



**FINAL EXAMINATION
PRACTICE TEST PAPER
PAPER – 19**

**TERM – JUNE 2026
SYLLABUS 2022**

INDIRECT TAX LAWS AND PRACTICE

Time Allowed: 3 Hours

Full Marks: 100

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

SECTION – A (Compulsory)

1. Choose the correct option:

[15×2 = 30]

- (i) In which of these cases is a supply outside the scope of GST (i.e. not even deemed or taxable)?
- Services by an employee to his employer in course of employment
 - Services of funeral, burial, crematorium
 - Actionable claims, other than lottery, betting, and gambling
 - All of the above
- (ii) A GST-registered restaurant supplies complimentary desserts (free of charge) to its customers after a qualifying spending. The cost of desserts is small compared to overall bill. Which statement is correct?
- This is a supply (because part of business activity) and taxable
 - This is not a supply because there is no consideration
 - This is a supply only if the value exceeds ₹5,000
 - This is a deemed supply only if the restaurant had claimed ITC on ingredients
- (iii) Which of the following is not included in the definition of “supply” under Section 7 of the CGST Act?
- Sale, transfer, barter, exchange
 - Import of services (whether or not in course or furtherance of business)
 - Permanent transfer of business assets without consideration (if ITC was availed)
 - Services by any court or Tribunal.
- (iv) Suppose rate of tax changes on 1st July. If supply is completed before change in rate, but invoice is issued after change in rate and payment also received after change, what is the time of supply?
- Date of payment or invoice (whichever earlier)
 - Date of issue of invoice
 - Date of supply (i.e. completion date)
 - Change rate date
- (v) An unregistered individual based in Hyderabad contacts a travel agent in Delhi to book an international flight from Mumbai to Dubai. What is the place of supply for GST purposes?
- Delhi
 - Hyderabad
 - Mumbai
 - Dubai



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- (vi) X Ltd switches its product line, and some goods become exempt supply (i.e. not liable to GST). How should X Ltd deal with ITC on inputs/inventory used partly for exempt and partly for taxable supplies?
- It can claim full ITC; no adjustment needed
 - It must reverse the entire ITC claimed earlier
 - It must apportion and reverse the portion attributable to exempt supplies
 - It can carry forward to next year and adjust later
- (vii) The due date for filing GSTR-9 for a financial year is:
- 31st March of next financial year
 - 31st December of next financial year
 - 30th September of next financial year
 - 31st January of next financial year
- (viii) A supplier makes a supply to SEZ unit. The place of supply is determined as SEZ (inside India). The supplier furnishes LUT and ships the goods. The tax treatment is:
- The supply is a domestic supply taxed under CGST/SGST
 - The supply is inter-state IGST leviable
 - The supply is zero-rated (no tax)
 - The supply is exempt supply
- (ix) The maximum time within which the Authority for Advance Ruling must pronounce its ruling is:
- 90 days from the date of application
 - 60 days from the date of application
 - 120 days from the date of application
 - 30 days from the date of application
- (x) What is the validity of an E-way bill for a distance of 750 km (other than over-dimensional cargo)?
- 1 day
 - 4 days
 - 5 days
 - 7 days
- (xi) Determine price to be taken for computing deductive value in rule 7: Sale quantity- 80 units @ ₹90, 50 units @ ₹95, 25 units @ ₹105, 40 units @ ₹100:
- ₹105
 - ₹100
 - ₹95
 - ₹90
- (xii) Calculate Cost of insurance under Rule 10(2)(b) if FoB and transport/handling is \$15,000.:
- \$ 1,500



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- b. \$ 3,000
c. \$ 168.75
d. None of the above
- (xiii) A person, who is engaged in a profession abroad, or is transferring his residence to India after stayed abroad more than 2 years can bring, used household items without payment of duty up to:
- a. ₹50,00,000
b. ₹25,00,000
c. ₹5,00,000
d. ₹50,000.
- (xiv) The maximum drawback allowed under Section 74 if goods are exported without use is:
- a. 98% of duty paid
b. 90% of FOB value
c. 50% of CIF value
d. Full refund of duty
- (xv) The minimum export obligation under EPCG is generally expressed as:
- a. 3 times the duty saved amount
b. Equal to the duty saved amount
c. 6 times the duty saved amount
d. 2 times the duty saved amount

Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Explain the provisions of Section 9(5) of the CGST Act relating to tax liability of e-commerce operators. Discuss the services notified under this section and the circumstances in which the e-commerce operator is liable to pay GST instead of the actual supplier. [7]
- (b) Discuss the details to be provided in the form GSTR – 9. [7]
3. (a) Alpha Ltd., a manufacturer of taxable goods. Assuming that there is no opening and closing inventory, compute its value as per Rule 30 of the CGST Rules, 2017 for the purpose of GST from the following information provided by Alpha Ltd:

Particulars	(₹)
Cost of direct materials (inclusive of IGST 28%)*	25,600
Cost of direct salaries (includes house rent allowance of ₹12,000)	30,000



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Consumable stores and repairs	8,400
Depreciation of machinery	500
Quality control cost	4,300
Research & development cost	2,700
Administrative cost:	
Production related	2,000
Project management related	1,800
Interest and financial charges	2,400
Cost incurred due to break down of machinery	1,300
Amortised cost of moulds and tools received free of cost from the recipient of goods	600
Selling and distribution cost	4,600
Scrap value realized	1,500

Note: ITC of the IGST so paid is available.

[7]

- (b) Y Ltd. manufactures taxable and exempted goods. Y Ltd. also simultaneously provides taxable as well as exempted output services. Raw material 10,000 units were purchased @ ₹100 per unit used commonly during the month of January 2025 to produce all final products. GST paid on inputs 12%. Input services commonly used for all goods and services in the month of January 2025. Total ITC on inputs and input services taken into books of account in the relevant tax period is ₹1,74,000.

Turnover for the month of January 2025 (excluding all taxes)

Particulars	Value of finished goods ₹
Taxable supply of goods	2,00,000
Exempted supply of goods (₹80 per unit)	1,00,000
Taxable supply of services	1,00,000
Exempted supply of services	50,000
Total	4,50,000

You are required to compute the amount of reversal of input tax credit as per rule 42(1)(i) of the CGST Rules, 2017 for the month of January 2025.

Note: Each unit of exempted final product needs 2 units of raw materials. Assumed that there is no process loss.

[7]

4. (a) Explain the provision of special audit as per CGST Act, 2017. Also discuss the process of how special audit is conducted. [7]
- (b) Explain the concept of Reverse Charge Mechanism (RCM) under GST and state at least seven cases in which the liability to pay GST is on the recipient of services instead of the supplier. [7]



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5. (a) Mr. A (registered person under GST) sends goods to Mr. B (registered person under GST) on approval basis on 20th January 2025.
Identify the time of supply in the following independent cases:
(a) If Mr. B. accept the goods on 10th February 2025.
(b) If Mr. B accepts the goods on 1st September 2025.
(c) If Mr. B returns the goods on 10th February 2025.
(d) If Mr. B return the goods on 1st September 2025. [7]

- (b) RTS Tours Co. has arranged four package tours during April 2024. The particulars of the services and charges are as under:
i. Tour 1: Charges received ₹ 35 lakhs. The package includes transportation, accommodation, food, and tourist guide, entry fees for monuments.
ii. Tour 2: Charges received ₹ 65 lakhs. The package includes transportation and accommodation for stay.
iii. Tour 3: Charges received ₹ 40 lakhs. The charges are solely for arranging accommodation for stay. However, the bills issued to the clients do not mention it clearly that the charges are solely for arranging the accommodation for stay.
iv. Tour 4: Charges received ₹ 50 lakhs (inclusive of charges of stay). The bill issued to the client's mentions it clearly that the charges are solely for arranging the accommodation for stay.
Compute the value of taxable supply of services and GST.
Note: Applicable rates of GST 5% and 18%. All transactions taken place at inter State level. [7]

6. (a) Discuss the conditions required for clearance of warehoused goods for home consumption, export, and transfer to another bonded warehouse under Customs Law. [7]
- (b) What is a Special Economic Zone (SEZ)? Discuss its features and benefits under the SEZ Act, 2005. [7]

7. (a) Mr. Technot of foreign origin has come on travel visa, to tour in India. He carries with him, as part of baggage, the following:

Particulars	Value in ₹
Travel Souvenir	1,85,000
Other articles carried on in person	1,50,000
120 sticks of cigarettes of ₹100 each	12,000
Fire arm with 100 cartridges (value includes the value of cartridges at ₹500 per cartridge)	100,000

Calculate the Customs Duty payable, if the effective rate of customs duty is 38.50% inclusive of social welfare surcharge, with short explanations where required. [7]

- (b) BSA & Company Ltd have imported a machine from U.K. From the following particulars furnished by them, Calculate the assessable value for the purpose of customs duty payable:

(i) F.O.B. cost of the machine	10,000 U.K. Pounds
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(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 by the authorized dealer: ₹72.50 per U.K. Pound.
 - (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1962, 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) [7]

8. (a) Pupply Manufacturers Ltd., registered in Mumbai (Maharashtra), is a manufacturer of footwear. It imports a footwear making machine from USA. Pupply Manufacturers Ltd. avails the services of Dada Logistics, a licensed customs broker with its office at Ahmedabad (Gujarat), in meeting all the legal formalities for getting the said machine cleared from the customs station.

Pupply Manufacturers Ltd. also authorises Dada Logistics to incur, on its behalf, the expenses in relation to clearance of the imported machine from the customs station and bringing the same to its warehouse at Mumbai. These expenses would be reimbursed by Pupply Manufacturers Ltd. to Dada Logistics on actual basis. In addition, Pupply Manufacturers Ltd. will also pay the agency charges to Dada Logistics for the services rendered by it.

Dada Logistics raised an invoice in July, 20XX as follows:

Sl. No.	Particulars	Amount* (₹)
(i)	Agency charges	5,00,000
(ii)	Unloading of machine at Kandla port, Gujarat	50,000
(iii)	Charges for transport of machine from Kandla port, Gujarat to Dada Logistics' godown in Ahmedabad, Gujarat	25,000
(iv)	Charges for transport of machine from Dada Logistics' Ahmedabad godown to the warehouse of Pupply Export Import House in Mumbai, Maharashtra	28,000
(v)	Customs duty on machine	5,00,000
(vi)	Dock dues	50,000
(vii)	Port charges	50,000
(viii)	Hotel expenses	45,000
(ix)	Travelling expenses	50,000
(x)	Telephone expenses	2,000

exclusive of GST wherever applicable



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Compute the value of supply made by Dada Logistics with the help of given information. Would your answer be different if Dada Logistics charges ₹ 13,00,000 as a lump sum consideration for clearing the imported machine from the customs station and bringing the same to the warehouse of Pully Manufacturers Ltd.? [7]

- (b) M/s Lips Ltd., manufactures four types of 'Nail Polishes', namely Sweety, Pretty, Beauty, Tweety. The Company has taken input tax credit of ₹3,00,000 on the common inputs used in the manufacture of 'Nail Polishes'. Common inputs also used partly for non-business purposes. During the financial year the company manufactured 1000 litres of each type of 'Nail Polishes'. The Company was not in a position to maintain separate set of records with regards to inputs used for final products. GST payable on final goods @12%.

You are required to calculate the net GST payable by M/s Lips Ltd. for the year from the following data:

Product Name	Description	Sale price (Exclusive of GST)
Sweety	Sale to Domestic Tariff Area	₹30 per 20ml. bottle
Pretty	Sale to a Special Economic Zone (SEZ)	₹40 per 20ml. bottle
Beauty	Sale to A Ltd. of USA	₹50 per 20ml. bottle
Tweety	Sale to Defence Canteen(Exempted from GST)	₹60 per 20ml. bottle

[7]