

Paper 11- Indirect Taxation

MTP Intermediate Syllabus-2016 June 2019 Set -2

Paper 11- Indirect Taxation

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. Answer the following questions:

(A) Multiple choice questions:

[5×1=5]

(i) Input Tax credit as credited in Electronic Credit Ledger can be utilized for:

- (a) Payment of interest
- (b) Payment of penalty
- (c) Payment of fine
- (d) Payment of taxes

(ii) Tax Invoice must be issued by:

- (a) Every supplier
- (b) Every taxable person
- (c) Registered persons, not paying tax under composition scheme
- (d) all the above.

(iii) Lottery authorised by State Governments – applicable rate of GST is:

- (a) 12 % of face value of lottery ticket sold
- (b) 18 % of face value of lottery ticket sold
- (c) 28 % of face value of lottery ticket sold
- (d) None of the above.

(iv) Which of the following services is not included under Online Information and Database Access or Retrieval (OIDAR)?

- (a) Advertising on the internet
- (b) Providing cloud services
- (c) Digital data storage
- (d) Advertising services in newspapers.

(v) The due date to file GSTR-3 is:

- (a) 10th of the next month
- (b) 13th of the next month
- (c) 15th of the next month
- (d) 20th of the next month.

MTP Intermediate Syllabus-2016 June 2019 Set -2

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

(i) The Section 10(2) of the CGST Act, 2017 specifies the benefit of composition scheme shall not be granted if a taxable person is engaged in the supply of services (other than restaurant and outdoor catering service).

(ii) An entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities - exempted from GST.

(iii) Services by any agricultural produce marketing committee are not exempted from GST.

(iv) Service provided by a school in relation to a tour to its students and staff is treated as supply of service, hence GST will be levied.

(v) When a seller files his GSTR-1, the information is captured in purchaser's GSTR-2A.

(C) Match the following: [5×1=5]

	Column 'A'		Column 'B'
1.	The compensation to employees in the form of money	A.	is supply of service
2.	Renting of vacant land	B.	is Composite supply
3.	Booking of Air Tickets which involves cost of the meal	C.	exempt from GST
4.	Diwali gift hamper which consist of different items like sweets, chocolates, cakes, dry fruits packed in one pack	D.	is not a supply
5.	Agricultural produce includes breeding of fish, poultry firm	E.	is Mixed supply

(D) Fill in the blanks: [5×1=5]

(i) The ratio of the area of the floor to the area of the plot on which a building stands is called _____.

(ii) A _____ is a company that helps new and start-up companies to develop by providing services such as management training or office space or equipment's or some time monetary assistance and capital.

(iii) Transport to direct the way that a ship, aircraft, etc. will travel, or to find a direction across, along, or over an area of water or land, often by using a map is called _____.

(iv) The input tax credit available for distribution in a month shall be distributed in the same month and details furnished in Form _____.

(v) Goods and Services Tax (GST) has been implemented in India w.e.f. _____.

MTP Intermediate Syllabus-2016 June 2019 Set -2

2.(a) State the procedure to be adopted for registration under GST [u/s 25 of CGST].

(b) Taj Pvt. Ltd., received the following services from the Government of India during the taxable period:

1. Application fee paid towards processing of application for issuance of advance authorization Rs. 12,000.
2. Security services provided by Government security agency for a period of four months for a total consideration of Rs. 6,000:
 - a. Jan 2018 – Part payment Rs 500
 - b. Feb 2018 – Part payment Rs. 2,000
 - c. Mar 2018 – Part payment Rs. 2,000
 - d. April 2018 – Final payment Rs. 1,500.
3. Customs authorities have charged Merchant Over Time (MOT) fee for Rs. 1,000 at the time of special warehousing of goods.

Find the total GST payable by Taj Pvt. Ltd. if any?

Note: Previous Turnover of Taj Pvt. Ltd. Rs. 21 lakhs.

Note: Applicable rate of GST 18%

[7 + 8]

3. (a) On 25th July 2018, Mr. Atul located in Chennai converted USD 100 into INR, actual exchange rate INR 68 per USD through Akbar Travel a money exchanger. RBI's reference rate for buying and selling was Rs. 67/67.50 respectively on such date. Irfan Travel registered under GST and located at Chennai.

(i) Find the Value of supply as per Rule 32(2)(a) of the CGST Rules, 2017 and GST where address of the recipient is available with Supplier?

(ii) How much GST is liable to pay, in case where the RBI reference rate for a currency is not available.

Note: Applicable rate of GST 18%

(b) (i) M/s Prakash Ltd. being a principal supplies laptops to his agent and the agent is supplying laptops of like kind and quality in subsequent supplies. M/s Prakash Ltd incorporated in Chennai (Tamil Nadu). Agent is located in Nagercoil (Tamil Nadu). Goods supplied on 15th November by the Principal to his Agent.

Particulars	No. of units	Price at which principal supplies to agent	Price at which agent supplies to his customer not being a related person	Rate of GST Advalorem
Selling price on 15th November	1,000	Rs. Nil	Rs. 22,000	18%

Goods procured by agent from other independent supplier supplying laptops of like kind and quality at Rs. 20,000 per unit on 15th November.

Find the value of taxable supply of goods and GST liability in the hands of M/s Prakash Ltd. of Chennai.

(b) (ii) What do you mean by location of the supplier of services in the context of place of supply? [6 + (5+4)]

MTP Intermediate Syllabus-2016 June 2019 Set -2

4. (a) (i) What is meant by Pure Agent in GST?

(ii) Mr. X is a Customs Broker issues an invoice for reimbursement of a few expenses and for consideration towards agency service rendered to an importer. The amounts charged by the Customs Broker are as below:

Sl. No.	Component charges in invoice	Amount in Rs.
1	Agency income	10,000
2	Travelling expenses	5,500
3	Hotel expenses	9,500
4	Customs duty	55,000
5	Dock dues	2,500

Find the value of taxable supply of service in the hands of Customs Broker.

(b) Discuss about the advantages of voluntary registration under GST. [(4 + 6) + 5]

5. (a) What conditions are required to be fulfilled for taking Input Tax Credit?

(b) An assessee was under impression that his product is exempt from GST and hence sold the goods @ Rs. 100 per piece without charging GST. Later, it was found that actually, the product was chargeable with IGST 18%. Department claimed that since goods were removed without GST, transaction value should be Rs. 100 and GST is payable accordingly. Assessee contended that price of Rs. 100 should be taken as inclusive of GST and actual GST payable should be calculated by back calculations. Determine the correct GST payable per piece. [10 + 5]

6. (a) (i) What is 'bill of supply' and 'invoice-cum- bill of supply' under GST?

(ii) M/s. X Ltd. manufacturer of taxable goods and registered under GST Law. M/s. X Ltd. assigned the contract in the month of January 2018, for Rs. 5,00,000 plus GST 18% to M/s. Y Ltd. for constructing structural support of Hot Mix Plant, which is used for making taxable supply of goods. Accordingly M/s. Y Ltd. used cement, steel, Iron, water, chemicals and labour to complete the job. Entire work has been completed and payment also be received in the month of January 2018. M/s. X Ltd. further provides the following information to find net GST liability of M/s. X Ltd. for the month of January 2018:

Inward supply	Value in Rs.	GST Rate	Outward supply	Value in Rs.	GST Rate
Raw material (10 Kgs)	2,00,000	18%	Finished goods	15,00,000	28%
Hot Mix Plant	6,00,000	28%			
Works contract service	5,00,000	18%			

Note: there is process loss @1% while converting raw materials into finished goods.

(b) M/s X Ltd. being a registered person supplying taxable goods in the following manner:

MTP Intermediate Syllabus-2016 June 2019 Set -2

Particulars	Rs.
Intra-State supply of goods	18,00,000
Inter-State supply of goods	13,00,000
Intra-State purchases	13,00,000
Inter-State purchases	1,50,000
ITC at the beginning of the relevant tax period:	
CGST	1,30,000
SGST	1,30,000
IGST	1,70,000

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
(ii) Inward and outward supplies are exclusive of taxes.
(iii) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by M/s X Ltd during the tax period. Make suitable assumptions.

[(4 + 5) + 6]

7. Write short notes on any three of the following:

[5 x 3]

- (a) First Return and Revision of Returns in GST
(b) Revised Invoice as per Section 31(3)(a) of the CGST Act, 2017
(c) Persons not entitled to avail Composition Scheme in GST
(d) Aggregate Turnover as per section 2(6) of the CGST Act

Section – B

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

8. Choose the correct answer :

[5 x 1 = 5]

- (i) Which of the following is a taxable event for imported goods?
(a) Unloading of imported goods at the customs port
(b) Date of entry into Indian territorial waters
(c) Date of presentation of bill of entry
(d) Date on which the goods cross the customs barrier
- (ii) As per _____ of the Custom Act, 1962, the Central Board of Excise and Customs (CBE&C), now renamed to Central Board of Indirect Tax and Customs (CBIC).
(a) Section 155
(b) Section 156
(c) Section 157
(d) Section 158.
- (iii) Anti-dumping duty payable by a SEZ in respect of an import is
(a) Nil
(b) 5% of the customs duty
(c) 7.5% of the customs duty
(d) 10% of the customs duty

MTP Intermediate Syllabus-2016 June 2019 Set -2

- (iv) The Safeguard duty imposed shall be in force for a period of _____ from the date of its imposition and can be extended with the total period of levy not exceeding _____.
- (a) 4 years, 10 years
(b) 3 years, 5 years
(c) 1 year, 5 years
(d) 5 years, 10 years
- (v) Where the insurance amount is not available, for ascertaining the assessable value for customs duty, the percentage of FOB value to be taken is:
- (a) 1
(b) 1.125
(c) 1.5
(d) 2

9. (a) M/s. Liberty International Group has imported a machine by air from United States. Bill of entry is presented on 18.07.2018. However, entry inwards is granted on 7.08.2018.

The relevant details of the transaction are provided as follows:

CIF value of the machine imported	\$ 13,000
Airfreight paid	\$ 2,800
Insurance charges paid	\$200

Rate of exchange as

Announced by	As on 18.07.2018	As on 7.08.2018
CBIC	1 US \$ = Rs. 66	1US \$ = Rs. 65.80
RBI	1 US \$ = Rs. 66.10	1US \$ = Rs. 66.10

Calculate the assessable value (in rupees) for the purposes of levy of customs duty as well as landed value of M/s. Liberty International Group.

BCD = Nil

IGST = 18%

Make suitable assumptions wherever necessary.

- (b) Write a short note on GST Compensation Cess.

[10 + 5]

10. (a) (i) Explain the rights of the owner to deal with warehoused goods under section 64 of the Customs Act, 1962.

(ii) Explain the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 containing the provisions relating to the warehousing:

- (a) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.
(b) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.

MTP Intermediate Syllabus-2016 June 2019 Set -2

- (c) The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while cancelling the license of a private warehouse if he has contravened any provision of the said Act.
- (b) M/s. X Ltd. (a unit of 100% EOU located in Chennai) sold goods to M/s. A Ltd. (Located in Mumbai) for Rs. 20 lac. M/s X Ltd. being EOU imported these goods exempted from BCD @10%. IGST 12% is applicable.
Find the total Duty is liable to pay by M/s. X Ltd.
How much input tax credit M/s. A Ltd. can avail?

[(4 + 4) + 7]