

**INTERMEDIATE EXAMINATION
Syllabus 2016**

Paper 11: INDIRECT TAXATION (ITX)

Time Allowed: 3 Hours

Full Marks: 100

There are Sections A, B, C and D to be answered subject to instructions given against each.

Section A				20 X 1 = 20 Marks
<p align="center">You are required to answer all the questions. Each question carries 1 mark.</p> <p align="center">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.</p>				
1.	a.	GST rate for the restaurant within hotel room tariff more than Rs. 7,500 is _____.		
	(i)	5%		
	(ii)	12%	A	
	(iii)	18%		
	(iv)	28%		
	b.	IGST levied and collected is _____.		
	(i)	Allotted to Centre only		
	(ii)	Allotted to State only		
	(iii)	Allotted to UT's only		
	(iv)	Apportioned between Centre and States	A	
	c.	Under the GST law, the word 'agent' includes _____.		
	(i)	Factor		
	(ii)	Broker		
	(iii)	Commission Agent		
	(iv)	All of the above	A	
	d.	'Person' under the GST law includes _____.		
	(i)	an individual, an Hindu Undivided Family, a company		
	(ii)	a firm, a Limited Liability Partnership		
	(iii)	an association of person or body of individual, whether incorporated or not , in india or outside India		
	(iv)	All of the above	A	
	e.	Under GST law the phrase 'Goods' does not include which of the following?		
	(i)	Actionable claim		
	(ii)	Growing crops on the land agreed to be severed before supply		
	(iii)	Money and Securities	A	
	(iv)	Furniture		

Mock Test Paper with Model Answers for June 2022 Online Examination – Inter/P11-ITX/S1

	f.	In which Form acknowledgement of application for registration under section 25 of GST Act is received?		
		(i)	GST REG 01	
		(ii)	GST REG 02	A
		(iii)	GST REG 03	
		(iv)	GST REG 04	
	g.	Where the entire consideration has been received after issuance of completion certificate or after its first occupation is _____.		
		(i)	transfer of goods	
		(ii)	transfer of immovable property	A
		(iii)	transfer of services	
		(iv)	None of the above	
	h.	Construction of a complex, building, civil structure intended for sale to a buyer, wholly or partly is supply of _____.		
		(i)	goods	
		(ii)	services	A
		(iii)	Both (i) and (ii)	
		(iv)	None of the above	
	i.	Gifts not exceeding _____ in a year by an employer to employee shall not be treated as supply .		
		(i)	Rs.5,000	
		(ii)	Rs.10,000	
		(iii)	Rs.50,000	A
		(iv)	Rs.1,00,000	
	j.	A registered person making zero rated supply shall be _____.		
		(i)	eligible to claim refund	A
		(ii)	not eligible for refund	
		(iii)	subject to reverse charge	
		(iv)	none of the above	
	k.	In case of mobile connection for telecommunication and internet services provided on postpaid basis, the place of supply is the _____		
		(i)	place of office of the service provider	
		(ii)	place of payment	
		(iii)	billing address of the recipient of services	A
		(iv)	place of supply not relevant	
	l.	If the proper officer does not take any action within a period of three working days from the date of submission of the application for GST registration then _____.		
		(i)	fresh application shall be submitted	

Mock Test Paper with Model Answers for June 2022 Online Examination – Inter/P11-ITX/S1

	(ii)	implies rejection of registration		
	(iii)	deemed registration	A	
	(iv)	implies registration not required		
m.	Refund of GST is not applicable in the case of _____.			
	(i)	Imports	A	
	(ii)	Notified Multilateral Financial Institution		
	(iii)	Embassy of foreign countries		
	(iv)	Zero rated supplies		
n.	The period prescribed for issuance of tax invoice in the case of provision of services is _____.			
	(i)	generally 15 days from the date of the supply of service (in case of banking companies - 30 days from the date of supply)		
	(ii)	generally 30 days from the date of the supply of service (in case of banking companies -45 days from the date of supply)		
	(iii)	generally 45 days from the date of supply of service (in case of banking companies – 60 days from the date of supply)	A	
	(iv)	generally 60 days from the date of supply of service (in case of banking companies – 75 days from the date of supply)		
o.	Which of the following is the meaning to 'Zero rated Supply'?			
	(i)	Export of goods or services or both	A	
	(ii)	Import of goods or services or both		
	(iii)	Supply of goods or services or both to a Special Economic Zone Developer		
	(iv)	Supply of goods or services or both to a Special Economic Zone Unit		
p.	A Debit note is issued to the recipient of goods or services if _____.			
	(i)	taxable value is found to be excess		
	(ii)	the goods are returned by the recipient		
	(iii)	goods supplied are found to be deficient		
	(iv)	tax charged is found to be lesser	A	
q.	No duty shall be collected if the amount of duty leviable is equal to or less than _____.			
	(i)	Rs.50		
	(ii)	Rs.100	A	
	(iii)	Rs.150		
	(iv)	Rs.200		
r.	When the goods are removed from the custom station of import for warehousing, the Proper Officer affix _____ on the container or means of transport.			
	(i)	details of stock		
	(ii)	details of duty paid		
	(iii)	one time lock	A	
	(iv)	destination of goods		

Mock Test Paper with Model Answers for June 2022 Online Examination – Inter/P11-ITX/S1

	s.	An area beyond 200 nautical miles from the base line called _____.		
		(i)	import zone	
		(ii)	export zone	A
		(iii)	free zone	
		(iv)	high zone	
	t.	Interest for late payment of duty for goods cleared for home consumption is _____.		
		(i)	5%	
		(ii)	10%	
		(iii)	15%	A
		(iv)	20%	
	SECTION B			
	You are required to answer all the questions. Each question carries 1 mark.			
	Instructions: Each question is followed by a space where you are required to type your answer.			
2.	a.	X, director of A2Z Pvt. Ltd., has received sitting fee amounting to 1 lakh from A2Z Pvt. Ltd for attending the Board meetings. Who is the person liable to pay tax in this case?		
		Type your Answer here GST on supply of services by director of a company to the said company located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., A2Z Pvt. Ltd.		
	b.	State the person liable to pay GST provided in recipient is located in the taxable territory Services provided by an arbitral tribunal to any business entity.		
		Type your Answer here Since GST on services provided or agreed to be provided by an arbitral tribunal to any business entity located in the taxable territory is payable under reverse charge, in the given case, GST is payable by the recipient - business entity.		
	c.	Import (Downloading) of a song for consideration for personal use by Mr. Sen. Is it supply of service?		
		Type your Answer here Yes. It is supply of service and IGST will be levied. Note: Services may be in the course or furtherance of business or not.		
	d.	In which section under GST Act, 2017, 'Taxable Person' is defined?		
		Type your Answer here Section 22 or Section 24 of the CGST Act. [Section 2(107) of CGST Act]		
	e.	In which sections Levy and Collection of CGST and IGST are contained?		
		Type your Answer here		

Mock Test Paper with Model Answers for June 2022 Online Examination – Inter/P11-ITX/S1

		Section 9 of CGST Act, 2017 and Section 5 of the IGST Act, 2017	
	f.	As per Schedule II of the CGST Act, renting of immovable property would be treated as supply of _____ .	
		Type your Answer here services	
	g.	Whether goods supplied on hire purchase basis will be treated as supply of goods or supply of services? Give reason.	
		Type your Answer here Supply of goods on hire purchase shall be treated as supply of goods as there is transfer of title, albeit at a future date as per Schedule II	
	h.	Mr. A has opened up a new branch office. In this office is he required to display his GSTIN? What shall be the penalty in case he doesn't display the same?	
		Type your Answer here Yes, penalty of maximum Rs. 25000	
	i.	What is Protective Duties as per customs law?	
		Type your Answer here A duty imposed on imported goods for the protection of the interest of any industry established in India on the recommendation of Tariff Commission. It is effective only and inclusive of the date, if any, specified in the First schedule of the Tariff.	
	j.	What is Bill of Entry for Home Consumption?	
		Type your Answer here: This form called 'Bill of Entry for Home Consumption', is used when the imported goods are to be cleared on payment of full duty i.e. for use within India.	
	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 X 4 = 48 Marks
3.	a.	What are the activities to be treated as supply even if made without consideration as per Schedule I?	4

		<p>Type your Answer here:</p> <p>The activities to be treated as supply even if made without consideration are as below –</p> <p>1. Permanent transfer or disposal of business assets where input tax credit availed on such assets.</p> <p>2. Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course of furtherance of business. Provided that gifts not exceeding Rs. 50,000/- in value in a financial year by an employer to employee shall not be treated as supply of goods or services both.</p> <p>3. Supply of goods –</p> <p>(a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal or</p> <p>(b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.</p> <p>4. Import of services by a person from a related person or from any of his other establishment outside India, in the course of furtherance of business</p>																			
	b.	Explain the concept of “Dual GST”	2																		
		<p>Type your Answer here:</p> <p>India has adopted a Dual GST model view of the federal structure of the country. Consequently, Centre and States simultaneously levy GST on taxable supply of goods or services or both which, takes place within a State or Union Territory. Thus, tax is imposed concurrently by the Centre and States, i.e. Centre and States simultaneously tax goods and services. Now, the Centre also has the power to tax intra-State sales & States are also empowered to tax services. GST extends to whole of India including the State of Jammu and Kashmir.</p>																			
	c.	<p>M/s S A Ltd furnishes the following details of various services provided for the month of April 2021.</p> <table><tr><td>i.</td><td>Plantation of tea and coffee</td><td>260000</td></tr><tr><td>ii.</td><td>Processing of tomato ketchup</td><td>210000</td></tr><tr><td>iii.</td><td>Sale of rice on commission basis</td><td>250000</td></tr><tr><td>iv.</td><td>Rearing of silkworm and horticulture</td><td>330000</td></tr><tr><td>v.</td><td>Rent of vacant land for various ceremony</td><td>540000</td></tr><tr><td>vi.</td><td>Rent of agro machinery</td><td>325000</td></tr></table> <p>Determine the tax liability of each transaction</p>	i.	Plantation of tea and coffee	260000	ii.	Processing of tomato ketchup	210000	iii.	Sale of rice on commission basis	250000	iv.	Rearing of silkworm and horticulture	330000	v.	Rent of vacant land for various ceremony	540000	vi.	Rent of agro machinery	325000	6
i.	Plantation of tea and coffee	260000																			
ii.	Processing of tomato ketchup	210000																			
iii.	Sale of rice on commission basis	250000																			
iv.	Rearing of silkworm and horticulture	330000																			
v.	Rent of vacant land for various ceremony	540000																			
vi.	Rent of agro machinery	325000																			

		<p>Type your Answer here</p> <ul style="list-style-type: none"> i. Non taxable ii. Taxable iii. Non Taxable iv. Taxable v. Non Taxable vi. Non Taxable <p>ROUGH WORK:</p> <table border="1"> <tr> <td>i.</td><td>Plantation of tea and coffee</td><td>NIL</td><td>Non taxable, agricultural product</td></tr> <tr> <td>ii.</td><td>Processing of tomato ketchup</td><td>210000</td><td>This is not agriculture produce, as further processing is done. Hence subject to tax</td></tr> <tr> <td>iii.</td><td>Sale of rice on commission basis</td><td>250000</td><td>Rice is not an agriculture produce as further processing is not done by cultivator or produce, so GST is payable.</td></tr> <tr> <td>iv.</td><td>Rearing of silkworm and horticulture</td><td>NIL</td><td>Income related to agriculture, so non taxable.</td></tr> <tr> <td>v.</td><td>Rent of vacant land for various ceremony</td><td>540000</td><td>Taxable (exempt if only use for agricultural purpose)</td></tr> <tr> <td>vi.</td><td>Rent of agro machinery</td><td>NIL</td><td>Renting of agriculture machines is exempt</td></tr> </table>	i.	Plantation of tea and coffee	NIL	Non taxable, agricultural product	ii.	Processing of tomato ketchup	210000	This is not agriculture produce, as further processing is done. Hence subject to tax	iii.	Sale of rice on commission basis	250000	Rice is not an agriculture produce as further processing is not done by cultivator or produce, so GST is payable.	iv.	Rearing of silkworm and horticulture	NIL	Income related to agriculture, so non taxable.	v.	Rent of vacant land for various ceremony	540000	Taxable (exempt if only use for agricultural purpose)	vi.	Rent of agro machinery	NIL	Renting of agriculture machines is exempt	
i.	Plantation of tea and coffee	NIL	Non taxable, agricultural product																								
ii.	Processing of tomato ketchup	210000	This is not agriculture produce, as further processing is done. Hence subject to tax																								
iii.	Sale of rice on commission basis	250000	Rice is not an agriculture produce as further processing is not done by cultivator or produce, so GST is payable.																								
iv.	Rearing of silkworm and horticulture	NIL	Income related to agriculture, so non taxable.																								
v.	Rent of vacant land for various ceremony	540000	Taxable (exempt if only use for agricultural purpose)																								
vi.	Rent of agro machinery	NIL	Renting of agriculture machines is exempt																								
4.	a.	<p>Find the time of supplies in case of following details provided by Mr. G, a registered dealer and manufacturer:</p> <p>(i) Sold goods to A Ltd for Rs. 25,000/- and issued invoice for sale on 06.09.2020 A Ltd collect the goods from warehouse of Mr. Gupta on 14.09.2020.</p> <p>(ii) A Ltd made the full payment on 26.09.2020</p> <p>(iii) Received goods from Mr. S an unregistered person for Rs. 2,20,000/- on 12.05.2020 who issued the invoice on 02.05.2020.</p> <p>Mr. G made payment for the Sale on 19.05.2020.</p>	6																								
		<p>Type your Answer here</p> <ul style="list-style-type: none"> a) Time of supply is 06.09.2020 b) Time of supply is 06.09.2020 c) Time of supply of goods is 12.05.2020 <p>ROUGH WORK:</p>																									

		<p>a) Time of supply will be earlier of the following – Date of Invoice 06.09.2020 Or Date on which goods are delivered 14.09.2020 Hence the time of supply is 06.09.2020</p> <p>b) Time of supply will be earlier of the following – Date of invoice 06.09.2020 Date of payment 26.09.2020 The time of supply is 06.09.2020</p> <p>c) Time of supply will be the earliest of the following – Receipt of goods 12.05.2020 Date of payment 19.05.2020 Date immediately following 30 days 01.06.2020 From the date of invoice Time of supply of goods is 12.05.2020</p>	
	b.	M Ltd., registered in Delhi dealing in supply of electronic items transferred some of its stock to its unit located in Haryana (inter-state transfer). Whether such self-supplies are taxable under GST?	6
		<p>Type your Answer here</p> <p>Legal Provision: The definition of supply given u/s 7 of CGST Act, 2017 is an inclusive one. It does not specify that supply is to be made by one person to another. So, self-supplies are to be treated as supply in terms of section 7 of CGST Act. Further, section 25(5) provides that where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons. Clause (2) of Schedule I of CGST Act, 2017 inter alia provides that supply of goods between distinct persons as specified in section 25 made in the course or furtherance of business is to be treated as supply even if made without consideration.</p> <p>Discussion of the case: Inter-state self-supplies such as stock transfers, branch transfers or consignment sales shall be taxable under IGST even though such transactions may not involve payment of consideration. Every supplier is liable to register under the GST law in the State or Union territory from where he makes a taxable supply of goods or services or both in terms of Section 22 of the CGST Act. However, intra-state self-supplies are not taxable subject to not opting for registration as business vertical.</p> <p>Conclusion: Yes, transfer of stock made by M Ltd. are taxable under GST.</p>	
5.	a.	<p>The following are details of purchases and sales etc., effected in S Pvt. Ltd. a registered manufacturer under CGST Act, 2017;</p> <ol style="list-style-type: none"> 1) Purchased fabric material from Local dealer Rs. 47040 (including GST @ 12%) 2) Purchased textile material from local dealer Rs. 94500 (including GST @ 5%) 3) Purchased machinery for manufacture of taxable goods Rs. 318600 (including GST @ 18%) depreciation @ 15% is charged. 4) Other direct and indirect expenses Rs. 44570 5) Profit margin on total cost @ 10% 	8

	<p>6) For the month November, 2017 only 80% production is sold within the state and applicable GST rate being 18%.</p> <p>Calculate the amount of CGST and SGST payable after utilizing input tax credit for the month of November, 2021 and no opening balance of input tax credit is available.</p>																																											
	<p>Type your Answer here:</p> <p>Total Credit Available after Utilisation towards Output Tax Liability : CGST: Rs. 11878 SGST: Rs. 11878</p> <p>ROUGH WORK:</p> <p style="text-align: center;">Computation of Total Sales Value:</p> <table border="1"> <thead> <tr> <th>Sr. No</th><th>Particulars</th><th>Amount (In Rs.)</th></tr> </thead> <tbody> <tr> <td>1</td><td>Purchase fabric material from local dealer (Rs.47040 x 100/112 (WN))</td><td>42000</td></tr> <tr> <td>2</td><td>Purchase of textile material from local dealer (94500 x 100/105) (WN)</td><td>90000</td></tr> <tr> <td>3</td><td>Depreciation expenses (3,18,600 x 18/118) x 15%</td><td>40500</td></tr> <tr> <td>4</td><td>Other direct & Indirect expenses</td><td>44570</td></tr> <tr> <td>5</td><td>Total cost of goods manufactured</td><td>217070</td></tr> <tr> <td>6</td><td>Cost of goods sold (80% of goods produced were sold)</td><td>173656</td></tr> <tr> <td>7</td><td>Add : Profit margin @ 10%</td><td>17366</td></tr> <tr> <td>8</td><td>Total Sales Value</td><td>191022</td></tr> </tbody> </table> <p>Note 1: Credit will be available for CGST and SGST charged by local suppliers .Hence the same is not to be included in the cost.</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>CGST</th><th>SGST</th></tr> </thead> <tbody> <tr> <td>Output tax liability for the month of November, 2017 @ 18% (Being CGST 9% and SGST 9%) (i.e, 191,022 * 18%) a.</td><td>17192</td><td>17192</td></tr> <tr> <td>Less : Eligible input tax credit in respect of purchase of :-</td><td></td><td></td></tr> <tr> <td>Fabric material (42000 x 12%)</td><td>2520</td><td>2520</td></tr> <tr> <td>Textile material (90000 X 5%)</td><td>2250</td><td>2250</td></tr> </tbody> </table> <p>Computation of CGST and SGST payable for the month of November,2021 after utilizing The available input tax credit.</p>	Sr. No	Particulars	Amount (In Rs.)	1	Purchase fabric material from local dealer (Rs.47040 x 100/112 (WN))	42000	2	Purchase of textile material from local dealer (94500 x 100/105) (WN)	90000	3	Depreciation expenses (3,18,600 x 18/118) x 15%	40500	4	Other direct & Indirect expenses	44570	5	Total cost of goods manufactured	217070	6	Cost of goods sold (80% of goods produced were sold)	173656	7	Add : Profit margin @ 10%	17366	8	Total Sales Value	191022	Particulars	CGST	SGST	Output tax liability for the month of November, 2017 @ 18% (Being CGST 9% and SGST 9%) (i.e, 191,022 * 18%) a.	17192	17192	Less : Eligible input tax credit in respect of purchase of :-			Fabric material (42000 x 12%)	2520	2520	Textile material (90000 X 5%)	2250	2250	
Sr. No	Particulars	Amount (In Rs.)																																										
1	Purchase fabric material from local dealer (Rs.47040 x 100/112 (WN))	42000																																										
2	Purchase of textile material from local dealer (94500 x 100/105) (WN)	90000																																										
3	Depreciation expenses (3,18,600 x 18/118) x 15%	40500																																										
4	Other direct & Indirect expenses	44570																																										
5	Total cost of goods manufactured	217070																																										
6	Cost of goods sold (80% of goods produced were sold)	173656																																										
7	Add : Profit margin @ 10%	17366																																										
8	Total Sales Value	191022																																										
Particulars	CGST	SGST																																										
Output tax liability for the month of November, 2017 @ 18% (Being CGST 9% and SGST 9%) (i.e, 191,022 * 18%) a.	17192	17192																																										
Less : Eligible input tax credit in respect of purchase of :-																																												
Fabric material (42000 x 12%)	2520	2520																																										
Textile material (90000 X 5%)	2250	2250																																										

		<table><tr><td>Capital goods (270000 X 18%)</td><td>24300</td><td>24300</td></tr><tr><td>Total Input Tax Credit (B)</td><td>29070</td><td>29070</td></tr><tr><td>Total Credit Available after Utilisation towards Output Tax Liability and to be carried forward. (B-A)</td><td>11878</td><td>11878</td></tr></table> <p>Note: Output tax payable shall be NIL because ITC amount is in excess of Output Tax Payable and balance ITC shall be carried forward to next month.</p>	Capital goods (270000 X 18%)	24300	24300	Total Input Tax Credit (B)	29070	29070	Total Credit Available after Utilisation towards Output Tax Liability and to be carried forward. (B-A)	11878	11878	
Capital goods (270000 X 18%)	24300	24300										
Total Input Tax Credit (B)	29070	29070										
Total Credit Available after Utilisation towards Output Tax Liability and to be carried forward. (B-A)	11878	11878										
	b.	State the necessary elements for a supply to be chargeable to GST.	4									
		<p>Type your Answer here:</p> <p>The following elements are required to be satisfied for a supply to be chargeable to GST, i.e.-</p> <ul style="list-style-type: none">a) the activity involves supply of goods or services or both;b) the supply is for a consideration unless otherwise specifically provided for;c) the supply is made in the course or furtherance of business;d) the supply is a taxable supply ande) The supply is made by a taxable person.										
6.	a.	<p>In accordance with the provisions of GST Act, Give answers to the following pertaining to Reverse Charge:</p> <ul style="list-style-type: none">1. Is GST payable for both the components – CGST and SGST (or UTGST)?2. Is GST on reverse charge basis payable on inter – State supply also?3. Is reverse charge applicable on supply of goods also or is it only on supply of services?4. In case supplier eligible to threshold exemption, is reverse charge applicable?	4									
		<p>Type your Answer here:</p> <ul style="list-style-type: none">1. Yes, GST in India is a dual – tax and the provision of the CGST Act are applicable in SGST/UTGST Act.2. Yes, provisions identical to section 9(3) and 9(4) of the CGST Act are available in section 5(3) and 5(4) of the IGST Act.3. Payment of tax on reverse charge is applicable on both goods & services. <p>Supplier may not have paid tax due to threshold benefit but this does not excuse recipient from liability under section 9(4) which is attracted if ‘supplier is not registered’ & specified recipient is registered. Thus, even though the supplier is eligible under threshold exemption reverse charge is applicable. In case of 9 (3) even if the supplier is eligible for threshold exemption it does not excuse recipient from liability to pay tax u/s 9(3).</p>										
	b.	<p>Determine the value of supply and the GST liability, to be collected and paid by the owner, with the following particulars:</p> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Rent of the commercial building</td><td>1800000</td></tr></table>	Particulars	Amount	Rent of the commercial building	1800000	6					
Particulars	Amount											
Rent of the commercial building	1800000											

		<table><tr><td>Maintenance charges collected by local society from the owner and reimbursed by the tenant</td><td>250000</td></tr><tr><td>Owner intends to charge GST on refundable advance, as GST is applicable on advance</td><td>600000</td></tr><tr><td>Municipal taxes paid by the owner</td><td>300000</td></tr></table> <p>Rent and maintenance charges are exclusive of GST. GST rates applicable on renting of business premises is as follows: CGST 9% SGST 9% Provide suitable explanations where required.</p>	Maintenance charges collected by local society from the owner and reimbursed by the tenant	250000	Owner intends to charge GST on refundable advance, as GST is applicable on advance	600000	Municipal taxes paid by the owner	300000											
Maintenance charges collected by local society from the owner and reimbursed by the tenant	250000																		
Owner intends to charge GST on refundable advance, as GST is applicable on advance	600000																		
Municipal taxes paid by the owner	300000																		
		<p>Type your Answer here: Value of Supply =Rs.2050000 CGST @ 9% =Rs.184500 SGST @ 9% =Rs.184500</p> <p>ROUGH WORK:</p> <p style="text-align: center;">Computation of Value of Taxable Supply</p> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Rent of the commercial building</td><td>1800000</td></tr><tr><td>Maintenance charges collected by the local society from the owner and reimbursed by the tenant [Note-1]</td><td>250000</td></tr><tr><td>Refundable advance [Note-2]</td><td>Nil</td></tr><tr><td>Municipal taxes paid by the owner [Note-3]</td><td>Nil</td></tr><tr><td>Value of Supply</td><td>2050000</td></tr><tr><td>CGST @ 9%</td><td>184500</td></tr><tr><td>SGST @ 9%</td><td>184500</td></tr></table> <p>Notes:</p> <p>i. Being reimbursed by the tenant, such charges ultimately form part of the rent paid by the tenant to the owner and thus, will form part of the value.</p> <p>ii. Being refundable, the advance is in the nature of security deposit which does not constitute consideration in terms of section 2(31) of the CGST Act, 2017 and thus, is not includible in the value.</p> <p>Being an expenditure incurred by the supplier, the same is not includible in the value, assuming that such taxes are not charged to the recipient.</p>	Particulars	Amount	Rent of the commercial building	1800000	Maintenance charges collected by the local society from the owner and reimbursed by the tenant [Note-1]	250000	Refundable advance [Note-2]	Nil	Municipal taxes paid by the owner [Note-3]	Nil	Value of Supply	2050000	CGST @ 9%	184500	SGST @ 9%	184500	
Particulars	Amount																		
Rent of the commercial building	1800000																		
Maintenance charges collected by the local society from the owner and reimbursed by the tenant [Note-1]	250000																		
Refundable advance [Note-2]	Nil																		
Municipal taxes paid by the owner [Note-3]	Nil																		
Value of Supply	2050000																		
CGST @ 9%	184500																		
SGST @ 9%	184500																		
c.	What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods?		2																

		Type your Answer here: In case of supply of capital goods or plant and machinery on which ITC has been taken, the registered person shall pay an amount equal to the ITC taken on the said capital goods or plant and machinery reduced by 5% per quarter or part thereof from the date of invoice or the tax on the transaction value of such capital goods, whichever is higher. However, in case of refractory bricks, moulds and dies, jigs and fixtures when these are supplied as scrap, the person can pay tax on the transaction value.																											
7.	a.	M/S L K Agency imported a machine from China, furnishes the following information for the month of July 2022: <table><thead><tr><th>Particulars</th><th>Chinese Yuan</th></tr></thead><tbody><tr><td>Cost of Machine at China (factory of exporter)</td><td>80000</td></tr><tr><td>transport charges from the factory of exporter to the port of shipment</td><td>3200</td></tr><tr><td>Handling charges paid for loading the machine in the ship</td><td>200</td></tr><tr><td>Buying commission paid by M/s lion King Agency</td><td>400</td></tr><tr><td>Lighterage charges paid by importer</td><td>800</td></tr><tr><td>Freight incurred from port of entry to Inland Container Depot</td><td>4000</td></tr><tr><td>Ship demurrage charges</td><td>1600</td></tr><tr><td>freight charges from China to India</td><td>20000</td></tr><tr><td>Date of Bill of Entry is 28.07.2022 (rate of BCD is 20% and exchange rate as notified by CBIC is Rs. 10.10 per China Yuan)</td><td></td></tr><tr><td>Date of Entry Inward is 22.07.2022 (rate of BCD is 12% and exchange rate as notified by CBIC is Rs. 10.50 per China Yuan)</td><td></td></tr><tr><td>IGST payable @12%</td><td></td></tr><tr><td>Social welfare Charges at applicable rate</td><td></td></tr></tbody></table>	Particulars	Chinese Yuan	Cost of Machine at China (factory of exporter)	80000	transport charges from the factory of exporter to the port of shipment	3200	Handling charges paid for loading the machine in the ship	200	Buying commission paid by M/s lion King Agency	400	Lighterage charges paid by importer	800	Freight incurred from port of entry to Inland Container Depot	4000	Ship demurrage charges	1600	freight charges from China to India	20000	Date of Bill of Entry is 28.07.2022 (rate of BCD is 20% and exchange rate as notified by CBIC is Rs. 10.10 per China Yuan)		Date of Entry Inward is 22.07.2022 (rate of BCD is 12% and exchange rate as notified by CBIC is Rs. 10.50 per China Yuan)		IGST payable @12%		Social welfare Charges at applicable rate		
Particulars	Chinese Yuan																												
Cost of Machine at China (factory of exporter)	80000																												
transport charges from the factory of exporter to the port of shipment	3200																												
Handling charges paid for loading the machine in the ship	200																												
Buying commission paid by M/s lion King Agency	400																												
Lighterage charges paid by importer	800																												
Freight incurred from port of entry to Inland Container Depot	4000																												
Ship demurrage charges	1600																												
freight charges from China to India	20000																												
Date of Bill of Entry is 28.07.2022 (rate of BCD is 20% and exchange rate as notified by CBIC is Rs. 10.10 per China Yuan)																													
Date of Entry Inward is 22.07.2022 (rate of BCD is 12% and exchange rate as notified by CBIC is Rs. 10.50 per China Yuan)																													
IGST payable @12%																													
Social welfare Charges at applicable rate																													
	i.	What is the Assessable Value?	5																										
		Type your Answer: Assessable Value / CIF Value=Rs.106738.25 Rough Work:																											

	<table><tr><td>Cost of machine</td><td>80000.00</td></tr><tr><td>Add : Transport charges from factory of exporter to the port for shipment</td><td>3200.00</td></tr><tr><td>Add : Handling charges</td><td>200.00</td></tr><tr><td>FOB</td><td>83400.00</td></tr><tr><td>Add : Buying commission (note 1)</td><td></td></tr><tr><td>FOB to the customer</td><td>83400.00</td></tr><tr><td>Add : Insurance (note 2)</td><td>938.25</td></tr><tr><td>Add : Freight</td><td>20000.00</td></tr><tr><td>Add : Lighterage charges</td><td>800.00</td></tr><tr><td>Add : Ship demurrage charges</td><td>1600.00</td></tr><tr><td>Assessable Value / CIF Value</td><td>106738.25</td></tr></table> <p>Notes -</p> <p>1. Buying commission not addable into the assessable value because these are post shipment expenses.</p> <p>2. Insurance is 1.125% of FOB i.e. $83400 \times 1.125\% = 938.25$ Chinese Yuan</p>	Cost of machine	80000.00	Add : Transport charges from factory of exporter to the port for shipment	3200.00	Add : Handling charges	200.00	FOB	83400.00	Add : Buying commission (note 1)		FOB to the customer	83400.00	Add : Insurance (note 2)	938.25	Add : Freight	20000.00	Add : Lighterage charges	800.00	Add : Ship demurrage charges	1600.00	Assessable Value / CIF Value	106738.25	
Cost of machine	80000.00																							
Add : Transport charges from factory of exporter to the port for shipment	3200.00																							
Add : Handling charges	200.00																							
FOB	83400.00																							
Add : Buying commission (note 1)																								
FOB to the customer	83400.00																							
Add : Insurance (note 2)	938.25																							
Add : Freight	20000.00																							
Add : Lighterage charges	800.00																							
Add : Ship demurrage charges	1600.00																							
Assessable Value / CIF Value	106738.25																							
ii.	What is the total customs duty applicable to M/S L K Agency?	4																						
	<p>Type your Answer: Custom Duty payable =Rs.3,95,000.00</p> <p>ROUGH WORK:</p> <table><tr><th colspan="2">Calculation of Custom Duty Payable</th></tr><tr><th>Particulars</th><th>Amount (Rs.)</th></tr><tr><td>Assessable value (106738.25 Chinese Yuan *Rs. 10.10)</td><td>10,78,056.32</td></tr><tr><td>Add: BCD @ 20% on Rs. 10,78,056.32</td><td>2,15,611.26</td></tr><tr><td>Add: Social Welfare Surcharge (10% on Rs. 215611.26)</td><td>21,561.13</td></tr><tr><td>Balance</td><td>13,15,228.71</td></tr></table>	Calculation of Custom Duty Payable		Particulars	Amount (Rs.)	Assessable value (106738.25 Chinese Yuan *Rs. 10.10)	10,78,056.32	Add: BCD @ 20% on Rs. 10,78,056.32	2,15,611.26	Add: Social Welfare Surcharge (10% on Rs. 215611.26)	21,561.13	Balance	13,15,228.71											
Calculation of Custom Duty Payable																								
Particulars	Amount (Rs.)																							
Assessable value (106738.25 Chinese Yuan *Rs. 10.10)	10,78,056.32																							
Add: BCD @ 20% on Rs. 10,78,056.32	2,15,611.26																							
Add: Social Welfare Surcharge (10% on Rs. 215611.26)	21,561.13																							
Balance	13,15,228.71																							

		<table><tr><td>Add: IGST (12% on Rs. 13,15,228.71)</td><td>1,57,827.44</td></tr><tr><td>Landed value of Imported goods</td><td>14,73,056.15</td></tr><tr><td>Total Custom Duty (BCD+SWS+IGST)</td><td>3,94,999.83</td></tr><tr><td>Custom Duty payable (r/o)</td><td>3,95,000.00</td></tr></table>	Add: IGST (12% on Rs. 13,15,228.71)	1,57,827.44	Landed value of Imported goods	14,73,056.15	Total Custom Duty (BCD+SWS+IGST)	3,94,999.83	Custom Duty payable (r/o)	3,95,000.00	
Add: IGST (12% on Rs. 13,15,228.71)	1,57,827.44										
Landed value of Imported goods	14,73,056.15										
Total Custom Duty (BCD+SWS+IGST)	3,94,999.83										
Custom Duty payable (r/o)	3,95,000.00										
	b.	Mr. RGP has imported goods from England and finally re-assessed under section 18(2) of the Custom Act, 1962 for such consignment. Details are as follows – (a) Date of provisional assessment 19.06.2021 (b) Date of final Assessment 06.08.2021 (c) Duty Demand for consignment Rs. 2,90,000.00 (d) Date of payment of duty demanded 11.08.2021 Determine whether any Interest payable or receivable by Mr.RGK on the final reassessment of two consignment.	3								
		Type your Answer here Interest Payable Interest payable to Government = Rs. 8,581.00 ROUGH WORK Interest payable =Rs. $2,90,000 \times 15/100 \times 72/365$ = Rs. 8,580.82 Notes: In case of duty after provisional assessment, interest is payable from first day of the month in which duty is provisionally assessed till the date of payment at rate specified in section 28AA and 28AB of Custom Act, which is 15% on ` 2,90,000/- (1st consignment). Total days – June 2021- 30 July 2021- 31 August 2021 - <u>11</u> <u>72</u>									
8.	Write a short note on any 4 out of 5 questions.		(4 x 3=12)								
	a.	Period of Retention of Accounts under GST	3								
		Type your Answer here As per the section 36 of the CGST Act, 2017 every registered taxable person must maintain the accounts books and records for at least 72 months (6 years) from the due date of furnishing of annual return for the year pertaining to such accounts and records. The period will be counted from the last date of filing of Annual Return for that year.									
	b.	Advantages of GST registration (any 3)	3								

		<p>Type your Answer here</p> <p>The advantages of obtaining GST Registration by a taxpayer are as follows –</p> <p>(i) He is legally recognized as supplier of goods or services or both</p> <p>(ii) He is legally authorized to collect taxes from his customer and pass on the credit of the taxes paid on the goods or services supplied to the purchasers / recipients.</p> <p>(iii) He can claim Input Credit Tax of taxes paid can utilize the same for payment of taxes due on supply of goods or services.</p> <p>(iv) Seamless flow of Input Tax Credit from supplies to recipient at the national level.</p> <p>(v) Registered person is eligible to apply for Government bids or contracts or assignments.</p> <p>(vi) Registered person under GST can easily gain trust from customers</p>	
	c.	Cancellation of registration	3
		<p>Type your Answer here</p> <p>The proper officer may, either of his own motion or an application filed by registered person or his legal heir (in case of death of such person) cancel the registration, in prescribed manner and within prescribed period – section 29(1) of CGST and SGST Act. The proper officer will have regard to the following, while cancelling the registration:</p> <p>(a) whether the business has been discontinued, transferred fully for any reason including death of the proprietor, amalgamated with other legal entity, demerged or otherwise disposed of, or</p> <p>(b) whether there is any change in the constitution of the business, or</p> <p>(c) whether the taxable person, other than the person registered under section 25(3)[voluntary registration], is no longer liable to be registered under section 22 or 24 of CGST or SGST Act</p>	
	d.	Exempted supply	3
		<p>Type your Answer here</p> <p>As per section 2(47) of CGST Act 2017 “exempted supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Act, and includes non taxable supply. Exempted supply includes the supply of following type of goods and services:</p> <ol style="list-style-type: none"> 1. Supplying attracting nil rate of tax 2. Supplies wholly exempt from tax 3. Non taxable supply 	
	e.	Deemed Export	3
		<p>Type your Answer here</p> <p>The term Deemed Exports an export without actual export, it means goods and services are sold and provide respectively within India and payment also received in the Indian Rupees. As per the Foreign Trade Policy the following few transactions can be considered as deemed exports.</p> <ul style="list-style-type: none"> • Sale of goods to units situated in Export Oriented Units, Software Technology Park, and Electronic Hardware Technology Park etc. • Sale of capital goods to fertilizer plants 	

		<ul style="list-style-type: none">• Sale of goods to United Nations Agencies• Sale of goods to projects financed by bilateral Agencies, etc.																													
	<p style="text-align: center;">Section D</p> <p style="text-align: center;">You are required to answer all the questions in this section.</p> <p style="text-align: center;">Instructions: Each question is followed by a space where you are required to type your answer.</p>		<p style="text-align: center;">1 X12</p> <p style="text-align: center;">12 Marks</p>																												
9.	<p>PJ Ltd., registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January,2021 are as follows:</p> <table border="1"><thead><tr><th>Sl. No.</th><th>Particulars</th><th>Amount (₹)</th></tr></thead><tbody><tr><td>(i)</td><td>Inter-state</td><td>85,00,000</td></tr><tr><td>(ii)</td><td>Intra-state</td><td>15,00,000</td></tr></tbody></table> <p>Applicable rate of CGST, SGST and IGST on outward supply are 9%,9% & 18% respectively. Details of GST paid on inward supply during the month of January, 2021 are as follows:</p> <table border="1"><thead><tr><th>Sl. No.</th><th>Particulars</th><th>CGST PAID (₹)</th><th>SGST PAID (₹)</th></tr></thead><tbody><tr><td>(i)</td><td>Raw materials A (of which 70% of inputs procured were used and 30% were in stock at the end of the Jnauary,2021)</td><td>60,000</td><td>60,000</td></tr><tr><td>(ii)</td><td>Raw materials B (of which 90% of materials received in the factory and remaining completely damaged due to a road accident on the way to factory. There was no negligence on the part of the PJ Ltd.)</td><td>50,000</td><td>50,000</td></tr><tr><td>(iii)</td><td>Construction of Pipelines laid outside the factory premises</td><td>30,000</td><td>30,000</td></tr><tr><td>(iv)</td><td>Insurance Charges paid for trucks used for transportation of goods</td><td>55,000</td><td>55,000</td></tr></tbody></table> <p>Additional Information:</p> <p>(i) There is no opening balance of any input tax credit and all the conditions necessary for availing the Input Tax Credit (ITC) have been fulfilled.</p> <p>(ii) Details of GST paid on inward supplies are available in GSTR-2A except for item (i) I.e. Raw Material A, which supplier has not filed its GSTR-1 for the month of January 2021, hence Corresponding Input Tax Credit (ITC) is not reflecting in GSTR-2A of PJ Ltd. In January, 2021.</p>	Sl. No.	Particulars	Amount (₹)	(i)	Inter-state	85,00,000	(ii)	Intra-state	15,00,000	Sl. No.	Particulars	CGST PAID (₹)	SGST PAID (₹)	(i)	Raw materials A (of which 70% of inputs procured were used and 30% were in stock at the end of the Jnauary,2021)	60,000	60,000	(ii)	Raw materials B (of which 90% of materials received in the factory and remaining completely damaged due to a road accident on the way to factory. There was no negligence on the part of the PJ Ltd.)	50,000	50,000	(iii)	Construction of Pipelines laid outside the factory premises	30,000	30,000	(iv)	Insurance Charges paid for trucks used for transportation of goods	55,000	55,000	
Sl. No.	Particulars	Amount (₹)																													
(i)	Inter-state	85,00,000																													
(ii)	Intra-state	15,00,000																													
Sl. No.	Particulars	CGST PAID (₹)	SGST PAID (₹)																												
(i)	Raw materials A (of which 70% of inputs procured were used and 30% were in stock at the end of the Jnauary,2021)	60,000	60,000																												
(ii)	Raw materials B (of which 90% of materials received in the factory and remaining completely damaged due to a road accident on the way to factory. There was no negligence on the part of the PJ Ltd.)	50,000	50,000																												
(iii)	Construction of Pipelines laid outside the factory premises	30,000	30,000																												
(iv)	Insurance Charges paid for trucks used for transportation of goods	55,000	55,000																												
a.	What is the amount of eligible Input Tax Credit (ITC) available for the month of January, 2020?	4																													

		<p>Type your Answer here</p> <p>ITC available for the month for utilization= Rs.1,10,000</p> <p>ROUGH WORK</p> <p style="text-align: center;">ITC available for utilization for the month of Jan 2021</p> <table><tr><th>Particulars</th><th>CGST (Rs.)</th><th>SGST (Rs.)</th></tr><tr><td>Raw Material A</td><td>-</td><td>-</td></tr><tr><td>Raw Material B</td><td>45,000</td><td>45,000</td></tr><tr><td>Construction of Pipelines laid outside the factory premises</td><td>-</td><td>-</td></tr><tr><td>Insurance Charges paid for trucks used for transportation of goods</td><td>55,000</td><td>55,000</td></tr><tr><td>Total eligible credit reflected inGSTR-2A</td><td>1,00,000</td><td>1,00,000</td></tr><tr><td>Add:10% thereof , for raw material A as per Rule 36(4)</td><td>10,000</td><td>10,000</td></tr><tr><td>ITC available for the month for utilisation.</td><td>1,10,000</td><td>1,10,000</td></tr></table>	Particulars	CGST (Rs.)	SGST (Rs.)	Raw Material A	-	-	Raw Material B	45,000	45,000	Construction of Pipelines laid outside the factory premises	-	-	Insurance Charges paid for trucks used for transportation of goods	55,000	55,000	Total eligible credit reflected inGSTR-2A	1,00,000	1,00,000	Add:10% thereof , for raw material A as per Rule 36(4)	10,000	10,000	ITC available for the month for utilisation.	1,10,000	1,10,000	
Particulars	CGST (Rs.)	SGST (Rs.)																									
Raw Material A	-	-																									
Raw Material B	45,000	45,000																									
Construction of Pipelines laid outside the factory premises	-	-																									
Insurance Charges paid for trucks used for transportation of goods	55,000	55,000																									
Total eligible credit reflected inGSTR-2A	1,00,000	1,00,000																									
Add:10% thereof , for raw material A as per Rule 36(4)	10,000	10,000																									
ITC available for the month for utilisation.	1,10,000	1,10,000																									
	b.	What is the GST implication when the supplier has not filed its GSTR-1 in respect of Raw Material A?	2																								
		<p>Type your Answer here</p> <p>As per Rule 36(4), where the supplier has not uploaded the details of invoices/debit notes within the due date, the ITC for the month shall be restricted to 10% of the eligible credit in respect of invoices or debit notes the details of which have been uploaded by the suppliers.</p>																									
	c.	Is every inward supplies eligible for ITC credit? If not, why?	2																								
		<p>Type your Answer here</p> <p>1.Raw Material B: 90% of credit allowed and balance 10% being abnormal loss is not allowed as per section 17(5) of the CGST Act,2017.</p> <p>2.–ITC credit is not allowed as per section 17(5) for the Purchase of various goods and services for Construction of Pipelines laid outside the factory premises</p>																									
	d.	Determine the Net minimum GST payable in Cash, for the month of January,2021 after using available Input Tax Credit (ITC).	4																								

Type your Answer here

Net Tax Payable:

IGST = Rs.15,30,000

CGST = Rs. 25,000

SGST = Rs. 25,000

ROUGH WORK

Computation of Net Minimum GST Payable in cash by PJ Ltd for the month of January,2021

Particulars	Value (Rs.)	Rate	IGST (Rs.)	CGST (Rs.)	SGST (Rs.)
A. Output Tax					
Inter- state supply	85,00,000	18%	15,30,000	-	-
Intra state supply	15,00,000	18%	-	1,35,000	1,35,000
TOTAL			15,30,000	1,35,000	1,35,000
B. Input Tax Credit					
Less: Eligible ITC			-	(1,10,000)	(1,10,000)
Net Tax Payable			15,30,000	25,000	25,000

END