

## **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) In case of taxable supply of services by an insurer, invoice shall be issued within a period of \_\_\_\_ from the date of supply of service.
- (a) 30 days
  - (b) 45 days
  - (c) 60 days
  - (d) 90 days
- (ii) Which of the following supplies of goods is subject to reverse charge?
- (a) Silk yarn
  - (b) Cotton yarn
  - (c) Nylon
  - (d) All of the above
- (iii) Value of services rendered is Rs. 3,00,000. Date of issue of invoice is 12.9.2019. Advance received is Rs.75,000 on 25.8.2019. Balance amount received on 12.9.2019. What is the time of supply for Rs.3,00,000?
- (a) 12.9.2019 for Rs.3,00,000
  - (b) 25.8.2019 for Rs.3,00,000
  - (c) 25.8.2019 for Rs.75,000 and 12.9.2019 for Rs.2,25,000
  - (d) Any of the above
- (iv) On making the payment, the input tax credit which was reversed earlier can be re-availed within:
- (a) 180 days
  - (b) 1 year
  - (c) 20<sup>th</sup> October of the next financial year or the date of filing annual return, whichever is earlier
  - (d) No time limit
- (v) Which of the following items are debited to electronic credit ledger?
- (a) Output
  - (b) Interest
  - (c) Penalty
  - (d) All of the above

**(B) Say True or False for the following question: [5×1=5]**

- (i) Where advance payment is received, the registered person shall issue a receipt voucher.
- (ii) No E-way bill is required to be generated where the goods being transported are specified in Annexure.
- (iii) Validity of GST registration certificate is 5 years.
- (iv) Payment of interest can be done by debiting electronic credit ledger.
- (v) ITC is allowed if the goods are destroyed by fire.

**(C) Match the following: [5×1=5]**

	Column 'A'		Column 'B'
1.	Reverse charge mechanism	A.	GST has been implemented
2.	Goods and Service Tax	B.	Recipient is liable to pay GST
3.	Jammu & Kashmir	C.	Special Category State under GST
4.	1 <sup>st</sup> July, 2017	D.	Eliminates cascading effect of tax
5.	Central Goods and Services Tax	E.	Levied and collected by Central Government

**(D) Fill in the blanks: [5×1=5]**

- (i) As per Article \_\_\_\_\_, the power to levy GST has been given to the Parliament as well as to Legislature of every State.
- (ii) Under section 25 of CGST Act, 2017, every place of business of a person where separate registration is obtained for output supply will be considered as \_\_\_\_\_.
- (iii) \_\_\_\_\_ supply means the supply of goods or services, which constitute the predominant element of a composite supply and to which another supply is ancillary/secondary.
- (iv) A registered person making supply of exempted goods or services or both shall issue \_\_\_\_\_.
- (v) Indian GST Model is chosen from \_\_\_\_\_(country) model.

**2. (a) (i) What are the taxes subsumed in GST?**

**(ii) What are the functions of the GSTN? [4+4=8]**

**(b) M/s Adyant Trading Company, an eligible registered dealer in goods making intra-state supplies within the state of Andhra Pradesh, has reported an aggregate turnover of ₹148 lakhs in the preceding financial year.**

- (i) Determine whether Adyant Trading Company will be eligible for composition levy?**
- (ii) Will your answer be different, if in the above scenario, M/s Adyant Trading Company is making intra state supply within the state of Arunachal Pradesh? [7]**

**3. (a) Asha Ltd. Supplies raw material to a job worker Kareena Ltd. After completing the Job-work, the finished products of 5,000 packets are returned to Asha Ltd. putting the retail sale price as 20 on each packet. The product in the packet is covered under MRP provisions. Determine the transaction value in the hands of Kareena Ltd. Under GST law from the following details:**

Particulars	Value in Rs.
Cost of raw materials supplied	30,000
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to job worker	3,000
Transportation charges for returning the finished packets to Asha Ltd.	4,500
Asha Ltd. Paid certain technology transfer fees to 'Reena Ltd.', so that 'Kareena Ltd.' Can use the said technology in the given job-work operation.	22,500
Note: Kareena Ltd offered a discount 2000, provided full payment is made at the time of raising invoice and the same is mentioned in the invoice. Asha Ltd. Made full payment at the time of issue of invoice.	

[7]

- (b) ABC & Associates, a Cost Accountant firm issued invoice for services rendered to Mr. Ram on 5<sup>th</sup> August 2019. Determine the time of supply in following independent cases:
- (i) The provision of services was completed on 1<sup>st</sup> July 2019.
- (ii) The provision of services was completed on 1<sup>5th</sup> July 2019.
- (iii) Mr. Ram made the payment on 3<sup>rd</sup> July 2019, where provisions of services were remaining to be completed.
- (iv) Mr. Ram made the payment on 15<sup>th</sup> August 2019, where provisions of services were remaining to be completed.

[8]

4. (a) Surana & Co. is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

S.No.	Recipient of supply	Amount (Rs.)
1	Shivam Traders – A Composition Scheme retail dealer	190
2	Harsh Enterprises – an unregistered trader	358
3	Sonam – A painter [unregistered]	500
4	Chandak orphanage – an unregistered entity	188
5	Lovely – a student [unregistered]	158

None of the recipients require a tax invoice. Determine in respect of which of the above supplies, Surana & Co. may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day?

[7]

- (b) M/s X Ltd. becomes liable to pay tax on 1<sup>st</sup> December, 2019 and has obtained registration on 15<sup>th</sup> December, 2019.

The GST paid goods lying in the premises of M/s X Ltd. as on 30<sup>th</sup> November, 2019 are as follows:

Particulars	Value in Rs. (Excluding tax)	GST Rs.
Raw materials	2,00,000	36,000
Capital goods	5,00,000	1,40,000
Raw material lying work in progress	3,00,000	54,000
Raw material lying in Finished goods	12,00,000	2,16,000

You are required to answer the following:

- (i) Eligible amount of input tax credit.
- (ii) Time limit to submit declaration on common portal.
- (iii) Whether any certification required while availing the credit, if so from whom. [8]

5. (a) List out the category of persons who are not liable for registration under GST. State at least six category of persons who are required to compulsorily register under GST law. [3+6=9]

(b) Whether the following transaction can be treated as service? Give reason.

1. Sale of newly constructed ready to occupy flats for Rs.1.5 crore per flat (including undivided share of land) after issue of completion certificate by competent authority.
2. Sale of lottery tickets by distributor of State Govt.
3. Manufacture of alcoholic liquor for human consumption on job work basis.
4. Sale of mobile SIM cards in bulk by distributor of mobile telephone operator.
5. Transfer of unsecured loan for consideration.
6. Sale of land. [6]

6. (a) ABC Fabricators has its factory located in Gujarat. It has temporarily imported certain goods from its customer located in China and re-exported them to China after carrying out the necessary repairs without putting them to any use in Gujarat. Examine what would be the place of supply of service in the given case. Will your answer be different if the repaired goods are re-exported after being put to use in Gujarat for some time? [4+4=8]

(b) Uber operating radio taxi service in India. In the month of Nov 2019, the following services are rendered by it.

- (i) Free services provided to new customers who travelled for the first time. However, payment made to taxi drivers Rs.10,00,000.
- (ii) Hire charges collected from customers is Rs.12,25,500. Payment made to taxi drivers Rs.11,00,000.

Uber appointed X Pvt. Ltd as their representative in India.

You are required to find:

- (1) Who is liable to pay GST?
- (2) Taxable value of supply.
- (3) Net GST liability. [7]

7. Short note (Answer any three questions) [3x5=15]

- (a) Manner of issuing invoice
- (b) Compulsorily Audit
- (c) Electronic credit ledger
- (d) Validity period of E-way bill

**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) 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) As per Sec 2(1) of the Customs Act, 1962, adjudicating authority means any authority competent to pass any order or decision under this Act, but does not include:
- (a) CBEC
  - (b) Commissioner of (Appeals)
  - (c) CESTAT
  - (d) All of the above
- (iii) Basic custom duty on imported goods is levied at the rates specified in the:
- (a) First Schedule of the Customs Tariff Act, 1975
  - (b) Second Schedule of the Customs Tariff Act, 1975
  - (c) Customs Act, 1962
  - (d) Customs Manual, 2001
- (iv) \_\_\_\_\_ means where goods are cast into sea to reduce weight of ship to prevent it from sinking and the thrown goods sink.
- (a) Jetsam
  - (b) Overload
  - (c) Underload
  - (d) None of the above
- (v) 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

**9. (a) Explain provisions relating to 'pilferage' in customs law. [3]**

- (b) A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available:
- CIF value of the consignment: US\$ 25,000  
Quantity imported: 500 kgs.

Exchange rate applicable: Rs. 60 = US\$ 1

Basic customs duty: 12%

Social welfare surcharge applicable as per the Finance Act, 2018.

As per the notification, the anti-dumping duty will be equal to the difference between the costs of commodity calculated @ US\$ 70 per kg. and the landed value of the commodity as imported.

Appraise the liability on account of normal duties, cess and the anti-dumping duty. Assume that only 'basic customs duty' (BCD) and Social welfare surcharge are payable. IGST @12% is also to be applicable. [12]

10. (a) From the following data, find out the assessable value of imported goods.

	Particulars	US \$
1	Cost of the machine at the factory of the exporting country	20,000
2	Transport charges incurred by the exporter from his factory to the port for shipment	500
3	Handling charges paid for loading the machine in the ship	50
4	Buying commission paid by the importer	50
5	Freight charges from exporting country to India (including handling charges \$100)	1,000
6	Exchange rate to be considered: 1\$ =Rs.48	

[7]

(b) An importer imported some goods on 1<sup>st</sup> January, 2019 and the goods were cleared from Mumbai port for warehousing on 8<sup>th</sup> January, 2019 by submitting bill of entry, exchange rate was Rs.50 per US\$. FOB value US\$10,000. The rate of duty on 8<sup>th</sup> January, 2019 was 20%. The goods were warehoused at Pune and were cleared from Pune warehouse on 31<sup>st</sup> May, 2019, when rate of BCD was 12% and exchange rate was Rs.68.75 per 1US\$. IGST @12% is applicable.

You are required to find:

(i) The total customs duty payable.

(ii) The interest if any payable.

[8]