

INTERMEDIATE EXAMINATION

June 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) Renting of a marriage hall owned by a Trust registered under section 12AA of the Income-tax Act, 1961 is not exempt from GST where
- (A) charges are more than ₹ 5,000 per day.
 - (B) charges are more than ₹ 1,000 per day.
 - (C) charges are more than ₹ 10,000 per day.
 - (D) None of the above
- (ii) 'Zero rated Supply' means
- (A) export of goods or services or both.
 - (B) import of goods or services or both.
 - (C) supply of goods or services or both to a Special Economic Zone Developer or a Special Economic Zone Unit.
 - (D) export of goods or services or both and supply of goods or services or both to a Special Economic Zone Developer or a Special Economic Zone Unit.

(iii) The period prescribed for issuance of tax invoice in the case of provision of services is

- (A) generally 45 days from the date of the supply of service (in case of Banking companies– 30 days from the date of supply).
- (B) generally 30 days from the date of the supply of service (in case of Banking companies– 60 days from the date of supply).
- (C) generally 30 days from the supply of service (in case of Banking companies– 45 days from the date of supply).
- (D) 30 days from the date of supply of service in all cases.

(iv) Annual Return shall be filed by

- (A) every registered person.
- (B) registered person having annual turnover of ₹ 2 crores and above.
- (C) registered person having annual turnover of ₹ 1.5 crores and above.
- (D) None of the above

(v) In the common portal, every claim of input tax credit of a registered person shall be credited to

- (A) Electronic Cash Ledger
- (B) Electronic Credit Ledger
- (C) Electronic Liabilities Register
- (D) Electronic Credit Register

(b) Match the following:

1×5=5

	Column-A		Column-B
1.	Casual Taxable Person	A.	Different GSTINs but one PAN
2.	Distinct Persons	B.	Non-taxable Supply
3.	Taxable person under composition scheme	C.	Exempt Supply
4.	Sale of Building	D.	No fixed place of business in a State or Union Territory
5.	Interest on loans and advances	E.	Quarterly Return

(c) State whether *true* or *false*:

1×5=5

- (i) Under GST the phrase "Aggregate Turnover" includes exempt supplies also.
- (ii) A person can issue normal tax invoice in respect of supplies which were suppressed by him and are detected by the GST officers subsequently.
- (iii) GST is payable once registered even if the turnover is less than the prescribed limit.
- (iv) A registered person under GST law gives a free spoon along with every soap purchased. This is a case of composite supply under GST law.
- (v) Buying and selling of second hand goods is not subject to GST .

(d) Fill in the blanks:

1×5=5

- (i) In case of death of a tax payer _____ can request for cancellation of registration.
- (ii) Gifts exceeding _____ in value in a financial year by an employer to employee shall constitute supply of goods or services or both.

- (iii) Toll receipts from highway of Coimbatore to Palghat is ₹ 60,00,000 and commission earned on toll receipts is ₹ 6,00,000. The value of taxable supply will be ₹ _____.
- (iv) In case of supply of goods by a composite dealer, the registered person shall issue _____.
- (v) R has started business of supplying toys in J & K. He is required to obtain registration if his aggregate turnover during a financial year exceeds _____.

Part-II

(Answer any four questions in Part-II.)

2. (a) Explain the concepts "Composite Supply" and "Mixed Supply" with reference to the provisions of CGST Act. Give at least one example in each case. 7
- (b) M/s. Pioneer Agro Ltd., has provided the following information and asking you to compute the value of exempt and taxable supplies for the month of March 2019: 8

Sl. No.	Particulars	₹ in Lakhs
1	Sale of Rice (Unbranded)– On own account	18.00
2	Sale of Branded Rice– On own account	5.00
3	Commission Received (for dealing in unbranded rice)	2.50
4	Commission Received (for dealing in branded rice)	1.00
5	Commission Received (for dealing in tobacco leaves)	5.00
6	Sale of Egg	25.00
7	Sale of dried coconut	5.00
8	Sale of desiccated coconut	3.00

3. (a) Ms. Poorvisha got registered under the GST law on 12-02-2019. Since she is new to the GST regime, she seeks your advice on the following:

- (i) Whether IGST payments can be made online only or can be made offline also;
- (ii) Whether manual challans are permitted under GST;
- (iii) Validity period of e-challans, and
- (iv) Whether cross utilization among Major and Minor heads of the electronic cash ledger permitted.

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- (b) Chanakya Agencies is a registered supplier of household products under regular scheme. Its aggregate annual turnover was ₹ 30 lakh in the financial year 2017-18.

It is of the view that in the current financial year, it is allowed to file its monthly statement of outward supplies- GSTR-1- on a quarterly basis. However, a fellow trader advises that it can file the same only on a monthly basis.

You are required to advise Chanakya Agencies on the same.

During a given tax period in the current financial year, owing to an off-season, Chanakya Agencies has not made any taxable supply. Therefore, Chanakya Agencies is of the view that no return under GST is required to be filed for the said period.

You are required to examine the correctness of the opinion of Chanakya Agencies.

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- (c) Determine the time of supply of goods in the following independent situations, as per the GST law, giving brief reason for your conclusion (**Answer without reasoning will not deserve any credit**):

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Sl. No.	Date of removal of goods	Date of receipt of goods by buyer	Date of issue of tax invoice	Date of credit of payment in supplier's books of account	Date of credit of payment in supplier's bank account
1	04-01-2019	05-01-2019	04-01-2019	05-01-2019	06-01-2019
2	04-01-2019	03-01-2019	05-01-2019	03-01-2019	02-01-2019
3	04-01-2019	05-01-2019	04-01-2019	07-01-2019	08-01-2019

4. (a) R Ltd. provides the following information:

Date of invoice in respect of purchase of Plant and Machinery	01.11.2018
(Life of Plant and Machinery is five years)	₹
Value of Plant and Machinery excluding GST	20,00,000
GST charged in respect of Plant and Machinery @ 18%	3,60,000
Date of supply of Plant and Machinery owing to obsolescence	10.01.2020
Value of outward supply of Plant and Machinery	12,00,000

Determine how much amount of GST to be paid on the supply of such machine.

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- (b) From the following information provided to you, determine, how would you utilize ITC on account of SGST available in the Electronic Credit Ledger:

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Particulars	Amount (₹)
Amount of ITC on account of SGST available in the Electronic Credit Ledger for the month of June, 2019	2,00,000
CGST payable for the month of June, 2019	73,000
IGST payable for the month of June, 2019	96,000
SGST payable for the month of June, 2019	30,000

5. (a) M/s. A.R.K. Express Services P Ltd., Chennai is a Goods Transport Agency. You have been given with the following information of the company for the financial year 2018-19.

Expenses	₹	Income	₹
Diesel Expenses	11,00,000	Receipts from GTA services	35,00,000
Repairs and Maintenance (includes CGST ₹ 27,000 and SGST ₹ 27,000)	3,54,000	Toll Charges Received	2,50,000
Salary Paid	5,00,000		
Whole-time Directors Remuneration	5,00,000		
Non whole-time Directors Remuneration	5,00,000		
Vehicle Hire Charges	1,20,000		
Rent (includes CGST ₹ 5,400 and SGST ₹ 5,400)	70,800		
Legal Fees paid to advocates	1,50,000		
Toll Charges Paid	2,50,000		
Other Administrative Expenses (includes CGST ₹ 15,000 and SGST ₹ 15,000)	2,00,000		

During the FY 2018-19, the company was raising tax invoices on RCM basis i.e., tax amount was mentioned on the invoices @ 5% of the taxable value, but the said tax amounts were not collected by the company, instead paid by the customers on reverse charge basis. The company did not avail ITC on the inputs as stipulated in the relevant notification. However for the FY 2019-20, the company is planning to change the existing system and would like to opt for the alternate system of taxing as permitted by the law i.e., to charge GST @ 12% on the services and to avail ITC. Now, by presuming that the financial information given here above for the

FY 2018-19 would be the same for FY 2019-20 also, the company seeks your help to arrive at the estimated net GST liability due to the change in system.

Notes:

- (1) Entire Receipts from GTA services are from the customers who are registered under GST and there are no exempted outward services.
- (2) Toll Charges are received from the customers as reimbursements on actuals basis by producing the vouchers.

Now, you are required to calculate the estimates of the following:

- (a) GST on outward supply;
 - (b) GST on inward supply eligible for ITC;
 - (c) GST payable by cash on reverse charge basis; and
 - (d) Net GST Liability. 8
- (b) Discuss the correctness of this statement. State with reasons whether input tax credit is available in respect of the following inward supplies:
- (i) Life Insurance Premium paid for the benefit of the employees working in granite mines, which is obligatory on the part of the company to provide this benefit under the State law. 2
 - (ii) Membership fee paid to a fitness centre by a film stunt artist. 2
 - (iii) Outdoor catering services paid towards supply of some special foods to a Restaurant, which has taken a contract for supply of food in a birthday party. 2
 - (iv) Motor truck purchased by a timber dealer for transportation of timber. 1
6. (a) What are the advantages of taking registration in GST? 5
- (b) Discuss the circumstances where registration is liable to be cancelled. 3

- (c) Pure Oils, Delhi has started the supply of machine oils and high-speed diesel in the month of April, 20XX. The following details have been furnished by it for the said month:

Sl. No.	Particulars	₹ *
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Supply of high-speed diesel in Delhi	4,00,000
(iii)	Supply made through Fortis Lubricants- an agent of Pure Oils in Delhi	3,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab	1,80,000

* excluding GST

Determine whether Pure Oils is liable for registration. Will your Answer change, if Pure Oils supplies machine oils amounting to ₹ 2,50,000 from its branch located in Himachal Pradesh in addition to the above-mentioned supplies?

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

5×3=15

- Works Contract
- Final Return under GST
- Debit Note
- In order to be eligible for grant of registration, a person must have a Permanent Account Number issued under the Income-tax Act, 1961. State one exception to it.

Customs (Section-B)

Part-III

(All questions are compulsory in Part-III.)

1×5=5

8. (i) When the goods are sent from customs station for warehousing, proper officer shall affix _____ on the container.
- Permanent Lock
 - One Time Lock
 - Special Mark
 - One Time Mark

- (ii) In case actual insurance charges are not known, insurance charges to be added with FOB value to arrive at the assessable value is
- (A) 1.525%
 - (B) 1.215%
 - (C) 1.125%
 - (D) 1.025%
- (iii) Under section 46(1) of Customs Act, 1962, an importer shall present the bill of entry before the end of _____ following the day on which the aircraft/vessel/vehicle carrying the goods arrives at the customs station.
- (A) 1 day
 - (B) 2 days
 - (C) 3 days
 - (D) 4 days
- (iv) All goods, derelict, Jetsam, flotsam and wreck brought (or) coming into India, shall be dealt with as if they were into India.
- (A) Exported
 - (B) Imported
 - (C) No duty
 - (D) Exempted from tax
- (v) As per Section 2(31) person in charge means
- (A) Vessel – Master
 - (B) Train – Conductor (or) Guard
 - (C) Vehicle – Driver
 - (D) All of the above

Part-IV

(Answer any one question in Part-IV.)

9. (a) BSA and Company Ltd. have imported a machine from U.K. from the following particulars furnished by them, arrive at the assessable value for the purpose of customs duty payable:

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(i)	F.O.B. cost of the machine	10,000 U.K. Pounds
(ii)	Freight (air)	3,000 U.K. Pounds
(iii)	Engineering and design charges paid to a firm in U.K.	500 U.K. Pounds
(iv)	License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost
(v)	Materials and components supplied by the buyer free of cost valued	₹ 20,000
(vi)	Insurance paid to the insurer in India	₹ 6,000
(vii)	Buying commission paid by the buyer to his agent in U.K.	100 U.K. Pounds

Other Particulars:

- (i) Inter-bank exchange rate as arrived at by the authorized dealer: ₹ 72.50 per U.K. Pound.
 - (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of ₹ 70.25 per U.K. Pound.
 - (iii) Importer paid ₹ 5,000 towards demurrage charges for delay in clearing the machine from the Airport. (Make suitable assumptions wherever required and show workings with explanations.)
- (b) Who are the persons not eligible for compounding of offences as per section 137(3) of the Customs Act, 1962?

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10. (a) Briefly narrate the features and advantages of warehousing.

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(b) Malya Internationals Ltd., has imported a machinery by air from Germany. Bill of Entry is presented on 20.01.2019. However, entry inwards is granted on 25.01.2019.

Relevant information of the transaction are provided hereunder:

(i)	CIF Value of Machine	5,000 USD
(ii)	Air Freight Paid	750 USD
(iii)	Insurance Charges Paid	100 USD
(iv)	Rate of Exchange on 20.01.2019	As per RBI 1 USD = ₹ 65.50 As per CBIC 1 USD = ₹ 66
(v)	Rate of Exchange on 25.01.2019	As per RBI 1 USD = ₹ 66.50 As per CBIC 1 USD = ₹ 67
(vi)	Basic Customs Duty Rate	10%
(vii)	IGST Rate	18%

Calculate the assessable value in INR for the purposes of levy of customs duty as well as total customs duty. You can make suitable assumptions wherever necessary.

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