

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 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 _____.
- (a) GSTR-1, Monthly
 - (b) GSTR-1, Quarterly
 - (c) GSTR-4, Monthly
 - (d) GSTR-4, Quarterly
- (ii) 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
- (iii) In case of supply of services, the tax invoice shall be prepared in the manner of:
- (a) Only original
 - (b) Two copies
 - (c) Three copies
 - (d) Four copies
- (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:
- (a) Chennai
 - (b) Delhi
 - (c) Mumbai
 - (d) None of the above.
- (v) ABC Ltd has income from renting of vacant land to a stud firm of ₹1,00,000 and leasing of vacant land to a cattle firm of ₹50,000. The value of taxable supply will be:
- (a) ₹1,00,000
 - (b) ₹50,000
 - (c) ₹1,50,000
 - (d) Nil

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- (vi) Under GST Act the term UIN stands for:
- (a) User Identification Number
 - (b) Utility Identification Name
 - (c) Unique Identification Number
 - (d) Unique Individual Number
- (vii) In computation of aggregate turnover for composition levy, which of the following item should be excluded from the aggregate turnover?
- (a) The value of exported goods/services
 - (b) Inter-state supplies between distinct persons having same PAN
 - (c) Compensation Cess
 - (d) Supply on own account and on behalf of principal
2. (a) (i) Hot Breads Pvt. Ltd is the supplier of bakery products registered in the current financial year (2022-23) w.e.f. 1st Oct. 2022. In the month of Oct. 2022 total taxable supplies ₹88 lakhs.
Answer the following:
- (1) Company is eligible for Composition Scheme?
 - (2) If so company wants to pay tax @1% being a trader. However, the Deputy Commissioner of Central Tax contended that the assessee is liable to pay tax @5% under the Food and Restaurant Services category? Advise. **[4]**
- (ii) M/s X Ltd. a dealer, offer combo packs of shirt, watch, wallet, book and they are bundled as a kit and this kit is supplied for a single price and the supply of one item does not naturally necessitate the supply of other elements. Is it composite supply or mixed supply & what would be the rate of tax leviable thereon and why? **[3]**
- (b) M/s. X Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below. Find the place of supply & compute its GST liability:
- (1) Service of interior decoration in respect of immovable property located in Jammu: ₹ 5 lakh;
 - (2) Service of renting of commercial buildings in Delhi: ₹ 15 lakh;
 - (3) Architectural services to an Indian Hotel Chain which has business establishment in Mumbai for its newly acquired property in Sydney: ₹ 25 lakhs;
 - (4) Services provided as an Indian agent undertaking marketing in India of goods of a foreign seller: ₹ 51 lakhs;
 - (5) Services provided as travel agent undertaking marketing in India of services of a foreign seller: ₹ 1 lakhs. Applicable rate of GST 18%. **[5+2=7]**

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3. (a) (i) Mr. A of Rajasthan has effected following supplies within the State of Rajasthan. You are required to determine whether he is required to obtain registration under GST law.

Particulars	₹
(1) Intra-State supply of goods agricultural produce grown out of cultivation of land by family members	5,50,000
(2) Intra-State supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017	6,00,000
(3) Intra-State supply of goods chargeable with GST @5%	8,50,000
(4) Intra-State supply of services which are wholly exempt from tax	50,000

[4]

- (ii) State any six categories of person who are required to be registered compulsorily under CGST Act, 2017. **[3]**

- (b) (i) M/s X Ltd. manufacturer of product 'A' and 'B'. Product 'A' is cleared on payment of duty whereas product 'B' is exempt from payment of excise duty. Inputs used exclusively for product 'A' of ₹ 2,00,000 suffered excise duty ₹ 25,000 and product 'B' of ₹ 1,00,000 suffered excise duty paid ₹ 12,500. Common inputs of ₹ 3,00,000 is used for product 'A' as well as 'B' which also suffered excise duty ₹ 37,500.

As on 1-7-2017, Finished goods of Product 'A' worth ₹ 10,00,000 and Product 'B' worth of ₹ 5,00,000 is in Stock. How much ITC credit is allowed to M/s X Ltd under GST under Section 140(1) and 140(4) of the CGST Act, 2017. W.e.f. 1-7-2017 Product 'A' as well as 'B' taxable with CGST 6% as well as SGST 6%.

Note: Manufacturer is in possession of relevant duty paid documents on inputs.

[4]

- (ii) State any three conditions need to be satisfied to take credit u/s 140(6) of the CGST Act in case of duty based on capacity of production. **[3]**

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)).

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) (i) Riya Tours Co. has arranged four package tours during January 2023. The particulars of the services and charges are as under:
- (1) Tour 1: Charges received ₹ 35 lakhs. The package includes transportation, accommodation, food, and tourist guide, entry fees for monuments.
 - (2) Tour 2: Charges received ₹ 65 lakhs. The package includes transportation and accommodation for stay.
 - (3) Tour 3: Charges received ₹ 40 lakhs. The charges are solely for arranging accommodation for stay. However, the bills issued to the clients do not mention it clearly that the charges are solely for arranging the accommodation for stay.
 - (4) Tour 4: Charges received ₹ 50 lakhs (inclusive of charges of stay). The bill issued to the client's mentions it clearly that the charges are solely for arranging the accommodation for stay.

Compute the value of taxable supply of services and GST.

Note: Applicable rates of GST 5% and 18%. All transactions taken place at inter state level. **[4]**

- (ii) M/s Shakshi Associates, a recovery agent (located in Chennai) empaneled by State Bank of India, Local Head Office, Nungambakkam, Chennai. The following service supplied by M/s Shakshi Associates in the month of Nov 20XX are as follows:

- (1) Fee of ₹ 2,25,825 for supply of services in relation to recovery of dues from the defaulting Borrowers at the place of business/occupation and if such Borrowers is/are unavailable at the place of business then at his/ her residence.
- (2) Supply of services with regard to demand for recovery or taking possession of the security from defaulting Borrowers, for which separate fee charge from the bank ₹ 55,175/-

Find the following:

- (A) Is it supply of service.
- (B) If so, who is liable to pay GST.
- (C) Find the GST liability

Note: Assume the applicable rate of GST for recovery agent services is @18%. **[3]**

5. (a) (i) Who can opt for QRMP Scheme? **[3]**
(ii) How the payment of tax is termed under QRMP Scheme? **[4]**

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- (b) Asha Ltd. supplies raw material to a job worker Kareena Ltd. After completing the job-work, the finished product 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 ₹
Cost of raw material supplied	30,000
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to the 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 and the same amortized in the books of job-worker	22,500
Note: Kareena Ltd offered discount ₹ 2,000, 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]

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

- (b) M/s Lips Ltd., manufactures four types of 'Nail Polishes', namely Sweety, Pretty, Beauty, Tweety. The Company has taken input tax credit of ₹3,00,000 on the common inputs used in the manufacture of 'Nail Polishes'. Common inputs also used partly for non-business purposes. During the financial year 2022-23 (w.e.f. 1-7-2022) the company manufactured 1000 liters of each type of 'Nail Polishes'. The Company was 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 Lips Ltd. for the year 2022-23 from the following data:

Product Name	Description	Sale price (Exclusive of GST)
Sweety	Sale to Domestic Tariff Area	₹ 30 per 20ml. bottle
Pretty	Sale to a Special Economic Zone (SEZ)	₹ 40 per 20ml. bottle
Beauty	Sale to A Ltd. of USA	₹ 50 per 20ml. bottle
Tweety	Sale to Defence Canteen (Exempted from GST)	₹ 60 per 20ml. bottle

[8]

7. Answer the following:

[7+7=14]

- (a) Write a short note on Anti-profiteering committee and its duties and powers.
(b) Write a brief note on Special Audit under Section 66 of the CGST Act, 2017.

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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.
- (a) Derelict
 - (b) Jetsam
 - (c) Flotsam
 - (d) Wreck
- (ii) The type of bill of entry which is used for ex-bond clearance for home consumption from the warehousing, is:
- (a) Form I (white)
 - (b) Form II (yellow)
 - (c) Form III (green)
 - (d) None of the above
- (iii) Under Foreign Trade Policy export and import goods are broadly categorized. Which of the following statements is correct?
- (a) Free i.e. general goods are allowed to be imported without payment of any customs duty.
 - (b) Restricted goods are banned and not allowed to import or export.
 - (c) Restricted goods are allowed to be imported only if used for re-export.
 - (d) Restricted goods are allowed to be imported or exported only with authorization.

9. (a) Discuss the Services offered by Inland Container Depot (ICD) and Container Freight Station (CFS). [4]

- (b) (i) The assessee M Ltd. entered into a joint venture with a foreign collaborator N for promotion and selling of antennas, accessories and other communication equipment. The agreement between them indicates that N owned majority of equity shares in M Ltd. Technical Services were provided by N to M Ltd, for various functions that were carried out in respect of manufacture of antenna system in India, for which technical services fee was paid to N by M Ltd. Based on the above facts, the department opined that both M Ltd. and N were related persons in terms of rule 2(2)(1) and 2(2)(iv) of the Customs Valuation (Determination of Price of Imported Goods) Rules, 1988 and that the technical fee paid by M Ltd. was includible in the assessable value of the imported components in terms of Rule 9(1)(c) of the Rules. Decide. [2]

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- (ii) Following particulars are available in respect of consignment of goods imported:
- (1) Cost at the factory of the exporter: US\$ 20,000
 - (2) Carriage/freight/insurance upto the port of shipment in the exporter's country: US\$ 400
 - (3) Charges for loading on to the ship at the shipping port: US\$ 100
 - (4) Freight charges of the ship for transport upto the Indian port: US\$ 1,200

Compute the assessable value for the purpose of levy/payment of customs duties. **[6]**

10. (a) The adjudication order was passed and was forwarded to the assessee. However, assessee did not receive the same. It learned about the order only after receipt of a letter from the Superintendent, nearly after two years, directing it to pay the dues as per said order. Thereafter, a copy of that order was made available to the assessee. The appeal filed by the assessee against the said order was rejected by the Commissioner (Appeals) as well as by the Tribunal, as being barred by limitation. The assessee contended that the appeal could not be held to be barred by limitation as no order was received by it. Justify. **[5]**

- (b) Mention the category of sales made to the Domestic Tariff Area (DTA) that can be counted for positive Net Foreign Exchange (NFE). **[7]**

11. (a) Write a short note on Appeals to the Customs, Excise and Service Tax Appellate Tribunal (CESTAT). **[8]**

- (b) From the following identify correct category for grant of status certificate to X Ltd:

Type of Exports in US \$	Current Year (From April - Oct)	Previous Year 1	Previous Year 2
1. Exports of goods without Weightage US\$	1,25,000	11,00,000	5,80,000
2. Exports of services without Weightage US\$	1,55,000	4,20,000	3,95,000
3. FOR value for Deemed Exports (₹)	50,00,000	1,25,00,000	1,20,00,000

Exchange rate notified by the CBIC as on 1st April of Previous Year 2, 1st April of Previous Year 1 and 1st April of Current Year is ₹ 55/USD, ₹ 58/USD and ₹ 60/USD respectively. **[4]**