

INTERMEDIATE EXAMINATION

December 2018

P-11(ITX)
Syllabus 2016

Indirect Taxation

Time Allowed: 3 Hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.
Wherever required, the candidate may make suitable assumptions
and state them clearly in the answers.*

Working notes should form part of the relevant answers.

GST (Section-A)

Part-I

(All questions are compulsory in Part-I.)

1. (a) Choose the correct option from amongst the four alternatives given: 1×5=5
- (i) Which of the following manufacturer cannot opt for composition levy?
- (A) Manufacturer of pan masala
 - (B) Manufacturer of ice-cream
 - (C) Manufacturer of tobacco substitutes ✓
 - (D) All of the above ✓
- (ii) GST is payable in respect of services rendered to an employer by an employee on
- (A) regular basis in the course of employment ✓
 - (B) contract basis not in the course of employment ✓
 - (C) Neither (A) nor (B)
 - (D) Both (A) and (B)
- (iii) Which of the following shall not be included in value of supply?
- (A) Commission
 - (B) Late fee or penalty for delay ✓
 - (C) GST ✓
 - (D) Interest

Please Turn Over

(iv) Where a person becomes liable to get registered under GST law, he should furnish application for registration within _____ days.

- (A) 15
- (B) 30
- (C) 60
- (D) 90

(v) Following taxes are levied in interstate supply of goods under GST law:

- (A) CGST only
- (B) SGST and IGST
- (C) IGST and CGST
- (D) IGST only

(b) Match the following:

1×5=5

	Column A		Column B
1.	Head-quarters of GST council is at	A.	GSTN
2.	SPV to cater to the needs of GST	B.	Form of supply of goods
3.	Breeding of fish	C.	India
4.	Barter	D.	Exempted from GST
5.	Highest GST rate is found in	E.	Mumbai
	_____	F.	New Delhi
	_____	G.	China

(c) State whether *true* or *false*:

1×5=5

- (i) The scope of supply of goods or services or both includes, *inter alia*, sale, exchange and lease.
- (ii) A person of Tripura is eligible to opt for composition levy provided his previous year turnover (aggregate) exceeds ₹ 75 lakh.
- (iii) A registered person under GST law gives a free spoon along with every soap purchased. This is a case of composite supply under GST law.
- (iv) Under GST law, every registered person whose aggregate turnover during a financial year exceeds ₹ 2 crore has to get his accounts audited by a chartered accountant or a cost accountant.
- (v) Input credit can be claimed for machinery purchased and sent directly to a job worker registered under the tax payer.

(d) Fill in the blanks:

1×5=5

- (i) Every person who is liable to be registered under GST shall apply for registration in form GST REG-01.
- (ii) License to occupy land is treated as _____ (supply of services/not supply of services).
- (iii) In GST, details of inward supplies of taxable goods or services for claiming input credit are to be furnished in form no. GSTR 02.
- (iv) For delayed payment of GST, interest is payable at 18 % per annum.
- (v) As per the GST law, every registered taxable person must maintain account books and records for at least 7 yrs from the due date of furnishing of annual return for the year pertaining to such return.

Please Turn Over

Part-II

(Answer any four questions in Part-II.)

2. (a) State briefly the features of the GSTN, i.e., the role assigned to GSTN in India. 7
- (b) (i) Which are the commodities proposed to be kept outside the purview of GST? 2+6
- (ii) What are the salient features of Integrated Goods and Services Tax (IGST)?
3. (a) CMA Anushtup Chandra of Kerala (resident in India), rendered taxable professional services to M/s Mythili & Co., of Mumbai. He raised a proper tax invoice on 01-02-2018, charging applicable GST and showing the same separately in the invoice.
- After deduction of tax under section 194-J of the Income-tax Act, 1961, a net amount of ₹ 3,24,000 was paid by Mythili & Co., on 12-02-2018.
- You are required to ascertain the tax invoice amount raised by CMA Anushtup Chandra, the registered supplier, showing clearly the value of supply and GST charged by him and the amount of TDS deducted by Mythili & Co., u/s 194-J of the Income-tax Act, 1961. 5
- (b) (i) Virat Raina imported on 12-09-2018, certain goods from Colombo, on which he paid ocean freight of ₹ 2,34,000. He has received a notice from the Department, asking him to pay the GST on the ocean freight. It is stated in the notice that he is liable to pay GST on Ocean Freight. Since, place of supply of service is destination of goods as per Sec. 13(9) of IGST Act, 2017.
- You are required to help the importer in rebutting the Department's view. 4
- (ii) With reference to the position of Goods and Services Tax law as applicable on or after 01.07.2017, what would be the place of supply of service in the following independent cases?
- (I) MN Trade Links of New Delhi are appointed as commission agent by a foreign company for sale of its goods to Indian customers. In lieu of their services, MN Trade Links receive a fixed percentage of commission from the concerned foreign company.

- (II) OP Fabricators of Mumbai has temporarily imported certain goods from its customer located in Hongkong for repairs. The said goods have been re-exported to Hongkong after carrying out the necessary repairs without being put to any use in Mumbai.
- (III) UV Airlines, an airlines located in New Delhi, has hired aircrafts from a foreign Airlines for a period of 15 days.

4. (a) Mr. C a registered taxable person, was paying tax at composition scheme upto 30th July. However, w.e.f 31st July, Mr. C becomes liable to pay tax under regular scheme.

Other information:

- (i) Unutilized inputs at day end on 30th July for ₹ 3,54,000 (inclusive of GST paid @ 18%)
(ii) Capital goods purchased for ₹ 5,00,000 (invoice date 22nd April, 2017, GST charged separately @ 18%)

Find the eligible ITC to Mr. C

Note: Mr. C has not availed depreciation on the GST paid on capital goods.

- (b) Alisha Hotel Ltd. is a hotel provider of rooms. Rent charged per day per room is as follows:

Particulars	Amount (₹)
Room Rent	550
Furniture Rent	400
Air-conditioner Rent	150
Refrigerator Rent	50
Less: Discount	(250)
Net Amount Charged	900

During the month of Oct. 2017, 20 rooms are let out throughout the month and balance 35 rooms are let out only for 15 days.

Input Tax Credit available ₹ 7500.

The following GST rates are applicable for the hotel industry: 12%, 18% and 28%.

Find the GST liability if any for the month of Oct. 2017.

Please Turn Over

5. (a) Mr. Vishnu, who has started a business for supply of goods and services in Tamil Nadu, furnishes the following information pertaining to the period commencing on 01-07-2017 and ended on 31-03-2018:

Sl. No.	Particulars	Amount (₹)
(i)	Sale of diesel on which Sale Tax (VAT) is levied by Tamil Nadu Government.	7,00,000
(ii)	Supply of goods, after completion of job work, from the place of Mr. Vishnu, directly by his principal under whom he is registered as job worker.	4,20,000
(iii)	Export supply to Dubai.	6,00,000
(iv)	Supply to its own additional place of business in Tamil Nadu, under same registration.	5,00,000
(v)	Supply of goods exempt from GST.	8,20,000

You are required to help him in deciding whether he has to go for registration under CGST law.

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(b) Mr. M of Maharashtra supplied goods/services for ₹ 35,000 to Mr. P of Pune. Mr. M purchased goods/services for ₹ 23,600 (inclusive of IGST 18%) from Mr. C of Tamil Nadu. SGST and CGST rate on supply of goods and services is 9% each. Find the following:

- (i) Total price charged by Mr. M for supply of goods/services and
- (ii) Who is liable to pay GST?
- (iii) Net liability of GST.

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6. (a) (i) The ADINA GROUP being an event organizer located at New Delhi organized MISS INDIA 2017 beauty pageant in India in the following cities for M/s PCC MISS INDIA, who is a registered person located in Kolkata after 1st July, 2017:

City	No. of days	Fee in ₹
New Delhi	15	15 Crores
Chennai	20	20 Crores
Kolkata	25	25 Crores
Total	60	60 Crores

Required:

(A) Find the place of supply of service if contract specifies clear details.

(B) Find the place of supply of service if contract specifies lumpsum amount of ₹ 50 Crores. 3+3

- (ii) MS. ANTIRA, a registered person, supplied certain goods to Mr. G also a registered person. The tax in respect of the said goods is liable to be paid on Reverse Charges basis. Other details of the transaction are as under:

(a)	Date of the receipt of goods by Mr. G.	26.11.2017
(b)	Date on which the payment is made and entered in the books of accounts by Mr. G.	22.12.2017
(c)	Date when the payment is debited in bank account of Mr. G.	24.12.2017
(d)	Date of issue of invoice by Ms. Antira, the supplier.	20.11.2017
(e)	Date immediately following 30 days from the date of issue of invoice by the supplier.	21.12.2017

You are required to determine the time of supply of goods under reverse charge basis. 4

Please Turn Over

(b) Following is the GST tax invoice issued by a registered supplier:

M/S ABC Pvt. Ltd., Chennai		
Date: 12-01-2018	GST no.: 33AXCCA1234MZU	
Purchaser: John Britto, Kochi	GST no. of purchaser: 31AAVPR6745J1ZU	
	Quantity (Nos.)	Value (₹)
Ready-made shirts	10,000	12,00,000
IGST		2,16,000
Total amount		14,16,000
<i>Being computer printout, no signature is required.</i>		

Identify any five mistakes or errors found in the above GST tax invoice.

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

5×3=15

- (a) Procedure for Registration under GST
- (b) List of persons not eligible for composition scheme
- (c) Composite supply
- (d) Contents of receipt voucher

Customs (Section-B)**Part-III**

(All questions are compulsory in Part-III.)

8. Choose the correct option from amongst the four alternatives given:

1×5=5

- (i) ✓ _____ means where goods are cast into sea to reduce weight of ship to prevent it from sinking and the thrown goods sink.
- (A) Jettison ✓
(B) Overload
(C) Underload
(D) None of the above
- (ii) ✓ Basic custom duty on imported goods is levied at the rates specified in the
- (A) First Schedule of the Customs Tariff Act, 1975. ✓
(B) Second Schedule of the Customs Tariff Act, 1975.
(C) Customs Act, 1962.
(D) Customs Manual 2001.
- (iii) ✓ A ship carries some goods K, L, M and N from Singapore to Dubai, via Chennai. L and M are moved at Chennai in another vessel. L being meant for Kochi and M to Dubai. As per customs law, the transhipped good(s) is/are:
- (A) All four
(B) L only
(C) L and M ✓
(D) None of the goods
- (iv) ✓ In the GST regime, for the purpose of levying IGST for all the imports duty shall be levied at the rate of
- (A) 25%
(B) 18% ✓
(C) 15%
(D) 10%

Please Turn Over

- (v) ✓ As per Section 2(24) of the Customs Act, 1962, the person-in-charge of a vehicle carrying imported goods; deliver to the proper officer an import report within _____ after its arrival in the customs station, in the prescribed form.
- (A) 12 hours
(B) 18 hours
(C) 24 hours ✓
(D) None of the above

Part-IV

(Answer any one question in Part-IV.)

9. (a) ✓ (i) When shall the safeguard duty under section 8 of the Customs Tariff Act, 1975 be not imposed? Discuss briefly.
- (ii) A bill of entry was presented by Zeelsin Ltd., an importer on 16th September, 2017. The vessel carrying goods arrived on 23rd September, 2017. Entry inwards was granted on 25th September, 2017 and the bill of entry was assessed on that date and was also returned to the importer for payment of duty on that date. The duty amounting to ₹ 4,00,000 was paid by the importer on 4th October, 2017. There were four holidays during the period from 26th September to 4th October, 2017.
Calculate the amount of interest payable under section 47(2) of the Customs Act, 1962. 4+3
- (b) ✓ (i) Explain the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 containing the provisions relating to the warehousing:
- (A) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.
- (B) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.
- (C) The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while cancelling the license of a private warehouse if he has contravened any provision of the said Act. 4

(ii) RPG Ltd. imported 125 units of minerals from High Seas for sale in India. Selling price is exclusive of duties and taxes. Freight from port to depot in India is ₹ 2,530 and insurance ₹ 310.

Sale quantity	Unit price (₹)
80 ✓	105 ①
60 ✓	90 ②
30 ✓	105 ①
100 ✓	100
50 ✓	95
70 ✓	90 ②
10 ✓	105 ①

105 - 120 nos
90 - 130 nos
100 - 100 nos
95 - 50 nos

1741.52
1696.90

Basic Customs Duty-12%. Assume there is no IGST applicable for the product.

You are required to calculate total customs duty as per Rule 7 of customs valuation (Determination of value of imported goods) Rules 2007.

1690 - 81 + 33.82
~~81.80~~ + 4
~~1690.90~~ + 16.91

Please Turn Over

10. (a) How is the expression "foreign going vessel or aircraft" defined under Customs Act, 1962? 5

(b) (i) What is the taxable event for exported goods? Also state the relevant rate of foreign exchange in case of exports. 4

(ii) Ms. Vani Ganapathy, shifted her residence to India, after stay in Dubai for 18 months. She brought the following assets to India, landing at Salem (Tamil Nadu) airport on 21-01-2018:

Sl. No.	Particulars	Amount (₹)
1	Gold jewellery 50 grams valued at	1,50,000
2	Alcoholic liquor 3 litres valued at	9,000
3	10 boxes of cigarettes, each box containing 20 nos., valued at	3,000
4	Two notebook computers (one for personal use and one for her business use: 1,10,000+90,000)	2,00,000
5	Used household articles	2,23,500

Ascertain the customs duty payable by her if the customs duty is payable @ 36.05% inclusive of edu. cess.