

Paper 11- Indirect Taxation

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Full Marks: 100

Time allowed: 3 hours

The figures in the margin on the right side indicate full marks.
Working notes should form part of the answer.

Section – A

Answer question No. 1 which is compulsory and any four from rest of this section.

1. Answer the following questions:

(A) Multiple choice questions:

[5×1=5]

- (i) Mr. X, supplied a laptop for ₹ 40,000 to Mr. Y along with a barter of printer, the value of which is ₹ 4,000 but the open market value of the laptop is not known. The GST liability will be:
(a) Mr. X for ₹ 40,000 and Mr. Y for ₹ 4,000
(b) Mr. X for ₹ 44,000 and Mr. Y for ₹ 4,000
(c) Mr. X for ₹ 36,000 and Mr. Y for ₹ 4,000
(d) Mr. X for ₹ 40,000 and no GST liability for Mr. Y.
- (ii) Ram has received a sum of ₹ 5,00,000 from his employer on premature termination of his contract of employment. The GST implication will be:
(a) It is not a supply, hence not chargeable to GST.
(b) It is a supply without consideration, hence not chargeable to GST.
(c) It is a supply, hence chargeable to GST.
(d) It is not supply, but exemption is there.
- (iii) Which of the following manufacturer cannot opt for composition levy?
(a) Manufacturer of pan masala
(b) Manufacturer of ice cream
(c) Manufacturer of tobacco substitutes
(d) All of the above
- (iv) If services by way of breeding of fish is ₹ 5,00,000 and supply of firm labour is ₹ 2,00,000, the taxable value of supply will be:
(a) ₹ 5,00,000
(b) ₹ 2,00,000
(c) Nil
(d) ₹ 7,00,000.
- (v) Which of the following goods is outside the scope of GST?
(a) Diamonds
(b) Electricity
(c) Milk and cream
(d) Bidi wrapper leaves

(B) Say True or False for the following question:

[5×1=5]

- (i) SIM card is not goods but if SIM card is purchased by telecom company as an 'article of plastic, etc.', it is goods.
(ii) Lease, tenancy, easement, related to land and building is classified as goods in GST.
(iii) Consideration may be monetary or non-monetary.
(iv) The value of supply of services in relation to booking of air tickets by an air travel agent in case of a domestic booking is 10% of basic fare.

MTP_ Intermediate_ Syllabus 2016_ Dec 2018_ Set 2

- (v) Due date of filing GSTR-4 by composition tax payer is 20th of the month following the quarter.

(C) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Composition levy	A.	Collected by State Government
2.	GST	B.	Form of supply
3.	SGST	C.	One nation, one tax
4.	Exchange	D.	Bundled services or goods
5.	Composite supply	E.	No input tax credit

(D) Fill in the blanks:

[5×1=5]

- (i) GST in the state of Jammu and Kashmir came into force with effect from _____.
- (ii) _____ has been incorporated as a non-profit company to provide a shared IT infrastructure and services to Central & State Government.
- (iii) Actionable claim is _____ (goods/ not goods).
- (iv) In case of export of goods, place of supply will be _____.
- (v) A service of transportation of deceased is _____ (taxable/ not taxable) under GST.

- 2.(a)** What is GST Council? Who are the members of it? State the matters on which GST Council makes recommendations. **[1+2+7=10]**

- (b)** Brishti Ltd. is manufacturer of cosmetic products: (1) Hair oil (GST Rate - 18%), (2) Sun screen cream (GST Rate - 28%), (3) Shampoo (GST rate - 28%) and (4) hair comb (GST Rate - 12%). The said products are supplied in a single package and the Price per package is ₹ 500 (exclusive of taxes). 20,000 packages were supplied by the company to its dealer. Determine the nature of supply and its tax liability. **[5]**

3.(a) Find out the place of supply in the given cases below:

1. A Ltd. has GST registration from Hyderabad. It is in the business of designing and manufacturing high quality fashion garments. It wants to organise a fashion show in Dubai during March, 2018. For this purpose, it engages Z Ltd., an event management company having GST registration from New Delhi. Z Ltd. will provide different designs for the fashion show against a consultancy fees of ₹ 5,00,000 + GST.
2. A Ltd. also engages P Inc., a Dubai based event management company. Fashion show will be organised under the supervision of P Inc. P Inc. will charge fees of US \$ 7,500.
3. Ram Ltd. has GST registration from New Delhi. On December 1, 2017, it purchases Dubai-Delhi air ticket from Bharat Airways for one of its chief executive officers for ₹ 1,10,000 + GST.
4. Further, on 1st January, 2018, Ram Ltd. purchases New York – Mumbai air ticket from Air Globe for US \$ 4,000. Air Globe is not a registered person in GST. **[8]**

MTP_ Intermediate_ Syllabus 2016_ Dec 2018_ Set 2

- (b) Best Cars Ltd. sells a car worth ₹ 5,00,000 to Sundar Automobiles. Best Cars Ltd. incurred packing charges of ₹ 6,000 on the car. Best Cars Ltd. provided a discount of 1% on the car price, as part of Diwali scheme.

Best Cars Ltd agreed to provide a further discount of 0.5% if Sundar Automobiles makes payment by 31st of the month via net banking. Sundar Automobiles makes the payment by 31st of the month using net banking. Find the net GST liability in the hands of Best Cars Ltd. Applicable rate of GST is 18%. [7]

- 4.(a) The aggregate turnover of Lili Services Ltd. exceeded ₹ 20 lakhs on 14th August. He applied for registration on 3rd September and was granted the registration certificate on 8th September. You are required to advise Lili Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. [7]

- (b) Explain the manner of reversal of credit if registration of taxable person is cancelled/ or if the assessee opts for composition levy. [8]

- 5.(a) What are the advantages of taking registration in GST? Explain the conditions subject to which separate registration can be granted for multiple business verticals within a State or Union Territory. [3+6=9]

- (b) Discuss whether GST is applicable in the following transactions -
1. Priti transfers 1,000 debentures of B Ltd. to Rita for a consideration of ₹ 4,75,000. Date of transaction is July 20, 2017.
 2. On July 25, 2017, A transfers a plot of land situated in Madurai to T for a consideration of ₹ 40 lakhs. Consideration is, however, payable in installments.
 3. Mr. M, a registered person in GST, is a flower dealer in Pune. On July 28, 2017, he sells roses for decoration purposes for ₹ 1,50,000 to an interior decorator. [6]

- 6.(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) With reference to the CGST Act, 2017, discuss the taxability of the following activities relating to a Bank:
- (i) Bank extended housing loan of ₹ 50,00,000 to Mr. Q.
 - (ii) Bank received ₹ 50,000 as loan processing fee from Mr. Q.
 - (iii) Bank received ₹ 6,00,000 as interest on loan from Mr. Q. [6]

7. Short note: (any three)

[5×3]

- (a) Advantages of voluntary registration

- (b) Taxable event under GST
- (c) Export of services
- (d) Anti-profiteering

Section – B

Answer question No. 8 which is compulsory and any one from rest of this section.

8. Answer the following questions:

[5×1=5]

- (i) Where goods are cast into sea to reduce weight of ship to prevent it from sinking and the thrown goods sink, is called:
 - (a) Derelict
 - (b) Jetsam
 - (c) Wreck
 - (d) Flotsam.

- (ii) A passenger who have stayed abroad for more than 2 years, general free allowance for transfer of residence will be:
 - (a) ₹ 60,000
 - (b) ₹ 1,00,000
 - (c) ₹ 2,00,000
 - (d) ₹ 5,00,000

- (iii) Integrated declaration under single window project has come into effect from:
 - (a) 01.04.2016
 - (b) 01.07.2016
 - (c) 01.08.2016
 - (d) 01.10.2016.

- (iv) Penalty for delay in submitting import report or import manifest should not exceed:
 - (a) ₹ 5,000
 - (b) ₹ 25,000
 - (c) ₹ 50,000
 - (d) ₹ 1,00,000

- (v) In case of import, the relevant rate of exchange for conversion of foreign currency into Indian currency is the rate of exchange as in force on the date on which:
 - (a) Bill of entry is presented
 - (b) Shipping is presented
 - (c) Entry inward is presented
 - (d) None of the above.

9.(a) Mr. A, an Indian entrepreneur, went to China to explore new business opportunities on 05.04.2017. The following details regarding imports are submitted by him with the customs authorities on return to India on 20.02.2018 —

- (1) 2 music systems each worth ₹ 22,000
- (2) Jewellery brought by Mr. A worth ₹ 49,000 (18 grams).

Write a brief note on his eligibility with regard to duty free baggage allowances as per Baggage Rules, 2016. **[6]**

- (b) What is warehousing without warehousing? Also, explain the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 containing the provisions relating to the warehousing:

MTP_Intermediate_Syllabus 2016_Dec 2018_Set 2

- (1) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.
- (2) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.
- (3) The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while canceling the license of a private warehouse if he has contravened any provision of the said Act. **[3+6=9]**

10.(a) What is anti-subsidy duty? Write down the differences between the safeguard duty and anti-dumping duty. **[4+6=10]**

(b) Determine the price to be taken for computation of deductive value under rule 7 of Import Valuation Rules, 2007 —

Sales quantity	Unit price ₹
40 units	105
30 units	95
15 units	105
50 units	100
25 units	110
35 units	95
5 units	105

[5]