

**FINAL EXAMINATION**

December 2018

**P-18(ITP)  
Syllabus 2016**

Time Allowed: 3 Hours

**Indirect Tax Laws and Practice**

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) Under GST Act a supply of assortment of sweets, chocolates and firecrackers packed in a gift hamper is
- (a) Joint supply
  - (b) Composite supply
  - (c) Mixed supply
  - (d) Assorted supply
- (ii) The due date for filing GSTR – 6 (Return for input Service distributor) is \_\_\_\_\_ of the succeeding month.
- (a) 10
  - (b) 13
  - (c) 18
  - (d) 20
- (iii) Under GST input tax credit cannot be claimed on goods and services used as inputs if
- (a) goods are purchased on credit.
  - (b) goods are received and utilized, the invoice is received after two weeks from the supplier.
  - (c) goods are destroyed by fire.
  - (d) services are provided by a law firm on which GST has been paid under RCM.

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- (iv) A person is not liable for registration under GST Act if
- (a) non-resident person making a taxable supply.
  - (b) an agriculturist selling produce out of cultivation of land.
  - (c) dealer engaged in inter-state trade above threshold limit for registration.
  - (d) casual taxable person making taxable supply.
- (v) It is not mandatory to have the following field in a tax invoice under CGST Rules, 2017:
- (a) Date of its issue
  - (b) HSN Code of goods or Accounting Code of Services
  - (c) Name and Address of the recipient
  - (d) Date of receipt of goods/services by the recipient
- (vi) Under GST Act the term UIN stands for
- (a) User Identification Number
  - (b) Utility Identification Name
  - (c) Unique Identification Number
  - (d) Unique Individual Number
- (vii) Following is not a part of the contents of a bill of supply:
- (a) Description of Goods or Services or both
  - (b) Consecutive Serial number
  - (c) Signature or digital signature if registered of the recipient
  - (d) Signature or digital signature of the supplier or his authorized representative
2. (a) Shankar Pvt. Ltd. was awarded a contract in July 2017 for providing flooring and wall tiling services in respect of a building located in Delhi by Padmapriya Ltd. As per the terms of contract, Shankar Pvt. Ltd. was to provide all the required material for execution of the contract. However, Padmapriya Ltd. also provided a portion of the material.



Whether the services provided by Shankar Pvt. Ltd. are subject to GST? If yes, determine the GST liability of Shankar Pvt. Ltd. from the following particulars:

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Particulars	₹
(i) Gross amount charged by the Shankar Pvt. Ltd.	6,00,000
(ii) Fair market value of the material supplied by Padmapriya Ltd.	1,00,000
(iii) Amount charged by Padmapriya Ltd. for the material [included in (i) above]	60,000

**Note:** CGST 6% and SGST 6%

(b) Explain the concept of supply made in the course or furtherance of business as a taxable event under GST law.

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3. (a) Mrs. Poornima started a business in supply of goods on 12.12.2017 at Salem, Tamilnadu. During the year ended 31.03.2018, the details of the supplies effected at her Chennai office are as under:

Supply of taxable goods within State	₹ 16 lakhs
Supply of exempt goods	₹ 5 lakhs

She has not taken any GST registration. Determine the amount of penalty, if any, which may be imposed by her on 31.03.2018. In respect of taxable goods, SGST is 6% and CGST is 6%.

**Note :** Assume that she crossed the ₹20 lakhs limit on 25.01.2018.

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(b) Mr. X has cleared goods from his factory on 20th May, 2017 for sale to Mr. Y for ₹ 5,00,000. Effective rate of Excise Duty (ED) @ 12.5%. However, E.D ₹ 62,500 has been paid on 6th June, 2017. The consignment received by Mr. Y on 5th July, 2017.

Find the following:

- Is Mr. Y eligible for ITC if so, what amount?
- Time limit within which receipt of inputs should be recorded in the books of account of Mr. Y.
- Mr. Y recorded receipt of inputs in the books of account on 15.08.2017, if so can he avail the ITC?

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4. (a) (i) State the functions of the GSTN, i.e. the role assigned to GSTN. 5
- (ii) Brahmi Foundation, Noida is registered as a trust under section 12AA of the Income-tax Act, 1961. With effect from 01.08.2017, it intends to offer its guest houses to the pilgrims visiting the Noida shrine at ₹ 900 per day and their marriage hall at ₹ 12,000 per day. 5
- They want to know whether these will attract GST liability. Advise them suitably.
- (b) In the light of the provisions of GST law as it stands w.e.f. 01.07.2017, briefly explain as to whether it is taxable service and who is the person responsible for paying GST in the following situations: 4
- (i) Legal services provided by Senior Advocates to business entities.
- (ii) Mere Contracts for representation service provided by the Senior Advocates to any business entity has been entered into through another advocate or firm of advocates. State the turnover criteria of the previous year which applies, including the one for special category States.
5. (a) (i) Sarath Pharma Ltd., filed an appeal before the Appellate Tribunal against the order of the Appellate Authority, wherein the issue was revolving around the place of supply. The Tribunal decided the issue against the company and in favour of the Department. 5
- The company is of the strong view that its stand is correct and consequently, there is need to take the issue to an appellate forum higher than the Appellate Tribunal.
- You being the Cost Accountant dealing with indirect tax matters, advise the company about filing appeal before the suitable forum.
- (ii) Vaibhav, a registered supplier under GST law, has furnished the following details for the month of August, 2017:

Particulars	Amount (₹)
Purchase of goods made from outside State	8,00,000
Inter-State supply of goods	10,00,000
Goods taken for personal use in above	20,000

The IGST was paid on 10th October, 2017.

Calculate the interest payable for the delayed payment. 5

You are informed that the IGST rate for all the goods dealt with by Vaibhav is 18%.



- (b) Padmaja, a registered supplier, rendered taxable service for ₹ 2 lakhs on 01.12.2017. The tax invoice was raised on 09.12.2017. Payment was received on 22.11.2017.

Determine the time of supply for GST purposes. 4

6. (a) Explain the accounts and records required to be maintained by registered person under GST law. 7

- (b) M/s A Ltd. sold plant and machinery after being used in the manufacture of taxable goods for ₹ 4,00,000 on 1st November, 2018. GST is payable on transaction value of plant and machinery 18%. M/s A Ltd. had purchased this machine vide invoice dated 22nd November, 2017 for ₹ 5,50,000 plus GST 18%.

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

7. (a) Under the Service Tax regime, tour operator services were charged at abated rate of 9% whereas in Goods & Services Tax Act, 2017 rate of tax fixed is 5% which resulted in reduction of tax from 9% to 5%.

You are asked to determine the benefit, if any to be passed by the tour operator to the recipient of services. 7

- (b) Enumerate and Explain the advantages of GST. How has introduction of GST benefitted the consumers and general public? 7

### Section-B

Answer Question No. 8 which is compulsory and any two from the rest in this section.

8. Choose the correct answer with **justification/workings** wherever applicable. 2×3=6

- (i) Under Foreign Trade Policy export and import goods are broadly categorized. Which of the following statements is correct?

- (A) Free i.e. general goods are allowed to be imported without payment of any customs duty.  
(B) Restricted goods are banned and not allowed to import or export.  
(C) Restricted goods are allowed to be imported only if used for re-export.  
(D) Restricted goods are allowed to be imported or exported only with authorization.

- (ii) Which of the following is a document not required to be filled for claiming of duty drawback on re-export?

- (A) Import Invoice  
(B) Evidence of payment of duty at the time of import  
(C) Export bill with packing list  
(D) Permission from CBEC authorising re-export of goods

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(6)

(iii) Derelict are goods that

- (A) are abandoned by the owner in an emergency with a hope of recovering it later.
- (B) owner has no intention to abandon but get sunk and drift to the shore.
- (C) owner has no intention to abandon but float and drift to the shore.
- (D) are abandoned by owner of goods without any hope of recovery.

9. (a) After staying abroad for 16 months, Mr. Vayudev shifted his residence to India from Sydney to Kolkata on 12.10.2017. At the time of landing at Kolkata, he brought the following Items:

Sl. No.	Particulars	Amount (₹)
(i)	Gold bars 30 grams valued at	90,000
(ii)	Alcoholic liquor 4 litres valued at	10,000
(iii)	20 boxes of cigarettes, each box containing 10 nos., valued at	4,000
(iv)	One notebook computer	1,00,000
(v)	One PC meant for personal use	40,000
(vi)	Hand pistol	83,000

You are required to compute the customs duty payable by him for the baggage. 7

(b) In the context of foreign trade policy, what do you understand by the term "Standard Input Output Norms (SION)"? What are the basic requirements of SION? 5

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

	US \$
(i) Cost of the machine at the factory of the exporting country	10,000
(ii) Transport charges incurred by the exporter from his factory to the port for shipment	500
(iii) Handling charges paid for loading the machine in the ship	50
(iv) Buying commission paid by the importer	50
(v) Freight charges from exporting country to India	1,000
(vi) Exchange Rate to be considered 1\$ = ₹ 65	

(b) Under Foreign Trade Policy (FTP), explain what is Board of Trade (BOT)? 4

11. (a) A consignment of 800 metric tonnes of edible oil of Malaysian origin was imported by a charitable organization in India for free distribution to below poverty line citizens in a backward area under the scheme designed by the Food and Agricultural Organization. This being a special transaction, a nominal price of US \$ 10 per metric tonne was charged for the



consignment to cover the freight and insurance charges. The Customs House found out that at or about the time of import of this gift consignment, there were following imports of edible oil of Malaysian origin:

Sl. No.	Quantity imported in metric tonnes	Unit price in US \$ (CIF)
(i)	20	260
(ii)	100	220
(iii)	500	200
(iv)	900	175
(v)	400	180
(vi)	780	160

The rate of exchange on the relevant date was 1 US \$ = ₹ 63.00 and the rate of basic customs duty was 15% *ad valorem*. There is no IGST.

Calculate the amount of duty leviable on the consignment under the Customs Act, 1962 with appropriate assumptions and explanations where required. 6

(b) Examine whether benefit of Service Exports from India Scheme (SEIS) can be availed with respect to notified services provided by service providers located in India in the current financial year in the following independent cases: 6

- (i) Net Foreign Exchange (NFE) earned by Mr. Raj, a service provider, in the preceding financial year is USD 4,500.
- (ii) X & Co., is a partnership firm, supplier of taxable services, has earned net foreign exchange to the turn of USD 17,500 in the preceding financial year.
- (iii) Mr. Roshan, a service provider, has earned net foreign exchange of USD 13,000 in the preceding financial year. Out of this, USD 4,000 has been paid to Mr. Roshan through the credit card of the foreign client.

**Note:** All the above service providers have an active IEC at the time of rendering services.