

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 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 Act the term UIN stands for _____.
- (a) User Identification Number
 - (b) Utility Identification Name
 - (c) Unique Identification Number
 - (d) Unique Individual Number
- (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

MTP_Final_Syllabus 2016_June 2020_Set 2

- (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) M/s Arya Ltd., Delhi is an authorized money changer registered under FEMA, 1999. It has entered the following transaction of supply of money changing:

- (i) 650 transactions of conversion of Dollar into Indian Rupees of ₹20,000 per transaction;
- (ii) 600 transactions of conversion of Dollar into Indian Rupees of ₹50,000 per transaction;
- (iii) 250 transactions of conversion of Indian Rupee in Dollar of ₹5 lakh per transaction;
- (iv) 150 transactions of conversion of Euro into Indian Rupees of ₹500 lakhs per transaction;
- (v) 350 transactions of conversion of Dollar into Euro of ₹100 lakhs per transaction;

Compute the value of taxable supply and GST payable where M/s Arya Ltd opted for option u/r 32(2) (b) of CGST Rules, 2017. Applicable GST rate is 18%. **[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	Sikkim	Tripura
	(₹)*	(₹)	(₹)
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

MTP_Final_Syllabus 2016_June 2020_Set 2

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 ₹1,00,000. **[10]**

(b) Mr. Ganesh is a taxable person under GST (who is a wholesaler), is having a stock worth of ₹5,00,000 as on 1-07-2017. Such person has supplied goods for ₹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 ₹62,500 and VAT ₹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 ₹20,000.
- (ii) Supply of mobile phones for ₹3,42,000.
- (iii) Sale of printed books and newspapers for ₹1,35,700.
- (iv) Sale of Dates for ₹13,500.
- (v) Sale of Salt for ₹9,180.
- (vi) Sale of Organic manure worth ₹2,00,000.
- (vii) Sale of Chemical Fertilizers ₹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 ₹50,000 on 20th August, 2019 [i.e. due date of filing GSTR-3], a further tax of ₹90,000 is paid on 15th November, 2019, and on the same day the document for final assessment are submitted by the assessee. Final assessment order is issued on 18th November, 2019, assessing the tax payable on goods as ₹1,50,000, and consequently the assessee paid a tax of ₹10,000 on 30th November, 2019. Find the total interest payable by the assessee? **[4]**

MTP_Final_Syllabus 2016_June 2020_Set 2

(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)** What are goods covered under GST Compensation Cess?

[6]

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

The company has taken ITC of ₹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	₹30 per 20ml. bottle
Brat	Sale to Special Economic Zone (SEZ)	₹40 per 20ml. bottle
Carol	Sale to X Ltd. of USA	₹50 per 20ml. bottle
Dolphy	Sale to Defense Canteen (Exempted from GST)	₹60 per 20ml. bottle

[8]

7. **(a)** Happy Toys Manufacturers, registered in Delhi, sold electronic toys to a retail seller in Mumbai, at a value of ₹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) After visiting USA, Mrs. & Mr. X brought to India a laptop computer valued at ₹ 80,000 personal effects cloths valued at ₹ 90,000 and a personal computer for ₹ 52,000. What is the customs Duty payable?
- (a) ₹11,550/-
 - (b) ₹15,400/-
 - (c) ₹770/-
 - (d) None of the above

9. (a) Write short note on:

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

[2+2=4]

(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:

MTP_Final_Syllabus 2016_June 2020_Set 2

	20-08-2019	22-08-2019
Rate of basic custom duty	20%	12%
Exchange rate notified by CBIC	₹75 per US\$	₹78 per US\$
Exchange rate prescribed by RBI	₹76 per US\$	₹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 (₹)	Rate or amount of drawback	Market price of goods (₹)	Value of imported material used in goods (₹)
1	2,00,000	40% of FOB value	1,50,000	1,20,000
2	1,00,000 (2,000 Kgs)	₹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]