



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER - 19

SET 2
TERM – JUNE 2023

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) Zero rated supply includes:
- Export of goods and services
 - Supply of goods and services to a SEZ developer or SEZ Unit
 - Supply of goods and services by a SEZ developer or SEZ Unit
 - Both (a) and (b)
- Give your justification.
- (ii) E-Way bill generation facility of a person paying tax under regular scheme will be blocked if he has not furnished the returns for a consecutive period of _____.
- 2 months
 - 2 tax periods
 - 3 tax period
 - 6 tax periods
- Give your justification.
- (iii) The time limit beyond which if goods are not returned, the inputs sent for job work shall be treated as supply, is _____.
- One year
 - Five years
 - Six months
 - Seven years
- Give your justification.
- (iv) CMA Bharath being a Practicing Cost Accountant provided certain professional services to his client. However, during such course of action, some out of pocket expenses were incurred, which Bharath claimed for reimbursement from his client. Should the same be included in the transaction value?
- Yes
 - No



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- c. May be
d. Does not qualify as supply
Give your justification.
- (v) Every electronic commerce operator required to collect tax at source under section 52 shall furnish a statement in _____, containing details of supplies effected through such operator and the amount of tax collected as required under section 52(1) of the CGST Act.
- a. Form GSTR-5
b. Form GSTR-6
c. Form GSTR-7
d. Form GSTR-8
Give your justification.
- (vi) At present, which of the following types of bonded warehouse is not allowed in manufacture and other operations?
- a. Public Bonded Warehouse
b. Special Bonded warehouses
c. Private Bonded warehouse
d. Both (a) and (b)
Give your justification.
- (vii) Mr. Raj being an owner of shop is a registered person under GST. He has decided to close the business. At the time of deregistration he has closing stock of ₹ 15,00,000. The final GST return of Mr. Raj will show his supplies made during the last taxable period plus Stock in hand of ₹ 15,00,000 during the deregistration. Which of the following will be his next course of action?
- a. Mr. Raj is liable to pay GST on stock if he has taken ITC on acquisition of such stock
b. Mr. Raj is not liable to pay GST on stock
c. Mr. Raj is liable to pay GST on stock irrespective of fact that he has not taken ITC on acquisition of such stock
d. None of the above
Give your justification.
- (viii) Mr. Ram registered in Chennai has supplied goods to Kochi Fisheries Department, for a total contract value of ₹ 2,65,000 inclusive of 18% IGST. The tax to be deducted at source is (TDS on GST) _____.
- a. Nil
b. ₹ 2,650
c. ₹ 5,300
d. None of the above
Give your justification.



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- (ix) Nikita imported wearing apparel and paid ₹ 50,000 as import duty. As she did not like the apparel, these are re-exported after 20 days. Calculate the amount of duty drawback allowable under Section 74 of the Customs Act, 1962.
- Nil
 - ₹ 50,000
 - ₹ 40,000
 - ₹ 45,000
- Give your justification.
- (x) Chennai Express train going from Chennai to Cochin, M/s X Ltd. located in Cochin has supplied the food which are given to passengers during night time. The food packets are loaded at Chennai Central Station, Chennai. Which model of GST is applicable?
- IGST
 - CGST-SGST
 - CGST-UTGST
 - None of the above
- Give your justification.
- (xi) Reliable Industries a readymade garment manufacturer issued the voucher on 10-07-2022 to their prospective customer for enabling them to buy readymade garments manufactured by them from their shop. Customer purchased readymade garments on 20th Aug 2022. Find the time of supply of goods.
- 10-07-2022
 - 20-08-2022
 - 31-07-2022
 - 31-08-2022
- Give your justification.
- (xii) If the date of cancellation of registration is 1st April 2023 whereas the cancellation order was received on 13th April 2023, then the GSTR 10 must be filed by _____.
- 13th July 2023
 - 1st July 2023
 - 31st July 2023
 - 31st August 2023
- Give your justification.



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SECTION – B

2. (a) Admission to True Theatre is ₹ 90 per ticket for a Tamil Movie as well as for a Hindi Movie plus entertainment tax 10% on Tamil Movie and 20% on other languages. In the month of November, True Theatre sold 2000 tickets of Tamil Movie and 1500 tickets of Hindi Movie. Find the value of taxable supply of service. Applicable rate of GST 18% & 28%. Find the GST liability, if any.
- (b) Best Cars Ltd sells a car worth ₹ 5,00,000 to Sundar Automobiles. Best Cars Ltd. incurred packing charges of ₹ 6,000 on the car. Best Cars Ltd provided a discount of 1% on the car price, as part of Diwali scheme. Best Cars Ltd agreed to provide a further discount of 0.5% if Sundar Automobiles makes payment by 31st of the month via net banking. Sundar Automobiles makes the payment by 31st of the month using net banking. Find the Net GST liability in the hands of Best Cars Ltd. Applicable rate of GST 18%.
- (c) X Ltd. exported 1000 watches @ ₹ 1,100 per watch. Further watches are also sold in domestic tariff area (i.e. DTA) 1000 watches @ ₹ 800 per watch. Input tax credit on inputs and input services is ₹ 10,00,000 is available for the relevant tax period. GST applicable rate is 18%. Find the net GST payable for DTA clearances and refund of tax, if any. [5+5+5=15]
3. (a) Discuss the salient features of QRMP Scheme.
- (b) Neel Pvt. Ltd., a manufacturer, wants to import capital goods in CKD condition from a foreign country and assemble the same in India. The import of the capital goods will be under Project Imports. The capital goods will be used for pre-production processes. The final products of Neel Pvt. Ltd. would be supplied in SEZ. Neel Pvt. Ltd. wishes to sell the capital goods imported by it as soon as the production process starts.
Neel Pvt. Ltd. seeks your advice whether it can avail the benefit of EPCG Scheme for importing the intended capital goods.
Assume that all other conditions required for being eligible to the EPCG Scheme are fulfilled in the above case.
- (c) State the benefits extended to EOU units. [6+6+3=15]



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4. (a) Supplier X makes supply worth ₹ 11,800/- (inclusive of GST) to a Municipality where contract for supply is for ₹ 15,00,000/-. The rate of GST is 18%. Supplier and the deductor are in the same State.

Analyze the situation and answer the following:

- (i) Whether TDS to be deducted by Municipality?
(ii) What should be the net payment to Supplier X after TDS?
- (b) Mr. A exported a consignment under drawback claim consisting of the following items—

Particulars	Chapter Heading	FOB value ₹	Drawback rate
200 pieces of pressure stores mainly made of beans @ ₹ 80/ piece	74.04	16,000	4% of FOB
200 Kgs. Brass utensils @ ₹ 200 per Kg.	74.13	40,000	₹ 24/Kg.
200 Kg. Artware of brass @ ₹ 300 per Kg.	74.22	60,000	17.50% of FOB subject to a maximum of ₹ 38 per Kg.

On examination in docks, weight of brass Artware was found to be 190 Kgs. and was recorded on shipping bill. Analyze the provision of duty drawback to compute the drawback on each item and total drawback admissible to the party.

- (c) Distinguish audits under Section 65 and audit under section 66 of the CGST Act, 2017. **[3+6+6=15]**
5. (a) RM Ltd. is planning to open a new unit. Shri Radhamohan, Director of RM Ltd., though not familiar with various policy terms, heard about terms like SEZ and EOU. In this context, he contacts you to upgrade his knowledge in respect of the difference between these two terms viz SEZ and EOU, so that he can infer the decision regarding the new unit of the company. Compare and contrast various provisions relating to SEZ and EOU in this context to facilitate his decision.
- (b) Anna & Sons has entered into a contract to supply two consignments of certain taxable goods. However, since it is unable to determine the value of the goods to be supplied by it, it applies for payment of tax on such goods on a provisional basis along with the required documents in support of its request.



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On 12.01.20XX, the Assistant Commissioner of Central Tax issues an order allowing payment of tax on provisional basis indicating the value on the basis of which the assessment is allowed on provisional basis and the amount for which the bond is to be executed and security is to be furnished.

Anna & Sons complies with the same and supplies both the consignments of goods on 25.01.20XX thereafter paying the tax on provisional basis in respect of both the consignments on 19.02.20XX.

Consequent to the final assessment order passed by the Assistant Commissioner of Central Tax on 21.03.20XX, a tax of ₹ 1,80,000 becomes due on 1st consignment whereas a tax of ₹ 4,20,000 becomes refundable on 2nd consignment.

Anna & Sons pays the tax due on 1st consignment on 09.04.20XX and applies for the refund of the tax on 2nd consignment same day. Tax was actually refunded to it on 05.06.20XX.

Assess the situation and advice the management regarding interest payable and receivable, if any. [7+8=15]

6. (a) M/s X Ltd., imported capital goods under Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 worth ₹ 2 crore after payment of customs duty of ₹ 20 lakh on 10th October 2022 and duty concession is ₹ 10 lakh. Imported capital goods have come into use for the purpose as specified in the exemption notification w.e.f. 1st January 2023. M/s X Ltd., clear the capital goods imported, after having been used for the specified purpose on 15th June 2023. The applicable rate of customs duty is @ 15% (ignore any other cess or duty).

Find the difference between the duty leviable on such goods but for the exemption availed and that already paid, if any, at the time of importation, along with interest, at the rate fixed by the notification issued under section 28AA of the Customs Act 1962, on the depreciated value allowed in straight line method.

It is to be noted that the difference duty has been paid on 30th June 2023.

- (b) Mr. X imported goods from USA on 28th June 2017 for ₹ 5,00,000. Customs duties like BCD ₹ 50,000, CVD ₹ 68,750, Cess ₹ 3,563 and Spl. CVD of ₹ 24,893 also paid on 29th June 2017. The consignment received by Mr. X into his factory on 20th July 2017. The services of Customs Broker and C&F are used for imported inputs. Service Tax ₹ 10,000, Swachh Bharat Cess (SBC) of ₹ 500 and Krishi Kalyan Cess (KKC) of ₹ 500 has been paid on 30th June 2017 along with value of services to the provider of services. Examine whether Mr. X is eligible for ITC and if so, for what amount. [8+7=15]



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7. (a) List any three missions of GSTN.
- (b) Mr. Technot of foreign origin has come on travel visa, to tour in India. He carries with him, as part of baggage, the following:

Particulars	Value in ₹
Travel Souvenir	1,85,000
Other articles carried on in person	1,50,000
120 sticks of cigarettes of `100 each	12,000
Fire arm with 100 cartridges (value includes the value of cartridges at ₹ 500 per cartridge)	100,000

Determine Customs Duty payable, if the effective rate of customs duty is 38.50% inclusive of social welfare surcharge, with short explanations where required.

- (c) Jagirdar, an IT professional and a person of Indian origin, is residing in Denmark for the last 14 months. He wishes to bring a used microwave oven (costing approximately ₹ 1,24,200 and weighing 15 kg) with him during his visit to India. He purchased the oven in Denmark 6 months back and he has been using that oven for his personal use in his kitchen. He is not aware of Indian customs rules. Could you please provide him with the narratives of the concerned legal provision of Indian Customs Law to facilitate his decision. [3+8+4=15]

SECTION – C

8. (a) R Ltd. has imported one machine from England. It has given the following particulars:
- Price of machine 8,000 UK Pounds
 - Freight paid (air) 2,500 UK Pounds
 - Design and development charges paid in UK 500 UK Pounds
 - Commission payable to local agent of exporter @ 2% of price of machine, in Indian Rupees
 - Date of bill of entry: 24th October (Rate BCD 10%; Exchange rate as notified by CBIC ₹ 100 per UK Pound)
 - Date of arrival of aircraft: 20th October (Rate of BCD 15%; Exchange rate as notified by CBIC ₹ 97 per UK Pound)
 - Integrated tax is 18%
 - Insurance charges have been actually paid but details are not available.



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Critically examine the above information and formulate your reasons behind the assessable value that you would like to determine.

- (b) 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
- 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+8=16]**