

PAPER 18 - INDIRECT TAX LAWS AND PRACTICE

Paper 18- Indirect Tax Laws and Practice

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 the rest of this section.

1. Choose the correct answer with justification/ workings wherever applicable: [7×2=14]

- (i) The GST return form to be filed by a Composition dealer/supplier is _____ and the same had to be furnished _____.
- GSTR-1, Monthly
 - GSTR-1, Quarterly
 - GSTR-4, Monthly
 - GSTR-4, Annually
- (ii) Under GST Act a supply of assortment of sweets, chocolates and firecrackers packed in a gift hamper is:
- Joint supply
 - Composite supply
 - Mixed supply
 - Assorted supply
- (iii) The due date to file GSTR-7 (Return for authorities deducting tax at source) is:
- 10th of the next month
 - 13th of the next month
 - 18th of the next month
 - 20th of the next month.
- (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:
- Chennai
 - Delhi
 - Mumbai
 - None of the above.

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- (v) ABC Ltd. has income from renting of vacant land to a stud farm of ₹1,00,000 and leasing of vacant land to a cattle farm of ₹50,000. The value of taxable supply will be:
- a. ₹1,00,000
 - b. ₹50,000
 - c. ₹1,50,000
 - d. Nil
- (vi) Which state became the first state of India to ratify GST bill?
- a. Bihar
 - b. Telangana
 - c. Assam
 - d. Andhra Pradesh:
- (vii) For an E-commerce operator registration threshold limit is _____.
- a. ₹20 lakhs
 - b. ₹ 50 lakhs
 - c. ₹ 75 lakhs
 - d. None of above.
2. (a) (i) Crown Beers India Pvt. Ltd., supplies raw material to a job worker Kareena Ltd. for manufacture of alcoholic liquor for human consumption. After completing the job-work, the finished product of 5,000 beer bottles are returned to Crown Beers India Pvt. Ltd., putting the retail sale price as ₹200 on each bottle (inclusive of duties and taxes). Kareena Ltd., charged 100 per bottle as job work charges of carrying out of intermediate production process of alcoholic liquor for human consumption from Crown Beers India Pvt. Ltd. Find the GST liability if rate is 18% (CGST 9% and SGST 9%) in the hands of Kareena Ltd. [4]
- (ii) A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B Ltd., with terms and conditions that the entire work should be completed within 30 days. However, there is a delay of 10 days to complete the work. BMC charged liquidated damages of ₹1,20,000 and the same recovered from M/s B Ltd. Applicable rate of CGST 9% and SGST 9%. Previous year turnover of M/s B Ltd. ₹2 crores. Find the following:
- (1) Is it taxable supply?
 - (2) Who is liable to pay GST and on what amount?
 - (3) Total tax liability, if any. [3]
- (b) (i) M/s X Ltd., being a manufacturer, sold goods to M/s Y Ltd., wholesaler, and issued invoice for the sale on 01-08-20XX.
Find the time of supply of goods in each of the following independent cases:

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- (I) M/s X Ltd., removes the goods for delivery to M/s Y Ltd., on 16th August 20XX.
- (II) M/s. Y Ltd., collects the goods from premises of M/s X Ltd., on 10th August 20XX.
- (III) M/s Y Ltd., made full payment on 26th July 20XX. [5]

- (ii) Bharat Gas sells cooking gas cylinders. Subsidy directly transferred to the account of the customer. Selling price per cylinder is ₹ 800. Customer received subsidy ₹ 200 directly from Government to his bank account. Net outflow of the buyer is ₹ 600. Find the value of supply of goods (per cylinder) in the hands of Bharat Gas. [2]

3. (a) (i) Write down the procedures for registration under GST as per sec. 25 of the CGST Act. [5]

- (ii) State the persons who are not liable for registration. [3]

- (b) Mr. X has cleared goods from his factory on 20th May 2017 for sale to Mr. Y for ₹ 5,00,000. Effective rate of E.D@12.5%. However, E.D ₹ 62,500 has been paid on 6th June 2017. The consignment received by Mr. Y on 5th July 2017.

Find the following:

- (A) Whether Mr. Y is eligible for ITC and if so for what amount?
- (B) Time limit within which receipt of inputs should record in the books of account of Mr. Y.
- (C) Mr. Y recorded receipt of inputs in the books of account on 15-8-2017, if so can be avail the ITC? [6]

4. (a) (i) X Ltd. received a protective demand notice from the department Assistant Commissioner of Central Tax on 1.9.2022 under Section 73 of the CGST Act, 2017 where

	Amount ₹
CGST & SGST due =	5,00,000
Interest =	@15% p.a. for no. of days delay.
Penalty =	10% of tax due or ₹ 10,000 whichever is higher

The assessee went for appeal and filed the case in the Appellate Authority on 25.9.2022. This appeal has been taken up for hearing on 06-10-2022.

Case 1: How much has to pay as pre-deposit of duty under section 107(6) of the CGST Act, 2017 and date of pre- deposit of duty by X Ltd. to entertain appeal by the Appellate Authority (i.e. Commissioner (Appeals)).

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Case 2: Whether your answer is different if the assessee appeals only part of the amount say ₹ 3,00,000 is in dispute arising from the said order. [4]

(ii) Considered the previous question where Appellate Authority passed the order against the assessee, if so how much has to pay as pre-deposit of duty under section 112(8) of the CGST Act, 2017 to entertain appeal by the Goods and Services Tax Appellate Tribunal (GSTAT). [3]

(b) Raman Hotels supplying only accommodation services in Chennai. Turnover of Raman Hotels is less than 20 Lakhs. Raman Hotels listed hotel on online platform namely Makemytrip.

The following categories of rooms get booked by the Makemytrip company who pay to Raman Hotels after deducting their commission.

(A) Declared value per room (category 1), Non AC Room ₹950 per Night.

(B) Declared value per room (category 2), AC Room ₹1,800 per Night.

(C) Declared value per room (category 3), AC Room ₹7,000 per Night, where additional bed ₹1,800 per Night.

(D) Declare value per room (category 4), AC Room ₹10,000 per Night, but amount charged is ₹7000.

You are required to answer:

(1) Who is liable to pay GST and

(2) Net GST liability. [7]

5. (a) Describe the power and duties of Anti-profiteering committee. [6]

(b) (i) M/s Navatha a transporter registered under GST, located in Vijayawada. M/s C Ltd. of Chennai registered under GST, received services from M/s Navatha for transport of goods from its warehouse in Vijayawada to Guntur. M/s Navatha delivered goods at Guntur.

Find the place of supply of service and GST? Whether your answer is different, if M/s C Ltd. of Chennai is not a registered person under GST? [4]

(ii) Admission to True Theater is ₹ 90 per ticket for a Tamil Movie as well as for a Hindi Movie plus entertainment tax ₹ 10% on Tamil Movie and 20% on other languages. In the month of November, True Theater sold 2000 tickets of Tamil Movie and 1500 tickets of Hindi Movie. Find the value of taxable supply of service. Applicable rate of GST 18% & 28%. Find the GST liability if any? [4]

6. (a) Write in details about the consequences of transportation of goods without issue of invoice. [6]

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- (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 2023 to produce all final products. GST paid on inputs 12%. Input services commonly used for all goods and services in the month of January 2023. 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 2023 (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 of the month of January 2023.

Note: Each unit of exempted final product needs 2 units of raw materials. Assumed that there is no process loss. [8]

7. Answer the following: [7+7=14]

- (a) Whether the benefit of zero rated supply can be allowed to all procurements by a SEZ developer or a SEZ unit such as event management services, hotel and accommodation services, consumables etc.?
- (b) Write a brief note on Special Audit under Section 66 of the CGST Act, 2017.

Section - B

Answer Question No. 8 which is compulsory and any two from the rest of this section.

8. Choose the correct answer with justification/ workings wherever applicable: [3×2=6]

- (i) _____ means vessel or cargo which is abandoned in sea without any hope of recovering it.
- Derelict
 - Jetsam
 - Flotsam
 - Wreck
- (ii) The type of bill of entry which is used for ex-bond clearance for home consumption from the warehousing, is:
- Form I (white)
 - Form II (yellow)
 - Form III (green)
 - None of the above

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- (iii) Under Foreign Trade Policy export and import goods are broadly categorized. Which of the following statements is correct?
- Free i.e. general goods are allowed to be imported without payment of any customs duty.
 - Restricted goods are banned and not allowed to import or export.
 - Restricted goods are allowed to be imported only if used for re-export.
 - Restricted goods are allowed to be imported or exported only with authorization.
9. (a) XYZ Industries Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. XYZ Industries in this connection are as follows:
- Freight from Japan to India Port 20,000 Yen
 - Insurance paid to Insurer in India ₹ 10,000
 - Designing charges paid to Consultancy firm in Japan 30,000 Yen
 - M/s. XYZ Industries had expended ₹ 1,00,000 in India for certain development activities with respect to the imported equipment.
 - XYZ Industries had incurred road transport cost from Mumbai port to their factory in Karnataka ₹ 30,000.
 - The Central Board of Indirect Taxes and Customs had notified for purpose of section 14(3)* of the Customs Act, 1962 exchange rate of 1 Yen = ₹ 0.3948. The interbank rate was 1 Yen = ₹ 0.40.
 - M/s XYZ Industries had effected payment to the Bank based on exchange rate 1 Yen = ₹ 0.4150
 - The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees. Arrive at the assessable value for purposes of customs duty under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions. [8]
- (b) An importer imported some goods in February, 2023 and the goods were cleared from Mumbai port for warehousing on 8th February, 2023 after assessment. Assessable value was ₹ 4,86,000 (US \$ 10,000 at the rate of exchange ₹ 78.60 per US \$). The rate of duty on that date was 20% (assume that no additional duty is payable). The goods were warehoused at Pune and were cleared from Pune warehouse on 4th March, 2023, when rate of duty was 12% and exchange rate was ₹ 48.75 = 1US \$. What is the duty payable while removing the goods from Pune on 4th March, 2023? (Applicable rate of Social Welfare Surcharge @ 10%). [4]
10. (a) The assessee-respondent had been importing “Orange Shock Tube” from the exporter at a unit price of US\$0.0150 per ft till November, 2022 when the price was reduced to US\$0.0141 per ft. However, in June, 2001, the importer declared the value of the imported tubes at a unit price of US\$0.0100 per ft. Revenue contended that declared value was substantially lower than the actual value i.e. the assessee had under-valued

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the goods. Therefore, the value had to be determined as per erstwhile rule 5 of Customs Valuation Rules, 1988 [now rule 4 of Customs Valuation (Determination of value of Imported Goods) Rules, 2007], viz., transactional value of identical goods. In this regard, the assessee provided the explanation that the reduction in price was subject to mutual agreement that he would purchase 100% of its annual requirement from the same exporter. Justify. [3]

- (b) Mention the supplies which can be considered as deemed export under Foreign Trade Policy 2023. [9]

11. (a) Mr. X an importer imported certain goods CIF value was US \$ 20,000 and quantity 1,000 Kgs. Exchange rate was 1 US \$ = ₹ 50 on date of presentation of Bill of Entry. Customs Duty rates are — (i) Basic Customs Duty 12% (ii) SWS @ 10% There is no excise duty payable on these goods if manufactured in India. As per Notification issued by the Government of India, anti-dumping duty has been imposed on these goods. The anti-dumping duty will be equal to difference between amount calculated @ US \$ 30 per kg and 'landed value' of goods.

Compute Customs Duty liability and anti-dumping liability. [7]

- (b) Write down a comparative study on RoDTEP (Remission of Duties and Taxes on Exported Products) and Merchandise Exports from India Scheme (MEIS). [5]