

FINAL EXAMINATION

December 2022

14596

**P18(ITP)
Syllabus 2016**

Indirect Tax Laws and Practice

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

*Wherever necessary, you may make suitable assumptions
and state them clearly in your answer.*

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:

2×7=14

- (i) Whether activity of bus body building, is a supply of goods or services?
(A) It is treated as supply of goods
(B) It is treated as supply of services
(C) It shall either be treated as supply of goods or supply of services.
(D) It shall neither be treated as supply of goods nor supply of services.
- (ii) Peer star consultants, located and registered under GST in Chennai, Tamil Nadu provided architectural services to Team India (P) Ltd., located and registered in Kochi, Kerala, for its office to be constructed on land in Singapore. Determine the place of supply of architectural services provided to Team India (P) Ltd.:
(A) Chennai, Tamil Nadu
(B) Kochi, Kerala
(C) Singapore
(D) Either Kerala or Singapore, at the option of the recipient.
- (iii) Care charitable trust running a hospital by hiring visiting doctors/ specialists. Medical services to patients at a concessional rate charged by hospital for ₹ 3,50,000 from patients and paid to visiting doctors/specialists ₹ 2,20,000 who are not the employees of the hospital. In this case, what would be the GST liability of Care charitable trust.
(A) ₹ 5,70,000
(B) ₹ 3,50,000
(C) ₹ 2,20,000
(D) Nil

Syllabus 2016

- (iv) Krish Enterprises, registered in Karnataka, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51. It has made a following

Particulars	Total contract value (inclusive of GST) (₹)	Payment due in March 2022 in ₹
Supply of taxable goods to Karnataka office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	5,49,000	55,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

- (A) IGST ₹ 1,100
 (B) SGST ₹ 550 and CGST ₹ 550
 (C) IGST ₹ 9306
 (D) CGST ₹ 4,653 and SGST ₹ 4,653
- (v) Mr. Purple, an unregistered person under GST purchases the goods supplied by Mr. Red who is a registered person without receiving a tax invoice for ₹ 1,50,000 (exclusive of GST) from Mr. Red and thus helps in tax evasion by Mr. Red. The GST that would have been charged in case it was provided through invoice was ₹ 13,500 of CGST and SGST respectively. What is the disciplinary action taken by tax authorities to curb such type of cases and on whom?
- (A) Penalty of upto ₹ 25,000 on Mr. Purple will be levied.
 (B) Penalty of ₹ 27,000 on Mr. Red will be levied.
 (C) Penalty of upto ₹ 25,000 on Mr. Purple and penalty of ₹ 27,000 on Mr. Red will be levied.
 (D) Penalty of ₹ 10,000 on Mr. Purple and ₹ 27000 on Mr. Red will be levied.
- (vi) M/s A Ltd. appoints M/s B Ltd. for laying of pipelines inside its factory premises which resulting into movable property. For which M/s A Ltd. purchased pipelines for ₹ 12,00,000 plus GST 12%. On completion of works contract service M/s B Ltd charged for ₹ 2,50,000 plus GST 18%. Find the eligible input tax credit to M/s P Ltd.
- (A) ₹ 1,44,000
 (B) ₹ 45,000
 (C) ₹ 1,89,000
 (D) Nil

(vii) Mr. Shankar supplied goods to Mrs. Rukmani for ₹ 3,50,000 plus GST 18%, vide Invoice No. 60 dated 7th December 2021. Mrs. Rukmani availed the ITC of 63,000 and confirmed in GSTR-2. However, invoice no. 60 dated 7th December 2021 not reflected in GSTR-1, of Mr. Shankar. What is the time limit for rectification of discrepancy?

- (A) 20th January 2022
 (B) 20th February 2022
 (C) 20th March 2022
 (D) Discrepancy cannot be rectified.

2. (a) Explain the concept of provisional attachment to protect revenue in certain cases under Section 83 of the CGST Act 2017 giving the circumstances in which such attachment can be made and the period thereof. 6

(b) (i) Mr. Maneesh, an artist provides professional services to Mr. Eshwar in relation to two of his restaurants. Determine the place of supply in the transactions below as per provisions of GST law in the following independent situations:

Case	Location of Mr. Maneesh	Location of Mr. Eshwar	Property situated at
I	Gujarat	Himachal Pradesh	Australia
II	Gujarat	Switzerland	Singapore

4

(ii) Pooran Kumar is engaged in supplying certain goods in the State of Punjab from his factory located in Patna, Bihar. He is not yet registered under GST. As his turnover is moving towards the applicable threshold limit for registration under GST, he approaches his tax advisor to ascertain the applicability of GST on the supply made by him.

His tax advisor is unable to determine whether supply of goods by Pooran Kumar amounts to supply of goods under GST law and is not certain of the classification of said goods. He advises Pooran Kumar to apply for the advance ruling in respect of said issues to bring transparency and do avoid litigations in future. In view of the information given above, you are required to advise Pooran Kumar with respect to following:

(I) The tax advisor asks Pooran Kumar to get registered under GST law before applying for the advance ruling as only a registered person can apply for the same. Whether he needs to get registered before applying for advance ruling? 3

(II) Pooran Kumar is doubtful whether he can seek advance ruling in relation to an activity/transaction already being undertaken and is apprehensive that Authority for Advance Ruling may take years to pronounce its ruling. Whether Pooran's doubt is correct? 1

Syllabus 2016

3. (a) Krishna (P) Ltd., having its head office in Ludhiana, Punjab is engaged in the supply of various goods on the following activities with respective turnovers in a financial year:

Particulars	Amount
Supply of petrol at Ludhiana, Punjab	14,00,000
Value of inward supplies on which tax is payable on reverse charge basis	7,00,000
Supply of transformer oil at Ludhiana, Punjab	3,00,000
Value of branch transfer from Ludhiana, Punjab to Jaipur, Rajasthan without payment of consideration	2,00,000
Value of taxable supplies at Dehradun, Uttarakhand branch	20,50,000

It argues that it does not have taxable turnover crossing threshold limit of ₹ 40,00,000 either at Ludhiana, Punjab or Jaipur, Rajasthan and including turnover at Uttarakhand branch. Further, it believes that the determination of aggregate turnover is not required for the purpose of obtaining registration but is required for determining the eligibility for composition levy.

Determine the aggregate turnover of Krishna (P) Ltd. You are also required to review the technical veracity of the arguments of Krishna (P) Ltd. 8

- (b) ZENITH Pvt. Ltd. A registered manufacturer, sent steel cabinets worth ₹ 50 Lakh under a delivery challan to M/s FRAMES & Co. a registered job work, for work on 28/01/2022. The scope of job work included mounting the steel cabinets on a metal frame and sending the mounted panels back to ZENITH Pvt. Ltd., The metal frame is to be supplied by M/s Frames and Co. which has agreed to a consideration of ₹ 5 Lakhs for the entire mounting activity including the supply of metal frame. During the course of mounting activity, metal waste is generated which is sold by M/s Frames and Co. for ₹ 45,000. M/s Frames and Co. sent the steel cabinets mounted on the metal frame to ZENITH Pvt. Ltd. on 31/12/2022.

Assuming GST Rate for metal frame is 28% for metal waste as 12% and standard rate for services as 18%, you are required to compute the GST liability of M/s Frames and Co. Also, give reasons for inclusion or exclusion of the value of cabinets in the job charges for the purpose of payment of GST by M/s Frames and Co. 6

4. (a) Surya Agencies has agreed for supply goods to customer's premises. Goods valued ₹ 80,000 are taxable @ 5% IGST as it is an inter-State supply. It also pays freight and transit insurance of ₹ 12,000. GTA is a registered entity and has charged GST (6% CGST and 6% SGST) under forward charge.
- Compute the invoice value of supply including IGST.
 - What will be the invoice value of supply including IGST, if the supply was under ex-factory basis instead of door-delivery basis? 6

- (b) Avish Life Insurance Company Limited (ALICL) has collected premium from policy subscribers. It does not intimate the amount allocated for investment to subscribers of the policy at the time of supply of insurance services. The company has provided the following details in relation to its receipts:

SI.NO.	PARTICULARS	AMOUNT
1	Premium for only risk cover	37,50,000
2	Premium from new policy subscribers	55,00,000
3	Renewal Premium	97,00,000
4	Single premium on annuity policy	1,35,00,000

All amounts are exclusive of tax.

You are required to

- (i) Discuss the relevant provisions
 - (ii) compute the value of supply by ALICL in terms of rule 32(4). 8
5. (a) Power Puff Toys Manufacturers, registered in Kerala, sold electronic toys to a retail seller in Karnataka, at a value of ₹ 49,000 (excluding GST leviable @ 18%). It wants to send the consignment of such toys to the retail seller in Karnataka. You are required to advise Power Puff 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) If yes, who is required to generate the e-way bill? 7
- (b) Lucky Pvt. Ltd., a registered supplier, manufactures product 'A' and 'B'. While 'A' is taxable under forward charge, 'B' is taxable under reverse charge. The following details are provided in relation to two individual supplies of products 'A' and 'B' made by the company:

S. No.	Date	Event
(i)	5th December, 2021	Payment of ₹ 1,50,000 made by buyer for supply of 'A' to be delivered in the month of January 2022
(ii)	11th December, 2021	Receipt of ₹ 1,50,000 [as mentioned in point (i) above]
(iii)	15th December, 2021	Payment of ₹ 3,00,000 made by buyer for supply of 'B' to be delivered in the month of January 2022
(iv)	22nd December, 2021	Receipt of ₹ 3,00,000 [as mentioned in point (iii) above]
(v)	3rd January, 2022	Product 'A' manufactured and removed
(vi)	4th January, 2022	Receipt of product 'A' [as mentioned in point (v) above] by the buyer
(vii)	8th January, 2022	Product 'B' manufactured and removed
(viii)	20th January, 2022	Receipt of product 'B' [as mentioned in point (vii) above] by the buyer
(ix)	2nd January, 2022	Invoice for ₹ 3,00,000 issued for supply of 'A'
(x)	9th January, 2022	Invoice for ₹ 6,00,000 issued for supply of 'B'
(xi)	31st January, 2022	Payment made by the buyer of 'A'
(xii)	3rd February, 2022	Payment [as mentioned in point (xi) above] received
(xiii)	5th February, 2022	Payment made by the buyer of 'B'
(xiv)	10th February, 2022	Payment [as mentioned in point (xiii) above] received

Determine the time of suppl(ies) of goods A and B for the purpose of payment of tax. 7

Syllabus 2016

6. (a) M/s BRIJ Ltd. sold plant and machinery after being used in the manufacture of taxable goods for ₹ 8,00,000 on 1st November 2018. GST is payable on transaction value of plant and machinery 18%. M/s BRIJ Ltd. had purchased this machine vide invoice dated 22nd November 2017 for ₹ 11,00,000 plus GST 18%.

M/s BRIJ Ltd. availed the input tax credit on said plant and machinery. Find the amount payable by M/s BRIJ Ltd. under section 18(6) of the CGST Act, 2017. 7

- (b) Pursuant to audit conducted by the tax authorities under section 65, a show cause notice was issued to Shine Makers, a registered supplier, alleging that it had wrongly availed the input tax credit without actual receipt of goods for the month of September 2021. In the absence of a satisfactory reply from Shine Makers, Joint Commissioner of Central Tax passed an adjudication order dated 20th October 2021 (received by Shine Makers on 22nd October) confirming a tax demand of ₹ 54,00,000 (i.e., CGST 27,00,000 and SGST 27,00,000) and imposing a penalty of equal amount under section 122.

Shine Makers does not agree with the order passed by the Joint Commissioner. It decides to file an appeal with the Appellate Authority against the said adjudication order. It has approached you for seeking advice on the following issues in this regard:

- (i) Can Shine Makers file an appeal to Appellate Authority against the adjudication order passed by the Joint Commissioner of Central Tax? If yes, till what date can the appeal be filed?
- (ii) Does Shine Makers need to approach both the Central and State Appellate Authorities for exercising its right of appeal?
- (iii) Shine Makers is of the view that there is no requirement of paying pre-deposit of any kind before filing an appeal with the Appellate Authority. Give your opinion on the issue. 7

7. (a) What are the powers and duties of Anti-profiteering Authority? 5
- (b) (i) What are the conditions to be satisfied to apply Deemed Credit provisions? 5
- (ii) What are the salient features of the GSTIN? 4

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. 2×3=6
- (i) Under the FTP, the short form ITC (HS) refers to
- (A) Input Tax Credit (High Seas)
- (B) Inward Tax Credit (Harmonised System)
- (C) Inland Terminal Changes (Hardware System)
- (D) Indian Trade Classification (Harmonised System)

(ii) Interest on late payment of customs duty on Bill of Entry is charged under section _____ of the Customs Act, 1962.

- (A) 42
- (B) 37
- (C) 47
- (D) 49

(iii) Export performance during current and two previous years required for Two Star Export House Status holder is.

- (A) USD 5 million
- (B) USD 25 million
- (C) USD 50 million
- (D) USD 200 million

9. (a) Under Foreign Trade Policy (FTP), Explain what is Board of Trade (BOT)? 4

(b) From the particulars given below, find out the assessable value of the imported goods under the Customs Act, 1962 8

- | | |
|--|-----------|
| (i) Cost of the machine at the factory of the exporting country | \$ 20,000 |
| (ii) Transport charges incurred by the exporter from his factory to the port for | \$ 1,000 |
| (iii) Handling charges paid for loading the machine in the ship | \$ 100 |
| (iv) Buying commission paid by the importer | \$ 100 |
| (v) Freight charges from exporting country to India | \$ 2,000 |
| (vi) Exchange Rate to be considered 1\$ = ₹ 65 | |

10. (a) With reference to the provisions of FTP 2015-2020, discuss giving reasons whether the following statements are true or false: 8

- (i) If any doubt arises in respect of interpretation of any provision of FTP, the said doubt should be forwarded to CBIC, whose decision thereon would be final and binding.
- (ii) Authorization once claimed by an importer cannot be refused by DGFT.
- (iii) IEC is a unique 12 digit PAN based alphanumeric code allotted to a person for undertaking any export/ import activities.
- (iv) Waste generated during manufacture in an SEZ Unit can be freely disposed in DTA on payment of applicable customs duty, without any authorization.

(b) The Central Board of Excise and Customs has decided to introduce the 'Risk Management System' (RMS) in major Customs locations where the Indian Customs EDI System (ICES) is operational. What are the features of the Risk Management System? 4

11. (a) The assessee furnished bank guarantee to the department as required, and imported capital goods at concessional rate of duty under an authorisation with export obligation, but failed to complete the export obligation within the prescribed time. Consequently, the Department invoked the bank guarantee and realized the amount of duty foregone. Subsequently the assessee fulfilled the export obligation and the same was also accepted by the Department. The assessee filed a refund claim for the amount realized by the Department under the bank guarantee. The Department rejected the refund claim on the ground that it was time barred in terms of section 27 of the Customs Act, 1962.

Was the stand taken by the Department correct in law? Examine with the support of case law on the issue. 6

- (b) Atlas Pvt. Ltd., a manufacturer, wants to import capital goods in CKD condition from a foreign country and assemble the same in India. The import of the capital goods will be under Project Imports. The capital goods will be used for pre-production processes. The final products of Atlas Pvt. Ltd. would be supplied in SEZ. Atlas Pvt. Ltd. wishes to sell the capital goods imported by it as soon as the production process starts.

Atlas Pvt. Ltd. seeks your advice whether it can avail the benefit of EPCG Scheme for importing the intended capital goods.

Note: Assume that all other conditions required for being eligible to the EPCG Scheme are fulfilled in the above case. 6

SUGGESTED ANSWERS TO QUESTIONS

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.

2X7 = 14 Marks

- (i) (C)
- (ii) (B)
- (iii) (D)
- (iv) (B)
- (v) (C)
- (vi) (N.A.)
- (vii) (N.A.)

2. (a)

6 Marks

Provisional Attachment to protect revenue in certain cases (section 83 of the CGST Act, 2017)

(1) Where assessment or adjudication are pending under

- Section 62 Assessment of non-filers of returns;
- Section 63 assessment of unregistered persons;
- Section 64 summary assessment in certain special cases;
- Section 73 determination of tax not paid other than fraud;
- Section 74 determination of tax not paid by reason of fraud;

The Commissioner for protecting the interest of the Government revenue, by order in writing in Form GST DRC- 22 can attach provisionally any property, including bank account, belonging to the taxable person.

(2) Every such provisional attachment shall cease to have effect after the expiry of a period of one year from the date of the order made under sub-section.

2 (b) (i)

4 Marks

Case I

As per section 12(3), where both the service provider and the service recipient are located in India, the place of supply of services directly in relation to an immovable property, including services provided by interior decorators is the location of the immovable property. However, if the immovable property is located outside India, the place of supply is the location of the recipient.

Since in the given case, both the service provider (Mr. Maneesh) and the service recipient (Mr. Eshwar) are located in India and the immovable property is located outside India (Australia), the place of supply will be the location of recipient, i.e. Himachal Pradesh.

Case II

As per section 13(4), where either the service provider or the service recipient is located outside India, the place of supply of services directly in relation to an immovable property including services of interior decorators is the location of the immovable property. Since in the given case, service provider (Mr. Maneesh) is located in India and service recipient (Mr. Eshwar) is located outside India (Switzerland), the place of supply will be the location of immovable property, i.e. Singapore.

2(b) (ii)**3+1= 4 Marks**

1) Advance ruling under GST can be sought by a registered person or a person desirous of obtaining registration under GST law [Section 95(c) of the CGST Act, 2017].

Therefore, it is not mandatory for a person seeking advance ruling to be registered.

2) As per the definition of advance ruling under section 95(a) of the CGST Act, 2017, advance ruling decision can be provided by the Authority to an applicant on matters/questions specified in section 97(2) of the said Act, in relation to the supply of goods or services or both being undertaken or proposed to be undertaken by the applicant. Thus, advance ruling can be sought not only for activities/transactions proposed to be undertaken but also for activities/transactions already undertaken by the applicant.

As per section 98(6) of CGST Act, 2017, the Authority for Advance Ruling shall pronounce its ruling in writing within 90 days from the date of receipt of application.

Hence, in the given case, Pooran Kumar can seek the advance ruling in relation to the supply of goods being already undertaken by him and the Authority for Advance Ruling shall pronounce its ruling in writing within 90 days from the date of receipt of application.

3 (a)**8 Marks**

Aggregate turnover of Krishna (P) Ltd. ₹ 39,50,000

Krishna (P) Ltd. is not liable to be registered in Ludhiana, Punjab, as it is engaged exclusively in “Supply of goods” and the aggregate turnover of the company has not exceeded the threshold limit of Rs.40,00,000. However, since Krishna (P) Ltd. also makes taxable supplies to Uttarakhand, a specified Special Category State, the threshold exemption gets reduced to Rs.20 lakh.

The argument of Krishna (P) Ltd. that it is not liable to registration since the threshold exemption of Rs.40 lakh is not being crossed either at Ludhiana, Punjab or Jaipur, Rajasthan and including turnover at Uttarakhand branch is not correct as firstly, the aggregate turnover to be considered in its case is Rs.20 lakh and not Rs. 40 lakh and secondly, the same is computed on all India basis and not State-wise.

Apart from this, Krishna (P) Ltd. is also wrong in believing that aggregate turnover is computed only for the purpose of determining the eligibility limit for composition levy since the aggregate turnover is required for determining the eligibility for both registration and composition levy.

Last but not the least, Krishna (P) Ltd. is compulsorily required to register under section 24 irrespective of the turnover limit as it is liable to pay tax on inward supplies under reverse charge and it also makes inter-State taxable supply.

3(b)**6 Marks**

As per para 3 of Schedule II to the CGST Act, any treatment or process which is applied to another person's goods is a supply of services and accordingly is subject to GST rate applicable for services.

In the given case, M/s Frames & Co. (job work) undertakes the process of mounting the steel cabinets of ZENITH Pvt. Ltd. (principal) on metal frames. In view of para 3 of Schedule II to the CGST Act, the mounting activity classifies as services even though metal frames are also supplied as a part of the mounting activity. Accordingly, the job charges will be chargeable to rate of 18%, which is the applicable rate for services.

Further, The value of steel cabinets will not be included in the value of taxable supply made by M/s Frames & Co. as the supply of cabinets does not fall within the scope of supply to be made by M/s Frames & Co. It is only required to mount the steel cabinets, which are to be supplied by ZENITH Pvt. Ltd. On metal frames which are to be supplied by it.

As regards to sale of waste generated during the job work, since M/s Frames & Co. Is registered, the tax leviable on the supply will have to be paid by it in terms of sec 143(5) of the CGST Act, such supply will be treated as supply of goods and subject to GST rate applicable for metal waste.

Accordingly, the GST liability of M/s Frames & Co. will be ₹ 95,400

4 (a)

6 Marks

- (i) Invoice value of supply ₹ 96,600
- (ii) Invoice value of supply ₹ 84,000

4 (b)

8 Marks

(i) As per rule 32(4), the value of supply of services in relation to life insurance business, when the amount allocated for investment/ savings on behalf of the policy holder is not intimated to the policy holder at the time of supply of service, is-

- (1) in case of single premium annuity policies, 10% of single premium charged from the policy holder;
- (2) in all other cases, 25% of the premium charged from the policy holder in the first year and 12.5% of the premium charged from the policy holder in subsequent years;
- (3) in case the entire premium paid by the policy holder is only towards the risk cover in life insurance, the premium so paid.

(ii) Total value of supply = ₹ 76,87,500

5 (a)

7 Marks

(i) Rule 138(1) provides that e-way Bill is mandatorily required to be generated if the goods are moved, inter alia, in relation to supply and the consignment value exceeds ₹ 50,000. Further, explanation 2 to rule 138(1) stipulates that the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes CGST, SGST/UTGST, IGST and cess charged, if any, in the document and shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Accordingly, in the given case, the consignment value will be as follows:

$$= \text{Rs.}49,000 \times 118\%$$

$$= \text{Rs.}57,820.$$

Since the movement of goods is in relation to supply of goods and the consignment value exceeds Rs.50,000, e-way bill is mandatorily required to be issued in the given case.

(ii) An e-way bill contains two parts namely, Part A to be furnished by the registered person who is causing movement of goods of consignment value exceeding Rs.50,000/- and part B (transport details) is to be furnished by the person who is transporting the goods.

Where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or a public conveyance, by road, the said person shall generate the e-way bill on the common portal after furnishing information in Part B [Rule 138(2)].

Where the goods are transported by railways or by air or vessel, the e-way bill shall be generated by the registered person, being the supplier or the recipient, who shall, either before or after the commencement of movement, furnish, on the common portal, the information in Part B [Rule 138(2A)].

Where the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A [Rule 138(3)].

Where the consignor or the consignee has not generated the e-way bill and the aggregate of the consignment value of goods carried in the conveyance is more than Rs.50,000/, the transporter, except in case of transportation of goods by railways, air and vessel, shall, in respect of inter-State supply, generate the e-way bill on the basis of invoice or bill of supply or delivery challan, as the case may be, and may also generate a consolidated e-way bill on the common portal prior to the movement of goods.

5 (b)

7 Marks

In terms of section 12(2), the time of supply of goods is the earlier of, the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment. However, Notification No. 66/2017 CT dated 15.11.2017 specifies that a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31.

Also, it is important to note that the relief of not paying GST at the time of receipt of advance is available only in case of supply of goods, the tax on which is payable under forward charge. In case of reverse charge, GST is payable at the time of payment, if payment is recorded/made before receipt of goods (advance payment) [Section 12(3)].

Therefore, time of supply of product 'A', which is taxable under forward charge, is 2nd January, 2022 being the date of issue of invoice.

However, time of supply of product 'B', which is taxable under reverse charge, is 15th December 2021 to the extent of Rs.3,00,000 paid as advance being the earliest of the three stipulated dates namely, date of receipt of goods (20th January, 2022), date of payment (15th December, 2021) and date immediately following 30 days of issuance of invoice (9th February, 2022).

For balance Rs.3,00,000, the time of supply of product 'B' is 20th January, 2022 being the earliest of the three stipulated dates namely, date of receipt of goods (20th January, 2022), date of payment (5th February, 2022) and date immediately following 30 days of issuance of invoice (9th February, 2022).

6 (a)

7 Marks

M/s BRIJ Ltd. is liable to pay an amount of ₹ 1,48,500

6 (b)

7 Marks

(i) An appeal against a decision/order passed by any adjudicating authority under the CGST Act or SGST Act/ UTGST Act is appealable before the Appellate Authority [Section 107(1)]. Thus, Shine Makers can file an appeal to Appellate Authority against the adjudication order passed by the Joint Commissioner of Central Tax.

Further, such appeal can be filed within 3 months from the date of communication of such decision/order [Section 107(1)]. Thus, Shine Makers can file the appeal to Appellate Authority on

or before 22nd January, 2022. Further, the Appellate Authority can also condone the delay in filing of appeal by 1 month if it is satisfied that there was sufficient cause for such delay [Section 107(4)].

- (ii) GST law makes provisions for cross empowerment between CGST and SGST/UTGST officers to ensure that a proper officer under the CGST Act is also treated as the proper officer under the SGST/UTGST Act and vice versa. Thus, a proper officer can issue orders with respect to both, the CGST as well as the SGST/UTGST laws.

GST law also provides that where a proper officer under one Act (say CGST) has passed an order, any appeal/review/ revision/rectification against the said order will lie only with the proper officers of that Act (CGST Act). Accordingly, if any order is passed by the proper officer under a SGST Act, any appeal/ review/ revision/ rectification against the said order will lie only with the proper officer under that SGST Act. Thus, Shine Makers is required to file an appeal only with the Central Tax Appellate Authority [Section 6 of CGST Act].

- (iii) Shine Makers' view is not correct in law. Section 107(6) provides that no appeal shall be filed before the Appellate Authority, unless the appellant has paid

- (a) full amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him;

And

- (b) a sum equal to 10% of the remaining amount of tax in dispute arising from the impugned order subject to a maximum of Rs.25 crore*.

*Equivalent amount is required to be deposited with respect to SGST liability.

Since in the given case, Shine Makers disagrees with the entire tax demanded, it has to make a pre-deposit of 10% of the amount of tax in dispute arising from the impugned order, i.e., 10% of Rs.54,00,000 which is Rs.5,40,000 (i.e. CGST Rs.2,70,000 and SGST Rs. 2,70,000).

7 (a)

5 Marks

Duties & Powers of Anti-profiteering committee-Section 171(3)

The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.

The Authority can determine the methodology and procedure for determination as to whether the reduction in the rate of tax on the supply of goods or services or the benefit of input tax credit has been passed on by the registered person to the recipient by way of commensurate reduction in prices.

The Authority would have the following duties:

- (i) to determine whether any reduction in the rate of tax on any supply of goods or services or the benefit of input tax credit has been passed on to the recipient by way of commensurate reduction in prices;
- (ii) to identify the registered person who has not passed on the benefit of reduction in the rate of tax on supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices;
- (iii) to order,
 - ✓ reduction in prices;
 - ✓ return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of eighteen per cent. from the date of collection of the higher amount till the date of the return of such amount or recovery of the amount not returned,

as the case may be, in case the eligible person does not claim return of the amount or is not identifiable, and depositing the same in the Consumer Welfare Fund;

- ✓ imposition of penalty; and
- ✓ Cancellation of registration.

7 (b)

(i) Deemed Credit provisions applies only if the following conditions are satisfied: 5 Marks

- i. Such goods were not wholly exempt from duty of excise or were not nil rated.
- ii. The registered person should have the document for procurement of these goods (e.g. he should possess purchase invoices/bills/challan etc).
- iii. A registered person availing this scheme must separately submit the details of stock in hand on 1st July. The registered person must give details of sales of such goods in the FORM GST TRAN-1 at the end of each of the six tax periods during which the scheme is in operation.
- iv. The amount of credit allowed will be credited to the electronic credit ledger maintained in the FORM GST PMT-2 on the Common Portal.
- v. The stock of goods on which the credit is availed must be easily identified by the registered person and must be stored accordingly.

(ii) What are the salient features of the GSTIN? 4 Marks

1) GSTIN, known as GST Identification Number, is assigned to every GST registered person.

Before GST was implemented, all dealers registered under the state VAT law were assigned a unique TIN number by the respective state tax authorities. Similarly, service providers were assigned a service tax registration number by the Central Board of Indirect taxes and Custom (CBIC).

Under the GST regime, all registered taxpayers are consolidated into one single platform for compliance and administration purposes and are assigned registration under a single authority.

Every business operating in a state or Union territory will be assigned a unique Goods and Services Tax Identification Number, popularly known as GSTIN.

2) Structure of GSTIN

Each taxpayer is assigned a state-wise PAN-based 15-digit Goods and Services Taxpayer Identification Number (GSTIN).

Here is a format break-down of the GSTIN:

The first two digits represent the state code as per Indian Census 2011. Every state has a unique code. For instance,

State code of Karnataka is 29

State code of Delhi is 07

The next ten digits will be the PAN number of the taxpayer

The thirteenth digit will be assigned based on the number of registration within a state

The fourteenth digit will be "Z" by default

The last digit will be for check code. It may be an alphabet or a number.

3) How to apply for GSTIN?

It is part of the GST Registration process. Once the application is approved by the GST officer, a unique GSTIN is allocated to the dealer.

There are two ways to register for GST:

Via GST Online Portal or

Via GST Seva Kendra set up by Government of India

The following details are required to apply for GST :

1. Valid permanent account number (PAN)
2. Valid Indian Mobile phone number
3. Valid e-mail address
4. Prescribed documents and information
5. Place of business
6. Jurisdiction details
7. Valid bank account number from India
8. Indian Financial System Code (IFSC) number of the same bank and branch
9. At least one proprietor / partner / director / trustee / karta / member / with corresponding pan
10. An authorized signatory who is resident of India with valid details including PAN

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.

2X3 = 6 Marks

- (i) - (D)
- (ii) - (C)
- (iii) - (B)

9. (a)

4 Marks

Board of Trade has been constituted to advise Government on Policy measures like:

- Improve exports,
- Review export performance,
- Review policy and procedures for import and exports and
- Examine issues relevant for promotion of India's foreign trade.

Commerce and Industry Minister will be the Chairman of the BOT. Government shall also nominate up to 25persons. Board of Trade will meet at least once every quarter.

9 (b)

8 Marks

Assessable value (in INR) = ₹ 15,16,929

10 (a)

8 Marks

- (i) False
- (ii) False
- (iii) False
- (iv) True

10 (b)

4 Marks

Features of the Risk Management System:

- The Risk Management System replaces the existing system of concurrent audit and replaced by a Post Clearance Compliance Verification (Audit) function.
- This system provides the special Customs clearance for Accredited Clients. (Accredited Client means importer whose value of imports during the previous financial year Rs.10 crores or paid duty more than Rs.1 crore).
- This system applies only to those importers whose track record is good for the last 3 financial years.
- The RMS is intended to improve the management of the resources of the department to enhance the efficiency and effectiveness in meeting stakeholder expectations and to bring the Customs processes at par with the best international practices.

11 (a)

6 Marks

In this case the bank guarantee was for the purpose of security for fulfilment of export obligation. It cannot be construed as payment of 'duty'. As section 27 applies only to refund of duty and not to refund of other amounts, the time bar under the said section cannot be invoked to deny the refund.

The facts of given case are similar to the facts of CC us. (Exports) v. Raj Exports (P) Ltd. 2007 (217) ELT 504 (Mad.). The High Court, in the instant case, held that furnishing of bank guarantee for export obligation could not be regarded as payment of duty; therefore time-bar was not applicable for its return.

The High Court relied on the Supreme Court's ruling in the case of Oswal Agro Mills Ltd. and Another v. Asstt. Collector of Central Excise 1994 (70) ELT 48 (SC), wherein it was held that furnishing of bank guarantee pursuant to an order of the Court would not be equivalent to payment of excise duty. The furnishing of bank guarantee is only a security to safeguard the interest of the Revenue. Since section 27 governs the refund of 'duty', and the bank guarantee is not 'duty', the limitation prescribed therein for refund of duty would not apply to refund of a bank guarantee.

Applying the principle laid down in the above said case, the High Court stated that the requirement to establish that the duty incidence had not been passed on by the assessee to any other person would also not get attracted since section 27 has no application to this case. Therefore, the stand of the Department is not correct in law.

11 (b)

6 Marks

Export Promotion Capital Goods Scheme (EPCG) permits exporters to procure capital goods at concessional rate of customs duty/zero customs duty. In return, exporter is under an obligation to fulfill the export obligation. Export obligation means obligation to export product(s) covered by Authorization/permission in terms of quantity or value or both, as may be prescribed/specified by Regional or competent authority.

Exports to SEZ unit/developer/co-developer will be considered for discharge of export obligation of EPCG Authorization, irrespective of currency.

The license holder can either procure the capital goods (whether used for pre-production, production or postproduction) from global market or domestic market. The capital goods can also be imported in CKD/SKD to be assembled in India.

An EPCG Authorization can also be issued for import of capital goods under Scheme for Project Imports'. Export obligation for such EPCG Authorizations would be 6 times of duty saved.

Duty saved amount	₹
Effective duty under Project Imports	XXXX
Less: Concessional duty under the EPCG Scheme	(XXX)
Duty Saved amount	XXXX

However, import of capital goods is subject to 'Actual User' condition till export obligation is completed. Therefore, based on the above discussion, Atlas Pvt. Ltd. can import the capital goods under EPCG Scheme. However, it has to make sure that it does not sell the capital goods till the export obligation is completed.
