



Work Book

Intermediate

Indirect Taxation (Section B)

Paper

7



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WORK BOOK

Indirect Taxation

INTERMEDIATE

Paper 7B

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Preface

The landscape of professional education is undergoing a profound transformation, driven by the evolving demands of a globally integrated economy. In this dynamic environment, it is imperative to equip students not only with technical knowledge but also with the analytical skills and professional acumen essential for success.

Effective learning extends beyond theoretical understanding—it necessitates the development of strong conceptual foundations, critical thinking abilities, and disciplined study habits. These attributes are cultivated through continuous practice and engagement with thought-provoking academic material. To facilitate this process, the curriculum, instructional methods, and assessments must be designed to provide comprehensive, structured, and intellectually stimulating learning experiences.

Building on the success of the previous editions, we are pleased to present the new edition of our 'Workbook' in an e-distributed format. This edition has been meticulously developed to enhance students' comprehension and application of key concepts. Each chapter is structured to offer a seamless learning experience and integrating practical illustrations in a phased manner to align with the evolving regulatory framework.

We are confident that this new edition will continue to serve as a valuable academic resource, empowering students to achieve their professional aspirations with confidence and competence.

The Directorate of Studies,
The Institute of Cost Accountants of India

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1

Goods and Services Tax (GST) Laws [Study Material - Module 5]

Illustration 1

State whether the following supplies would be treated as a supply of goods or supply of service as per Schedule II of the CGST Act:

- Works Contract
- Renting of immovable goods
- Transfer of right in goods without transfer of title in goods
- Job work
- Temporary transfer or permitting the use or enjoyment of any intellectual property right

Solution

Supply of: **a. Service** **b. Service** **c. Service** **d. Service** **e. Service**

Illustration 2

Mr. Ram received a design service for his personal use and paid \$ 500 as a professional fee to Mr. Shyam of USA.

- Explain whether the aforesaid activity of import of service is considered as supply u/s 7 of the CGST Act.
- Is there any change in your opinion, if they are brothers and there is no consideration
- Further, is there any change in your opinion, if they are brothers and there is no consideration, and such the design service is for business purposes

Solution

Case a: Mr. Ram is getting service	According to Section 7(1)(b) of the CGST Act , the import of services for a consideration is considered a supply, whether or not it is in the course or furtherance of business. Since Mr. Ram paid \$ 500 to Mr. Shyam for the design service, this transaction qualifies as a supply under the CGST Act.
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Case b: Both of them are brothers and the transaction is without consideration	If Mr. Ram and Mr. Shyam are brothers and there is no consideration (i.e., Mr. Ram did not pay any money for the service), the import of service would not be considered a supply u/s 7 of the CGST Act. This is because the import of services without consideration is not included in the scope of supply u/s 7(1)(b)
Case c: Both of them are brothers and the transaction is without consideration and the service is for business purposes	However, the schedule I provides that import of services by a person from a related person, in the course or furtherance of business shall be treated as supply even though there is no consideration. Hence, it will be treated as a supply.

Illustration 3

State whether the following supply is treated as a composite supply or mixed supply:

- Toothpaste is supplied along with a toothbrush as a single unit for a single price.
- Supply of package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated water and fruit juices for a single price
- Supply of laptop with warranty, pre-installed windows and Microsoft Office applications
- Food supplied to the in-patients as advised by the doctor/ nutritionist
- A hotel provides a 4-D/3-N package with the facility of breakfast

Solution

As per sec. 2(30), "Composite supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

"Principal supply" means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary – Sec. 2(90)

On the other hand as per sec. 2(74) "Mixed supply" means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Accordingly

- a.** Mixed Supply **b.** Mixed Supply **c.** Composite Supply **d.** Composite Supply **e.** Composite Supply

Illustration 4

R Ltd. a manufacturer of cosmetic Products supplied a package consisting of Body oil (GST 18%). Body lotion (GST 28%). Shampoo (GST 28%) and Soap (GST 12%). The price per package is ₹ 750. (exclusive of GST). 15,000 packages were supplied by the company to its dealers. Determine the nature of supply and its GST liability.

Solution

“Mixed supply” means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

In the instant case, body lotion, body oil, shampoo and soap are supplied together for a single price and none of them is the principal supply, hence, the nature of the supply is a mixed supply.

Further, as per sec. 8, in the case of mixed supply, the highest rate of tax, among rates applicable on the goods or services involved in the package, shall be applicable to the entire package.

In the given case, the highest rate of applicable GST is 28%. Hence, the entire value of taxable supply shall be taxable @ 28%

Computation of value of supply and tax thereon:

No. of package	15,000
Price per package	₹ 750
Value of Supply	₹ 1,12,50,000
Rate of GST	28%
GST	₹ 31,50,000

Illustration 5

State in which Schedule of the CGST Act, the following supplies have been covered. Also determine in which category they shall be classified:

- Sale of land
- Goods forming part of business assets are transferred by the business so as no longer to form part of those assets without any consideration
- Services by an employee to the employer in the course of or in relation to his employment
- Services by any court or tribunal established under any law for the time being in force
- Temporary transfer of intellectual property right
- Services of funeral, burial, crematorium or mortuary including transportation of diseased
- Lease rental collected
- Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly.



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Solution

Schedule	Type of Supply
III	Neither supply of goods nor supply of services
II	Supply of goods
III	Neither supply of goods nor supply of services
III	Neither supply of goods nor supply of services
II	Supply of services
III	Neither supply of goods nor supply of services
II	Supply of services
II	Supply of services

Illustration 6

State whether the following activity would amount to supply under CGST Act, 2017

- Urban Furniture is a renowned furniture house of Chennai. As a part of their business policy, the company donated 6 tables to Charitable School. It is to be noted that at the time of purchase of these tables, the ITC has been taken.
- A Ltd. has a factory in Kolkata and a depot in Patna. Both these establishments are registered in their respective States. Finished goods are sent from factory to Patna depot without consideration so that the same can be sold from the depot
- Bangur Charitable Trust donates clothes and toys to children living in slum area.

Solution

- As per Schedule I, permanent transfer or disposal of business assets where input tax credit (ITC) has been availed on such asset shall be treated as supply even though there is no consideration. Hence, such donations shall be treated as supply.
- As per Schedule I, supply of goods or services or both between:
 - related persons or
 - distinct persons as specified in sec. 25,when made in the course or furtherance of business, shall be treated as supply (even though without consideration). Thus supply from the factory to Patna depot is treated as supply.
- Supply has two elements, viz. **consideration** and it should be **in the course or furtherance of business**. Since both elements are missing hence such donations are not treated as supply.

Illustration 7

Discuss whether GST is applicable in the following transactions:

Case	Applicability of GST
Mundhra Services Private Limited paid the salary of ₹ 24,00,000 to one of its employee, Sonam	Services by an employee to the employer in the course of or in relation to his employment is out of the scope of supply [covered in Schedule III]. Thus, it will not attract any GST liability
Apart from salary, the company gifts a wristwatch worth ₹ 65,000 to her	Since the value of the gift exceeds ₹ 50,000, hence, entire value shall be considered as supply for GST
Mr Vikash transferred 1000 debentures of MIL to Mrs Sonam for consideration of ₹ 20 lakhs	Debentures are securities which are neither goods nor services, thus, transfer of debentures is not subject to GST
Mr Vikash transferred a plot of land situated in Rajasthan to Mohak for consideration of ₹ 10,00,000	Sale of land is out of the scope of the supply under the Schedule III of the CGST Act, hence the transaction is not subject to GST
Mr Pawan, a supplier registered in Mumbai, procures goods from China and directly supplies the same to a customer in UK	As per Schedule III, the supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India is neither considered as a supply of goods nor considered as a supply of services. Hence, the transaction is not subject to GST

Illustration 8

Discuss whether the following person are eligible for the composition levy in the financial year 2024-25:

Case	Eligible for the Composition Scheme
M/s. Quality Ice Cream Ltd, Bangalore (Karnataka), engaged in the business of manufacturing ice cream has shown an aggregate turnover of ₹ 120 Lakhs during the financial year 2023-24.	A registered person who is engaged in the manufacture of ice creme is not eligible to opt for the composition levy even though aggregate turnover does not exceed ₹ 1.5 crores.
M/s Roby Collection, a registered dealer from Arunachal Pradesh, has reported intra-state turnover of goods of ₹ 125 lakhs for the financial year 2023-24	The threshold limit for the state of Arunachal Pradesh is ₹ 75 lakhs. Since the aggregate turnover of M/s Roby Collection for the proceeding financial year exceeds the threshold limit, hence it is not eligible for the composition levy



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M/s Art Collection, a registered dealer from Chennai, has reported an export turnover of goods of ₹ 30 lakhs and a domestic turnover of ₹ 75 lakhs for the financial year 2023-24. They are expecting a similar trend in the financial year 2024-25	Export turnover is considered as an inter-State supply. A registered person who is engaged in the inter-State supply is not eligible to opt for the composition levy even though aggregate turnover does not exceed ₹ 1.5 crores.
Ms Komal wants to sell taxable goods in an exhibition organised for a week in Assam. She does not have any fixed place of business in Assam and is participating in the exhibition for the first time only.	Ms Komal is a casual taxable person hence she cannot exercise the option to pay tax under the composition scheme.
MSPL has 2 branches - one is located in Rajasthan and another one is located in Delhi. Rajasthan branch opts for the normal scheme. However, the company wants to opt for the composition scheme for the Delhi branch.	The first proviso to sec. 10(2) provides that where more than one registered person has the same PAN, the registered person shall not be eligible to opt for the composition scheme unless all such registered persons opt to pay tax under the composition scheme. Accordingly, in the instant case, it is not possible to opt for the composition scheme for the Delhi branch only. If the company wants to pay tax under the composition scheme, it will have to opt for the same for all branches.

Illustration 9

Mr. Kamal is running a consulting firm and also a readymade garment showroom in Kolkata registered in the same PAN. Turnover of the showroom is ₹ 80 lakh and receipt of the consultancy firm is ₹ 20 lakh in the financial year 2023-24. You are required to answer the following:

- (1) Is Mr. Kamal eligible for the composition scheme for the financial year 2024-25?
- (2) Is it possible for Mr. Kamal to opt for the composition scheme only for the showroom?

Solution

1. As per sec. 10, any registered person, whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 Cr., may opt for the composition levy in the current financial year. In the instant case, the aggregate turnover of Mr. Kamal for the preceding financial year is ₹ 100 lakhs (i.e., ₹ 80 lakhs + ₹ 20 lakhs), hence, he is eligible for the composition levy for financial year 2024-25.

However, it is to be noted that Mr Kamal can supply consultancy services in the financial year 2024-25 upto ₹ 10 lakhs being higher of the following:

- a. ₹ 5,00,000
 - b. 10% of ₹ 100 lakhs (being aggregate turnover of the financial year 2023-24) i.e., ₹ 10 lakhs
2. The first proviso to sec. 10(2) provides that where more than one registered person has the same PAN, the registered person shall not be eligible to opt for the composition scheme unless all such registered persons opt to pay tax under the composition scheme. Accordingly, in the instant case, it is not possible to opt for the composition scheme for showroom only.

Illustration 10

Mr. V was following the composition scheme during the preceding financial year. For the first quarter of the current financial year, he gives you the following data from which you are required to calculate his GST liability:

Activity	Turnover (₹)	Rate of GST
Intra-State supply of manufactured goods	20,00,000	18%
Intra-State supply of trading goods	40,00,000	18%
Intra-State supply of services	10,00,000	18%
Export of goods	20,00,000	

Solution

Computation of tax liability

Particulars	₹
Intra-State supply of manufactured goods	20,00,000
Intra-State supply of trading goods	40,00,000
Intra-State supply of services	10,00,000
Export of goods being zero-rated supply	-
Value of supply	70,00,000
Tax on above	
- CGST @ 9%	6,30,000
- SGST @ 9%	6,30,000

Export turnover is considered as an inter-State supply. A registered person who is engaged in the inter-State supply is not eligible to opt for the composition levy even though aggregate turnover does not exceed ₹ 1.5 crores. In the instant case, Mr. V has export turnover, hence he is not eligible for the composition levy.

Illustration 11

V Ltd., a manufacturing concern, located in Chennai has opted for the composition scheme for the current financial year. Determine tax payable by V Ltd. on the basis of the following details supplied by V Ltd:



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Particulars	Amount (₹)
Intra-State supplies of Goods X chargeable @ 5%	20,00,000
Intra-State supplies of Goods Y chargeable @ 18%	13,00,000
Intra-State supplies of Goods Y chargeable @ Nil	18,00,000
Intra state supplies which are wholly exempt	16,40,000
Value of intra-State inward supplies liable under reverse charge @ 5%	12,00,000

Solution

Computation of aggregate turnover and tax payable under the composition levy

Particulars	Amount (₹)
Intra-State supplies of Goods X chargeable @ 5%	20,00,000
Intra-State supplies of Goods Y chargeable @ 18%	13,00,000
Intra-State supplies of Goods Y chargeable @ Nil	18,00,000
Intra state supplies which are wholly exempt	16,40,000
Value of inward supplies liable under reverse charge @ 5%	-
Aggregate Turnover	67,40,000
Tax on above	
- CGST @ 0.5%	33,700
- SGST @ 0.5%	33,700

Computation of tax payable under reverse charge mechanism

Particulars	Amount (₹)
Value of inward supplies liable under reverse charge @ 5%	12,00,000
Tax on above	
- CGST @ 2.5%	30,000
- SGST @ 2.5%	30,000

Total Tax liability

Particulars	CGST (₹)	SGST (₹)
Tax liability under the composition levy	33,700	33,700
Tax payable under reverse charge mechanism	30,000	30,000
Tax Liability	63,700	63,700

Illustration 12

S Ltd. of Bhopal, having aggregate turnover of ₹1,15,00,000 in the financial year 2023-24, has opted for the composition scheme, and furnishes the following information related to the financial year 2024-25:

Particulars	Amount (₹)
Intra-state supplies of goods A chargeable @ 5%	20,00,000
Intra-state supplies of goods B chargeable @ 0%	28,00,000
Intra-state supplies of services chargeable @ 5%	6,00,000

Interest earned on fixed deposit with banks	5,00,000
Intra-state supply which are exempt	2,00,000
Inward supply liable for reverse charge @ 5%	5,00,000
Intrastate supplies of goods P chargeable @ 12%	18,00,000

You are requested to determine his tax liability:

Case a: The company is a manufacturer

Case b: The company is a trading company

How shall your answer differ if the aggregate turnover of the financial year 2023-24 was only ₹45,00,000.

Solution

Computation of aggregate turnover and tax payable under the composition levy

Particulars	Case a (₹)	Case b (₹)
Intra-state supplies of goods A chargeable @ 5%	20,00,000	20,00,000
Intra-state supplies of goods B chargeable @ 0%	28,00,000	-
Intra-state supplies of services chargeable @ 5%	6,00,000	6,00,000
Interest earned on fixed deposit with banks	-	-
Intra-state supply which are exempt	2,00,000	-
Inward supply liable for reverse charge @ 5%	-	-
Intrastate supplies of goods P chargeable @ 12%	18,00,000	18,00,000
Aggregate Turnover	74,00,000	44,00,000
Tax on above		
- CGST @ 0.5%	37,000	22,000
- SGST @ 0.5%	37,000	22,000

Computation of tax payable under reverse charge mechanism

Particulars	Case a (₹)	Case b (₹)
Value of inward supplies liable under reverse charge @ 5%	5,00,000	5,00,000
Tax on above		
- CGST @ 2.5%	12,500	12,500
- SGST @ 2.5%	12,500	12,500

Total Tax liability

Particulars	Case a (₹)		Case b (₹)	
	CGST	SGST	CGST	SGST
Tax liability under the composition levy	37,000	37,000	22,000	22,000
Tax payable under reverse charge mechanism	12,500	12,500	12,500	12,500
Tax Liability	49,500	49,500	34,500	34,500



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If the aggregate turnover of the financial year 2023-24 was only ₹ 45,00,000.

A composition supplier may supply services (excluding interest earned on deposit) of value not exceeding 10% of the turnover in the preceding financial year in a State or Union territory or ₹5,00,000, whichever is higher. Thus, the company can supply services to the extent of ₹ 5,00,000 being higher of the following:

- 10% of ₹ 45,00,000 i.e., ₹ 4,50,000; or
- ₹ 5,00,000

In the instant case, the company has supplied services (excluding interest earned on deposit) of value ₹ 6,00,000, hence the company is not eligible for the composition levy.

Computation of tax payable

Particulars	CGST (₹)	SGST (₹)
Intra-state supplies of goods A chargeable @ 5%	50,000	50,000
Intra-state supplies of goods B chargeable @ 0%	-	-
Intra-state supplies of services chargeable @ 5%	15,000	15,000
Interest earned on fixed deposit with banks	-	-
Intra-state supply which are exempt	-	-
Intrastate supplies of goods P chargeable @ 12%	1,08,000	1,08,000
Tax payable under forward charge	1,73,000	1,73,000
Add: Inward supply liable for reverse charge @ 5%	12,500	12,500
Tax payable	1,85,500	1,85,500

Liability remains the same whether the company is a manufacturer or trader.

Illustration 13

State the person liable to pay GST in each of the following independent cases assuming the recipient is located in the taxable territory:

- Legal fees received by Mr. Kamal, a senior advocate, from M/s MSPL having turnover of ₹75,00,000 in the preceding financial year.
- Mr. Parag, an unregistered author, received ₹ 10,00,000 as consideration from M/s Law Point Publication for the supply of services by way of the temporary transfer of copyright covered u/s 13(1)(a) of the Copyright Act, 1957 relating to original literary work of new book.
- Mr. Rahul, an independent director of M/s MSPL, receives ₹ 2,00,000 as a sitting fee from the company.
- Mr. Dipesh, an executive director of M/s ABPL, receives ₹ 12,00,000 as remuneration from the company.

Solution

- a. GST on legal services supplied by a senior advocate to any business entity located in the taxable territory is payable on reverse charge basis. M/s MSPL is a business entity, hence M/s MSPL, being recipient of the service, is liable to pay GST under reverse charge mechanism.
- b. Copyright services provided by an unregistered author to the publisher are subject to reverse charge. The M/s Law Point Publication are liable to pay GST under the reverse charge mechanism.
- c. Services supplied by a director of a company to the said company are subject to reverse charge. Hence, M/s MSPL is liable to pay GST under the reverse charge mechanism. It is to be noted that Mr. Rahul is an independent director that denotes that the relationship between Mr. Rahul and the company is not of employer and employee.
- d. In the instant case, Mr. Dipesh is an employee of the company. Hence, any remuneration paid to Mr. Dipesh by the company is not subject to GST considering Schedule III of the CGST Act, 2017

Illustration 14

Examine whether GST is exempted from the following independent supply of services:

- a. A charitable trust provides free healthcare services to terminally ill people. The trust incurs an expense of ₹ 50,00,000 on providing these services in a year.
- b. A private university collects tuition fees amounting to ₹ 2,20,00,000 in a financial year for its undergraduate programs.
- c. A farmer sells fresh vegetables worth ₹ 20,00,000 to a local market.
- d. A municipal corporation spends ₹ 2,00,00,000 on sanitation services in its jurisdiction.

Solution

- a. Healthcare services provided by charitable trusts to the terminally ill person are exempt from GST
- b. Education services by recognized educational institutions are exempt from GST.
- c. Basic agricultural produce like fresh vegetables is exempt from GST
- d. Services provided by municipal corporations in relation to functions entrusted to municipalities under Article 243W of the Constitution are exempt from GST.

Illustration 15

Pink Sugar Limited, Chennai, a registered supplier, is manufacturing chocolates and biscuits. It provides the following details of taxable inter-state supply made by it for the month of October 2024:



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	₹
List price of goods supplied inter-state	12,40,000
Item already adjusted in the price given above	
- Subsidy from the Central Government for the supply of biscuits to Government schools	2,40,000
- Subsidy from the trade association for the supply of quality biscuits	60,000
Items not adjusted in the price	
- Tax levied by municipal authority	48,000
- Packing charges	24,000
- Late fee payable by the recipient of supply for delayed payment of invoice [Yet to be received]	5,000

Calculate the value of the taxable supply made by the company for October 2024.

Solution

Computation of value of taxable supply for the month of Oct 2024

Particulars	₹	₹
List price of the goods		12,40,000
Add:		
i. Tax levied by Municipal Authority [Includible in the value as per section 15(2)(a)]	48,000	
ii. Packing charges [Includible in the value as per section 15(2)(c)]	24,000	
iii. Late fee payable by the recipient of supply for delayed payment of invoice [Time of supply: at the time of receipt]	-	
iv. Subsidy from Central Government for the supply of biscuits to Government schools	-	
v. Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	60,000	1,32,000
Value of taxable supply		13,72,000

Illustration 16

Ms Sonam, a registered supplier in Kolkata, has provided the following details in respect of her supplies made intra-state for the month of October 2024:

	₹
Price of goods supplied (The item given below have not been included in the price)	6,00,000
Taxes other than GST levied on sale of the goods	20,000
GST levied on the goods	38,000
Packing expenses charged separately in the invoice	10,800
Discount of 1% on the price of goods (separately recorded in the invoice)	
Subsidy received from the State Government for encouraging women entrepreneurs	10,000

Solution

Computation of value of taxable supply for the month of Oct 2024

Particulars	₹	₹
List price of the goods		6,00,000
Add:		
i. Tax other than GST [Includible in the value as per section 15(2)(a)]	20,000	
ii. GST [not to be includible]	-	
iii. Packing charges [Includible in the value as per section 15(2)(c)]	10,800	
iv. Subsidy from the State Government	-	30,800
Total		6,30,800
Less: Discount @ 1% on ₹ 6,00,000		6,000
Value of taxable supply		6,24,800

Illustration 17

Ms Swapna Saha owns a commercial building, which she let out to Urvi for the month of October 2024, for which, she charges a rent of ₹ 25,00,000. Ms Saha pays the maintenance charges of ₹ 2,00,000 for the month of October 2024, as charged by the local society. These charges have been reimbursed by Urvi. Further, Urvi had given ₹ 5,00,000 as interest-free refundable security deposit to Ms Saha. Further, Ms Saha has paid the municipal tax of ₹ 3,00,000 which she has not charged to Urvi. You are required to determine the value of supply.

Solution

Computation of value of taxable supply for the month of Oct 2024

Particulars	₹	₹
Rent		25,00,000
Add:		
i. Maintenance Charges paid to local society as reimbursed by Urvi	2,00,000	
ii. Interest-free refundable deposit as it is not considered as a consideration u/s 2(31)	-	
iii. Municipal tax paid by Ms. Saha as the same is not recovered from Ms. Urvi	-	2,00,000
Value of taxable supply		27,00,000

Illustration 18

In the month of Oct 2024, Sunny, a GST registered dealer in Tamilnadu, supplies 1,000 pieces of product A @ ₹ 400 per piece to Sahil of Orissa. Trade discount of 10% is allowed. Sunny charges ₹ 17,500 for packing and freight separately. Inspection charges of ₹ 2,000 is borne by Sahil, though Sunny is liable to pay such charges. Interest of ₹ 3,000 (GST paid separately) is charged by Sunny for delayed payment made by Sahil which is paid by Sahil within Oct 2024 itself.

Calculate the value of supply.



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Solution

Computation of value of taxable supply for the month of Oct 2024

Particulars	₹	₹
List price of the goods [₹ 400 x 1000]		4,00,000
Add:		
i. Packing charges [Includible in the value as per section 15(2)(c)]	17,500	
ii. Inspection Charges [being the obligation of the supplier borne by the buyer – sec. 15(2)(b)]	2,000	
iii. Interest on delayed payment [Includible in the value as per section 15(2)(d)]	3,000	22,500
Total		4,22,500
Less: Trade Discount @ 10% on ₹ 4,00,000		40,000
Value of taxable supply		3,82,500

Illustration 18

ABC Advertisers conceptualised and designed the advertising campaign for a new product launched by Jupiter Pvt Ltd. for a consideration of ₹ 5,00,000. ABC Advertisers owed ₹ 20,000 to one of its vendors in relation to the advertising service provided by it to Jupiter Pvt Ltd. Such liability of ABC Advertisers was discharged by Jupiter Pvt Ltd. Jupiter Pvt Ltd. delayed the payment of consideration and thus, paid ₹ 15,000 as interest. Determine the value of taxable supply made by Samriddhi Advertisers.

Solution

Computation of value of taxable supply

Particulars	₹	₹
Service Charges		5,00,000
Add:		
i. Payment made by Jupiter Pvt. Ltd to vendor of ABC Advertisers [Liability of the supplier being discharged by the recipient, is includible in the value in terms of section 15(2)(b)]	20,000	
ii. Interest on delayed payment [Includible in the value as per section 15(2)(d)]	15,000	35,000
Value of taxable supply		5,35,000

It is assumed that on interest, GST is charged separately.

Illustration 19

Shriram Private Limited, a registered dealer from West Bengal, furnished the following information relating to goods sold by it to Kanha Pvt Ltd, West Bengal.

Particulars	Amount (₹)
Price of the goods	2,00,000
Items not considered above:	
- Municipal Tax	4,000
- Inspection Charges	30,000
- Subsidies received from a private trust (As the product is going to be used by blind association)	1,00,000
- Late fees for delayed payment (Though Kanha Pvt Ltd made late payment but these charges are waived by Sriram Private Limited)	2,000
- Weighment charges being paid by Kanha Pvt Ltd to Sita Pvt Ltd on behalf of Shriram Private Limited	4,000

Determine the value of taxable supply.

Solution

Computation of value of taxable supply

Particulars	₹	₹
Price of the goods		2,00,000
Add:		
i. Municipal Tax	4,000	
ii. Inspection Charges [incidental expenses required to be included in the value]	30,000	
iii. Subsidies received from a private trust [assuming that it is a product-linked subsidy]	1,00,000	
iv. Late fees for delayed payment (as the same is waived)	-	
v. Weighment charges as a the liability of the supplier being discharged by the buyer	4,000	1,38,000
Value of taxable supply		3,38,000

Illustration 20

Mr. Som supplies goods (liable under reverse charge) to Mr. Nath. You are required to determine the time of supply considering the following details:

13.11.2024	Mr. Nath approaches Mr. Som and places an order
26.11.2024	Mr. Nath receives the goods
20.11.2024	Mr. Som issues an invoice
22.12.2024	Mr. Nath makes a payment by cheque and accordingly records it in his books of accounts.
24.12.2024	The payment gets debited from Mr. Nath's bank account

Solution

The time of supply shall be the earlier of the following dates:

- the date of receipt of goods i.e. 26.11.2024
- the date of payment as recorded in the books of Mr. Nath i.e. 22.12.2024
- the date when the payment gets debited from the bank of Mr. Nath i.e. 24.12.2024



Work Book : Indirect Taxation (Section B)

- d. the date immediately following 30 days from the date of issue of invoice by Mr. Som, i.e.
 $20.11.2024 + 30 \text{ days} + 1 \text{ day} = 21.12.2024$

Therefore, the time of supply will be 26.11.2024.

Illustration 21

Vikash Consultancy provides the following details:

	Case A	Case B
Date of supply of services	19-08-2024	16-07-2024
Date of issue of invoice	29-08-2024	28-08-2024
Date of entering the payment in the books of the supplier	06-09-2024	29-08-2024
Date of credit of payment in the bank account	05-09-2024	01-09-2024

Determine the time of supply of services in both cases.

Solution

As per sec. 13(2), time of supply of services shall be the earliest of the following dates, namely:

Situation	Time of Supply
If the invoice is issued within 30 days from the date of the supply of service	a. The date of issue of invoice by the supplier; b. The date on which the payment is entered in the books of account of the supplier c. The date on which the payment is credited to the bank account - whichever is earlier
If the invoice is not issued within 30 days from the date of the supply of service	a. The date of provision of service; b. The date on which the payment is entered in the books of account of the supplier c. The date on which the payment is credited to the bank account - whichever is earlier

In Case A, the invoice has been issued within 30 days from the date of the supply of service, hence the date of supply of service is not relevant.

In Case B, the invoice has not been issued within 30 days from the date of the supply of service, hence the date of issuance of the invoice is not relevant.

The time of supply can be determined as follows:

	Case A	Case B
Date of supply of services	Not Applicable	16-07-2024
Date of issue of invoice	29-08-2024	Not Applicable
Date of entering the payment in the books of the supplier	06-09-2024	29-08-2024
Date of credit of payment in the bank account	05-09-2024	01-09-2024
Time of supply [Earliest of all the dates]	29-08-2024	16-07-2024

Illustration 22

Z Ltd. procured the following goods in the month of Oct 2024:

Inward Supplies	GST (₹)
Cement used for making foundation and structural support for plant and machinery	17,000
Goods used in CSR activities	25,000
Inputs used in trial runs	10,000
Confectionery items for consumption of employees working in the factory	3,000
Trucks used for the transportation of inputs in the factory	20,000
Goods given as a free sample to prospective customers	8,000
Goods used in constructing an additional floor of the office building	27,000

Compute the amount of input tax credit (ITC) available to Z Ltd for the month of Oct 2024 assuming that other conditions to claim ITC have been satisfied.

Solution

Computation of input tax credit (ITC) available to Z Ltd for the month of Oct 2024

Particulars	ITC (₹)
Cement used for making foundation and structural support for plant and machinery	17,000
Goods used in CSR activities [covered u/s 17(5) - Block credit]	-
Inputs used in trial runs	10,000
Confectionery items for consumption of employees working in the factory [covered u/s 17(5) - Block credit]	-
Trucks used for the transportation of inputs in the factory	20,000
Goods given as a free sample to prospective customers [covered u/s 17(5) - Block credit]	-
Goods used in constructing an additional floor of the office building [covered u/s 17(5) - Block credit]	-
Input tax credit (ITC)	47,000

Illustration 23

Nitin Ltd. a registered person, is engaged in the business of sports equipment. It provides the following details of GST paid during October, 2024:

Inward Supplies	GST (₹)
Raw material purchased being used in furtherance of business	50,000
Raw material purchased for the personal use of directors	10,000
Machinery purchased to be used in the manufacturing process.	25,000
Motor vehicle purchased for transportation of the employee	65,000
Insurance premium paid on the aforesaid motor vehicle	1,000
Payment made to the contractor for the construction of staff quarter	95,000

Compute the amount of input tax credit (ITC) available to Nitin Ltd for the month of Oct 2024 assuming that other conditions to claim ITC have been satisfied.



Work Book : Indirect Taxation (Section B)

Solution

Computation of input tax credit (ITC) available to Nitin Ltd for the month of Oct 2024

Particulars	ITC (₹)
Raw material purchased being used in furtherance of business	50,000
Raw material purchased for the personal use of directors [covered u/s 17(5) - Block credit]	-
Machinery purchased to be used in the manufacturing process.	25,000
Motor vehicle purchased for transportation of the employee [covered u/s 17(5) - Block credit]	-
Insurance premium paid on the aforesaid motor vehicle [covered u/s 17(5) - Block credit]	-
Payment made to the contractor for the construction of staff quarter [covered u/s 17(5) - Block credit]	-
Input tax credit (ITC)	75,000

Illustration 24

Compute the amount of Input tax credit admissible to Vinita Ltd. in respect of various inputs purchased during the month of Oct, 2024.

Particulars	₹
Goods purchased without invoice	1,75,000
Goods purchased from Sagar Ltd. (Full Payment is made by Vinita Ltd. to Sagar Ltd. against such supply but tax has not been deposited by Sagar Ltd.)	1,20,000
Purchases of goods not to be used for business purposes	28,000
Purchases of goods from Rahul Ltd. (Invoice of Rahul Ltd. is received in month of Oct 2024, but goods were received in month of Nov 2024)	14,000
Goods purchased against a valid invoice from Lekshita Ltd. Vinita Ltd. has made payment to Lekshita Ltd. for such purchases in the month of Nov 2024	48,000

Solution

Computation of Input tax credit available with Vinita Ltd. for the month of Oct 2024

Particulars	Note	₹
Goods purchased without invoice	As document are not available	Nil
Goods purchased from Sagar Ltd. (Full Payment is made by Vinita Ltd. to Sagar Ltd. against such supply but tax has not been deposited by Sagar Ltd.)	As tax is not paid by the Sagar Ltd	Nil
Purchases of goods not to be used for business purposes	Non business purpose	Nil
Purchases of goods from Rahul Ltd. (Invoice of Rahul Ltd. is received in month of Oct 2024, but goods were received in month of Nov 2024)	Good yet not received	Nil

Goods purchased against a valid invoice from Lekshita Ltd. Vinita Ltd. has made payment to Lekshita Ltd. for such purchases in the month of Nov 2024	48,000
Total credit available for the month of Oct 2024	48,000

Illustration 25

ABC Limited is a registered supplier and is engaged in manufacturing FMCG products. It has provided the following information pertaining to purchases made / Services availed in the month of October 2024:

Particulars	GST (₹)
Packing machine	25,000
Motorcycles for transportation of inputs	20,000
Membership of health and fitness centre for its employees	5,000
Inputs purchased but lost before reaching factory of the ABC Ltd	7,000
Input purchased but stolen from the factory	8,000

Compute the amount of input tax credit (ITC) available to ABC Ltd for the month of Oct 2024 assuming that other conditions to claim ITC have been satisfied.

Solution

Computation of input tax credit (ITC) available to ABC Ltd for the month of Oct 2024

Particulars	ITC (₹)
Packing machine	25,000
Motorcycles for transportation of inputs	20,000
Membership of health and fitness centre for its employees	5,000
Inputs purchased but lost before reaching factory of the ABC Ltd	7,000
Input purchased but stolen from the factory	8,000
Input tax credit (ITC)	65,000

Illustration 26

Compute the amount of ITC admissible to XYZ Ltd in respect of the following item prepared by them in the month of October 2024:

Particulars	GST (₹)
Goods supplied for captive consumption in a factory	10,000
Goods purchased for being used in repairing the factory shed and same has been capitalised in books	20,000
Cement used for making the foundation and structural support to plant and machinery	5,000
Inputs used in trial run	7,000
Goods destroyed due to natural calamities	8,000
Food and beverages purchased for the employee during the office hours	1,000



Work Book : Indirect Taxation (Section B)

Solution

Computation of input tax credit (ITC) available to XYZ Ltd for the month of Oct 2024

Particulars	ITC (₹)
Goods supplied for captive consumption in a factory	10,000
Goods purchased for being used in repairing the factory shed and same has been capitalised in books	-
Cement used for making the foundation and structural support to plant and machinery	5,000
Inputs used in trial run	7,000
Goods destroyed due to natural calamities	-
Food and beverages purchased for the employee during the office hours	-
Input tax credit (ITC)	22,000

Illustration 27

Sitani, a registered supplier of goods, provides the following information:

(a) Outward taxable supplies in the month of Oct 2024:

	₹
Inter-state supply of goods	15,00,000
Inter-state supply of goods	10,00,000

(b) Purchases made by her in the month of Oct 2024:

	₹
Inter-state purchase of goods	5,00,000
Inter-state purchase of goods	3,00,000

(c) Input Tax Credit balance in Electronic Credit Ledger as on 01.10.2024:

	₹
IGST	1,44,000
CGST	40,000
SGST	70,000

(d) Rate of CGST, SGST and IGST to be 6%, 6% and 12% respectively.

(e) Both inward and outward supplies are exclusive of taxes.

(f) All the conditions necessary for availing ITC have been fulfilled.

Compute the GST payable by Sitani for the month of Oct 2024 and the balance of input tax credit, if any, to be carried forward.

Solution

Computation of tax payable on outward supplies

Particulars	Taxable Value (₹)	CGST @ 6% (₹)	SGST @ 6% (₹)	IGST @ 12% (₹)
Inter-State supply	15,00,000	-	-	1,80,000
Intra-State supply	10,00,000	60,000	60,000	
		60,000	60,000	1,80,000

Computation of available ITC

Particulars	Working	CGST @ 6% (₹)	SGST @ 6% (₹)	IGST @ 12% (₹)
Opening Balance		40,000	70,000	1,44,000
Inter-State	5,00,000 x 12%	-	-	60,000
Intra-State	3,00,000 x 6%	18,000	18,000	
		58,000	88,000	2,04,000

Computation of net GST payable

Particulars	Total (₹)	CGST (₹)	SGST (₹)	IGST (₹)	C/f (₹)
GST on taxable supply		60,000	60,000	1,80,000	
Less: ITC of IGST	2,04,000	24,000	-	1,80,000	-
Less: ITC of CGST	58,000	36,000	-	-	22,000
Less: ITC of SGST	88,000	-	60,000	-	28,000
GST Payable in Cash		-	-	-	
ITC to be c/f		22,000	28,000	-	

Illustration 28

Sun Ltd., being a registered person in the state of Rajasthan, furnishes the following information:

	₹
— Purchases from Bihar	4,00,000
— Purchases from Rajasthan	8,00,000
— Sales to Andhra Pradesh	4,80,000
— Sales within Rajasthan	9,60,000

Input tax credit balances at the beginning of the relevant tax period were:

CGST: ₹ 50,000

SGST: ₹ 40,000

IGST : ₹ 30,000

Compute the net GST payable by Sun Ltd. for the tax period assuming:

- Inward and outward supplies are exclusive of taxes.
- Inward supplies (purchases) are subject to CGST @ 6%, SGST @ 6% and IGST @ 12% as applicable.
- Outward supplies (sales) are subject to CGST @ 9%, SGST @ 9% and IGST @ 18% as applicable.



Work Book : Indirect Taxation (Section B)

Solution

Computation of tax payable on outward supplies

Particulars	Taxable Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Inter-State supply	4,80,000	-	-	86,400
Intra-State supply	9,60,000	86,400	86,400	
		86,400	86,400	86,400

Computation of available ITC

Particulars	Working	CGST @ 6% (₹)	SGST @ 6% (₹)	IGST @ 12% (₹)
Opening Balance		50,000	40,000	30,000
Inter-State	4,00,000 x 12%	-	-	48,000
Intra-State	8,00,000 x 6%	48,000	48,000	
		98,000	88,000	78,000

Computation of net GST payable

Particulars	Total (₹)	CGST (₹)	SGST (₹)	IGST (₹)	C/f (₹)
GST on taxable supply		86,400	86,400	86,400	
Less: ITC of IGST	78,000	-	-	78,000	-
Less: ITC of CGST	98,000	86,400	-	8,400	3,200
Less: ITC of SGST	88,000	-	86,400	-	1,600
GST Payable in Cash		-	-	-	
ITC to be c/f		3,200	1,600	-	

Illustration 29

Mr. Dipesh Chakraborty, a GST registered dealer of West Bengal, furnishes the following particulars for the month of Oct 2024. Compute :

- Amount of Input Tax Credit available to Sri Chakraborty for the month of Oct 2024
- Amount of GST payable by him.

	₹
Input Tax Credit balance in Electronic Credit Ledger on 01-10-2024:	
IGST	2,66,500
CGST	55,000
SGST	48,000
Details of outward supply -	
Inter-state (inclusive of GST)	24,19,000
Intra-state (inclusive of GST)	40,71,000
Details of inward supply -	
Inter-state (exclusive of GST)	6,50,000
Intra-state (exclusive of GST)	15,20,000
Rate of IGST - 18%, CGST - 9% and SGST - 9%.	

Solution

Computation of tax payable on outward supplies

Particulars	Working	Taxable Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Inter-State supply	₹ 24,19,000 x 100%/118%	20,50,000	-	-	3,69,000
Intra-State supply	₹ 40,71,000 x 100%/118%	34,50,000	3,10,500	3,10,500	-
			3,10,500	3,10,500	3,69,000

Computation of available ITC

Particulars	Working	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening Balance		55,000	48,000	2,66,500
Inter-State	6,50,000 x 18%	-	-	1,17,000
Intra-State	15,20,000 x 9%	1,36,800	1,36,800	-
		1,91,800	1,84,800	3,83,500

Computation of net GST payable

Particulars	Total (₹)	CGST (₹)	SGST (₹)	IGST (₹)	C/f (₹)
GST on taxable supply		3,10,500	3,10,500	3,69,000	
Less: ITC of IGST	3,83,500	-	14,500	3,69,000	-
Less: ITC of CGST	1,91,800	1,91,800	-	-	-
Less: ITC of SGST	1,84,800	-	1,84,800	-	-
GST Payable in Cash		1,18,700	1,11,200	-	
ITC to be c/f		-	-	-	

Illustration 30

Mr. Pankaj, a GST registered dealer, supplied the following information for the month of Oct, 2024:

(i) Input Tax credit balance as on 01.10.2024:

IGST	₹ 3,20,000
CGST	₹ 30,000
SGST	₹ 30,000

(ii) Output GST payable as per Electronic liability register :

IGST	₹ 1,80,000
CGST	₹ 60,000
SGST	₹ 60,000

Compute GST payable and ITC to be carried forward.



Work Book : Indirect Taxation (Section B)

Solution

Computation of net GST payable

Particulars	Total (₹)	CGST (₹)	SGST (₹)	IGST (₹)	C/f (₹)
GST on taxable supply		60,000	60,000	1,80,000	
Less: ITC of IGST	3,20,000	60,000	60,000	1,80,000	20,000
Less: ITC of CGST	30,000	-	-	-	30,000
Less: ITC of SGST	30,000	-	-	-	30,000
GST Payable in Cash		-	-	-	
ITC to be c/f		30,000	30,000	20,000	

Illustration 31

With the help of the following information in the case of M/s Ram Enterprises, Bhopal (Madhya Pradesh) for the year 2023- 24. Determine the aggregate turnover for the purpose of registration under the CGST Act 2017

Particulars	₹
Sale of diesel on which sales tax is levied by the MP Government	1,00,000
Supply of goods after completion of job work from the place of RAM Enterprises directly by principal	3,00,000
Export supply to England	5,00,000
Supply to its own additional place of business	5,00,000
Outward supply on which GST is to be paid by recipient under reverse charge	1,00,000
Inward supply on which GST is to be paid by Ram Enterprises under reverse charge	1,50,000

All the above amounts are excluding GST.

Solution

Computation of aggregate turnover for the purpose of registration

Particulars	₹
Sale of diesel on which sales tax is levied by the MP Government [it is a non-taxable supply]	1,00,000
Supply of goods after completion of job work from the place of RAM Enterprises directly by principal [it will be considered as turnover of the principal]	-
Export supply to England	5,00,000
Supply to its own additional place of business	5,00,000
Outward supply on which GST is to be paid by recipient under reverse charge	1,00,000
Inward supply on which GST is to be paid by Ram Enterprises under reverse charge [Specifically excluded]	-
Aggregate Turnover	12,00,000

Note:

- a. As per sec. 2(6), “aggregate turnover” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.
- b. As per sec. 2(47), (47) “exempt supply” means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax u/s 11, or u/s 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply.

Illustration 32

XYZ Limited is a trader dealing in sports items. It is registered under GST and has undertaken the following sales during the day:

Transaction number	Recipient of supply	₹
1	Supply to a trader registered under GST	175
2	Supply to an unregistered trader	330
3	Supply to a retail customer	370
4	Supply to Mr. B, a consumer	150
5	Supply to a student	168

None of the recipients requires a tax invoice. Determine in respect of which of the above supplies, XYZ Limited may issue a Consolidated tax invoice instead of Tax invoice at the end of the day.

Solution

T. N.	Recipient of supply	₹	Consolidated Invoice possible	Reason
1	Supply to a trader registered under GST	175	No	The customer is a registered person
2	Supply to an unregistered trader	330	No	The value of supply exceeds ₹ 200
3	Supply to a retail customer	370	No	
4	Supply to Mr. B, a consumer	150	Yes	The value of supply is less than ₹ 200 and the recipient is not a registered person and he don't require a tax invoice
5	Supply to a student	168	Yes	

2

Customs Act & Rules [Study Material - Module 6]

Illustration 1

Ramesh imported certain goods by air at CIF price of USD 10,000. Freight paid was USD 3,000 and insurance cost was USD 520. The banker realised the payment from the importer at the exchange rate of ₹ 84 per dollar. CBIC notified the exchange rate of ₹ 83 per USD. Find the value of material for the purpose of levying duty.

Solution

Computation of assessable value

Particular	Details	Amount (USD)
Price of goods		10,000
Less: Air Freight being included in the price	3,000	
Less: Insurance charges being included in the price	520	3,520
FOB Value		6,480
Add: Air freight [Being lower of the following]		
- Actual Freight	3,000	
- 20% of 6,480 USD	1,296	1,296
Add: Insurance [Actual]		520
CIF Value / Assessable value		8,296
		Amount in ₹
CIF Value / Assessable value in INR [8,296 USD x ₹ 83]		6,88,568

Note:

- In case of air transport, freight charges shall be restricted to 20% of FOB value
- Exchange rate provided by CBIC is relevant.

Illustration 2

Mr. Ratan imported goods from USA. Value of the goods is \$ 10,000. Freight paid (air) \$ 2,500. Insurance charges are actually paid but details are not available.

- Design and Development charges paid outside India \$ 500

- Transportation charges from the Indian airport to the factory ₹ 5,000

Date of presentation of Bill of Entry: 24-02-2025

BCD on that date is 20% and the exchange rate notified by CBIC is US \$ 1 = ₹ 81.

Date of entry inward: 03-03-2025. BCD on that date is 18% and the exchange rate notified by CBIC is US \$ 1 = ₹ 82.

IGST is 12% and social welfare surcharge is 10%.

Compute the Assessable Value and Customs Duty payable Mr. Ratan.

Solution

Computation of assessable value and customs duty

Particular	Amount (US \$)
Price of goods	10,000
Add: Design and development charges	500
Total	10,500
	Amount in ₹
FOB value as per Customs [Total in rupees @ ₹ 81 per US \$]	8,50,500
Add: Air freight [being lower of (a) ₹ 8,50,500 x 20%; or (b) ₹ 81 x US \$ 2500]	1,70,100
Add: Insurance @ 1.125% of customs FOB	9,568
CIF Value / Assessable value	10,30,168
Add: Basic customs duty @ 18% [A]	1,85,430
Add: Social Welfare Surcharge @ 10% on ₹ 1,85,430 [B]	18,543
Value for computing IGST	12,34,141
Add: Integrated tax @ 12% [C]	1,48,097
Total duty & integrated tax payable [A + B + C]	3,52,070

Illustration 3

M/s Impex Ltd. imported goods from USA.

- FOB value of the goods: US \$ 1,000
- Insurance: US \$ 100
- Freight fare (air): US \$ 300
- Designing charges paid in USA: US \$ 500
- Date of bill of entry: 28.09.2024 (when BCD rate was 20%)
- Date of entry inward: 10.10.2024 (when BCD rate was 18%)
- IGST payable is 12%
- Social Welfare Surcharge is 10%



Work Book : Indirect Taxation (Section B)

— Exchange rates were as follows:

	on 28.09.2024	on 10.10.2024
Notified by CBIC	₹ 73.50/US \$	₹ 75.10/US \$

Compute the assessable value and customs duty payable by M/S Impex Ltd.

Solution

Computation of assessable value and customs duty

Particular	Details	Amount (US \$)
Price of goods		1,000
Add: Design charges		500
Total		1,500
Add: Air freight [Being lower of the following]		
- Actual Freight	300	
- 20% of 1500 US \$	300	300
Add: Insurance [Actual]		100
CIF Value / Assessable value		1,900
		Amount in ₹
CIF Value / Assessable value in INR [1,900 US \$ x ₹ 73.50]		1,39,650
Add: Basic customs duty @ 18% [A]		25,137
Add: Social Welfare Surcharge @ 10% on ₹ 25,137 [B]		2,514
Value for computing IGST		1,67,301
Add: Integrated tax @ 12% [C]		20,076
Landed Value / Cost of imported Goods [CIF Value + A + B + C]		1,87,377
Total duty & integrated tax payable [A + B + C]		47,727

Illustration 4

From the following information, calculate the assessable value and customs duty payable in case of a machine imported from UK:

	U.K. Pound
FOB value of goods	25,000
Designing and development fees paid in UK	1,000
Air freight	5,500
Insurance	Details not available
Landing charges (₹)	650
Transportation charges from Mumbai airport to the factory (₹)	15,000

Exchange rate notified by CBIC is ₹ 90 per UK pound.

Basic Customs Duty — 10%; IGST; 12%

Solution

Computation of assessable value and customs duty

Particular	Details	Amount (UK P)
Price of goods		25,000
Add: Design charges		1,000
Total		26,000
Add: Air freight [Being lower of the following]		
- Actual Freight	5,500	
- 20% of 26,000 UK P	5,200	5,200
Add: Insurance [1.125% of 26,000 UK P]		292.50
CIF Value / Assessable value		31,492.50
		Amount in ₹
CIF Value / Assessable value in INR [31,492.5 UK P x ₹ 90]		28,34,325
Add: Basic customs duty @ 10% [A]		2,83,433
Add: Social Welfare Surcharge @ 10% on ₹ 2,83,433 [B]		28,343
Value for computing IGST		31,46,101
Add: Integrated tax @ 12% [C]		3,77,532
Landed Value / Cost of imported Goods [CIF Value + A + B + C]		35,23,633
Total duty & integrated tax payable [A + B + C]		6,89,308



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