

**Paper – 18: Indirect Tax Laws & Practice**

# Postal Test Paper\_P18\_Final\_Syllabus 2016\_Set 2

## Paper – 18: Indirect Tax Laws & Practice

Full Marks: 100

Time allowed: 3 hours

**Answer Question No. 1 which is compulsory and any five from the rest**

**1.(a) Fill in the blanks:**

**[5×1=5]**

- (i) Central Goods and Services Tax is levied and collected by \_\_\_\_\_.
- (ii) Services provided by a goods transport agency, by way of transport in a goods carriage, is exempted from GST, where consideration charged for transportation of all goods for a single consignee does not exceed \_\_\_\_\_.
- (iii) The place of supply of online information and database access or retrieval services will be the location of the \_\_\_\_\_ of service.
- (iv) As per section 2(18) of the Customs Act, the term \_\_\_\_\_ means taking out of India to a place outside India.
- (v) \_\_\_\_\_ are levied by the central govt. upon recommendation made by the Tariff Committee to provide protection to any industry established in India.

**(b) Choose the most appropriate alternative:**

**[5×1=5]**

- (i) If a person, opting for composition scheme is liable to be registered on 1st Oct. 2017 and he has applied for registration on 17th Nov. 2017 and registration granted on 20th Nov. 2017, then the effective date of registration will be:
  - (a) 20<sup>th</sup> Nov. 2017;
  - (b) 1<sup>st</sup> Oct. 2017;
  - (c) 17<sup>th</sup> Nov. 2017;
  - (d) 1<sup>st</sup> April, 2018.
- (ii) The type of bill of entry which is used for ex-bond clearance for home consumption from the warehousing, is
  - (a) Form I (white)
  - (b) Form II (yellow)
  - (c) Form III (green)
  - (d) None of the above.
- (iii) Which of the following good/ goods is/ are covered under GST Compensation Cess?
  - (a) Pan Masala
  - (b) Tobacco and tobacco products
  - (c) Motor vehicles
  - (d) All of the above.
- (iv) Mr. C of Chennai supplied goods to M/s Smart Jet Airlines of Chennai flying between Delhi-Mumbai. The goods are loaded in the aircraft in Delhi. The place of supply of goods will be:
  - (a) Chennai
  - (b) Delhi
  - (c) Mumbai
  - (d) None of the above.
- (v) Which of the following is/ are duty exemption scheme(s) under FTP?
  - (A) Advance Authorisation Scheme
  - (B) Duty Free Import Authorisation Scheme
  - (C) Merchandise Export from India Scheme

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(D) Service Export from India Scheme

- (a) Only (A)
- (b) Both (A) & (B)
- (c) Both (C) & (D)
- (d) All (A), (B), (C) & (D)

**(c) State true or false with reasons:**

**[5×2=10]**

- (i)** The term redemption fine means Option to pay fine in lieu of confiscation.
- (ii)** GSTR-4 is to be filed on monthly basis.
- (iii)** A registered person cannot avail Input Tax Credit unless he is in possession of a tax invoice or a debit note.
- (iv)** The basic concept of Input Tax Credit (ITC) is to encourage the cascading effect of duty.
- (v)** Services received by the Reserve Bank of India from outside India in relation to management of foreign exchange reserves is exempt from GST.

**2.(a)** X Bank Ltd., furnishes the following information relating to services provided and the gross amount received

	₹ (lakhs)
Merchant Banking Services	8
Asset Management (including portfolio management	3
Service charges for services to the Government of India	1.5
Interest on overdraft and cash credits	2
Banker to the issue	5
Locker rent	2
Repayment of financial lease made by the customer to the bank ₹ 80 lakhs which includes a principal amount of ₹ 50 lakhs.	

Compute the value of taxable supply of services under "Banking and other financial services" as per the Central Goods and Services Tax Act, 2017 and also find the CGST and SGST where rate of GST is 9% each.

Note: Input Tax Credit availed by the bank on the asset which is given on financial lease. **[10]**

**(b)** Write about the guiding principle and the functions of the GST Council. **[6]**

**3.(a)** What is the taxable event under GST? Discuss. **[8]**

**(b)** Mr. A, a taxable service provider, provided taxable supply of services to Mr. B. The contract of service entered into between them stipulated that Mr. A will bear all the taxes, duties and other liabilities in connection with discharge of his obligations. While the service was being provided, an amendment in the law shifted the liability to pay GST in case of such taxable supply of services from service provider to service receiver retrospectively, i.e. reverse charge provisions were made applicable.

You are required to answer the following questions with the help of the decided case law(s), if any:

- (i) Can Mr. B, who is the person liable to pay GST under reverse charge, shift the burden of such GST on Mr. A by deducting the same from the payment made against the bills raised by Mr. A?
- (ii) Can Mr. B ask the Revenue to recover GST from Mr. A since the contract of service stipulates that Mr. A will bear all the taxes, duties and other liabilities in connection with discharge of his obligations? **[8]**

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**4.(a)** M/s. X Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below. Compute its GST liability:

- (1) Service of interior decoration in respect of immovable property located in Jammu: ₹ 5 lakhs;
- (2) Service of renting of commercial buildings in Delhi: ₹ 15 lakhs;
- (3) Architectural services to an Indian Hotel Chain which has business establishment in Mumbai for its newly acquired property in Sydney: ₹ 25 lakhs;
- (4) Services provided as an Indian agent undertaking marketing in India of goods of a foreign seller: ₹ 51 lakhs;
- (5) Services provided as travel agent undertaking marketing in India of services of a foreign seller: ₹ 1 lakhs.

Applicable rate of GST is 18%.

**[9]**

**(b)** The goods imported by Fidelity Industries were detained on 22-5-2011. However, Fidelity Industries did not produce the required documentary evidence. Consequently, the impugned goods were seized on 2-8-2011. The Department issued a show cause notice to Fidelity Industries on 15-1-2013. Fidelity Industries put forth the question of limitation alleging that the impugned show cause notice had been issued after a period of six months from the date of the seizure as envisaged under section 110(2) of the Customs Act, 1962 and hence, it was time-barred. The goods were taken on 22-5-2011; but, the show cause notice was issued on 15-1-2013 which was after a lapse of six months. So, Fidelity Industries sought for quashing of the said show cause notice and also for the return of the goods. Do you think that the contention of the Fidelity Industries is tenable in law? Discuss.

**[7]**

**5.(a)** State the eligible as well as ineligible capital goods for import under EPCG Scheme. **[6]**

**(b)** From the particulars given below, find out the assessable value of the imported goods under the Customs Act, 1962.

	US \$
(i) Cost of the machine at the factory of the exporting country	10,000
(ii) Transport charges incurred by the exporter from his factory to the port for shipment.	500
(iii) Handling charges paid for loading the machine in the ship	50
(iv) Buying commission paid by the importer	50
(v) Freight charges from exporting country to India	1,000
(vi) Exchange Rate to be considered 1\$ = ₹ 65	

**[10]**

**6.(a)** X Ltd., a unit in SEZ, received services from various service providers in relation to authorized operations in SEZ during the month July, 2017. The following details are furnished for the month July, 2017:

- (i) Value of Taxable services used exclusively for authorised operations within SEZ: ₹ 5,00,000 (exemption from GST availed).
- (ii) Value of Taxable Services used by SEZ units and DTA units: ₹ 8,00,000. GST paid @18%.
- (iii) Value of Taxable Service used wholly for DTA units: ₹ 3,00,000. GST paid @18%.
- (iv) Export Turnover of SEZ Unit: ₹ 1,00,00,000

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(v) Turnover of DTA Unit: ₹ 60,00,000.

Compute the Input Tax Credit and amount of refund if any?

Note: All input services used by SEZ for its authorized operations only. [8]

(b) What is Credit Note and Debit Note as per CGST Act? [8]

7.(a) What is revocation of cancellation of registration under GST? [5]

(b) M/s P Ltd. appoints M/s Q Ltd. for laying of pipelines inside its factory premises which resulting into movable property. For which M/s P Ltd. purchased pipelines for ₹ 10,00,000 plus GST 12%. On completion of works contract service M/s Q Ltd charged for ₹ 2,00,000 plus GST 18%. Find the eligible input tax credit to M/s P Ltd. [6]

(c) State the advantages of voluntary registration under GST. [5]

8.(a) X Pvt. Ltd. engaged in providing taxable services by way of training and coaching activities in relation of information Accounting and Auditing. Since 1st July 2017, it has the following details in respect of that activity for the month of September, 2017:

Date of issuance invoice	Date on which payment received	Amount in ₹
16.09.2017	03.10.2017	2,50,000
20.10.2017	06.10.2017	25,000
02.10.2017	30.09.2017	1,25,000

The date of change in effective rate of tax in this case is 01-10-2017 from 12% to 18%. These services are rendered in August 2017. Find the Time of Supply of service, effective rate of tax and due date of payment of tax. [9]

(b) State the features of Foreign Trade Policy 2015-20. [7]