

**FINAL EXAMINATION
Syllabus 2016**

PAPER 18: INDIRECT TAX LAWS & PRACTICE (ITP)

Time Allowed: 3 Hours

Full Marks: 100

Section A				20 × 1 = 20 Marks
You are required to answer all the questions. Each question carries 1 mark. Instructions: Each question is followed by 4 Answer choices and only one is correct. You are required to select the choice which according to you represents the correct answer.				
1.				
	a.	Duties of customs are prescribed in the seventh schedule of _____ list of the Constitution of India .		
	(i)	Union List	A	
	(ii)	State List		
	(iii)	Concurrent List		
	(iv)	All of the above		
	b.	Rate of duty on baggage is _____ ad valorem .		
	(i)	30%		
	(ii)	33%		
	(iii)	35%	A	
	(iv)	40%		
	c.	Registration as a casual person under the GST regime is given for a period of maximum :		
	(i)	90 days	A	
	(ii)	30days		
	(iii)	60days		
	(iv)	45days		
	d.	Where the actual insurance expenses are not available, how will the assessable value for customs duty be ascertained?		
	(i)	1.125% of FOB	A	
	(ii)	1% of FOB value		
	(iii)	1% of CIF value		
	(iv)	None of the above		
	e.	Which one of the following is exempted from GST?		
	(i)	Any business exhibition		
	(ii)	A business exhibition in India		
	(iii)	A business exhibition outside India	A	
	(iv)	None of the above		
	f.	Which of the following is not a consequence of non-registration under GST?		
	(i)	Will not be able to issue tax invoice		
	(ii)	Will not be eligible for input tax credit		
	(iii)	Will be subjected to monetary Penalty	A	

	(iv)	Will not be eligible to charge GST		
g.		The time of supply in case of reverse charge is :		
	(i)	Date of receipt of services/invoice		
	(ii)	Date of payment		
	(iii)	Date of debit in the books of account		
	(iv)	Earliest of the above given options.	A	
h.		The time of supply in case of residual rule where a periodical return has to be filed is :		
	(i)	The date on which CGST/SGST is paid		
	(ii)	The date on which such return is to be filed	A	
	(iii)	Both (i) & (ii)		
	(iv)	None of the above		
i.		With reference to GST , the activities to be treated as supply of goods or supply of services are referred to in _____ .		
	(i)	Schedule I		
	(ii)	Schedule II	A	
	(iii)	Schedule III		
	(iv)	None of the above		
j.		A new supplier has taxable intra-State sales, exempt intra-State sales and export sales of goods. He should get himself registered under GST law, where _____ . Fill in the blank from among the choices as below.		
	(i)	The aggregate value of taxable intra-State goods exceeds Rs. 20 lakhs.		
	(ii)	The aggregate value of taxable as well as exempt intra-State goods exceeds Rs. 20 lakhs.		
	(iii)	The aggregate value of all the three items exceeds Rs. 20 lakhs.	A	
	(iv)	The aggregate value of taxable intra-State goods as well as export sales exceeds Rs. 20 lakhs.		
k.		Which of the following persons can opt for composition scheme?		
	(i)	Person making any supply of goods which are not leviable to tax under GST.		
	(ii)	Person making any inter-State outward supplies of goods .		
	(iii)	Person effecting supply of goods through an e-commerce operator liable to collect tax at source		
	(iv)	None of the above	A	
l.		As per the GST law, every registered taxable person must maintain account books and records for at least _____ months from the due date of furnishing of annual return for the year pertaining to such return. Which figure according to you most appropriately fills the above blank?		
	(i)	73		
	(ii)	72	A	
	(iii)	70		
	(iv)	71		
m.		Under GST Act the term UIN stands for _____.		
	(i)	User Identification Number		
	(ii)	Utility Identification Name		

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	(iii)	Unique Identification Number	A	
	(iv)	Unique Individual Number		
n.	There would be no refund if the amount of customs duty involved is less than Rs. _____ (w.e.f.10.05.2013) Fill in the blank from among the choices as below.			
	(i)	Rs. 1		
	(ii)	Rs. 999		
	(iii)	Rs. 1000		
	(iv)	Rs. 100	A	
o.	What is the full form of AEZ?			
	(i)	Assessment Economic Zones		
	(ii)	Agricultural Export Zones	A	
	(iii)	Agricultural Economic Zones		
	(iv)	None of the above		
p.	Which one of the following is not one of the scope of FTP?			
	(i)	Within state sale of goods	A	
	(ii)	Export Promotional Measures.		
	(iii)	Duty Remission and Duty Exemption Scheme for promotion of exports.		
	(iv)	Policy for regulating import and export of goods and services.		
q.	_____ are combination of goods or services provided together but are not bundled due to natural necessities, and they can be supplied individually in the ordinary course of business. Which word(s) according to you appropriately fills in the above blank?			
	(i)	Joint supply		
	(ii)	Composite supply		
	(iii)	Mixed supply	A	
	(iv)	Assorted supply		
r.	Any person aggrieved by any order passed by a proper officer, lower in rank than Principal Commissioner or Commissioner of Customs, may appeal to the Commissioner of Customs (Appeals) within ____ days from the date of the communication of the order to him. Fill in the blank with appropriate word/words.			
	(i)	60	A	
	(ii)	30		
	(iii)	45		
	(iv)	10		
s.	A person is not liable for registration under GST act if such person is _____. Fill in the blank from among the choices as below.			
	(i)	a non-resident person making a taxable supply.		
	(ii)	an agriculturist selling produce out of cultivation of land.	A	
	(iii)	a dealer engaged in inter-state trade above threshold limit for registration.		
	(iv)	a casual taxable person making taxable supply.		
t.	Miss R of West Bengal enters into a contract to supply electronic goods to Mr. J of Bihar to be delivered in West Bengal . Which of the following will be chargeable to the goods?			
	(i)	IGST		

		(ii)	CGST		
		(iii)	SGST		
		(iv)	CGST + SGST	A	
<p align="center">Section B</p> <p align="center">You are required to answer all the questions. Each question carries 2 marks.</p> <p align="center">Instructions: Each question is followed by a space where you are required to type your answer.</p>					<p align="center">10 × 2</p> <p align="center">= 20</p> <p align="center">Marks</p>
2.	a.	What is the nature of supply in the following case? “Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.”			
		Type your answer here zero rated supply.			
	b.	Determine with reason whether the following supplies amount to composite supply: (i) A hotel provides 4 days-3 nights package wherein the facility of breakfast and dinner is provided along with the room accommodation. (ii) A toothpaste company has offered the scheme of free toothbrush along with the toothpaste			
		Type your answer here (i) Since, supply of breakfast and dinner with the accommodation in the hotel are naturally bundled, said supplies qualify as ‘composite supply’. (ii) Since supply of toothbrush along with the toothpaste are not naturally bundled, said supplies do not qualify as ‘composite supply’.			
	c.	What are the supplies on which reverse charge mechanism would apply? Type your answer here Notified categories of goods or services or both under Section 9(3)			
	d.	Eligibility of ITC majorly depends upon which two major factors? Type your answer here 1. Registration status 2. eligibility to avail ITC as per provision			
	e.	Who fixes the all industry rates for duty drawback with respect to export of goods? Type your answer here Drawback directorate			
	f.	A Letter of Credit is a bank’s written promise that it will make a customer’s (the holder) payment to a _____. Type your answer here Vendor			
	g.	The rate of Anti-dumping duty payable by a SEZ in respect of an import? Type your answer here Nil			
	h.	Every person who is liable to be registered under GST shall apply for registration in which form? Type your answer here GST REG 01			
	i.	What is the due date for filing GSTR – 6 (Return for Input Service Distributor) ? Type your answer here 13 th of the succeeding month			
	j.	To whom Duty Free Replenishment Certificate (DFRC) is issued? Type your answer here Merchant-exporter or manufacturer-exporter.			

Section C You are required to answer any 4 out of 6 questions in this section Instructions: Each question is followed by a space where you are required to type your answer.			12 × 4 = 48 Marks
3.	a.	<p>CMA Miss. A, an unregistered person under GST, has a place of profession in Bangalore, supplies taxable services to Z Ltd., a registered person under GST in Delhi. CMA Miss. A's turnover during the immediately preceding Financial Year is Rs. 18 lakhs.</p> <p>(i) Is it an inter-State supply or intra-State supply? Mention along with reason.</p> <p>(ii) Who is liable to pay GST?</p> <p>(iii) In case "CMA Miss. A's turnover is Rs. 28 lakhs" – who according to you should pay GST ?</p>	6
		<p>Type your answer here</p> <p>(i) Type of supply: It is an inter-state supply. Reason: State/UT of CMA Miss. A is Bangalore (Origin) and State/UT of Z Ltd. is Delhi (Destination). The supply involves two different states/UTs.</p> <p>(ii) Person liable to pay GST: CMA Miss. A is not liable to pay IGST if she chooses not to register under GST. Since, registration is not made mandatory to her. Service providers providing aggregate supplies including inter-state services up to Rs.20 lakh will be exempted from GST. Z Ltd. will be liable to pay GST under RCM as per Section 9(4) of the CGST Act .</p> <p>(iii) Person liable to pay GST: CMA Miss. A is liable to pay IGST, as the turnover of the preceeding financial year exceeds Rs. 20 lakhs (Rs.10 lakhs in special category of states, except Jammu and Kashmir) and therefore, registration is mandatory to her .</p>	
	b.	<p>What is adjudicating authority as per Sec. 2(4) of the CGST Act? State the cases where advance ruling can be sought .</p>	2+4
		<p>Type your answer here</p> <p>Adjudicating authority means any authority, appointed or authorised to pass any order or decision under this Act, but does not include the Central Board of Indirect Taxes and Customs, the Revisional Authority, the Authority for Advance Ruling, the Appellate Authority for Advance Ruling, the Appellate Authority, the Appellate Tribunal and the Authority referred to in sub-section (2) of section 171.</p> <p>Advance ruling can be sought only on the below mentioned aspects:</p> <p>(1) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and manner and accompanied by such fee as may be prescribed, stating the question on which the advance ruling is sought.</p> <p>(2) The question on which the advance ruling is sought under this Act, shall be in respect of,–</p> <ul style="list-style-type: none"> • classification of any goods or services or both; • applicability of a notification issued under the provisions of this Act; • determination of time and value of supply of goods or services or both; • admissibility of input tax credit of tax paid or deemed to have been paid; • determination of the liability to pay tax on any goods or services or both; • whether applicant is required to be registered; • whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term. 	
4.	a.	<p>Explain in brief what do you mean by the term liability of GST</p>	4
		<p>Type your answer here</p>	

		<p>Under the GST regime, liability to pay tax arises when a person crosses the turnover threshold of Rs. 20 lakhs (Rs.10 lakhs for North Eastern & Special Category States) except in certain specified cases where the taxable person is liable to pay GST even though he has not crossed the threshold limit.</p> <p>The CGST / SGST is payable on all intra- state supply of goods and/or services and IGST is payable on all inter- state supply of goods and/or services.</p> <p>A Composition Scheme, which is mainly devised for small taxpayers, provides concessional rate of tax and filing of quarterly returns instead of monthly return. To be eligible for registration under composition scheme it is required that the aggregate turnover of a registered tax payer should not exceed Rs.1.5 crores in the preceding financial year. (The limit is Rs.75,00,000 for Special Category States)</p> <p>Mizoram, Nagaland, Tripura, Sikkim, Arunachal Pradesh, Manipur, Meghalaya and Uttarakhand .</p> <p>According to section 2(6) of the CGST Act, 2017, aggregate turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-state supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, state tax, union territory tax, integrated tax and cess.</p>	
	b.	<p>State with respect to each of the following cases if they qualify as Composite supply or not</p> <p>(i) Yaatraai.com a tour travelling agent provides a tourism package consisting of air ticket, hotel room , transport cost, tourist guide and tour to various sites under a single price pack.</p> <p>(ii) A Asia in order to attract more customers introduces standard rated flights for a single price that includes provision of in-flight catering.</p>	4
		<p>Type your answer here</p> <p>(i) The supply is a composite supply where the main supply is the tour and the other components are seen as an integral or incidental to the main supply.</p> <p>(ii) The in flight catering service provided by the airlines is for the comfort and convenience of the passengers just like magazines or cushions. Therefore, this being integral to the main supply it will be considered as composite supply.</p>	
	c.	<p>What is Non-taxable supply under GST ? Mention any four activities which are specified in Schedule III (i.e. Negative list) .</p>	4
		<p>Type your answer here</p> <p>As per Section 7(2), Supply excludes :</p> <p>(a) activities or transactions specified in Schedule III; or</p> <p>(b) such activities or transactions undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council .</p> <p>Activities specified in Schedule III (i.e. Negative list):</p> <ol style="list-style-type: none"> 1. Services by employee to employer in the course of or in relation to his employment. 2. Services by court or Tribunal 3. Services by Member of Parliament and others 4. Services by funeral, burial etc. 	
5.	a.	<p>M/s X Ltd. owned factory in Chennai (Tamil Nadu) and one depot in Cochin (Kerala). Depot in Cochin is required to obtain separate registration as they are considered as distinct person under Section 25(4) of the CGST Act, 2017. The goods manufactured in Chennai factory will be transferred to Cochin Depot where it will be sold as it is .</p>	6

		<table><tr><th>Particulars</th><th>No. of units</th><th>Price at Factory Per unit</th><th>Price at Depot Per unit</th><th>Rate of IGST Advalorem</th></tr><tr><td>(i) Goods transferred from factory to depot on 8th February</td><td>1,000</td><td>Rs. 200</td><td>Rs. 220</td><td>18%</td></tr><tr><td>(ii) Goods actually sold at depot on 18th February</td><td>750</td><td>Rs. 220</td><td>Rs. 250</td><td>12%</td></tr></table> <p>Find the value of taxable supply of goods and IGST liability in the hands of M/s X Ltd. of Chennai. Note: Depot in Cochin is not availing input tax credit.</p>	Particulars	No. of units	Price at Factory Per unit	Price at Depot Per unit	Rate of IGST Advalorem	(i) Goods transferred from factory to depot on 8th February	1,000	Rs. 200	Rs. 220	18%	(ii) Goods actually sold at depot on 18th February	750	Rs. 220	Rs. 250	12%											
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		<p>Type your answer here</p> <p>Value of taxable supply of goods = Rs. 1,98,000 (Rs. 220 x 1,000 units) x 90%</p> <p>IGST = Rs. 35,640 (i.e. Rs. 1,98,000 x 18/100)</p> <p>Note: It means at the time of transfer of goods from Chennai Factory to Cochin Depot, M/s. X Ltd. will have to determine the price at which depot will sell the goods to his customers.</p> <p>As per 1st proviso to Rule 28 of Chapter IV of the CGST Rules, 2017 provides that such price should be the price for sale of goods to unrelated person.</p> <p>M/s X Ltd. has option to pay GST on 90% of such value (i.e. 90% of the price at which the goods are being sold from Cochin Depot).</p>																										
	b.	<p>From the following determine the time of supply in case of continuous supply of goods:</p> <table><tr><th>Successive payments involved</th><th>Date of expiry of the period</th><th>Date of issue of invoice</th><th>Date of receipt of payment</th></tr><tr><td>yes</td><td>31/7/21</td><td>25/7/21</td><td>10/8/21</td></tr><tr><td>no</td><td>22/7/21</td><td>25/7/21</td><td>15/8/21</td></tr><tr><td>yes</td><td>18/8/21</td><td>25/7/21</td><td>pending</td></tr><tr><td>no</td><td>31/7/21</td><td>pending</td><td>5/8/21</td></tr></table>	Successive payments involved	Date of expiry of the period	Date of issue of invoice	Date of receipt of payment	yes	31/7/21	25/7/21	10/8/21	no	22/7/21	25/7/21	15/8/21	yes	18/8/21	25/7/21	pending	no	31/7/21	pending	5/8/21	6					
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		<p>Type your answer here</p> <table><tr><th>Successive payments involved</th><th>Date of expiry of the period</th><th>Date of issue of invoice</th><th>Date of receipt of payment</th><th>Time of Supply</th></tr><tr><td>yes</td><td>31/7/21</td><td>25/7/21</td><td>10/8/21</td><td>31/07/21</td></tr><tr><td>no</td><td>22/7/21</td><td>25/7/21</td><td>15/8/21</td><td>25/7/21</td></tr><tr><td>yes</td><td>18/8/21</td><td>25/7/21</td><td>pending</td><td>18/8/21</td></tr><tr><td>no</td><td>31/7/21</td><td>pending</td><td>5/8/21</td><td>5/8/21</td></tr></table>	Successive payments involved	Date of expiry of the period	Date of issue of invoice	Date of receipt of payment	Time of Supply	yes	31/7/21	25/7/21	10/8/21	31/07/21	no	22/7/21	25/7/21	15/8/21	25/7/21	yes	18/8/21	25/7/21	pending	18/8/21	no	31/7/21	pending	5/8/21	5/8/21	
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6.	a.	Briefly explain advance payment of GST and refund claim by casual trading person	4																									

	<p>Type your answer here Advance payment of GST: The Common Portal, after making the mandatory advance deposit of tax for an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought will give the applicant a temporary reference number. The registration certificate shall be issued electronically only after the said deposit appears in his electronic cash ledger. The amount deposited shall be credited to the electronic cash ledger of casual taxable person. On depositing the amount, an acknowledgement shall be issued electronically to the applicant in FORM GST REG-02. The casual taxable person can make taxable supplies only after the issuance of the certificate of registration. Refund by Casual taxable person: The casual taxable person is eligible for the refund of any balance of the advance tax deposited by him after adjusting his tax liability. The balance advance tax deposit can be refunded only after all the returns have been furnished, in respect of the entire period for which the certificate of registration was granted to him had remained in force. The refund relating to balance in the electronic cash ledger has to be made in serial no. 14 of the last FORM GSTR-3 return required to be furnished by him.</p>	
b.	State the functions of the GSTN	2
	<p>Type your answer here Functions of the GSTN (i.e. Role assigned to GSTN): 1. Creation of common and shared IT infrastructure for functions facing taxpayers has been assigned to GSTN and these are: filing of registration application, • filing of return, • creation of challan for tax payment, 2. settlement of IGST payment (like a clearing house) 3. generation of business intelligence and analytics etc. All statutory functions to be performed by tax officials under GST like approval of registration, assessment, audit, appeal, enforcement etc. will remain with the respective tax departments.</p>	
c.	An exporter exported 2000 pairs of leather shoes @ 750 per pair. All industry rate of drawback is fixed on an average basis that is @ 11% of FOB subject to maximum of Rs. 80/pair. The exporter found that the actual duty paid on inputs was Rs. 1,95,000. He has approached you as a consultant to apply under Rule 7 of the drawback rules for fixation of "special brand rate". Advise him.	4
	<p>Type your answer here Drawback as per industry rate - Lower of the following: i. 11% of (2000*750) = Rs. 1,65,000 ii. (80*2000) = Rs. 1,60,000 thus maximum drawback admissible = Rs. 1,60,000 80% of the actual duty paid i.e; 80% *1,95,000 = Rs. 1,56,000 As per Rule 7 importer can apply for Special brand rate only when drawback admissible as per industry rate is less than 80% of the duty paid. In the given case the drawback paid is not less than 80% of the actual duty paid on inputs, thus the exporter is not eligible to apply for special brand rate.</p>	
d.	What is the difference between detention and seizure?	2

		<p>Type your answer here</p> <p>Supreme Court clarifies that the detention of goods is actually taking the custody of the goods and keeping it under restraint from being taken by the parties, but, the party is entitled to produce sufficient documentary evidence, and if he shows proof he can take them.</p> <p>At that juncture no question of seizure would arise. Once the property is detained by the department unless and until the adjudicating proceedings are over, and an order is passed for the return of the property, the officials cannot return the goods. Thus the detaining of goods is for the purpose of enquiry and if not sufficient proof coming forward , question of seizure of the property would arise .</p>																						
7.	a.	<p>What are the provisions of FTP with respect to denomination of export contracts?</p>	6																					
		<p>Type your answer here</p> <p>The provision are as under:</p> <p>(a) All export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency.</p> <p>(b) However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a nonresident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan. Additionally, rupee payment through Vostro account must be against payment in free foreign currency by buyer in his non- resident bank account.</p> <p>Free foreign exchange remitted by buyer to his non-resident bank (after deducting bank service charges) on account of this transaction would be taken as export realization under export promotion schemes of FTP.</p> <p>(c) Contracts (for which payments are received through Asian Clearing Union (ACU) shall be denominated in ACU Dollar. However, participants in the ACU may settle their transactions in ACU Dollar or in ACU Euro as per RBI Notifications. Central Government may relax provisions of this paragraph in appropriate cases. Export contracts and invoices can be denominated in Indian rupees against EXIM Bank/Government of India line of credit.</p>																						
	b.	<p>A consignment of 800 metric tonnes of edible oil of Malaysian origin was imported by a charitable organization in India for free distribution to below poverty line citizens in a backward area under the scheme designed by the Food and Agricultural Organization. This being a special transaction, a nominal price of US\$ 10 per metric tonne was charged for the consignment to cover the freight and insurance charges. The Customs House found out that at or about the time of import of this gift consignment, there were following imports of edible oil of Malaysian origin:</p> <table><tr><th>S. No.</th><th>Quantity imported in metric tonnes</th><th>Unit price in US \$ (CIF)</th></tr><tr><td>1.</td><td>20</td><td>260</td></tr><tr><td>2.</td><td>100</td><td>220</td></tr><tr><td>3.</td><td>500</td><td>200</td></tr><tr><td>4.</td><td>900</td><td>175</td></tr><tr><td>5.</td><td>400</td><td>180</td></tr><tr><td>6.</td><td>780</td><td>160</td></tr></table> <p>The rate of exchange on the relevant date was 1 US \$ = Rs. 63.00 and the rate of basic customs duty was 15% ad valorem. There is no IGST. Calculate the amount of duty leviable on the consignment under the Customs Act, 1962 with appropriate assumptions and explanations where required.</p>	S. No.	Quantity imported in metric tonnes	Unit price in US \$ (CIF)	1.	20	260	2.	100	220	3.	500	200	4.	900	175	5.	400	180	6.	780	160	6
S. No.	Quantity imported in metric tonnes	Unit price in US \$ (CIF)																						
1.	20	260																						
2.	100	220																						
3.	500	200																						
4.	900	175																						
5.	400	180																						
6.	780	160																						
		<p>Type your answer here Total custom duty payable is Rs. 13,25,060</p> <p>Rough Work</p> <p>Calculation of amount of duty payable:</p> <p>exchange rate of \$ 1 = Rs. 63</p> <p>CIF Value (800 metric tonnes x 160 USD x Rs. 63)/Assessable Value = Rs. 80,64,000</p> <p>15% Basic Customs duty on Rs. 80,64,000 = Rs. 12,04,600</p>																						

		<p>Add: SWS @ 10% on 12,04,600 = Rs. 1,20,460</p> <p>Total custom duty payable = Rs. 13,25,060</p> <p>Notes: more than one transaction value for identical goods are given, we are supposed to take the lowest price of the quantity which is nearest to the quantity of import.</p>	
8.		You are required write Short Notes on any 4 out of 5	4 × 3 = 12 Marks
	a.	Export of Service	
		<p>Type your answer here</p> <p>As per Section 2(6) of the IGST Act, 2017, export of service means the supply of any services when:</p> <ol style="list-style-type: none"> 1. The supplier of the service is located in India; 2. The recipient of service is located outside India; 3. The place of supply of service is outside India; 4. The payment for such service has been received by the supplier of service in convertible foreign exchange; and <p>The supplier of service and the recipient of service are not merely establishments of distinct persons in accordance with explanation 1 to taxable section 8 of the IGST Act, 2017 Under the GST regime, liability to pay tax arises when a person crosses the turnover threshold of Rs. 20 lakhs (Rs.10 lakhs for North Eastern & Special Category States) except in certain specified cases where the taxable person is liable to pay GST even though he has not crossed the threshold limit.</p> <p>The CGST / SGST is payable on all intra- state supply of goods and/or services and IGST is payable on all inter- state supply of goods and/or services.</p> <p>A Composition Scheme, which is mainly devised for small taxpayers, provides concessional rate of tax and filing of quarterly returns instead of monthly return. To be eligible for registration under composition scheme it is required that the aggregate turnover of a registered tax payer should not exceed Rs.75,00,000 in the preceding financial year. (The limit is Rs.50,00,000 for North Eastern & Special Category States)</p> <p>North Eastern and Special Category States are Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Sikkim, and Himachal Pradesh.</p> <p>According to section 2(6) of the CGST Act, 2017, aggregate turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-state supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, state tax, union territory tax, integrated tax and cess .</p>	
	b.	What is 'e-invoicing'? How is 'e-invoicing' different from the present system?	
		<p>Type your answer here</p> <p>As per Rule 48(4) of CGST Rules, notified class of registered persons have to prepare invoice by uploading specified particulars of invoice (in FORM GST INV-01) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN). After following above 'e-invoicing' process, the invoice copy containing inter alia, the IRN (with QR Code) issued by the notified supplier to buyer is commonly referred to as 'e-invoice' in GST. Because of the standard e-invoice schema (INV-01), 'e-invoicing' facilitates exchange of the invoice document (structured invoice data) between a supplier and a buyer in an integrated electronic format. Please note that 'e-invoice' in 'e-invoicing' doesn't mean generation of invoice by a Government portal. There is not much difference indeed. Registered persons will continue to create their GST invoices on their own Accounting/Billing/ERP Systems. These invoices will now be reported to 'Invoice Registration Portal (IRP)'. On reporting, IRP returns the e-invoice with a unique 'Invoice Reference Number (IRN)' after digitally signing the e-invoice and adding a QR Code. Then, the invoice can be issued to the receiver (along with QR Code). A GST invoice will be valid only with a valid IRN .</p>	

	c.	Advance Authorization under Indian FTP											
		Type your answer here Advance Authorization: (i) Exporters having past export performance (in at least preceding two financial years) shall be entitled for Advance Authorization for annual requirement. (ii) Materials imported under advance authorization will 'Actual user condition'. These imported goods will not be transferable even after completion of export obligation. However, holder of advance authorization will have an option to dispose of product manufactured out of duty free inputs once export obligation is completed. (iii) Advance authorization is issued for inputs in relation to the resultant product on the basis of SION (Standard Input Output Norms). If SION for a particular item is not fixed, Regional Authority (RA) based on self-declaration by applicant except certain specified products, can issue advance authorization. (iv) It is necessary to establish that inputs actually used in manufacture of the export product should only be imported under advance authorization and inputs actually imported must be used in the export product, for redeeming the authorization.											
	d.	Provisional Safeguard Duty .											
		Type your answer here The Central Government may, pending the determination under sub-section (1) of Section 8B, impose a provisional safeguard duty under this sub-section on the basis of a preliminary determination that increased imports have caused or threatened to cause serious injury to a domestic industry; Provided that where, on final determination, the Central Government is of the opinion that increased imports have not caused or threatened to cause serious injury to a domestic industry, it shall refund the duty so collected; Provided further that the provisional safeguard duty shall not remain in force for more than two hundred days from the date on which it was imposed.											
	e.	Second Appraisalment System under Customs .											
		Type your answer here The information and documents furnished by the importer are adequate to determine the correct tariff nomenclature, tariff classification and valuation of the goods for purposes of assessment. Physical examination of the goods or their weighing or testing is only a confirmatory check. Under this system, such an examination is carried out after assessment and collection of duty. Such a system is also called as Second check procedure .											
		Section D You are required to answer all the questions in this section Instructions: Each question is followed by a space where you are required to type your answer.	1 × 12 = 12 Marks										
9.		Mr. RS has a proprietorship firm in the name of S & Sons in Jaipur. The firm, registered under GST in the State of Rajasthan, manufactures three taxable products 'M', 'N' and 'O'. Tax on 'N' is payable under reverse charge. The firm also provides taxable consultancy services. The firm has provided the following details for the period April 2021 to September 2021: <table><tr><td>Particulars</td><td>(Rs.)</td></tr><tr><td>Turnover of 'M'</td><td>14,00,000</td></tr><tr><td>Turnover of 'N'</td><td>6,00,000</td></tr><tr><td>Turnover of 'O'</td><td>10,00,000</td></tr><tr><td>Export of 'M' with payment of IGST</td><td>2,50,000</td></tr></table>	Particulars	(Rs.)	Turnover of 'M'	14,00,000	Turnover of 'N'	6,00,000	Turnover of 'O'	10,00,000	Export of 'M' with payment of IGST	2,50,000	
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a.	Compute common credit attributable to exempt supplies during the period April 2021 to September 2021.	3															
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b.	Compute ITC available in the Electronic Credit Ledger of the S & Sons for the period April 2021-September 2021	2															
	<p>Type your answer here Net ITC available is Rs. 2,78,180</p> <p>Rough Work</p> <table><tr><th>Particulars</th><th>(Rs.)</th></tr><tr><td>Common credit on inputs and input services</td><td>6,90,000</td></tr><tr><td>[Tax on inputs - Rs. 4,20,000 (Rs. 35,00,000 x 12%) + Tax on input services – Rs. 2,70,000 (Rs. 15,00,000 x 18%)]</td><td></td></tr><tr><td>Legal services used in the manufacture of taxable product 'M'</td><td>63,000</td></tr><tr><td>ITC available in the Electronic Credit Ledger</td><td>7,53,000</td></tr><tr><td>Less: Common credit attributable to exempt supplies during the period April 20XX to September 20XX</td><td>4,74,820</td></tr><tr><td>Net ITC available</td><td>2,78,180</td></tr></table>	Particulars	(Rs.)	Common credit on inputs and input services	6,90,000	[Tax on inputs - Rs. 4,20,000 (Rs. 35,00,000 x 12%) + Tax on input services – Rs. 2,70,000 (Rs. 15,00,000 x 18%)]		Legal services used in the manufacture of taxable product 'M'	63,000	ITC available in the Electronic Credit Ledger	7,53,000	Less: Common credit attributable to exempt supplies during the period April 20XX to September 20XX	4,74,820	Net ITC available	2,78,180		
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c.	Compute the GST payable on outward supply of S & Sons.	4															

	<p>Type your answer here Total GST payable on outward supply is Rs. 3,18,000</p> <p>Rough Work</p> <table> <tr> <th>Particulars</th><th>Value (Rs.)</th><th>GST (Rs.)</th></tr> <tr> <td>Turnover of 'M' [liable to GST @ 12%]</td><td>14,00,000</td><td>1,68,000</td></tr> <tr> <td>Turnover of 'N' [Tax on 'N' is payable under reverse charge by the recipient of such goods]</td><td>6,00,000</td><td>Nil</td></tr> <tr> <td>Turnover of 'O' [liable to GST @ 12%]</td><td>10,00,000</td><td>1,20,000</td></tr> <tr> <td>Export of 'M' with payment of IGST @ 12%</td><td>2,50,000</td><td>30,000</td></tr> <tr> <td>Export of 'O' under letter of undertaking (LUT) [Export of goods is a zero rated supply in terms of section 16(1)(a) of the IGST Act, 2017. A zero rated supply can be supplied without payment of tax under a LUT in terms of section 16(3)(a) of that Act.]</td><td>10,00,000</td><td>Nil</td></tr> <tr> <td>Consultancy services provided to independent clients located in foreign countries.[The activity is an export of service in terms of section 2(6) of the IGST Act, 2017 as- <ul style="list-style-type: none"> the supplier of service is located in India; the recipient of service is located outside India; place of supply of service is located outside India (in terms of section 13(2) of the IGST Act, 2017); payment for the service has been received in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India; and supplier of service and recipient of service are not merely establishments of distinct person. [Export of services is a zero rated supply in terms of section 16(1)(a) of the IGST Act, 2017. A zero rated supply can be supplied without payment of tax under a LUT in terms of section 16(3)(a) of that Act.] It is assumed that export has been made under LUT</td><td>20,00,000</td><td>Nil</td></tr> <tr> <td>Sale of building [Sale of building is neither a supply of goods nor a supply of services in terms of para 5 of Schedule III to the CGST Act, 2017 and hence, is not liable to any tax]</td><td>1,20,00,000</td><td>Nil</td></tr> <tr> <td>Interest received on investment in fixed deposits with a bank [Exempt vide Notification No. 12/2017 CT (R) dated 28.06.2017]</td><td>4,00,000</td><td>Nil</td></tr> <tr> <td>Sale of shares [Shares are neither goods nor services in terms of section 2(52) and 2(102) of the CGST Act, 2017. Hence, sale of shares is neither a supply of goods nor a supply of services and hence, is not liable to any tax.]</td><td>2,50,00,000</td><td>Nil</td></tr> <tr> <td>Total GST payable on outward supply</td><td></td><td>3,18,000</td></tr> </table>	Particulars	Value (Rs.)	GST (Rs.)	Turnover of 'M' [liable to GST @ 12%]	14,00,000	1,68,000	Turnover of 'N' [Tax on 'N' is payable under reverse charge by the recipient of such goods]	6,00,000	Nil	Turnover of 'O' [liable to GST @ 12%]	10,00,000	1,20,000	Export of 'M' with payment of IGST @ 12%	2,50,000	30,000	Export of 'O' under letter of undertaking (LUT) [Export of goods is a zero rated supply in terms of section 16(1)(a) of the IGST Act, 2017. A zero rated supply can be supplied without payment of tax under a LUT in terms of section 16(3)(a) of that Act.]	10,00,000	Nil	Consultancy services provided to independent clients located in foreign countries.[The activity is an export of service in terms of section 2(6) of the IGST Act, 2017 as- <ul style="list-style-type: none"> the supplier of service is located in India; the recipient of service is located outside India; place of supply of service is located outside India (in terms of section 13(2) of the IGST Act, 2017); payment for the service has been received in convertible foreign exchange or in Indian rupees wherever permitted by the Reserve Bank of India; and supplier of service and recipient of service are not merely establishments of distinct person. [Export of services is a zero rated supply in terms of section 16(1)(a) of the IGST Act, 2017. A zero rated supply can be supplied without payment of tax under a LUT in terms of section 16(3)(a) of that Act.] It is assumed that export has been made under LUT	20,00,000	Nil	Sale of building [Sale of building is neither a supply of goods nor a supply of services in terms of para 5 of Schedule III to the CGST Act, 2017 and hence, is not liable to any tax]	1,20,00,000	Nil	Interest received on investment in fixed deposits with a bank [Exempt vide Notification No. 12/2017 CT (R) dated 28.06.2017]	4,00,000	Nil	Sale of shares [Shares are neither goods nor services in terms of section 2(52) and 2(102) of the CGST Act, 2017. Hence, sale of shares is neither a supply of goods nor a supply of services and hence, is not liable to any tax.]	2,50,00,000	Nil	Total GST payable on outward supply		3,18,000	
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d.	Compute the net GST Liability of S & Sons for the period April 2021 to September 2021.	3																																	

Type your answer here Net GST payable is Rs. 1,02,820

Rough Work

Computation of net GST liability of S & Sons for the period April 2021 to September 2021

Particulars	(Rs.)
GST payable on outward supply [Refer Working Note 1]	3,18,000
GST payable on legal services under reverse charge [Rs. 3,50,000 X18%]	63,000
[Tax on legal services provided by an advocate to a business entity, is payable under reverse charge by the business entity in terms of Notification No. 13/2017 CT (R) dated 28.06.2017. Further, such services are not eligible for exemption provided under Notification No. 12/2017 CT (R) dated 28.06.2017 as the turnover of the business entity [S & Sons] in the preceding financial year exceeds Rs. 20 lakh.]	
Total GST liability	3,81,000
Less: Input tax credit (ITC)	2,78,180
Tax paid in cash (Rs. 63,000 + Rs. 39,820)	1,02,820
[As per section 49(4) of the CGST Act, 2017 amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax in terms of section 2(82) of the CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.]	

END