  - (a) Section 3
  - (b) Section 12
  - (c) Section 14
  - (d) Section 28
  
- (v) Derelict are goods that
  - (a) are abandoned by the owner in an emergency with a hope of recovering it later.
  - (b) owner has no intention to abandon but get sunk and drift to the shore.
  - (c) owner has no intention to abandon but float and drift to the shore.
  - (d) are abandoned by owner of goods without any hope of recovery.

9. (a) A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available:

CIF value of the consignment: US\$25,000

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Quantity imported: 500 kgs.

Exchange rate applicable: Rs. 60=US\$1

Basic customs duty: 12%

Social Welfare Surcharge applicable as per the Finance Act, 2018.

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$70 per kg. and the landed value of the commodity as imported.

Appraise the liability on account of normal duties and the anti-dumping duty.

Assume that only 'basic customs duty' (BCD) and Social Welfare Surcharge are payable. IGST @12% is also be applicable.

- (b) BSA & Company Ltd. has imported a machine from U.K. From the following particulars furnished by them, arrive at the assessable value for the purpose of customs duty payable:

(i)	F.O.B. cost of the machine	10,000 U.K. Pounds
(ii)	Freight (air)	3,000 U.K. Pounds
(iii)	Engineering and design charges paid to a firm in U.K	500 U.K. Pounds
(iv)	License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost
(v)	Materials and components supplied by the buyer free of cost valued	Rs. 20,000
(vi)	Insurance paid to the insurer in India	Rs. 6,000
(vii)	Buying commission paid by the buyer to his agent in U.K. 100 U.K. Pounds	

Other Particulars:

- (i) Inter-bank exchange rate as arrived by the authorized dealer: Rs. 88.50 per U.K. Pound.
- (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of Rs. 86.25 per U.K. Pound.
- (iii) Importer paid Rs. 5,000 towards demurrage charges for delay in clearing the machine from the Airport.  
(Make suitable assumptions wherever required and show workings with explanations) [7 + 8]

10. (a) What is meant by Duty Drawback? Discuss about the Negative List of Duty Drawback (Section 76).

(b)(i) 'A' exported a consignment under drawback claim consisting of the following items—

Particulars	Chapter Heading	FOB value Rs.	Drawback rate
200 pieces of pressure stores mainly made of beans @ Rs. 80/piece	74.04	16,000	4% of FOB
200 Kgs. Brass utensils @ Rs. 200 per Kg.	74.13	40,000	Rs. 24/Kg.
200 Kg. Artware of brass @ Rs. 300 per Kg.	74.22	60,000	17.50% of FOB subject to a maximum of Rs. 38 per Kg.

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On examination in docks, weight of brass Artware was found to be 190 Kgs. and was recorded on shipping bill. Compute the drawback on each item and total drawback admissible to the party.

(ii) Write a short note on One Time Lock (OTL).

[(2 + 5) + (5 + 3)]