



FINAL EXAMINATION **SET 1**
MODEL QUESTION PAPER **TERM – JUNE 2023**
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.

Where considered necessary, suitable assumptions may be made and clearly indicated in the answer.

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

SECTION - A

1. (a) 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) Goods within the meaning of supply does not include:
- Movable property
 - Money and securities
 - Actionable claim
 - All of the above

Give your justification:

- (ii) Is there any threshold limit for applying the provisions of Section 52 for collecting tax at source?
- TCS applies if net value of taxable supplies exceeds ₹ 10,00,000/-
 - TCS applies if net value of taxable supplies exceeds ₹ 15,00,000/-
 - TCS applies if net value of taxable supplies exceeds ₹ 20,00,000/-
 - No such limit prescribed, tax should always be collected at source if the conditions envisaged u/s 52 are met.

Give your justification:

- (iii) Which of the following transactions is inter-state supply of goods involving movement of goods?
- Location of supplier is in Hyderabad and location of recipient is in Mumbai and goods are shipped to Kolkata
 - Location of supplier is in Hyderabad and place of supply is Mumbai
 - Location of supplier and place of supply is Hyderabad
 - None of the above

Give your justification:

- (iv) When can the transaction value be rejected for computation of value of supply?
- When the buyer and seller are related and price is not the sole consideration



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- b. When the buyer and seller are related or price is not the sole consideration
- c. It can never be rejected
- d. When the goods are sold at very low margins

Give your justification:

- (v) The time limit to pay the value of supply with taxes to the supplier to avail the input tax credit is _____.
- a. 3 months
 - b. 6 months
 - c. 180 days
 - d. Till the date of filling of annual return

Give your justification:

- (vi) Mr. Amar generated an E-Way bill at 00:10 hrs. on 16th September. What shall be the first day to be considered to end for validity consideration?
- a. At 11:50 pm of 16th September
 - b. At 12:00 Midnight of 17th September
 - c. At 12:10 am of 17th September
 - d. None of the above

Give your justification:

- (vii) A registered taxable person is eligible to claim refund in respect of export of goods and services in the following cases
- a. Under bond, without payment of IGST and claim refund of unutilized input tax credit.
 - b. On payment of IGST and claim refund of IGST paid on such goods and services.
 - c. None of the above
 - d. Both (a) and (b)

Give your justification:

- (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

Give your justification:



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- (ix) After visiting UK for 10 days, Mr. K brought to India a laptop computer valued at ₹ 76,000, personal effects valued at ₹ 1,20,000 and a personal computer for ₹ 72,000. What is the customs Duty payable?
- ₹ 22,000
 - ₹ 8,470
 - ₹ 10,000
 - ₹ 15,000

Give your justification:

- (x) Mr. Ram, a registered person under GST sold goods to Mr. Ravi worth ₹5,00,000. The invoice was issued on 15th November. The payment was received on 1st October. The goods were supplied on 20th November. Find the time of supply of goods.
- 15th November
 - 20th November
 - 1st October
 - 30th November

Give your justification:

- (xi) Green Tree society is a registered tax payer under GST. The banquet hall of the society has been provided to a Member of the society on hire for the purpose of celebrating his son birthday party for ₹ 25,000. What is the value of supply?
- ₹ 25,000
 - ₹ 18,500
 - ₹ 15,000
 - Nil

Give your justification:

- (xii) Mr. Navab, being a registered tax payer and also a performing artist received ₹ 50,000 for performing classical dance. What will be the value of taxable supply?
- ₹ 50,000
 - ₹ 40,000
 - ₹ 15,000
 - Nil

Give your justification:



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SECTION – B

Answer any four Questions from Question No. 2, 3, 4, 5, 6 & 7.

2. (a) From the following particulars, compute the transaction value as per Rule 30 of the CGST Rules, 2017 for GST purpose. Out of 1,000 units manufactured, 800 units have been cleared to a sister unit for further production of taxable goods on assessee's behalf, the balance 200 units are lying in the stock:

Particulars	(₹)
Direct material consumed (inclusive of IGST @ 18%)	2,36,000
Direct labour and direct expenses	1,60,000
Works overheads	40,000
Research and development costs	25,000
Administration overheads (75% related to production)	80,000
Input received free of cost from sister units	35,000
Abnormal losses (not included above)	24,000
Advertisement and selling costs	36,000
VRS compensation to employee (not included above)	1,20,000
Realisable value of scrap/wastage	20,000

- (b) X Ltd., a unit in SEZ, received services from various service providers in relation to authorized operations in SEZ during the month July 2022. The following details are furnished for the month July, 2022:

- Value of Taxable services used exclusively for authorised operations within SEZ: ₹ 5,00,000 (exemption from GST availed).
- Value of Taxable Services used by SEZ units and DTA units: ₹ 8,00,000. GST paid @18%.
- Value of Taxable Service used wholly for DTA units: ₹ 3,00,000. GST paid @18%.
- Export Turnover of SEZ Unit: ₹ 1,00,00,000
- Turnover of DTA Unit: ₹ 60,00,000

Compute the ITC and amount of refund if any?

Note: All input services used by SEZ for its authorized operations only. [8+7=15]

3. (a) Write a brief note on duties and power of Anti Profiteering Committee.



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- (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:
- (i) Net Foreign Exchange (NFE) earned by Mr. Vijay, a service provider, in the preceding financial year is USD 9,500.
 - (ii) X & Co., is a partnership firm, supplier of taxable services, has earned net foreign exchange to the tune of USD 17,500 in the preceding financial year.
 - (iii) Mr. Roshan, a service provider, has earned net foreign exchange of USD 18,000 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 services providers have an active IEC at the time of rendering services.

- (c) Describe the operating principles of the RoDTEP Scheme? **[6+6 (2x3)+3]**

4. (a) Peter Bros. is a trader who sells his ready-made clothes online on Amazon India. It receives an order for ₹ 12,000 in the month of July 2022, inclusive of tax and commission 2%. Amazon charges a commission of ₹ 200. Applicable GST ₹ 1,800.

After analyzing the facts, determine the amount of TCS in the hands of Amazon.

Note: There are sales returns of Peter Bros. products from other customer for ₹ 2,000 in the month of July 2022.

- (b) Examine the fact and figure out the amount of duty drawback allowable under section 74 of the Customs Act, 1962 in following cases:
- (i) Salman imported a motor car for his personal use and paid ₹ 5,00,000 as import duty. The car is re-exported after 6 months and 20 days.
 - (ii) Nisha imported wearing apparel and paid ₹ 50,000 as import duty. As she did not like the apparel, these are re-exported after 20 days.
 - (iii) Super Tech Ltd. imported 10 computer systems paying customs duty of ₹ 50 lakh. Due to some technical problems, the computer systems were returned to foreign supplier after 2 months without using them at all.
- (c) X Pvt. Ltd., received a notice under Section 65(3) of the CGST Act, 2017 on 15th November 2022.

Date on which documents required	1st December 2022
Date on which documents made available to the Department	15th December 2022
Date of actual institution of audit at X Pvt Ltd., premises	5th January 2023



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The querist company seek your advice on the following query:

- (i) What should be considered as a date of commencement of audit?
- (ii) By which date, audit should be completed in normal course?
- (iii) By which date, audit should be completed if period of audit is extended?

[3 + 6 (2x3) + 6]

5. (a) Sitaram Ltd. is planning to open a unit in Special Economic Zone. You are approached by the CEO of the company to seek consultancy in respect of major incentives available to the SEZ units. You are requested to examine such incentives and provide a list so that the leadership team of the company can take appropriate decision.
- (b) Critically assess and suggest, what action may be taken by the Assessing Authority under law for each of the following breaches.
- (i) Nandini, registered under the CGST Act, 2017 has made a breach in payment of tax amounting to ₹ 7,200. Assessing authority has imposed a penalty as per law applicable to the breach. Invoking the provisions of Section 126, Nandini argues that it is a minor breach and therefore no penalty is impossible.
 - (ii) In another instance, Nandini has omitted certain details in documentation that is not easily rectifiable. This has occurred due to the gross negligence of his accountant and he makes a plea that he was unaware of it and therefore no penalty should be levied.
 - (iii) Nandini voluntarily writes accepting a major procedural lapse from his side and requests the officer to condone the lapse as the loss caused to the revenue was not significant.
 - (iv) Also a lapse on the part of Nandini has no specific penalty provision under the CGST Act, 2017. She is very confident that no penalty should be levied without a specific provision under this Act. **[7 + 8]**
6. (a) ABC Technologies Ltd. (ABCTL), has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by ABCTL 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) ABCTL had expended ₹ 1,00,000 in India for certain development activities with respect to the imported equipment



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- (v) ABCTL 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) ABCTL 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.

- (b) M/s X Pvt Ltd., issued invoice without supply of goods for ₹ 20 crore. Central Tax Authority issued a show cause notice by demanding following:

- CGST & SGST 18% = ₹ 3.60 crore
- Penalty 100% of tax due = ₹ 3.60 crore
- Interest 24% p.a.

You are required to answer the following:

- (a) Is it cognizable offence?
- (b) Quantum of punishment if M/s X Pvt Ltd., has been convicted. **[10 + 5]**

7. (a) Discuss the advantage of GSTN portal.

- (b) Mrs. & Mr. Kapoor visited Germany and brought following goods while returning to India after 6 days stay abroad on 8th November 20XX.

- (i) Their personal effects like clothes, etc., valued at ₹ 1,35,000.
- (ii) A personal computer bought for ₹ 1,36,000.
- (iii) A laptop computer bought for ₹ 1,40,000.
- (iv) Two liters of liquor bought for ₹ 1,600.
- (v) A new camera bought for ₹ 87,400.
- (vi) Plasma T.V. for ₹ 1,25,000

Compute the amount of customs duty payable.

- (c) Write a brief note on customs duty on import of samples. **[5+6+4]**



SECTION – C

8. (a) X Ltd has exported following goods to USA.

Product rate	FOB Value of Exported goods (₹)	Market Price of goods (₹)	Duty drawback
A	2,50,000	1,80,000	30% of FOB
B	1,00,000	50,000	0.75% of FOB
C	8,00,000	8,50,000	3.50% of FOB
D	2,000	2,100	1.50% of FOB

Note: Imported value of product C is ₹ 9,50,000.

Analyze the aforesaid information to formulate a set of argument justifying whether duty drawback will be admissible separately for each of the given products under section 75 of the Customs Act, 1962.

- (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:

- The inputs costing ₹ 1,44,720 are lying in stock.
- The inputs costing ₹ 77,184 are in process.
- 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+8]