

## Paper 11- Indirect Taxation

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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 answer.

Section – A: GST  
PART – I

Answer Question Number 1. All parts of this question are compulsory.

1. Answer the following Question [5×1=5]

(A) Multiple choice questions:

- (i) Reverse Charge mechanism (RCM ) is \_\_\_\_\_  
(a) the reversal of tax liability in case of return of goods  
(b) the liability to pay tax by the recipient of supply of goods and services  
(c) the reversal of tax due to mistake detected later  
(d) the liability to pay tax where only services provided.
- (ii) Which of the following item is taxable both under Central Excise law and GST?  
(a) Motor spirit  
(b) Alcoholic liquor for human consumption  
(c) Tobacco and tobacco products  
(d) Natural gas
- (iii) Business u/s 2(17) includes which of the following?  
(a) commerce  
(b) vocation  
(c) manufacture  
(d) all of the above.
- (iv) Which of the following is not exempted from GST :  
(a) Charitable trust  
(b) Advocate services  
(c) Veterinary services  
(d) Manufacturing of motor car.
- (v) What is the threshold limit of turnover in the preceding financial year for opting to pay tax under composite scheme in states other than specified states?  
(a) ₹ 20 lakhs  
(b) ₹ 10 lakhs  
(c) ₹ 75 lakhs  
(d) ₹ 1.5 Crores
- (B) State True or False for the following question: [5×1=5]  
(i) Activity of funeral, burial, crematorium or mortuary including transportation of the deceased is not supply of services.  
(ii) Tour conducted through luxury trains are covered as Tour Operators Service.  
(iii) In case of intra-state transactions, CGST and SGST will be levied.  
(iv) GSTIN is a 15 digit number which does not include state code.  
(v) Input tax credit is not available on goods used for personal use.

(C) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
	HSN	E.	Union Finance Minister
1.	Intra –state supply liable to	A.	Product naming and coding system.
2.	Chairperson of GST council	B.	CGST and SGST/UTGST.
3.	Renting of immovable property.	D.	Exempted from GST
4.	Distribution of electricity	C.	Supply of service.

(D) Fill in the blanks:

[5×1=5]

- (i) \_\_\_\_\_ was first country to adopt GST as indirect system of taxation.
- (ii) \_\_\_\_\_ supply means the supply of goods or services, which constitute the predominant element of a composite supply and to which another supply is ancillary/secondary.
- (iii) A casual taxable person or a non-taxable person shall apply for registration at least \_\_\_\_\_ days prior to the commencement of business.
- (iv) The calculation of the aggregate turnover to decide the registration limit will be based on \_\_\_\_\_.
- (v) Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration is \_\_\_\_\_.

## PART – II

Answer any four questions from question numbers 2 to 7. Each question carries 15 marks

[15×4= 60]

2. (a) Write down the distinctions between direct taxes and indirect taxes. [7]
- (b)(i) B Gas sells cooking gas cylinders, the selling price of which is ₹800. Subsidy directly transferred to the account of the customer. Customer received subsidy 200 directly from Government to his bank account. Buyer's net outflow is 600. Compute the value of supply of goods (per cylinder) in the hands of B Gas? [2]
- (ii) State whether the following item can be treated as supply of goods or supply of services-
1. Renting of vacant land to a stud farm for ₹ 1,50,000.
  2. A director takes a computer home for his private use. This computer is the company's business asset.
  3. Sale of office computer.
  4. M/s. X Ltd. provided car to one of its director for his personal use and charge fee ₹ 30,000.
  5. Salary paid to partners by partnership firm.
  6. Catering and Restaurant.
- [6]
- 3.(a) From the following information, determine the time of supply for each of the following cases, assuming that GST on goods is payable under reverse charge:

Sl. no.	Date of receipt of goods	Date of payment by receipt of goods	Date of invoice by supplier of goods
1	July 2	August 12	June 29
2	July 2	June 25	June 27
3	July 2	Part payment made on June 30 & balance amount paid on July 20	June 29

4	July 6	Payment is entered in books of account on June 28 and debited in recipient 's bank account on June 26	June 1
5	July 2	Payment is entered in books of account on June 30 and debited in recipient 's bank account on June 26	June 29
6	August 5	August 8	June 28

[6]

- (b) (i) Mr. R is a money changer. He has exchanged US\$ 10,000 to Indian rupees@ ₹ 64 per US\$. Mr. R wants to know the value of such supply in accordance with the rule 32(2)(b) of CGST Rules. Determine value of supply made by Mr. R. [5]

- (ii) Miss S is a partner of a partnership firm M/s. F. The firm is registered in Delhi. Miss S went to Mumbai for audit purpose. She purchased air ticket from Jaipur Airlines (registered in Rajasthan) for journey from Jaipur to Mumbai disclosing name of organization and its GST Registration number. Determine the place of supply of service. What would be your answer if Miss S does not disclose the particulars of the organization?

[2+2]

4. (a) Mention the characteristics of composite supply. Give an example of composite supply. [6+1]

- (b) ABC India Ltd. is manufacturing some taxable goods. For the purpose of production, it purchased the following goods in the month of October, 2021

Items	GST paid in ₹
Raw material used for the production of the final product	1,00,000
Goods used for providing free warranty – Value of such free warranty provided by ABC India Ltd. is included in the price of the final product and is not charged separately from the customers	10,000
Light diesel oil	5,000
Goods used for generation of electricity for captive consumption	20,000

Note: ABC India Ltd. is also purchased High Speed Diesel oil by paying central excise duty of ₹12,000, which is also used in the manufacture of taxable output.

Compute the amount of input tax credit available to ABC India Ltd. [8]

5. (a) What is the procedure for application of registration by a casual taxable person? [7]

- (b) R & Co. being a trader of cell phones registered under GST in the State of Tamil Nadu and furnished the following information relating to preceding financial year:

Particulars	Value (₹ in lakhs)
Intra-State supply of taxable goods	120
Intra-State supply of exempted goods	10
Intra-State Supply of taxable services	5
Intra-State supply of exempted services	3
Interest earned on deposits/loans/advances	15.50

Whether R & Co. is eligible for composition scheme in the current financial year? [8]

6. (a) The following information's are available in respect of goods which are delivered by a supplier to a recipient on direction of a third person during course of movement of goods. You are required to determine the place of supply of goods as per sec. 10(1)(b) of the IGST Act, 2017. Also determine nature of supply: whether inter -state supply or intra- state supply?

Supplier and his location	Location of a buyer (third person)	Recipient and his location	Place of delivery of the goods
A Ltd. Jaipur	Z Ltd. Jaipur	X Ltd. Mumbai	Mumbai
A Ltd. Jaipur	X Ltd. Mumbai	Z Ltd. Jaipur	Jaipur
A Ltd. Jaipur	S Ltd. Surat	X Ltd. Mumbai	Mumbai
A Ltd. Jaipur	X Ltd. Mumbai	P Ltd. Mumbai	Mumbai

[8+4]

(b) Find out the value of supply from the following:

- (i) Renting of bus to state transport undertaking: ₹ 25 lakhs.
- (ii) Hiring of pandal or shamiana for organizing functions /events: ₹ 30 lakhs.
- (iii) Renting of cars designed to carry passenger to a goods transport agency, being a partnership firm: ₹ 40 lakhs.

[3]

7. Short note: (any three)

[5×3]

- (a) GST Council
- (b) Revocation of cancellation of registration
- (c) Distribution of credit by input service distributor.
- (d) Distinct person under GST Act.

## Section – B: Customs

### PART – I

Answer question No. 8 which is compulsory.

8. Answer the following questions:

[5×1=5]

- (i) Beneficial owner means any person :
  - (a) On whose behalf the goods are being imported or exported
  - (b) who exercises effective control over the goods being imported or exported
  - (c) Both (a) & (b)
  - (d) None of the above
- (ii) Value of imported goods ₹ 800. Custom Duty leviable @10%. Duty payable is:
  - (a) ₹ 88
  - (b) ₹ 90
  - (c) ₹ 180
  - (d) None of the above.
- (iii) Determine the value (before insurance/ freight): Cost of material ₹ 1,00,000; commissions and brokerage (inclusive buying commission) of ₹ 5000; Buying commissions ₹ 3000; cost of packing ₹ 15,000.
  - (a) ₹ 1,17,000
  - (b) ₹ 1,20,000
  - (c) ₹ 1,15,000
  - (d) ₹ 1,00,000
- (iv) Which of the following is NOT a condition to apply Preferential rate of duty-
  - (a) a preferential rate duty is specified in the First schedule, or is admissible by virtue of exemption;
  - (b) owner of article claims at time of importation that it is chargeable with preferential rate of duty;

- (c) such article is the produce or manufacture of notified preferential area;  
 (d) commissioner has approved the import with that area.
- (v) In case, the goods are re-exported out of India without being put to use, the drawback is allowed equal to:  
 (a) 98% of import duty  
 (b) 90% of import duty  
 (c) 100% of import duty  
 (d) 15% of import duty.

## PART – II

Answer any one question from question numbers 9 to 10. Each question carries 15 marks

[15×1]

9. (a) Mention the major differences between drawback on re – export of duty paid goods (u/s 74) and drawback on material used in manufacture / processing of exported goods (u/s 75). [6]

- (b) Miss G imported certain goods from Mr. O who is a related person in US. In this ground, transaction value has been rejected. Rule 4 and Rule 5 of the Import Valuation Rules are found inapplicable, as no similar / identical goods are imported in India. Miss G requests Customs Authorities to determine value as per rule 8, after furnishing the cost related data of import. The relevant data are –

1. Cost of material incurred by Mr. O	\$600
2. Making charges incurred by Mr. O	\$100
3. Loading charges at US port	\$30
4. Normal net profit margin of Mr. O	20% of FOB
5. Air freight from US port to Indian port	\$500
6. Insurance from US port to Indian port	\$50
7. Other direct expenses incurred by Mr. O	\$400
8. Overhead incurred by Mr. O	\$150
9. Freight from Mr. O's factory to US port	\$120
10. Exchange rate	₹ 60 per \$

Compute the assessable value as per Rule 8.

[9]

- 10.(a) On August 2020, a machine was imported from Japan. The cost of the machine was ₹250 lakhs. All the duties of customs have been cleared at the time of import. The said machine was exported (sent-back) to supplier for repairs in January 2021 and re-imported without any re-manufacturing or re-processing in October, 2021 after repairs. The repairs were carried out free of cost, as the machine was under warranty period.

However, the fair cost of repairs carried out (including cost of material ₹ 6 lakh) would have been ₹ 9 lakhs. Actual insurance and freight charges (to and fro) were ₹ 3 lakhs. The rate of basic customs duty is 10% and rate of IGST in India on like article is 12%.

Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

[6]

- (b) What are the differences between Safeguard Duty and Anti – dumping duty? What is deemed export? [6+3]