



POSTAL TEST PAPER

FINAL

SYLLABUS 2022

PAPER - 19

INDIRECT TAX LAWS AND PRACTICE

Time Allowed: 3 Hours

Full Marks: 100

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

Answer Question No. 1 and 8 are compulsory and any four from Question No. 2, 3, 4, 5, 6 & 7.

SECTION - A

1. Choose the correct alternative. Provide justification in each case. 1 mark is allotted for correct selection and 1 mark for the justification: [12×2=24]

- (i) The person was operating under normal scheme, but now he wants to convert in composition scheme/which form he must file?
(a) Form GST CMP-01
(b) Form GST CMP-02
(c) Form GST CMP-03
(d) Form GST CMP-04.
- (ii) M/s X Academy made certain gifts to its employees, as—
(A) Mr. B ₹ 50,000
(B) Mr. N ₹ 47,000
(C) Mr. Y ₹ 57,000
Which of these gifts shall be liable to GST?
(a) (A), (B) & (C)
(b) (A) & (C)
(c) Only (C)
(d) None of the above.
- (iii) Mr. O of USA came to Chennai for personal visit and booked a room in Taj Hotel of Chennai. What type of GST is liable to be paid by Taj Hotel of Chennai where payment received in US Dollars?
(a) CGST + SGST
(b) IGST
(c) Zero rate of GST
(d) None of the above
- (iv) Every registered taxable person who has made outward supplies in the period between the date on which he became liable to registration till the date on which registration has been granted shall declare the same in the:
(a) first return filed by him after grant of registration
(b) first two returns filed by him after grant of registration
(c) FORM GSTR-7
(d) FORM GSTR-11.
- (v) What is the prescribed monetary limit of Integrated Tax for Additional or Joint Commissioner of Central Tax for issuance of show cause notices and orders under Section 73 and 74 read with Section 20 of the IGST Act?
(a) Not exceeding ₹ 10 lakhs
(b) Above ₹ 200 lakhs and not exceeding ₹ 2 crore
(c) Above ₹ 2 crore without any limit



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- (d) Any amount without any limit
- (vi) Where shall the Advance Ruling Authority be located?
(a) The Authority shall be located in each State/ Union Territory.
(b) The Authority shall be located in Centre.
(c) The Authority shall be located in both Centre & State.
(d) None of the above.
- (vii) It is the responsibility of the anti-profiteering authority to examine whether—
(a) ITC availed by a taxable person or the reduction in price on account of reduction in tax rate have resulted in commensurate reduction in price of goods/services;
(b) ITC availed by a taxable person or the reduction in price on account of reduction in tax rate has actually resulted in an increase in price of goods/services.
(c) Payment of tax on profit is made by the registered persons on time.
(d) (a) and (b) both.
- (viii) 1,00,000 MT goods are imported for ₹10 lakh but goods actually received are 95,000 MT. In this case, value of goods liable to duty is—
(a) ₹10,00,000
(b) ₹9,50,000
(c) ₹50,000
(d) ₹10,50,000.
- (ix) Determine price to be taken for computing deductive value in rule 7: Sale quantity- 80 units @ ₹90, 50 units @ ₹95, 25 units @ ₹105, 40 units @ ₹100:
(a) ₹105
(b) ₹100
(c) ₹95
(d) ₹90
- (x) What is the General Free Allowance for passengers coming from Nepal by land route?
(a) Nil
(b) ₹50,000
(c) ₹15,000
(d) ₹25,000.
- (xi) The time limit beyond which if goods are not returned, the capital goods sent for job work shall be treated as supply
(a) One year
(b) Five years
(c) Six months
(d) Three years
- (xii) C Pvt Ltd. merges into X Pvt Ltd Can the unutilized balance of ITC in C Pvt Ltd. of ₹80 lacs be transferred to the electronic ledger of X Pvt Ltd.?
(a) Yes
(b) No
(c) Not applicable
(d) Discretion of X Pvt Ltd.



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Section - B

2.(a) RTS Tours Co. has arranged four package tours during October 2022. The particulars of the services and charges are as under:

- (1) Tour 1: Charges received ₹ 35 lakhs. The package includes transportation, accommodation, food, and tourist guide, entry fees for monuments.
- (2) Tour 2: Charges received ₹ 65 lakhs. The package includes transportation and accommodation for stay.
- (3) Tour 3: Charges received ₹ 40 lakhs. The charges are solely for arranging accommodation for stay. However, the bills issued to the clients do not mention it clearly that the charges are solely for arranging the accommodation for stay.
- (4) Tour 4: Charges received ₹ 50 lakhs (inclusive of charges of stay). The bill issued to the client's mentions it clearly that the charges are solely for arranging the accommodation for stay.

Compute the value of taxable supply of services and GST.

Note: Applicable rates of GST 5% and 18%. All transactions taken place at inter State level. [7]

(b) ABC & Co., a Chartered Accountants firm issued invoice for services rendered to Mr. Ram on 5th August 2022. Determine the time of supply in following independent cases:

- (i) The provisions of services were completed on 1st July 2022.
- (ii) The provisions of services were completed on 15th July 2022.
- (iii) Mr. Ram made the payment on 3rd July 2022, where provisions of services were remaining to be completed.
- (iv) Mr. Ram made the payment on 15th August 2022, where provisions of services were remaining to be completed. [8]

3.(a) M/s Lips Ltd., manufactures four types of 'Nail Polishes', namely Sweety, Pretty, Beauty, Tweety.

The Company has taken input tax credit of ₹3,00,000 on the common inputs used in the manufacture of 'Nail Polishes'. Common inputs also used partly for non-business purposes. During the financial year the company manufactured 1000 litres of each type of 'Nail Polishes'. The Company was not in a position to maintain separate set of records with regards to inputs used for final products. GST payable on final goods @12%.

You are required to calculate the net GST payable by M/s Lips Ltd. for the year from the following data:

Product Name	Description	Sale price (Exclusive of GST)
Sweety	Sale to Domestic Tariff Area	₹30 per 20ml. bottle
Pretty	Sale to a Special Economic Zone (SEZ)	₹40 per 20ml. bottle
Beauty	Sale to A Ltd. of USA	₹50 per 20ml. bottle
Tweety	Sale to Defence Canteen(Exempted from GST)	₹60 per 20ml. bottle

[10]

(b) Write a short note on Consolidated E-way Bill under GST.

[5]



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4.(a) What is an Advance Ruling? State the objectives of Advance Ruling. To whom the Advance Ruling is applicable? State the questions on which the Advance Ruling is sought for. [2+4+2+3=11]

(b) Describe the duties of Anti-profiteering Committee as per sec. 171(3). [4]

5.(a) M/s X Academy being provider of taxable services has obtained centralized registration in Chennai for its offices in Hyderabad and Cochin under the Finance Act, 1994. The Chennai Office has the balance credit of Rs 5 Lakhs as on 30-06-2017.

Can M/s X Academy distribute the credit to Hyderabad and Cochin. If so in which ratio. Explain? [3]

(b) ABC Technologies Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. ABC Technologies in this connection are as follows:

- (i) Freight from Japan to India Port 20,000 Yen
- (ii) Insurance paid to Insurer in India ₹10,000
- (iii) Designing charges paid to Consultancy firm in Japan 30,000 Yen
- (iv) M/s. ABC Technologies had expended ₹1,00,000 in India for certain development activities with respect to the imported equipment
- (v) ABC Technologies had incurred road transport cost from Mumbai port to their factory in Karnataka ₹30,000
- (vi) The Central Board of Indirect Taxes and Customs had notified for purpose of section 14(3) of the Customs Act, 1962 exchange rate of 1 Yen = ₹0.3948. The interbank rate was 1 Yen = ₹0.40
- (vii) M/s ABC Technologies had effected payment to the Bank based on exchange rate 1 Yen = ₹0.4150
- (viii) The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees Arrive at the assessable value for purposes of customs duty under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions. [12]

6.(a) State the cases where MEIS (Merchandise Export from India Scheme) duty credit scrips are not allowed. [8]

(b) Mention the common provisions which are applicable to both MEIS (Merchandise Export from India Scheme) and SEIS (Service Export from India Scheme). [7]

7.(a) Mr. Gopal, an Indian entrepreneur, went to London to explore new business opportunities on 01.04.20XX. His wife also joined him in London on 01.12.20XX. The following details are submitted by them with the Customs authorities on their return to India on 30th April (next year):

- (A) used personal effects worth ₹95,000
- (B) a music system worth ₹34,000
- (C) the jewellery brought by Mr. Gopal for ₹44,000 and the jewellery brought by his wife worth ₹25,000

Determine their eligibility with regard to duty free allowance. [5]



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(b)(i) With reference to the provisions of GST law, determine the place of supply of the service in the following cases and also, explain whether the said supply will amount to export of service.

- (1) Mr. Z, a supplier registered in Hyderabad (Telangana), procures goods from China and directly supplies the same to a customer in US. With reference to the provisions of GST law, examine whether the supply of goods by Mr. Z to customer in US is an inter-State supply.
- (2) RST Inc., a corn chips manufacturing company based in USA, intends to launch its products in India. However, the company wishes to know the taste and sensibilities of Indians before launching its products in India. For this purpose, RST Inc. has approached ABC Consultants, Mumbai, (Maharashtra) to carry out a survey in India to enable it to make changes, if any, in its products to suit Indian taste.

The survey is to be solely based on the oral replies of the surveyees; they will not be provided any sample by RST Inc. to taste. ABC Consultants will be paid in convertible foreign exchange for the assignment. **[4]**

- (ii)** S Advertisers conceptualized and designed the advertising campaign for a new product launched by Moon Pvt. Ltd. for a consideration of ₹15,00,000. S Advertisers owed ₹1,20,000 to one of its vendors in relation to the advertising service provided by it to Moon Pvt. Ltd. Such liability of S Advertisers was discharged by Moon Pvt. Ltd. Moon Pvt. Ltd. delayed the payment of consideration on thus, paid ₹15,000 as interest. Assume the rate of GST to be 18%. Determine the value of taxable supply made by S Advertisers. **[6]**

Section - C

8.(a) Mrs. Kala, a registered supplier of Jaipur (Rajasthan), has made the following supplies in the month of January, 20XX:

- (i) Supply of a laptop bag along with the laptop to a customer of Mumbai for ₹ 55,000 (exclusive of GST).
- (ii) Supply of 10,000 kits (at ₹ 50 each) amounting to ₹ 5,00,000 (exclusive of GST) to Ram Fancy Store in Kota (Rajasthan). Each kit consists of 1 hair oil, 1 beauty soap and 1 hair comb.
- (iii) 100 kits are given as free gift to Jaipur customers on the occasion of Mrs. Kala's birthday. Each kit consists of 1 hair oil and 1 beauty soap. Cost of each kit is ₹ 35, but the open market value of such kit of goods and of goods of like kind and quality is not available. Input tax credit has not been taken on the goods contained in the kit.
- (iv) Event management services provided free of cost to her brother for his son's marriage function in Indore (Madhya Pradesh). Cost of providing said services is ₹ 80,000, but the open market value of such services and of services of like kind and quality is not available.
- (v) 1,400 chairs and 100 coolers hired out to Function Garden, Ajmer (Rajasthan) for ₹ 3,30,000 (exclusive of GST) including cost of transporting the chairs and coolers from Mrs. Kala's godown at Jaipur to the Function Garden, Ajmer. Mrs. Kala has paid the cost of transportation of chairs and coolers to an unregistered Goods Transport Agency (GTA) [located in the State of Rajasthan] @ ₹ 20 (exclusive of GST) for each chair and each cooler and in turn, has charged ₹ 20 only for each chair and each cooler from Function Garden for transportation of the same.
- (vi) Interest of ₹ 6,400 (inclusive of GST) was collected by Mrs. Kala in January from Ram Fancy Store, Kota for the payment received with a delay of 30 days.



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Assume rates of GST to be as under: Laptop 18%, Laptop bag 28%, Hair oil 18%, Beauty soap 28%, Hair comb 12%, Event Management service 5%, Service of renting of chairs and coolers 12% and Transportation services 5%.

From the above information, formulate the strategy such that the GST liability (CGST and SGST and/ or IGST, as the case may be) of Mrs. Kala for the month of January, 20XX can be moderate.

[8]

(b) The goods manufactured by Royal Ltd. have been exempted from GST with effect from 15th November 20XX. Earlier these goods were liable to tax @ 18%. Its inputs were liable to GST @ 12%. Following information is supplied on 15th November 20XX:

(i) The inputs costing ₹ 1,44,720 are lying in stock.

(ii) The inputs costing ₹ 77,184 are in process.

(iii) The finished goods valuing ₹ 4,82,400 are in stock, the input cost is 50% of the value. Royal Ltd. also purchased capital goods for ₹ 2,00,000 by paying GST 28% (invoice dated 10th July 20XX)

The balance in electronic credit ledger account shows credit balance of ₹ 2,79,104. 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. After combine reading of all the facts, advice in the light of the relevant provision of GST laws. Further, what would be your advice, if the balance in electronic credit ledger receivable account as on 15th November 20XX were ₹ 29,104?

[8]