

INTERMEDIATE EXAMINATION

December 2019

P-11(ITX)
Syllabus 2016

Indirect Taxation

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

*Wherever required, the candidate may make suitable assumptions
and state them clearly in the answers.*

Working notes should form part of the relevant answers.

GST (Section-A)

Part-I

(All questions are compulsory in **Part-I**)

1. (a) Choose the correct option from amongst the *four* alternatives given: 1×5=5

(i) Supply of goods or services or both to a Special Economic Zone unit is a

- (A) Intrastate supply
- (B) Export Supply
- (C) Non-GST Supply
- (D) None of the above

(ii) Reverse Charge Mechanism shall apply

- (A) only in respect of service.
- (B) only in respect of goods.
- (C) both in respect of goods and services.
- (D) only in respect of inward supplies from unregistered persons.

(iii) Healthcare Service is taxable where services are provided in the field of

- (A) Siddha, Ayurveda and Homeopathy
- (B) Yoga, Unani and Naturopathy
- (C) Acupuncture, Acupressure and Pranic Healing
- (D) Allopathy

(iv) Where a desk-top printer is sold for ₹ 10,000 along with the exchange of an old printer and if the price of the new desk-top printer without exchange is ₹ 12,500, the taxable value for GST purpose would be

- (A) ₹ 10,000
- (B) ₹ 12,500
- (C) Either (A) or (B)
- (D) ₹ 10,000 for the supplier and ₹ 2,500 for the customer

(v) The Sale document to be generated by a supplier in case of exempted supply is called

- (A) Tax Invoice
- (B) Delivery Challan
- (C) Bill of Supply
- (D) Commercial Invoice

(b) Match the following:

1×5=5

	Column-A		Column-B
1.	GST Return of inward supplies	A	Form 2A
2.	Read only document	B	18
3.	Rate of interest (%) for delayed payment of GST	C	20
4.	Due date for filing of Form GSTR1 (_th of succeeding month)	D	Form 2
5.	Due date for filing of Form GSTR 3B(_th of succeeding month)	E	10

(c) State whether True or False :

1×5=5

- (i) The first type of Audit under GST is to be done by Chartered Accountant only.
- (ii) Interest is payable even if duty is paid before the showcause notice.

- (iii) ITC is allowed if the goods are destroyed by fire.
- (iv) In case of export of goods, it is compulsory that the receipts of payment should be in foreign exchange.
- (v) A Registered person may transfer any amount of tax, interest, penalty or any other amount available in Electronic Cash Ledger to Electronic Cash Ledger for IGST, CGST or UTGST or cess.

(d) Fill in the blanks:

1×5=5

- (i) If the ECO (e-commerce operator) is located in taxable territory, then person liable to pay tax is _____.
- (ii) The time limit beyond which if goods are not returned the capital goods sent for job work shall be treated as supply _____.
- (iii) Transport of Milk is _____ supply.
- (iv) Registration certificate granted to casual taxable person or non-resident taxable person will be valid for _____ days from the effective date of registration.
- (v) A registered supplier has claimed depreciation as per Income Tax Act, 1961 on the total cost of a machinery including IGST component of ₹ 36,000. He can avail ITC to the tune of ₹ _____.

Part-II

(Answer any four questions in Part-II)

2. (a) What is GST? What are its advantages?

3+4=7

- (b) From the following cases, you are required to suggest if the registered person can opt for composition scheme as per Section 10 of CGST Act for the Financial Year 2019-20. You are required to narrate relevant provision of the law with applicable composition tax rate, in each case, if the registered person can opt for the composition scheme.

2×4=8

- (i) M/s. Rajesh Khanna Enterprises, Nagpur (Maharashtra), engaged in the business of manufacture of Tobacco products has shown an aggregate turnover of ₹ 90 Lakhs during the Financial year 2018-19.

Please Turn Over

- (ii) M/s. Pramod & Co., Imphal (Manipur), engaged in the business of manufacture of textile carpets has shown an aggregate turnover of ₹ 85 Lakhs during the Financial year 2018-19.
- (iii) M/s. Kwaliti Ice Cream Parlour, Bangalore (Karnataka), engaged in the business of trading of ice cream has shown an aggregate turnover of ₹ 60 Lakhs during the Financial year 2018-19.
- (iv) M/s. British Bakeries, Coimbatore (Tamilnadu) is engaged in the business of supply of bakery products, both in take away packs and served in ready to eat containers in order to cater the needs of the customers who consume the products on the spot, has shown an aggregate turnover of ₹ 1.26 Crores during the Financial year 2018-19.

3. (a) Find out the place of supply and the tax to be levied (i.e., IGST or CGST & SGST) in the following cases: 2×4=8

- (i) Mr. Sathianarayan, an Architect situated at Kochi is engaged by M/s. ABC Builders, Kochi to draw building plan for a proposed building to be situated at Dubai to be owned by the overseas client of M/s. ABC Builders.
- (ii) M/s. Adhithya Spinners Ltd., having its registered office at Bangalore (Karnataka) has engaged M/s. Texmac P. Ltd., Coimbatore (Tamilnadu), a company dealing in textile machineries, to supply blowroom machineries for the former's spinning unit to be set-up at Hosur (Tamilnadu). Machineries are supplied in completely knocked down condition at the Hosur unit and assembled by the technicians of M/s. Texmac P. Ltd. The Hosur unit is not yet registered under GST.
- (iii) M/s. Kirlo India Ltd., Mumbai (Registered under GST) appointed M/s. Cunix Infotech P. Ltd., Delhi for conducting training to its employees in the Marketing Department and to appraise their performance on periodic basis. During the month of March 2019, Cunix conducted a training programme at the campus of Cunix at New Delhi.
- (iv) Mr. Arnab, Calcutta (not registered under GST) booked air ticket in Jet Airways Ltd., Calcutta for travel to Mumbai. He embarks on the flight at New Delhi Airport.

- (b) (i) Determine the value of supply in the following cases:

M/s. Prithvi Starch Products, Mumbai supplied 100 tonnes of Maize Starch to its agent M/s. Ramco Agency, Ahmedabad on 10th October, 2019. In the delivery challan, the taxable value of the product was mentioned as ₹ 2,300 per tonne. On the same day M/s. Ramco Agency supplied 60 kgs of Maize Starch of same kind and quality of M/s. Prithvi Starch Products at a price of ₹ 2,900 per tonne. Further, on the same day M/s. Ramco Agency has purchased on his own account 125 tonnes of Maize Starch from another independent supplier which is of the same kind and quality of M/s. Prithvi Starch Products and the value was shown as ₹ 2,700 in the Tax Invoice issued by the said independent supplier. What is the value of taxable supply in the hands of M/s. Prithvi Starch products as per Rule 29(a) of CGST Rules, 2017? 2

- (ii) R, a trader dealing in Solar Cooker charged ₹ 40,000 for supply of cooker to G. He has received following subsidies:

A. Subsidy directly linked to the supply and received from a Charitable Trust engaged in promotion of solar cookers.	₹ 16,000
B. Subsidy from the Central Government as it also wants to promote solar products in the country.	₹ 24,000

Determine the value of supply of solar cooker. 5

4. (a) Mr. Kamal Tripathi, a supplier who has recently taken registration under the GST law, wants to keep the rates for goods supplied confidential. He wants to know whether he can raise the tax invoices showing consolidated value of the goods supplied and the GST together. He will be making Inter-State supplies also. Advise Kamal Tripathi suitably, having regard to the provisions of the CGST Act, 2017. 5

- (b) M/s. Abishek Industries Ltd., has given the following information pertaining to the month of October, 2019:

S.No.	Particulars	Amount
1.	Total Input Tax Credit (ITC) on inputs and input services	18,00,000
2.	ITC attributable exclusively for non-business purposes (included in S.No. 1 above)	1,50,000
3.	ITC attributable exclusively for effecting exempt supplies (included in S.No. 1 above)	6,50,000
4.	ITC in respect of inputs on which credit is not available u/s. 17(5) (included in S.No. 1 above)	50,000
5.	ITC attributable exclusively for effecting taxable supplies (included in S.No. 1 above)	5,50,000
6.	Total turnover	1,12,65,000
7.	Total value of exempt supplies	54,16,000

You are required to calculate the amount of common input tax credit to be reversed in respect of exempt supplies as per rule 42 of CGST Rules, 2017. 10

5. (a) Discuss the following with reference to the provisions of CGST Act: 4×2=8

- (i) Persons who are not liable for registration; and
- (ii) Persons who are compulsorily required to be registered.

- (b) What are the primary conditions to be fulfilled by a person who wish to opt for the concessional rate of tax @ 6% as provided in Notification No. 02/2019 Central Tax (Rate) dated 07.03.2019? 7

6. (a) (i) Raja Raja Chola Sales, an air-conditioner dealer in Thanjavur, Tamilnadu, needs 4 air-conditioners for his newly constructed house in Gangaikondai Cholapuram Enclave. Therefore, he transfers 4 air-conditioners [on which ITC has already been availed by it] from its stock, for the said purpose. Examine whether the said activity amounts to supply under section 7 of the CGST Act, 2017. 2

Further, a Thanjavur resident, Vikrama Pandiya, approached Raja Raja Chola Sales. He sold an air-conditioner to Raja Raja Chola Sales for ₹ 5,000. Vikrama Pandiya had bought the said air-conditioner six months before, for his residence. Does sale of the air-conditioner by Vikrama Pandiya to Raja Raja Chola Sales amount to supply under Section 7 of the CGST Act, 2017? 2

- (ii) The Sterling Group of hotels introduces a holiday package for 5 Days in Pondicherry and Mahabhalipuram (Tamilnadu). The stay includes both staying and complementary breakfast. Where the stay in Pondicherry is for 3 Nights and the stay in Mahabhalipuram for 2 Nights. For the above services The Sterling charges total of ₹ 15,000.

Explain the place of supply in the above scenario. 4

- (b) Kirti Coolers, a wholesaler of refrigerators items, registered in Pune, Maharashtra, received order for supply of refrigerators worth ₹ 3,00,000 on 12th December, 2018 from a registered dealer in Surat, Gujarat. The tax invoice was issued on 14/12/2018.

Kirti Coolers charged the following additional expenses from the buyer:-

	Particulars	Amount (₹)
(i)	Packing charges	15,000
(ii)	Freight & Cartage	12,000
(iii)	Transit insurance for transportation	11,500
(iv)	Extra designing charges	16,000
(v)	Taxes by Municipal Authority	1,500

The goods were delivered to the buyer on 15th December, 2018. The buyer paid the amount on 21/12/2018 and simultaneously placed another order with Kirti Coolers of refrigerator items amounting to ₹ 8,00,000 to be delivered in the next month.

On receipt of second order, Kirti Coolers allowed a discount of ₹ 30,000 on the first order placed by the buyer.

Compute the GST liability of Kirti Coolers for the month of December, 2018 assuming the rates of GST on the goods supplied to be as under:

CGST 9%

SGST 9%

IGST 18%

Brief note on treatment of each item is required.

7

7. Write short notes on *any three* out of following:

5×3=15

- (a) Explain when tax payer can be levied with Interest on late payment of tax.
- (b) List out any five cases where generation of E-Way Bill is not necessary.
- (c) First GST return and subsequent rectification of errors in GST returns
- (d) Items for which true and correct accounts are to be maintained

Customs (Section-B)

Part-III

(All questions are compulsory in Part-III.)

8. Choose the correct answer:

1×5=5

- (i) Exclusive Economic Zone extends to _____ nautical miles from the base line.
 - (A) 12 NM
 - (B) 24 NM
 - (C) 100 NM
 - (D) 200 NM

(ii) As per Sec 2(1) of the Customs Act, 1962, adjudicating authority means any authority competent to pass any order or decision under this Act, but does not include:

- (A) CBEC
- (B) Commissioner of (Appeals)
- (C) CESTAT
- (D) All of the above

(iii) Supplies made to SEZ (or) developer of SEZ is

- (A) Zero rated
- (B) Exempted
- (C) Nil rate
- (D) No duty

(iv) Assessment means process of determining the tax liability in accordance with the provisions of the Act, which includes

- (A) Provisional Assessment
- (B) Self-assessment
- (C) Reassessment
- (D) All of the above

(v) _____ will be charged on luxury products like high-end cars and demerit commodities like Pan Masala, tobacco and aerated drinks.

- (A) Anti Dumping duty
- (B) Safeguard duty
- (C) GST Compensation cess
- (D) IGST

Part-IV

(Answer any one question in Part-IV)

9. (a) What is GST Compensation Cess? 5
- (b) (i) Where an eligible exporter finds that he is entitled to an amount of refund of drawback which is higher than the one granted to him, in terms of the rates of drawback announced by the Central Government, can he make a supplementary claim? If yes, within what time and state the procedure to be followed in this regard by the exporter. 4
- (ii) The following details of import of a product made by Sikandi Machine Works Ltd., on 19/11/2018 are furnished to you:

Situation-1

Particulars	USD
FOB value	3,000
Freight, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation	Not known
Insurance charges paid for the shipment	40

Situation-2

Particulars	USD
FOB value	3,000
Sea freight, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation	480
Insurance charges paid for the shipment	Not known
Purchase commission	50

Compute the assessable value of an imported product in each situation, which are independent of each other. 6

- 10. (a)** M/s. X Ltd. (a unit of 100% EOU located in Chennai) sold goods to M/s. A Ltd. (located in Mumbai) for ₹ 20 lakh. If M/s. X Ltd. being EOU imported these goods exempted from BCD @10% IGST 12% is applicable.

Find the total GST is liable to pay by X Ltd.

How much input tax credit M/s. A Ltd. can avail?

6

- (b)** Ms. Pavitra, an importer has furnished the following information relating to goods imported by her in March, 2019:

- (i) Goods cleared from the Chennai port on 22/03/2019.
- (ii) Goods sent for warehousing by submitting bill of entry and other documents
- (iii) FOB value of goods € (Euro) 20,000
- (iv) Rate of exchange was 1 € = ₹ 70
- (v) Rate of Customs Duty on this date was 12%
- (vi) Goods were cleared from the warehouse for home consumption on 20/04/2019.
- (vii) Rate of exchange on this date was 1 € = ₹ 71 and BCD was 10%.
- (viii) IGST at 12% is applicable
- (ix) Social Welfare surcharge may be taken at 10%

You are required to determine:

- (i) The transaction value on which IGST is payable,
- (ii) The value of import, and
- (iii) The total Customs Duties payable by the importer.

9