

PAPER 2

INDIRECT TAX LAWS

Time Allowed - 3 Hours

Maximum Marks - 100

Printed Pages- 16

Notes:

- (i) Working Notes should form part of the answer.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note.
- (iii) All questions should be answered on the basis of position of (i) GST law as amended up to 31st October, 2018 and (ii) customs law as amended by the Finance Act, 2018 and notifications/circulars issued till 31st October, 2018.
- (iv) The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. The rates of customs duty are also hypothetical and may not necessarily be the actual rates. Further, GST compensation cess should be ignored in all the questions, wherever applicable.

Division A – Multiple Choice Questions

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions in this division are compulsory.

Question No. 1 (2 Marks)

A Ltd. a manufacturing concern in Rajasthan has opted for composition scheme furnishes you with the following information for Financial Year 2018-19. In Financial Year 2017-18 total value of supplies including inward supplies taxed under reverse charge basis are Rs. 68,00,000. The breakup of supplies is as follows:

S. No.	Particulars	Rs.
1	Intra State Supplies of Goods X chargeable @5% GST	3000000
2	Intra State Supplies made which are which are Chargeable to GST at Nil Rate	1800000
3	Intra state supplies which are wholly exempt under Section 11 of CGST Act, 2017	240000

4	Value of inward supplies on which tax payable under RCM (GST Rate 5%)	500000
5	Intra State Supplies of Goods Y chargeable @18% GST	3000000

The composite tax liability of A Ltd. shall be as under:

- a) 60000
- b) 85000
- c) 120000
- d) Non of Above

Question No. 2 (2 Marks)

Consider following information :

Particular	Rs.
Contracted value of supply of goods (including GST @ 18%)	1100000
The contracted value of supply includes the following :	
(1) Cost of primary packing	25000
(2) Cost of protective packing at recipient's request for safe transportation	15000
(3) Design and engineering charges	85000
Other information:	
(i) Commission paid to agent by recipient on instruction of supplier	5000
(ii) Freight and insurance charges paid by recipient on behalf of supplier	75000

The value of taxable supply is :

- (a) 1180000
- (b) 1000000
- (c) 1175000
- (d) 1105000

Question No. 3 (2 Marks)

X Ltd. purchased a machine for Rs. 100,000 and brought it on 1-8- 2017 and paid 12% IGST. He availed input tax credit and used the capital goods in his business. On 5-11-2018 he resold it as second-hand machine for 65,000. The amount of tax payable/ ITC reversible is:

- (a) 8400
- (b) 7800
- (c) 9000
- (d) None of above

Question No. 4 (2 Marks)

Which of the following statements are true with respect to accounts and records?

- (1) All accounts and records are to be retained for 6 years.
- (2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
- (3) Stock record is to be maintained by all registered dealers including composition dealers.
- (4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
- (5) Monthly production records are to be maintained by all dealers including composition dealers.
- (6) Records are to be maintained at principal place of business.

- (a) 1, 2, 5, 6
- (b) 1, 3, 5
- (c) 1, 3, 4
- (d) 1, 2, 4, 6

Question No. 5 (2 Marks)

XYZ Ltd. has purchased for its employees 100 vouchers dated 24-12-2017 worth 1,000 each from ABC Ltd. a footwear manufacturing company. The vouchers were issued by ABC Ltd. on 25-12-2017. The vouchers can be encashed at retail outlets of ABC Ltd. The same were given to employees on 26-12-2017. The employees of XYZ Ltd. encashed the same on 01-01-2018. Determine time of supply of vouchers.

- (a) 24-12-2017
- (b) 25-12-2017
- (c) 26-12-2017
- (d) 01-02-2018

Question No. 6 (2 Marks)

There was decrease in tax rate from 18% to 12% w.e.f. 1-9-2018. Which of the following rate is applicable when invoice was issued after change in rate of tax in September 2018 but payment received and goods supplied in August 2018.

- (a) 12% as it is lower of the two
- (b) 18% as it is higher of the two
- (c) 18% as goods were supplied and payment was received prior to change
- (d) 12% as since invoice was issued after change in effective rate of tax

Question No. 7 (2 Marks)

ABC Ltd. is engaged in the manufacture of electrical appliances and following details are available,:

Items	GST Paid
Electrical Transformers utilized in the manufacturing Process	INR 250,000
Trucks used for transporting materials	INR 125,000
Cakes and Pastries for consumption within factory	INR 12,500

The ITC available is:

- (a) 250000
- (b) 375000
- (c) 387500
- (d) 125000

Question No. 8 (2 Marks)

For an E-commerce operator registration threshold limit is _____

- (a) Rs. 20 lakhs
- (b) Rs. 50 lakhs
- (c) Rs. 75 lakhs
- (d) None of above.

Question No. 9 (2 Marks)

M/s. Aircool Ltd., a supplier of air conditioners, is registered in the State of Maharashtra. It has a policy to gift an air conditioner to its employees [residing in Gujarat] at the end of financial year in terms of the employment contract. The company installs such air conditioners at the residence of the employees. During the month of March, 20XX, the company installed 150 air conditioners at the residence of these employees. The total open market value of such air conditioners is Rs. 52.50 lakh (excluding GST). The tax rate on such air conditioners is 28% (14% CGST, 14% SGST and 28% IGST).

Compute the GST liability of M/s. Aircool Ltd., if any.

- (a) Rs. 7,35,000 - CGST, Rs. 7,35,000- SGST
- (b) Rs. 14,70,000 - IGST
- (c) Nil
- (d) None of the above

Question No. 10 (2 Marks)

Is there any time limit specified to furnish the return after serving of assessment order?

- a) Yes, Return has to be filed by registered person who has failed to submit return under Section 39 or Section 45 within 15 days from service the assessment order.
- b) Yes, Return has to be filed by registered person who has failed to submit return under Section 39 or Section 45 within 30 days from service the assessment order.
- c) Yes, Return has to be filed by registered person who has failed to submit return under Section 39 or Section 45 within 45 days from service the assessment order.
- d) No time limit has been specified.

Question No. 11 (1 Mark)

Micro Apparels in Chennai, Tamil Nadu, avails fashion designing services of Rs. 50,00,000 from Prabhu Designs in Singapore. Who is liable to pay GST?

- (a) Micro Apparels
- (b) Prabhu Designs
- (c) Both
- (d) None of the above.

Question No. 12 (1 Mark)

Mr. A is a manufacturer of ice cream. If all other conditions satisfies, the total effective composition tax rate will be:

- (a) 1%
- (b) 5%
- (c) 2%
- (d) Not eligible for composition scheme.

Question No. 13 (1 Mark)

Mr. Ram sold goods to Mr. Shyam worth Rs. 5,00,000. The invoice was issued on 15th November. The payment was received on 30th November. The goods were supplied on 20th November. The time of supply of goods will be:—

- (a) 15th November
- (b) 30th November
- (c) 20th November
- (d) None of the above.

Question No. 14 (1 Mark)

Suppose Assessable Value (A.V.) is Rs. 1,00,000. BCD - 10%, IGST - 28%, SWS – 10%. The amount of IGST will be:

- (a) Rs. 11,000
- (b) Rs. 31,080
- (c) Rs. 28,000
- (d) Rs. 30,800.

Question No. 15 (1 Mark)

Minimum value addition required to be achieved under Advance Authorisation scheme is:

- (a) 15%
- (b) 20%
- (c) 50%
- (d) None of the above.

Question No. 16 (1 Mark)

In case of imposition of safeguard duty on articles originating from developing countries, the safeguard duty cannot be imposed if the imports of such article does not exceed:

- (a) 1% of total imports
- (b) 3% of total imports
- (c) 5% of total imports
- (d) 10% of total imports

Question No. 17 (1 Mark)

The operator who collects tax shall furnish a statement, electronically, containing all the details regarding:

- a. Outward supplies of Goods and Services
- b. Return of goods and services

In Form GSTR-8 within _____ from the end of the month in terms of sub-rule (1) of Rule 67 of the rules read with sub-section (4) of Section 52 of the act.

- (a) 5 Days
- (b) 7 Days
- (c) 30 Days
- (d) 10 Days

Question No. 18 (1 Mark)

Deemed Registration granted:

- a) After four working days
- b) After five working days
- c) After three common working days
- d) After seven working days

Question No. 19 (1 Mark)

M/s. Showmakerz an event management Co. for creation of large scale events & Occasions, owned by Mr. Shipu Kingdom of Dreams in Gurugram contracts with Showmakerz Company to arrange a celebrity concerts charging Rs. 8,00,000. The company sub-contract the same work to Aura Mgt. Company which were also controlled and managed by Mr. Shipu for Rs. 6,00,000. M/s. Aura Mgt Co. charges Rs. 6,20,000 from market for the same work. The value of Service for Aura Mgt. Company will be:

- (a) 620000
- (b) 90% of 620000
- (c) 110% of 600000
- (d) 600000

Question No. 20 (1 Marks)

Mr. Bunty is a dealer and engaged in sale & purchase of foreign currency. AVP Ltd. requires 10000 US Dollar to make foreign payment. Mr. Bunty quotes Rs. 69 per US Dollar and RBI reference rate is Rs. 68 per dollar. Compute value under different option

- (a) Option 1 Rs. 5000, Option 2 Rs. 3000
- (b) Option 1 Rs. 10000, Option 2 Rs. 3000
- (c) Option 1 Rs. 10000, Option 2 Rs. 3950
- (d) None of above

Division B – Descriptive Questions

Question No. 1 is compulsory

Attempt any **four** questions from the remaining **five** questions**Question No. 1 (a) (6 Marks each)**

X Ltd. is located in Vadodara, Gujarat. It owns two manufacturing units—Unit A (it manufactures saree fabric, which is subject to GST @ 5%) and Unit B (it manufactures Pappad for Domestic Market, which is exempt from GST). These two units are located in the same building. The following information is available for February 2019:

Input credit available in Electronic Credit Ledger as on 01-02-19	IGST 51000/- CGST 3685/- SGST 10343/-
Inward Supply (Purchases) during February 2019	
Supply of raw material for Unit A received from P Ltd. Ahmedabad (GST 5%)	20000/-
Supply of raw material for Unit B received from Q Limited Coimbatore (GST 12%)	30000/-
Supply of raw material for Unit A received from R Limited Nagpur (GST 18%)	80000/-
Consultancy fee paid to a vastu consultant for factory building in Vadodara (GST 18%)	40000/-
Sale from Unit A during February 2019	
90000 units supplied to S Ltd. Kanpur (GST 5%)	1000000/-
60000 units supplied to T Ltd. Surat (This value is before discount allowed @ 20%) (GST 5%)	1000000/-
Sale from Unit B during February 2019	
8000 units supplied to U Ltd. Patna	300000/-
4000 units supplied to V Ltd. Vadodara	150000/-

Find out the amount of GST payable through Electronic cash ledger for Feb 2019. Assume that all relevant conditions are satisfied. On Nov 20, 2018, X Ltd. purchased a Generator for Unit A for Rs. 350,000/- (GST 18%) from W Ltd. Ahmedabad. Full ITC is taken in Nov 2018. However, during Feb 2019 it is used by Unit A as well as Unit B.

Question No. 1(b) (4 Marks)

M/s ABC Pvt. Ltd. provides the following informations relating to information technology software for the month of September, 2017. Compute the value of taxable supply and GST payable thereon if all charges are exclusive of GST (Assume GST 18%).

1. Development of information technology software: Rs. 10,00,000
2. On-site development of software: Rs. 7,50,000
3. Sale of pre packaged software which is put on media: Rs. 15,00,000
4. License to use software was given to different clients: Rs. 30,00,000
5. Up-gradation of information technology software: Rs. 12,00,000
6. Programming of software: Rs. 2,50,000.

Question No. 1(c) (4 Marks)

The applicant was a re-seller and importer of sun glasses, frames, lenses, contact lenses, etc. having Head Office in West Bengal. Goods, namely, optical lenses and frames for spectacles and accessories, are transferred from the Head Office in West Bengal to its branches in other states. Advance Ruling was sought on whether such goods supplied to the branches in States other than West Bengal can be valued in terms of the cost price under the second proviso to Rule 28 of the CGST Rules, 2017, instead of 90% of MRP as required under the first proviso of the same rule. Examine.

Question No. 2(a) (4 Marks)

M/s A Ltd. imported flat-rolled products of stainless steel with CIF value US \$ 50,000 from China. Exchange rate was 1 US \$ = Rs. 45 on the date of presentation of bill of entry. Basic customs duty is chargeable @10% and SWS @10%. The said product, if imported from China, is liable to anti-subsidy duty @18.95% of landed value. IGST on similar product supplied in India is 18%. You are given that 'landed value' for levy of anti-subsidy duty means customs value plus all duties of customs except duties levied u/s 3, 3A, 8B, 9 and 9A of the Customs Tariff Act. Compute total duties payable.

Question No. 2(b) (4 Marks)

M/s. Pipli Imports Ltd. imported certain goods, which were unloaded in the customs area on 01.10.2013. When order for clearance was passed by proper officer on 5.10.2013, it was found that there was some pilferage of such goods. As the imported goods were in the custody of port trust, the Department demanded duty from the custodian under Section 45(3) of the Customs Act, 1962 on such pilferage. The port trust denied such demand contending that it was not an approved custodian falling under Section 45 but possession of goods by it was by virtue of powers conferred under the Major Port Trust Act, 1963. Hence, it is not liable for customs duty on pilfered goods. The importer has also asked the custodian to make good the loss of goods. Examine, whether demands made by the Department and importer are justified in law, referring to decided case law.

Question No. 2(c) (2 Marks each)

- (i) Mr. Ali of Raipur (unregistered person) hires the services of M/s ABC Ltd., an event management company registered in Jaipur, for organizing the marriage ceremony of his daughter at marriage garden in Jaipur. Determine the place of supply of services provided by ABC Ltd. What would your answer be in case marriage takes place in Dubai.
- (ii) The applicant company provided canteen services exclusively for its employees. The canteen running expenses were recovered from its employees without any profit margin. The applicant sought Advance Ruling on whether recovery of food expenses from employees for the canteen services provided by the applicant company came under definition of outward supplies and were taxable under Goods and Services Tax Act. Critically examine.

Question No. 2(d) (2 Marks)

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

Question No. 3(a) (5 Marks)

From the following information, determine the time of supply if goods are supplied on approval basis:

Sl. No.	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment
1.	01.12.2018	15.12.2018	05.12.2018	25.12.2018
2.	01.12.2018	15.12.2018	15.12.2018	12.12.2018
3.	01.12.2018	25.07.2019	25.07.2019	20.07.2019

Question No. 3(b) (5 Marks)

Calculate duty drawback in the following cases:

- (1) Salman imported a motor car for his personal use and paid Rs. 5,00,000 as import duty. The car is re-exported after 6 months and 20 days.
- (2) Nisha imported wearing apparel and paid Rs. 65,000 as import duty. As she did not like the apparel, these are re-exported after 20 days.
- (3) Super Tech Ltd. Imported 10 computer systems paying customs duty of Rs. 50,00,000. Due to some technical problems, computer systems were returned to foreign supplier after 2 months without using them at all.

Question No. 3 (c) (4 Marks)

Varun Ltd. provided business support services to Teena on 10th August, 20XX for Rs. 50,000. The invoice for the same was issued on 20th August, 20XX. Varun Ltd. received the payment against the said invoice on 15th August, 20XX vide cheque dated 12th August, 20XX. The entry for the receipt of payment was made in the books of account on 15th August, 20XX itself. However, the amount was credited in the bank A/c on 25th August, 20XX. Determine the time of supply in the given case.

Question No. 4 (a) (5 Marks)

Computation of value of taxable supply: From the following information determine the value of taxable supply as per provisions of Section 15 of the CGST Act, 2017?

Particular	Amount
Value of machine (including GST @ 12%)	1500000
The invoice value includes the following	
(1) Taxes (other than CGST /SGST /IGST) charged separately by the supplier	15000
(2) Weighment and loading charges	25000
(3) Consultancy Charges in relation to pre-installation planning	10000

(4) Testing Charges	2000
(5) Inspection Charges	4500
Other information:	
(i) Subsidy received from Central government for setting up factory in backward region	51000
(ii) Subsidy received from third party for timely supply of machine to recipient	50000
(iii) Trade discount actually allowed shown separately in invoice	24000

Give reasons with suitable assumptions where necessary.

Question No. 4 (b) (3 Marks)

Value of taxable supply - Section 15: Comfort footwear, a registered supplier of Agra, has a nonmoving stock worth Rs. 8,00,000 of a particular variety of shoes that are out of fashion. It has not been able to find market inspite of huge discounts offered. Subsequently, it was able to sell this stock at a very low price of Rs. 5,00,000 to a retailer in Madhya Pradesh with a condition that the retailer would display hoardings of Comfort Footwear in all their retail outlets in the State. Determine the value of supply.

Question No. 4 (c) (3 Marks)

The assessee had imported resin and impregnated paper and had bonded the same in the warehouse. The assessee had also sought the extension of the said warehousing period by contending that the goods were in good condition but could not be used for manufacture due to recession in the market and the extension was granted. Thereafter another application was made at a later date by contending that the resin impregnated papers which were stored in the ware house had lost its shelf life and had become unfit for use on account of non-availability of orders for clearance and accordingly an application for remission of duty was made. The department rejected the remission of duty claim on the grounds that section 23 is applicable only when the imported goods have been lost or destroyed at any time before clearance for home consumption. Discuss in the light of decided case law, if any, whether the department is correct in law.

Question No. 4 (d) (3 Marks)

Compute entitlement for advance authorisation for annual requirement for an exporter having export performance in past five years and last financial year's detail being:

- (a) Physical export (FOB Rs. 42,00,000)
- (b) Deemed exports (FOR Rs. 10,00,000)

Question No. 5 (a) (4 Marks)

What is Special Audit under section 66 of the CGST Act, 2017? Write down the procedures to be followed to conduct this audit.

Question No. 5 (b) (4 Marks)

Raja Ltd. manufactured and cleared taxable goods on 1st August 2017 for Rs. 20,00,000 plus GST 12%. After payment of GST on or before the due date, it is noticed that these goods are exempted from GST and applied for refund of GST on 15th November 2017. Department acknowledged the receipt on 15th November 2017. Department granted the refund on 23rd January 2018. Find the interest if any on delay refund. Note: Raja Ltd. not passed ITC to recipient of supply.

Question No. 5 (c) (4 Marks)

The goods manufactured by Royal Ltd. have been exempted from GST with effect from 15th November 2018. Earlier these goods were liable to tax @18%. Its inputs were liable to GST @12%. Following information is supplied on 15th November 2018:

- (i) The inputs costing Rs. 1,44,720 are lying in stock.
- (ii) The inputs costing Rs. 77,184 are in process.
- (iii) The finished goods valuing Rs. 4,82,400 are in stock, the input cost is 50% of the value.
- (iv) The balance in electronic credit ledger account shows credit balance of Rs. 2,79,104.
- (v) Royal Ltd. also purchased capital goods for Rs. 2,00,000 by paying GST 28% (invoice dated 10th July 2018).

The department has asked Royal Ltd. to reverse the credit taken on inputs referred above. However, Royal Ltd. contends that credit once validly taken is indefeasible and not required to be reversed. Decide. What would be your answer if the balance in electronic credit ledger receivable account as on 15th November 2018 were Rs. 29,104?

Question No. 5 (d) (2 Marks)

M/s X Ltd. (i.e. seller) supplied capital goods on 20th August 2017 directly to job worker M/s Y Ltd and the same received on 25th August 2017 by the job worker, based on the directions of M/s Z (i.e. Buyer Principal). These capital goods not received back till 24th August 2020 by M/s Z Ltd. after processing. Find the consequences in this regards?

Question No. 6(a) (4 Marks)

Aryan Ltd. is located in Kolkata and engaged in manufacture of mechanical appliances. It submits the following informations pertaining to inward supply of inputs/ input services/ capital goods during September, 2018:

Particular	Taxable value of inward supply (Rs.)	GST charged by supplier (Rs.)
Steel rods for manufacturing (received in factory on September 2, 2018) (invoice is missing, not available in the records of Aryan Ltd.)	7,50,000	1,35,000
Machine tools (received on September 7, 2018) (payment is made on January 10, 2019)	1,00,000	18,000
Stainless steel sheets (first installment received on September 24, 2018, second and final installment will be received on October 10, 2018) (invoice for both installments received on September 26, 2018, taxable value + GST: Rs. 5,90,000)	5,00,000	90,000
Air-conditioner for office (received in office on September 20, 2018) (for income-tax purpose, depreciation is claimed u/s 32 on Rs. 32,000)	25,000	7,000
Heating system for canteen (received on September 28, 2018, depreciation is claimed on taxable value excluding GST)	1,00,000	28,000
Corporate membership of Lions Club (it will be used by directors to entertain foreign collaborators only)	50,000	9,000

Calculate the amount of input tax credit available to Aryan Ltd.

Question No. 6 (b) (2 Marks each)

Discuss whether the following services are chargeable to GST:

- (a) For issue of birth certificate, Mumbai Municipal Corporation charge Rs. 800/- per certificate
- (b) ABC Public School provides education up to 12th standard. The School charges Rs. 3000/- per month as tuition fees, Rs. 1000/- per month as transportation charges, and Rs. 1500/- per month as computer fees. The School is not recognized by any Board.

Question No. 6(c) (2 Marks)

What are the records to be maintained by the owner or operator of godown or warehouse and transporters?

Question No. 6 (d) (2 Marks)

With reference to the provisions of section 121 of the CGST Act, 2017, specify the orders against which no appeals can be filed.

Question No. 6 (e) (2 Marks)

M/s CELL Private Limited being a manufacturer of Mobile Phones has four factories in Noida, Kanpur, Delhi, and Moradabad.

Whether eligible for composition scheme?

Place	Preceding Year (Lakhs) (Including 18% GST)
Noida	12
Delhi	47.91
Kanpur	18
Moradabad	38.91
Total	116.82



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CA FINAL : REGULAR COURSE NOV 19 EXAM

DIRECT TAX

Mode	Start	End	Hours	Timings	Fees*
Face to Face	01.05.19	31.07.19	200	7-11am (M.W.F Sun)	15,000/-

INDIRECT TAX

Mode	Start	End	Hours	Timings	Fees*
Face to Face	02.05.19	31.07.19	160	7-11am (T.T.S)	15,000/-

CA FINAL : CRASH COURSE NOV 19 EXAM

DIRECT TAX

Mode	Start	End	Hours	Timings	Fees*
Face to Face	05.08.19	16.08.19	80	7.30am 4.00pm (10 Days)	8000/-

INDIRECT TAX

Mode	Start	End	Hours	Timings	Fees*
Face to Face	19.08.19	29.08.19	80	7.30am 4.00pm (10 Days)	8000/-

CA INTER : REGULAR COURSE NOV 19 EXAM

TAXATION

Mode	Start	End	Hours	Timing	Fees
Face to Face	02.09.019	05.10.19	120	7.00 to 11:00am	10000/-

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