

## Paper - 18 : Indirect Tax Laws and Practice

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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 No. 1 which is compulsory.

1. Choose the correct answer with justification/ workings wherever applicable: [7×2=14]

- (i) Under Reverse Charge Mechanism, when can credit for tax paid be taken?
  - (a) No credit is available
  - (b) In the same month during which payment of tax has been made
  - (c) In the same month during which liability of tax has occurred
  - (d) Either of (b) or (c)
- (ii) Trader A sold goods to Trader B worth Rs. 4,50,000. The invoice was issued on 10<sup>th</sup> February, 2022. The payment was received on 28<sup>th</sup> February, 2022. The goods were supplied on 18<sup>th</sup> February, 2022. The time of supply of goods will be: —
  - (a) 10<sup>th</sup> February, 2022
  - (b) 18<sup>th</sup> February, 2022
  - (c) 28<sup>th</sup> February, 2022
  - (d) None of the above
- (iii) The value of supply of goods or services or both based on cost shall be on what % of cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services, according to Rule 30 of the CGST Rules inter alia?
  - (a) 100
  - (b) 110
  - (c) 125
  - (d) 150
- (iv) Who among the following can take input tax credit?
  - (a) Unregistered dealer
  - (b) Registered dealer opting for composition scheme
  - (c) Registered dealer not opting for composition scheme
  - (d) None of the above
- (v) For which of the following values of the goods or services or both supplied, subject to such conditions and in such manner as may be prescribed, a registered person may not issue a tax invoice?
  - (a) Rs.190
  - (b) Rs.210
  - (c) Both (a) and (b)
  - (d) None of the above
- (vi) What is the rate of TDS under GST?
  - (a) 1%
  - (b) 2%
  - (c) 3%
  - (d) 4%

(vii) In which form, the e-commerce operator collecting tax u/s 52 is required to file its monthly return?

- (a) Form GSTR 7 by 10<sup>th</sup> of the succeeding month
- (b) Form GSTR 7 by 20<sup>th</sup> of the month succeeding the quarter
- (c) Form GSTR 8 by 10<sup>th</sup> of the succeeding month
- (d) Form GSTR 8 by 20<sup>th</sup> of the succeeding month

**Part – II**

**Answer any four questions from question number 2 to 7. Each question carries 14 marks.**

**[14x4=56]**

2.(a) Determine the place of supply in case of online information and database access or retrieval service? [7]

(b) A Ltd., a biscuits manufacturing company based in UK, intends to launch its products in India. However, the company wishes to know the taste and sensibilities of Indians before launching its products in India. For this purpose, A Ltd has approached ABC Consultants, Ranchi, to carry out a survey in India to enable it to make changes, if any, in its products to suit Indian taste. The survey is to be solely based on oral replies of the surveyees; they will not be provided any sample by A Ltd, to taste. ABC Consultants will be paid in convertible foreign exchange for the assignment.

With reference to the provision of GST Law, determine the place of supply of the service. Also, explain whether the said supply will amount to export of service? [7]

3.(a) Write briefly on GSTR-4A? State the details that are required to be submitted in Form GSTR-4? [6]

(b) The following information relating to services provided and the gross amount received by A Bank Ltd.:

| Particulars   | Rs. in Lakhs |
|---|--------------|
| Services of Merchant Banking                            | 10.00        |
| Asset Management (including portfolio management)       | 5.00         |
| Service charges for services to the Government of India | 2.00         |
| Interest on overdraft and cash credits                  | 2.50         |
| Banker to the issue                                     | 7.00         |
| Rent for Locker   | 2.50         |

A customer repays the financial lease to the bank for Rs.80 lakhs which includes a principal amount of Rs.50 lakhs.

Compute the value of taxable supply of services under Banking and other financial services as per the Central Goods and Services Tax Act, 2017 and also find the CGST and SGST where rate of GST is 9% each.

Note: Input Tax Credit availed by the bank on the asset which is given on financial lease. [8]

4. (a) M/s. K Ltd. is a dealer dealing with second-hand goods. M/s K Ltd. is a registered person under GST. M/s. K Ltd. supplies a used camera to a consumer in Mumbai for selling price of Rs. 20,000. The used camera (i.e. second hand) was purchased for Rs. 12,000 from a registered dealer in Chennai, on which CGST + SGST of Rs. 1,680 each was charged (i.e. GST rate applicable to cameras is 28%).

M/s. K 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.

**[6]**

(b) The following tax liabilities are belonging to X Ltd. under the provisions of Act-

| Sl. No. | Particulars   | Amount (Rs.) |
|---------|---|--------------|
| 1       | Tax liability of CGST, SGST/UGST, IGST for supplies made during July 2021                 | 1,00,000     |
| 2       | Interest & Penalty on delayed payment and filing of returns belonging to July 2021        | 20,000       |
| 3       | Tax liability of CGST, SGST/UGST, IGST for supplies made during August 2021               | 1,20,000     |
| 4       | Interest & Penalty on delayed payment and filing of returns belonging to August 2021      | 20,000       |
| 5       | Demand raised as per section 73 or section 74 under CGST Act, 2017 belonging to June 2021 | 8,00,000     |
| 6       | Demand raised as per the old provisions of Indirect Taxes                                 | 1,00,000     |

X Ltd. has Rs.5,00,000 in Electronic cash ledger. Advise X Ltd. in discharging the tax liability.

[8]

5.(a) Write in short about the Assessment of Unregistered Person (u/s 63).

[8]

(b) State the circumstances where the refund amount shall be paid to the applicant.

[6]

6.(a)(i) A reduction from the output tax liability of Rs.2,25,000 has been made by K Ltd. in contravention of the provisions of section 42(10) of the CGST Act, 2017 in the month of January 2022 (vide invoice date 12.01.2022), which is ineligible credit at invoice level. As a result, a show cause notice issued Central Tax Department under section 74 of the CGST Act, 2017 along with interest. M/s. K Ltd. paid the tax and interest on 5th March 2022. Find the interest liability if any? Note: Ignore the penalty.

[4]

(ii) Mr. R, a Customs Broker, issues an invoice for reimbursement of few expenses and for consideration towards agency services rendered to an importer. The amounts charged by the Customs Broker are as below:

| Sl. No. | Component charges in invoice | Amount in Rs. |
|---------|------------------------------|---------------|
| 1       | Hotel expenses               | 11,000        |
| 2       | Customs duty                 | 60,000        |
| 3       | Travelling expenses          | 7,000         |
| 4       | Dock dues                    | 3,000         |
| 5       | Agency income                | 12,000        |

Calculate the value of taxable supply of service in the hands of Customs Broker.

[4]

(b) State the differences between Section 65 (Audit by Tax Authorities) and Section 66 (Special Audit) of the CGST Act, 2017.

[6]

7.(a) What do you mean by an E-way bill? State the situations under which E-way bill is not necessary to generate.

[7]

(b) The output tax liability of Mr. A, a registered supplier in respect of supplies made to Mr. B, for the month of July 2017 is ₹ 35,000 after considering his claim for reduction in his output tax liability on account of issuance of a credit note of ₹ 10,000. Whereas the corresponding input tax credit claimed by Mr. B in his valid return (after considering the reduction in ITC admitted and discharged on such credit note) is ₹ 32,000. What shall be impact of such transactions.

[7]

**Section – B: Customs & FTP**  
**Part - I**

Answer Question No. 8 which is compulsory

8. Choose the correct answer with justification/ workings wherever applicable: [3×2=6]
- (i) Warehoused goods specified in sec. 61(1)(c) remained in a warehouse beyond the date on which the proper officer has made an order u/s 60. Interest shall be payable @ 15% in which of the following cases?
- (a) 40
  - (b) 60
  - (c) 80
  - (d) 100
- (ii) The capital punishment u/s 132 for false declaration, documents, etc. is imprisonment for a term which may extend to
- (a) 6 months
  - (b) 1 year
  - (c) 2 years
  - (d) 4 years
- (iii) In order to be considered for establishment as EOU, a project should have a minimum investment of Rs. \_\_\_\_\_ in Plant & Machinery.
- (a) 25 lakhs
  - (b) 50 lakhs
  - (c) 1 Crore
  - (d) 2 Crores

**Part – II**

Answer any two questions from question number 9 to 11. Each question carries 14 marks.

[14×4=56]

9. (a) A commodity which is covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975, is imported into India from a country. Following particulars are made available:
- Quantity imported: 500 kgs.  
CIF value of the consignment: US\$ 30,000  
Exchange rate applicable: Rs. 70 = US\$1  
Basic customs duty: 12 %  
Social Welfare Surcharge @ 10%
- As per the notification, the anti-dumping duty is applicable and it will be equal to the difference between the cost of commodity calculated @ US\$80 per kg. and the landed value of the commodity as imported.
- Compute 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 being applicable. [8]
- (b) An unauthorized import has been made by a person and such goods are liable to be confiscation. After adjudication, Assistant Commissioner provides an option to the importer to pay fine in lieu of confiscation. It is proposed to impose a fine (in lieu of confiscation) equal to 50% of margin of profit. The following particulars are available:
- Assessable value Rs. 50,000,  
Total duty payable Rs. 20,000,  
Market value Rs. 1,00,000.
- calculate the amount of fine that can be imposed and also calculate the amount of fine and the total payment to be made by the importer to clear the consignment. [4]
- 10.(a) Pranav and Parul, the petitioners, were engaged in the business of import in trading of textiles and some other consumable goods. During search, the statements of both the petitioners were recorded and the petitioners were arrested for the offence under sections 132 and 135 of the Customs Act, 1962 on account of alleged false declaration, false documents and

evasion of customs duty. Simultaneously, adjudication proceedings were also initiated under the Act. The accused persons were exonerated by the competent authority/tribunal in the adjudication proceedings. Criminal proceedings were carried on simultaneously and petitioners were alleged to have committed offences punishable under sections 132 and 135(1)(b). Whether the criminal prosecution can be permitted to continue against both when the adjudication proceedings are in favour of them? Discuss. [6]

(b) Describe the term “Standard Input Output Norms (SION)”? What are the basic requirements for fixation/modification of Standard Input Output Norms (SION)? [6]

11.(a) Write down the conditions are to be satisfied for claiming refund of import duty? [6]

(b) As a Cost Accountant, you are required to discuss whether benefit of Service Exports from India Scheme (SEIS) can be availed with respect to notified services provided by service providers located in India in the current financial year in the following independent cases:

- (i) Net Foreign Exchange (NFE) earned by Mr. R, a service provider, in the preceding financial year is USD 3,700.
- (ii) X & Co., is a partnership firm, supplier of taxable services, has earned net foreign exchange to the tune of USD 19,000 in the preceding financial year.
- (iii) A service provider, Mr. R, has earned net foreign exchange of USD 13,000 in the preceding financial year. Out of this, USD 4,000 has been paid to Mr. R through the credit card of the foreign client.

Note: all the above services providers have an active IEC at the time of rendering services. [6]