

INTERMEDIATE EXAMINATION

December 2023

P-11(IIX)
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) GST on Petroleum Crude, High Speed Diesel, Motor Spirit (commonly known as Petrol), Gas and Aviation Turbine Fuel:
- (A) Is not levied at all
(B) Is levied, but exempt
(C) Will be levied from a date to be notified on the recommendations of the GST Council
(D) Will be levied from 01.01.2024
- (ii) Every registered taxable person must maintain the accounting books and records for at least _____ from the due date of furnishing of annual returns for the year pertaining to such accounts and records.
- (A) 10 years
(B) 84 Months
(C) 72 Months
(D) 36 Months
- (iii) Where the supply of goods does not involves movement of goods, place of supply as per Section 10 of the IGST Act, 2017 will be:
- (A) Location of such goods at the time at which the movement of goods terminates for delivery to the recipient
(B) Deemed that the third person has received such goods and principal place of business of such person shall be the place of supply
(C) Location of such goods at the time of the delivery to the recipient
(D) All of the above

- (iv) The time limit beyond which if goods are not returned, the capital goods sent for job work shall be treated as supply.
- (A) One year
(B) Three years
(C) Seven years
(D) Five years
- (v) Under GST, service would be called as “**continuous supply of service**” if the service under a contract is provided continuously or on a recurrent basis exceeding _____.
- (A) 1 year
(B) 6 months
(C) 3 months
(D) 1 month

(b) Match the following:

1×5=5

| | Column-I | | Column-II |
|----|--|---|---------------------------------|
| 1. | Final Return | A | 10th day of the following month |
| 2. | Intimation of withdrawal from composition levy scheme | B | Form GST REG-21 |
| 3. | Due date of filing GSTR-7 (Return for authorities deducting tax at source) | C | 13th day of the following month |
| 4. | Application for revocation of cancellation of GST registration | D | Form GSTR-10 |
| 5. | Due date of filing GSTR-5 (Return for Non-Resident foreign taxable person) | E | Form GST CMP-04 |

(c) State whether the following statements are True or False:

1×5=5

- (i) When goods (Taxable supply) are imported into India, IGST is levied.
- (ii) Where goods are sent by a principal located in one State to a job worker located in any other State, the e-way bill shall be mandatorily generated either by the principal or the job worker, if registered, if the value of the consignment is ₹ 45,000 (including GST).
- (iii) Under GST, in case of taxable supply of services by a non-banking financial company (NBFC), invoice shall be issued within a period of 30 days from the date of supply of service.

- (iv) In the mixed supply, applicable tax rate will be of the principal supply.
 (v) Payment of GST liability under RCM can be done by debiting Electronic Credit Ledger.

(d) Fill in the blanks:

1×5=5

- (i) Power to make laws with respect to goods and service tax has been given by the Constitution vide Article _____.
 (ii) As per Section 54(14) of the CGST ACT, 2017 no refund shall be granted if refund amount is less than ₹ _____.
 (iii) Under GST, a casual taxable person or a non-resident taxable person shall be required to apply for registration at least _____ days prior to the commencement of business.
 (iv) Certificate of registration shall be granted in Form _____.
 (v) GST registration of a regular taxpayer can be cancelled by a proper GST Officer if he has not furnished monthly returns for a continuous period of _____.

Part-II*(Answer any four questions in Part-II)*

2. (a) Write short note on Constitution of GST Council and also state any four issues on which GST Council may give its recommendations. 3+4=7
 (b) Mr. Ramasubbu registered under GST, has a repair centre of electronic products where electronic goods are repaired/serviced. His repair centre is located in the State of Tamil Nadu and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding Financial Year (FY) 2022-23 was ₹ 47.25 lakh.

With reference to the provisions of the CGST Act, 2017, examine

- (i) Whether Mr. Ramasubbu can opt for the composition scheme under Section 10(1) & 10(2) for the current financial year 2023-24 ?
 (ii) Whether he is eligible to avail benefit of composition scheme under Section 10(2A)?

Considering the option of payment of tax available to Mr. Ramasubbu, compute the amount of total tax payable by him in the current F.Y. 2023-24 assuming that his aggregate turnover in the current financial year is ₹ 31.27 lakh.

Will your answer be different if Mr. Ramasubbu procures few items required for providing repair services from neighbouring State of Kerala?

3. (a) Jai Laxmi Enterprises, a registered dealer, furnishes the following information relating to goods sold by it to Vishnu Ltd. in the course of intra-State:

| S.No. | Particulars | Amount (₹) |
|-------|---|---------------|
| (i) | List price of the goods (exclusive of GST and discounts) | 7,50,000 |
| (ii) | Cost of protective packing at recipient's request for safe transportation | 7,000 |
| (iii) | Subsidies received from Central Government, directly linked to price | 25,000 |
| (iv) | Subsidies received from a NGO (non-profit making organisation), directly linked to price | 30,000 |
| (v) | Taxes (other than CGST/SGST/IGST) charged separately by the supplier | 12,000 |
| (vi) | Third party inspection charges (Such charges were payable by Jai Laxmi Enterprises but the same have been directly paid by Vishnu Ltd. to the inspection agency. These charges were not recorded in the invoice issued by Jai Laxmi Enterprises) | 10,000 |
| (vii) | Amount incurred by Vishnu Ltd. for post-delivery inspection (charges incurred post receipt by Vishnu Ltd.) | 3,000 |

Jai Laxmi Enterprises offers 1% turnover discount on the list price of the goods after reviewing the performance of Vishnu Ltd. The discount was not known at the time of supply.

According to GST law, you are required to determine the value of taxable supply made by Jai Laxmi Enterprises. Items given in S. No. (ii) to (vii) are not considered while arriving at the list price of the goods given in S. No. (i).

Brief notes for treatment given for each item should form part of your answer. 8

- (b) With reference to GST law, determine the time of supply for the purpose of payment of tax in each of the following independent cases where supply involves movement of goods.

| Case | Date of removal | Date of issue of invoice | Date when goods made available to recipient | Date of receipt of payment |
|------|-----------------|--------------------------|---|----------------------------|
| (1) | 2nd April, 2023 | 1st April, 2023 | 4th April, 2023 | 20th May, 2023 |
| (2) | 1st April, 2023 | 2nd April, 2023 | 3rd April, 2023 | 10th May, 2023 |
| (3) | 2nd May, 2023 | 3rd May, 2023 | 4th May, 2023 | 1st April, 2023 |

Brief legal provision should form part of your answer.

4. (a) List out the situations in which a credit note may be issued under the CGST Act, 2017. Also state what is the maximum time-limit available for declaring the credit note in the GST return. 4+3=7
- (b) Mr. Kalyan is a registered dealer in the State of Uttar Pradesh. He provides the following details for the month of January, 2023:

| S.No. | Particulars | GST Paid (₹) |
|-------|--|--------------|
| (i) | Mr. Mangal supplied goods to Miss Mahi on direction of Mr. Kalyan and Mr. Kalyan received only invoice. | 1,50,000 |
| (ii) | Raw material "A" purchased during the month. (Out of above one invoice of some goods on which GST of ₹ 40,000 was paid, is missing.) | 1,00,000 |
| (iii) | Machinery. (Machinery worth ₹ 5,00,000 was purchased during the month and company has claimed depreciation on ₹ 5,90,000). | 90,000 |
| (iv) | Life insurance premium on life of employees. (It is company's policy to provide life insurance coverage to all the employees of the company.) | 1,30,000 |
| (v) | Raw material "B" (This material was received in three instalments and the last instalment is received in the month of January, 2023.) | 1,74,000 |
| (vi) | Three Laptops purchased. (Out of above, one laptop is withdrawn for personal use of Mr. Kalyan) | 54,000 |
| (vii) | Material purchased to be used for construction of foundation of pillars to support above purchased machinery at point (iii) | 20,000 |

From the information given above, you are required to calculate the eligible Input Tax Credit (ITC) available to Mr. Kalyan in the month of January, 2023.

Assume all the other conditions except mentioned above are fulfilled to avail ITC. Support your answer with brief legal provision. 8

5. (a) State the circumstances under which the proper GST Officer can cancel GST registration on his own. 8
- (b) State in which schedule (II or III) of CGST Act, 2017, the following supplies have been covered and also state the nature of supply (Goods/Service/No supply) in which they have been classified :
- Sale of land.
 - Lease, tenancy, easement, licence to occupy land.
 - Services of funeral, burial, crematorium or mortuary including transportation of the deceased.

- (iv) Temporary transfer of intellectual property right.
- (v) Services by any Court or Tribunal established under any law for the time being in force.
- (vi) Services by an employee to the employer in the course of or in relation to his employment.
- (vii) Transfer of the title in goods.

7

6. (a) Determine the place of supply with reason in the following independent cases:

- (i) Miss Chamko a registered person of Mumbai, went for a wedding in Udaipur and received beauty treatment in Udaipur from Miss Navya, who is registered at Delhi.
- (ii) A movie on demand is provided as on-board entertainment during Kolkata leg of a Bangkok-Kolkata-Delhi flight.
- (iii) Mr. Arunoday, an unregistered resident of Kolkata has a savings bank account with XYZ bank, Chennai branch. Mr. Arunoday availed certain banking services from this XYZ bank at Chennai. 2×3=6

(b) Discuss the taxability or otherwise of the following independent supplies, and also mention the person liable to pay tax, if any:

- (i) M/s ABC and company, a registered dealer, in the State of Karnataka, has taken an immovable property on rent from State government of Karnataka to set up its office and is paying monthly rent of ₹ 75,000 (turnover of M/s ABC and company in the previous year was ₹ 38,00,000).
- (ii) Aradhana Corporation is a sole proprietorship firm in the State of Gujarat. Its turnover in previous year was ₹ 12,00,000. It has paid ₹ 1,00,000 to Mr. Anubhav Mahapatra, an advocate, for legal services.
- (iii) M/s PQR Ltd. sponsored ₹ 20,00,000 in respect of a cricket tournament organised by Dhanadhan Sports Academy (an unrecognised sports body). 3+3+3=9

7. You are required to write short notes on **any three** out of four sub questions:

- (a) Validity period of e-way bill.
- (b) Records to be maintained by agent [as per Rule 56(11) of CGST Rules, 2017].
- (c) Salient features of Quarterly Return filing & Monthly Payment of Taxes (QRMP) Scheme with respect to:
 - (i) Who can opt?
 - (ii) When can be opted?
 - (iii) Payment under QRMP scheme.
- (d) Difference between Audit by tax authorities (Section 65) and Special Audit (Section 66) under the CGST Act, 2017. 5×3=15

Customs (Section-B)

Part- III

(All questions are compulsory in Part-III)

8. Choose the correct option from amongst the four alternatives given:

1×5=5

- (i) When goods are cast into sea to reduce weight of ship to prevent it from sinking is known as
- (A) Jetsam.
 - (B) Derelict
 - (C) Flotsam.
 - (D) Wreck.
- (ii) Person in charge with respect to aircraft is
- (A) Master
 - (B) Commander
 - (C) Guard
 - (D) Driver
- (iii) Countervailing duty under Section 9 of the Customs Tariff Act, 1975 shall be in force for a period of
- (A) 2 years from the date of its importation and can be extended for a further period of 5 years.
 - (B) 3 years from the date of its importation and can be extended for a further period of 2 years.
 - (C) 5 years from the date of its importation and can be extended for a further period of 5 years.
 - (D) 5 years from the date of its importation and can be extended for a further period of 2 years.
- (iv) Which of the following goods shall not be deposited in a special warehouse?
- (A) Gold
 - (B) Defense and military equipment
 - (C) Semi-precious metals
 - (D) All of the above
- (v) Territorial waters in India extent to _____ nautical miles into the sea from the base line.
- (A) 12
 - (B) 24
 - (C) 200
 - (D) 36

Part-IV

(Answer any one question in Part-IV)

9. (a) Fredy Shah Ltd. imported a machine from UK in May, 2023. The details in this regard are as under:

- (i) FOB value of the machine: 10,000 UK Pound
- (ii) Freight (Air): 3,000 UK Pound
- (iii) Licence fee, the buyer was required to pay in UK: 400 UK Pound
- (iv) Buying commission paid in India ₹ 20,000.
- (v) Date of bill of entry was 20th May, 2023 and the rate of exchange notified by CBIC on this date was ₹ 99.00 per one pound. Rate of BCD was 7.50%.
- (vi) Date of arrival of aircraft was 25th May, 2023 and the rate of exchange notified by CBIC on this date was ₹ 98.50 per pound and rate of BCD was 10%.
- (vii) Integrated tax rate was 12%.
- (viii) Insurance premium details were not available.

You are required to compute the total customs duties and integrated tax payable (rounded off to one ₹) on the importation of machine.

Note: Ignore GST compensation cess and Agriculture infrastructure and development cess

(b) Write down the negative list of duty drawback as per Section 76 of the Customs Act, 1962. 9
6

10. (a) LMN Ltd. imported certain goods on 12th December, 2022 and goods were cleared for warehousing on 17th December, 2022 by submitting bill of entry when the exchange rate (by CBIC) was ₹ 65 per USD & rate of duty was 20%. The warehoused goods were cleared on 7th April, 2023, when the exchange rate (by CBIC) and rate of duty were ₹ 68 per USD and 12% respectively. The F.O.B. value of the goods imported was 12,000 USD. IGST @ 12% & SWS @ 10% is applicable.

You are required to calculate:

- (i) The total customs duty payable.
- (ii) The interest payable, if any.

Note: Correct legal provision should form part of your answer 6+2=8

(b) Explain in brief with reference to provisions relating to cancellation of licence of warehouse under Section 58B of the Customs Act, 1962.

- (i) Who can cancel/suspend the warehouse licence and on what grounds? 5+2=7
- (ii) What is the effect of cancellation/suspension on the warehouse and the goods in the warehouse?