

INTERMEDIATE EXAMINATION

June 2018

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) GST has replaced the following law(s):

(A) Customs
(B) VAT
(C) Central excise
(D) Both (B) and (C)

- (ii) GST is a _____ based tax.

(A) origin
(B) destination
(C) territory
(D) None of the above

- (iii) In IGST, I stands for

(A) Integrated
(B) International
(C) Inter-State
(D) Indian

- (iv) The Chairperson of GST Council is

(A) Prime Minister of India
(B) Finance Minister of India
(C) Minister of State for Finance
(D) None of the above

Please Turn Over

(v) Under GST law the phrase 'Goods' does not include

- (A) Actionable claim
- (B) Growing crops on the land agreed to be severed before supply
- (C) Money and Securities
- (D) None of the above

(b) Match the following:

1×5=5

	Column A		Column B
1.	Agricultural Activities	A.	Compulsory registration
2.	Casual Taxable Person making taxable supplies	B.	Collected by Central Government
3.	Integrated Goods and Services Tax	C.	72 Months
4.	Transaction Value	D.	Exempt from GST
5.	Retention of Accounts	E.	When price is sole consideration

(c) State whether true or false:

1×5=5

- (i) When goods are imported into India, CGST is levied.
- (ii) The highest rate of tax levied under IGST is 28%.
- (iii) GST will not abolish all the indirect taxes levied in India.
- (iv) GST threshold limit for North-Eastern and hilly states is ₹ 25 lakhs.
- (v) Goods are classified in the GST regime in India using SAC code.

(d) Fill in the blanks:

1×5=5

- (i) Indirect taxes are _____ based taxes.
- (ii) Direct taxes are _____ in nature.
- (iii) Indian GST Model is chosen from _____ (country) model.
- (iv) GST Council has been created as per Article _____ of the amended Constitution.
- (v) In HSN, N stands for _____.

Part-II

(Answer any four questions in Part-II.)

2. (a) (i) What do you mean by GST Council? What is its guiding principle? What are its functions?
- (ii) State the advantages of GST.

5+5=10

- (b) Mr. Ijas, a performing artist, provides the following information relating to October, 2017:

Receipts from:	Amount (₹)
Performing classical dance	1,49,000
Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply of services and GST payable by Mr. Ijas for October, 2017, GST @ 18%. 5

3. (a) (i) R, a manufacturer of machines (having a turnover of more than ₹ 1.5 crore) received an advance of ₹ 1,20,000 along with the purchase order on 15.10.2017 for supply of machine X for ₹ 20,00,000 to be manufactured according to the specifications. Advance payment was entered in the books of account on 16.10.2017 and credited in his bank account 18.10.2017. The machine is manufactured and after approval has been delivered to the buyer on 25.10.2017 and the invoice was raised at the time of removal. The balance payment of ₹ 18,80,000 was received on 15.11.2017 which was recorded in the books of accounts of R on the same date and was credited in his bank on 17.11.2017.

Determine the time of Supply. 4

- (ii) R issues an invoice of ₹ 64,100 for supply of goods 10.10.2017 and received ₹ 65,000 in his bank through RTGS on the same date which was credited in his books of account on 11.10.2017 on receipt of intimation from the bank.

Determine the time of supply of goods and the time of supply of excess payment. 4

- (b) RG Pvt. Ltd. provides the following particulars relating to goods sold by it to GK Pvt. Ltd.:

Particulars	Amount in (₹)
List price of the goods (exclusive of taxes and discounts)	10,00,000
Tax levied by Municipal Authority in the sale of such goods	1,00,000
CGST and SGST chargeable on the goods	2,00,880
Packing charges (not included in price above)	20,000

RG Pvt. Ltd. received ₹ 40,000 as a subsidy from a NGO on sale of such goods. The price of ₹ 10,00,000 of the goods is after considering such subsidy.

RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of the taxable supply made by RG Pvt. Ltd. 7

4. (a) Mrs. Lakshmi, intending to start a new business in January, 2018, furnishes the following information pertaining to the period upto 31.03.2018:

Estimated supplies	(₹)
Intra-State supplies of taxable goods	14,00,000
Intra-State supplies of exempt services	4,00,000
Export sales	3,20,000
Supplies made as agent of a principal	2,40,000

Ascertain the aggregate turnover. She wants to know whether she should get herself registered for GST purposes. You are required to help her. Further, what will be the GST payable by her, if the GST rate for taxable goods supplied is 18%?

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- (b) M/s. XYZ Ltd., having its Head Office at Mumbai, is registered as ISD. It has three units in different states namely 'Mumbai', 'Chennai' and 'Delhi' which are operational in the current year. M/s. XYZ Ltd. furnishes the following information for the month of December 2017. You are required to distribute the below input tax credit (i) CGST and SGST paid on services used only for Mumbai Unit: ₹ 3,00,000 (ii) IGST, CGST and SGST paid on services used for all units: ₹ 12,00,000. Total Turnover of the units for the Financial Year 2016-17 are as follows:

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Unit	Turnover in (₹)
Turnover of Mumbai unit	5,00,00,000
Turnover of Chennai	3,00,00,000
Turnover Delhi	2,00,00,000
Total turnover	10,00,00,000

5. (a) List out the category of persons who are not liable for registration under GST. State at least four category of persons who are required to compulsorily register under GST law.

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- (b) State with reasons whether the following transactions attract GST or not:

2×4=8

- Services provided by a private school bus operator to a school in relation to transportation of students to and from the school.
- Campus interview conducted by M/s. Sona College of Engineering, Mumbai by collecting entry fee from the corporate houses.
- Ms. Geethanjali, a classical dancer receives ₹ 1,00,000 from an event management company for performing in a stage programme.
- Madras Music Academy charged ₹ 500 per ticket for a music concert of Mr. Srinivas, an Indian Classical Singer. But charged ₹ 1,000 per ticket for a music concert of another Indian classical singer Mr. K.J. Jesudas.

6. (a) (i) Mr. Velmurugan of Panruti (Tamil Nadu), a farmer, sold raw cashew nuts produced in his farm land to M/s. Rajesh International of Chennai, a company registered under GST. Applicable rate of GST is 5%. Value of Goods is ₹ 1,00,000. M/s. Rajesh International has input credit of IGST ₹ 4,000. You are required to answer the following:
- (a) Who is liable to pay GST?
- (b) Net Liability of GST? 4
- (ii) M/s. Alpha Limited Ahmadabad receives the input services from M/s. Beta Limited of Mumbai who raises the invoice for supply of services on 25th November, 2017 and availed the credit on the same date. Find the time limit within which M/s. Alpha Limited is required to pay the bill amount to M/s. Beta Limited. Also explain the consequences if payment is not made within the stipulated period as mentioned in Section 16(2) of CGST Act. 4
- (b) State whether input tax credit is available in the following cases: 3+2+2=7
- (i) Motor car purchased by driving school for imparting training to the customers. Whether your answer would be different if the motor car is purchased by a manufacturing company to be used by its Managing Director for official purposes.
- (ii) Amount spent for construction of factory building.
- (iii) Gift articles purchased on the occasion of Diwali to be distributed among the employees.
7. Write short notes on *any three* of the following: 5×3=15
- (a) Advance payment of GST and refund claim by casual trading person
- (b) Distribution of input tax credit by ISD and manner of such distribution
- (c) Contents of a revised tax invoice and credit or debit note
- (d) Export of Service

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) The limit of exclusive economic zone of India, is _____ from the nearest point of the baseline.
- (A) 200 nautical miles
- (B) 12 nautical miles
- (C) 24 nautical miles
- (D) 100 nautical miles

- (ii) The Safeguard duty imposed shall be in force for a period of _____ from the date of its imposition and can be extended with the total period of levy not exceeding _____.
(A) 4 years, 10 years
(B) 3 years, 5 years
(C) 1 year, 5 years
(D) 5 years, 10 years
- (iii) Which of the following is a taxable event for imported goods?
(A) Unloading of imported goods at the customs port
(B) Date of entry into Indian territorial waters
(C) Date of presentation of bill of entry
(D) Date on which the goods cross the customs barrier
- (iv) Where the insurance amount is not available, for ascertaining the assessable value for customs duty, the percentage of FOB value to be taken is:
(A) 1
(B) 1.125
(C) 1.5
(D) 2
- (v) Goods which are same in all respects, including physical quantity is known as
(A) Similar Goods
(B) Identical Goods
(C) Alike Goods
(D) Indistinguishable Goods

Part-IV

(Answer any one question in Part-IV.)

9. (a) (i) "The duty drawback granted under customs law will be recovered where sale proceeds are not realized by an exporter within the period allowed under FEMA". Explain the exception(s), if any, to this rule.
- (ii) When a vessel caught up in the rough waters and sank in the territorial waters, can the duty drawback be claimed? 4+3=7
- (b) (i) Calculate the amount of duty drawback allowable under section 74 of the Customs Act, 1962 in the following cases:
(a) Infopro Ltd., imported 50 computers paying customs duty of ₹ 30,000 per computer. Due to some technical problems, of the 50 computers imported, 25 computers were re-exported to the foreign supplier after 1 month without using them at all.
(b) M/s. RKM Films P. Ltd., imported wearing apparels from USA paying duty of ₹ 5,00,000 and were used in their upcoming movie. The apparels were re-exported to USA after use after 3 months.
- (ii) Explain the rights of the owner to deal with waterhoused goods under section 64 of the Customs Act, 1962. 2+2+4=8

10. (a) From the undermentioned relating to import made on 12.10.2017 of product 'Minic' from New York, USA, to the Kochi Airport, by Mr. Prahalad, the importer:

FOB value of the product	\$ 10,000
Cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation	\$3,500
Insurance	\$ 1,000
Unloading charges at Kochi Airport	₹ 24,800
Basic customs duty	10%
Exchange rate notified by RBI	1\$ = ₹ 64.50
Exchange rate notified by CBEC	1\$ = ₹ 64

Ascertain the assessable value and total tax and duty payable by Mr. Prahalad.

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- (b) What do you mean by the term 'GST Compensation Cess'? Can Input tax credit be availed on GST Compensation Cess paid on inward supplies? List out some of the Notified Goods on which GST Compensation Cess is applicable.

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