

## **Paper -18: Indirect Tax Laws and Practice**

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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. Choose the correct answer with justification/workings wherever applicable: [7×2=14]
- (i) Under GST Act a supply of assortment of sweets, chocolates and firecrackers packed in a gift hamper is \_\_\_\_\_.
- (a) Joint supply
  - (b) Composite supply
  - (c) Mixed supply
  - (d) Assorted supply
- (ii) Under GST input tax credit cannot be claimed on goods and services used as inputs if
- (a) Goods are purchased on credit
  - (b) Goods are received and utilized, the invoice is received after two weeks from the supplier
  - (c) Good are destroyed by fire
  - (d) Services are provided by a law firm on which GST has been paid under RCM
- (iii) Under GST Act the term SAC stands for \_\_\_\_\_.
- (a) Supply Accounting Code
  - (b) Services Application Code
  - (c) Services Accounting Code
  - (d) Supply Application Code
- (iv) GST is a \_\_\_\_\_ based tax.
- (a) Territory
  - (b) Origin
  - (c) Destination
  - (d) None of the above
- (v) For the year 2018-19 due date of filling of annual return is 31.12.2019. The books and records of 2018-19 must be maintained till
- (a) 31.03.2025
  - (b) 31.12.2025
  - (c) 31.12.2027
  - (d) 31.03.2029

(vi) What is the taxable event under GST?

- (a) Supply of goods or services
- (b) Provision of service
- (c) Manufacturing of goods
- (d) None of the above

(vii) What is the meaning of the Cascading effect of tax?

- (a) Dual taxation
- (b) Charging Tax on tax
- (c) Non-eligible of ITC
- (d) None of the above

2. (a) (i) Define Distinct Persons as specified under Section 25 of CGST Act, 2017. [3]

(ii) Write a short note on IFSC. [5]

(b) Sunshine Pvt. Ltd. has provided the following particulars relating to goods sold by it to Moonlight Pvt. Ltd.

Particulars	Rs.
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods	5,000
CGST and SGST chargeable on the goods	10,440
Packing charges (not included in the price above)	1,000

Sunshine Pvt. Ltd. received Rs. 2,000 as a subsidy from a NGO on sale of such goods. The price of Rs. 50,000 of the goods is after considering such subsidy.

Sunshine Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of taxable supply made by Sunshine Pvt. Ltd. [6]

3. (a) Adhunik Enterprises, a sole proprietorship firm, opened a shopping complex dealing in supply of goods at multiple locations, i.e. in Himachal Pradesh, Sikkim and Tripura in the month of June.

It has furnished the following details relating to the sale made at such multiple locations for the month of June:-

Particulars	Himachal Pradesh (Rs.)*	Sikkim (Rs.)	Tripura (Rs.)
Intra-State sale of taxable goods	22,50,000	-	7,00,000
Intra-State sale of exempted goods	-	-	6,00,000
Interest received from banks on the fixed deposits	-	-	60,000
Intra-State sale of non- taxable goods	-	21,00,000	40,000

\* excluding GST

With the help of the above mentioned information, answer the following questions giving reasons:-

(1) Determine whether Adhunik Enterprises is liable to be registered under GST law and what is the threshold limit of taking registration in this case.

(2) Explain with reasons whether your answer in (1) will change in the following independent cases:

(i) If Adhunik Enterprises is dealing in taxable supply of goods only from Himachal Pradesh;

(ii) If Adhunik Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh;

(iii) If Adhunik Enterprises is dealing in taxable supply of goods only from Himachal Pradesh and has also effected inter-state supplies of taxable goods amounting to Rs.1,00,000. [10]

(b) Mr. Ganesh is a taxable person under GST (who is a wholesaler), is having a stock worth of Rs.5,00,000 as on 1-07-2017. Such person has supplied goods for Rs.6,50,000 and on which he has paid CGST @ 9% and SGST @ 9%.

How much ITC is allowed u/s 140(3) of GST in the following independent cases:

(i) If he is in possession of duty paid document for the stock (namely BED is Rs.62,500 and VAT Rs.28,125)

(ii) If he is not in possession of duty paid document for the stock, but has invoice evidencing purchase of good. [4]

4. (a) Whether the payment of tax dues can be made in installments? [7]

(b) Mr. Ram (register person under GST) being a dealer furnished the following business transactions that took place in the month of January 2020. Find the GST liability.

(i) Sale of plastic bangles for Rs.20,000.

(ii) Supply of mobile phones for Rs.3,42,000.

(iii) Sale of printed books and newspapers for Rs.1,35,700.

(iv) Sale of Dates for Rs.13,500.

(v) Sale of Salt for Rs.9,180.

(vi) Sale of Organic manure worth Rs.2,00,000.

(vii) Sale of Chemical Fertilizers Rs.6,20,000 (out of which 30% subsidy received from Government of India).

Note: Taxable supply attracts GST @ 5% (CGST 2.5% and SGST 2.5%). [7]

5. (a) M/s Shyam Ltd manufactured and cleared goods under provisional assessment, in the month of July, 2019, by paying tax of Rs.50,000 on 20<sup>th</sup> August, 2019 [i.e. due date of filing GSTR-3], a further tax of Rs.90,000 is paid on 15<sup>th</sup> November, 2019, and on the same day the document for final assessment are submitted by the assessee. Final assessment order is issued on 18<sup>th</sup> November, 2019, assessing the tax payable on goods as Rs.1,50,000, and consequently the assessee paid a tax of Rs.10,000 on 30<sup>th</sup> November, 2019. Find the total interest payable by the assessee? [4]

(b) Determine place of supply in the following independent cases:

- 1) Mr. X, registered in Bengaluru has availed land-line services from BSNL. The telephone is installed in residential premises in Jaipur and the billing address is of office of Mr. X in Bengaluru.
- 2) Mr. X has availed post paid mobile services from BSNL registered in Bengaluru. Mr. X is registered under GST law in Bengaluru but the billing address is of residential premises of Mr. X in Jaipur.
- 3) Mr. X has purchased pre-paid mobile vouchers of BSNL registered in Bengaluru through internet banking. Mr. X is registered under GST law in Bengaluru but in BSNL's records the address of Mr. X is that of his residence in Jaipur.
- 4) Mr. C of Pune purchases a pre-paid card from a selling agent in Mumbai.
- 5) Mr. F of Pondicherry gets a pre-paid voucher recharged from a grocery shop in Chennai. [10]

6. (a) Can a consolidated 'revised invoice' be issued to every recipient for supplies made during the period before registration is granted? [5]

(b) M/s Kothari Ltd. manufactures four types of 'Nail Polishes', namely Arc, Brat, Carol and Dolphy.

The company has taken ITC of Rs.3,30,000 on the common inputs used in the manufacture of 'Nail polishes'. Common inputs also used partly for non-business purposes. During the financial year 2019-20 (w.e.f 1-7-2019) the company manufactured 1000 liters of each type of 'Nail polishes'. The company is 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 Kothari Ltd for the year 2019-20 from the following data:

Product Name	Description	Sale price (Exclusive of GST)
Arc	Sale to Domestic Tariff Area	Rs.30 per 20ml. bottle
Brat	Sale to Special Economic Zone (SEZ)	Rs.40 per 20ml. bottle
Carol	Sale to X ltd. of USA	Rs.50 per 20ml. bottle
Dolphy	Sale to Defense Canteen (Exempted from GST)	Rs.60 per 20ml. bottle

[9]

7. (a) Happy Toys Manufacturers, registered in Delhi, sold electronic toys to a retail seller in Mumbai, at a value of Rs.58,000 (excluding GST leviable @18%). Now, it wants to send the consignment of such toys to the retail seller in Mumbai. You are required to advise Happy Toys Manufacturers on the following issues:

- (i) Whether e-way bill is mandatorily required to be generated in respect of such movement of goods?
- (ii) What will be the consequences for non-issuance of e-way bill? [7]

(b) Write short note on Advance ruling. [7]

Section – B

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

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

- (i) What is true about the classification of packing material?
- (a) The packing material is always classified with the goods packed.
  - (b) The packing material is never classified with the goods packed.
  - (c) The packing material may or may not be classified with the goods packed.
  - (d) The packing material is classified in separate chapter of the schedule.
- (ii) Once goods are imported from a country outside India into India, such goods need to be cleared from the port within \_\_\_\_\_ from the date of import.
- (a) 3 working days
  - (b) 4 working days
  - (c) 5 working days
  - (d) 7 working days
- (iii) The following is not a condition precedent for grant of duty drawback for re-export of duty paid goods:
- (a) The goods must be clearly identifiable
  - (b) The goods should have been actually imported earlier and import duty paid thereon
  - (c) The goods are actually re-exported to any place outside India
  - (d) Entire lot of goods imported earlier should be re-exported and no portion should remain

9. (a) Write short note on:

- 1) Foreign going vessel or aircraft
- 2) Goods

[2+2]

(b) Product 'Alpha' was imported by Mr. Castel by air. The details of the import transaction are as follows:

Particulars	US\$
Price of 'Alpha' at exporter's factory	8,500
Freight from factory of the exporter to load airport (airport in the country of exporter)	250
Loading and handling charges at the load airport	250
Freight from load airport to the airport of importation in India	4,500
Insurance charges	2,000

Though the aircraft arrived on 22.08.2019, the bill of entry for home consumption was presented by Mr. Castel on 20.08.2019.

The other details furnished by Mr. Castel are:

	20-08-2019	22-08-2019
Rate of basic custom duty	20%	12%
Exchange rate notified by CBIC	Rs.75 per US\$	Rs.78 per US\$
Exchange rate prescribed by RBI	Rs.76 per US\$	Rs.77 per US\$
Integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975	18%	12%

Compute – (i) Value of product 'Alpha' for the purpose of levying customs duty;

(ii) Customs duty and tax payable. [8]

10. (a) Assessee imported CD ROMS containing images of drawings and designs of engineering goods. The Appellant (i.e. assessee) filed a Bill of entry for the clearance of the CD ROM. The assessee claimed classification under Custom Tariff heading 4906, or heading 4911, or as Information Technology Software, or as CD ROM, where exemption is given from duty.

However, the Department classified the same under Customs Tariff heading 8524.39 thereby, liable to duty.

Discuss in the light of decided case, if any, whether the classification of the department is correct in the eyes of law? [5]

(b) List down cases where MEIS duty scrip's are not allowed. [7]

11. (a) Discuss whether any duty drawback is admissible u/s 75 in the following cases and if yes, what is the quantum of such duty drawback-

S. No.	FOB value of exported goods (Rs.)	Rate or amount of drawback	Market price of goods (Rs.)	Value of imported material used in goods (Rs.)
1	2,00,000	40% of FOB value	1,50,000	1,20,000
2	1,00,000 (2,000 Kgs)	Rs. 30 per kg	55,000	40,000
3	4,00,000	3.5% of FOB value	4,60,000	4,50,000
4	4,20,000	4% of FOB value	4,10,000	3,00,000*

\*In case (4), the Central Government has specified a minimum value-addition to be achieved @ 40% of imported materials in terms of FOB value. [8]

(b) What are the features of Foreign Trade Policy? [4]