

## **Paper 11- Indirect Taxation**

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Full Marks: 100

Time allowed: 3 hours

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

Working notes should form part of the answer.

### Section – A

Answer question No. 1 which is compulsory and any four from rest of this section.

1. Answer the following questions:

(A) Multiple choice questions:

[5×1=5]

- (i) In the common portal, every claim of input tax credit of a registered person shall be credited to :
- (a) Electronic cash ledger
  - (b) Electronic credit ledger
  - (c) Electronic liabilities register
  - (d) Electronic credit register
- (ii) Which of the following shall not be included in value of supply?:
- (a) Commission
  - (b) Late fee or penalty
  - (c) GST
  - (d) Interest
- (iii) List – 1 of the Constitution contains matters in respect of which \_\_\_\_ has the exclusive right to make laws.
- (a) Central Government
  - (b) State Government
  - (c) Both Centre and State Governments
  - (d) None of the above
- (iv) Renting of a marriage hall owned by a Trust registered under section 12AA of the Income-tax Act, 1961 is not exempt from GST where:
- (a) Charges are more than Rs.5,000 per day
  - (b) Charges are more than Rs.1,000 per day
  - (c) Charges are more than Rs.10,000 per day
  - (d) None of the above
- (v) The Chairperson of GST Council is:
- (a) Prime Minister of India
  - (b) Finance Minister of India
  - (c) Minister of State for Finance
  - (d) None of the above

(B) Say True or False for the following question: [5×1=5]

- (i) GST is payable once registered even if the turnover is less than the prescribed limit.
- (ii) Under GST law, every registered person whose aggregate turnover during a financial year exceeds Rs. 5 crore has to get his accounts audited by a chartered accountant or a cost accountant.
- (iii) Goods sent for a demonstration on returnable basis. It is a supply.
- (iv) Goods are classified in the GST regime in India using SAC code.
- (v) Amount paid on alimony for divorce is not considered as consideration.

(C) Match the following: [5×1=5]

	Column 'A'		Column 'B'
1.	Zero Rated supply	A.	Eliminates cascading effect of tax
2.	Form GST Reg – 1	B.	Input tax credit not available
3.	Goods & Services Tax	C.	Export of goods or services or both
4.	Composition Tax Payers	D.	Final Return
5.	GSTR - 10	E.	Application for registration

(D) Fill in the blanks: [5×1=5]

- (i) Certificate of registration for GST shall be granted in Form \_\_\_\_\_.
- (ii) GST Council has been created as per Article \_\_\_\_\_ of the amended Constitution.
- (iii) In case of death of a tax payer \_\_\_\_\_ can request for cancellation of registration.
- (iv) In case of supply of goods by a composite dealer, the registered person shall issue \_\_\_\_\_.
- (v) License to occupy land is treated as \_\_\_\_\_ (supply of services/non-supply of services).

2. (a) Write short note on 'Business' under GST Law. [8]

(b) M/s Y Ltd. being a trader of laptops has two units in Chennai and in Mumbai.

Place	P.Y. Turnover Rs. in lakhs (Excluding taxes)
Chennai	52
Mumbai	12

You are required to answer the following:

- (i) M/s Y Ltd. is eligible for composition levy in the current year.
- (ii) If so, M/s Y Ltd. can opt composition scheme for Chennai location and normal scheme for Mumbai.
- (iii) Need to give separate intimations for opting composition scheme in each state.

[7]

3. (a) Bharat Printing conceptualized and designed the advertising campaign for a new product launched by Marker Pvt. Ltd. for a consideration of Rs. 5,00,000. Bharat Printing owed Rs. 20,000 to one of its vendors in relation to the advertising service provided by it to Marker Pvt. Ltd. Such liability of Bharat Printing was discharged by

Marker Pvt. Ltd. Marker Pvt. Ltd. delayed the payment of consideration and thus paid Rs. 15,000 as interest.

Determine the value of taxable supply made by Bharat Printing. [7]

(b) What is the time of supply with respect to escalation in price after the issuance of invoice

(E.g.: Invoice is issued for Rs. 5,000 on June 22, 2020 by the supplier. Subsequently, due to variation in price the recipient pays-

Scenario 1: Rs. 5,500

Scenario 2: Rs. 8,000)

Date of entry of payment in books of account – 30<sup>th</sup> July, 2020

Date of credit of payment in bank – 28<sup>th</sup> July, 2020 [8]

4. (a) What are the provisions relating to issuance of invoice in case of “continuous supply of goods” and “continuous supply of services”? [2+3=5]

(b) The goods manufactured by Royal Ltd. have been exempted from GST w.e.f. 15<sup>th</sup> November 2019. Earlier these goods were liable to tax @18%. Its inputs were liable to GST @12%. Following information is supplied on 15<sup>th</sup> November 2019:

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

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

(iii) The finished goods valuing Rs. 4,82,400 are in stock, the input cost is 50% of the value.

(iv) The balance in electronic credit ledger account shows credit balance of Rs. 2,79,104.

(v) Royal Ltd. also purchased capital goods for Rs. 2,00,000 by paying GST 28% (invoice dated 10<sup>th</sup> July 2019)

The department has asked Royal Ltd. to reverse the credit taken on inputs referred above. However, Royal Ltd. contends that credit once validly is taken is indefeasible and not required to be reversed. Decide.

What would be your answer if the balance in electronic credit ledger receivable account as on 15<sup>th</sup> November 2019 were Rs. 29,104? [10]

5. (a) Mrs. Lakshmi, intending to start a new business in January 2020, furnishes the following information pertaining to the period upto 31.03.2020

Estimated supplies	Rs.
Intra-State supplies of taxable goods	14,00,000
Intra-state supplies of exempt services	4,00,000
Export sales	3,20,000
Supplies made as agent of a principal	2,40,000

Ascertain the aggregate turnover. She wants to know whether she should get herself registered for GST purposes. You are required to help her. Further, what will be the GST payable by her, if the GST rate for taxable goods supplied is 18%? [8]

(b) A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B. Ltd. Of Mumbai with terms and conditions that the entire work should be completed within 30 days. However, there is a delay of 10 days to complete the work. BMC charged liquidated damages of Rs. 1, 20,000 and the same recovered from M/s B. Ltd.

Applicable rate of GST 18%

Find the following:

- (1) Who is liable to pay GST and on what amount?
- (2) Total GST liability if any.

Note: Previous Year turnover of M/s B Ltd. was Rs. 88 lakh.

[7]

6. (a) Mr. Harsha, a event organizer located in Malaysia, undertake to organize a comedy show of Mr. Bhrami of Hyderabad and Mr. Vadivelu of Chennai in India. The comedy shows are hosted in Telangana, Andhra Pradesh, Tamil Nadu and Pondicherry.

Gross value of contract is Rs. 60 crores.

State	No. of Days	Recipient of Service
Telangana	20	Mr. Bhrami
Andhra Pradesh	15	Mr. Bhrami
Tamil Nadu	14	Mr. Vadivelu
Pondicherry	01	Mr. Vadivelu
Total	50	

Find the place of supply of services, value of service and person liable to pay tax. [8]

(b) Queen Hotel Ltd., provider of rooms, charged rent per day per room as follows:

Particulars	Rs.
Room rent	550
Furniture rent	400
Air-conditioner rent	150
Refrigerator rent	50
Less: discount	(50)
Net amount charged	1,100

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

ITC available Rs. 7,500.

The following GST rates are applicable for the hotel industry:

CGST 6% and SGST 6%.

Find the GST liability if any for the month of Oct 20XX.

[7]

7. Short note (Answer any three questions)

- (a) Difference between Special Audit and Audit by Tax Authorities.
- (b) List out any 5 cases where generation of E-Way Bill is not necessary.
- (c) Items for which true and correct accounts are to be maintained.
- (d) Advantages of GST

[3x5=15]

Section – B

Answer question No. 8 which is compulsory and any one from rest of this section.

8. Answer the following questions: [5×1=5]

- (i) Which of the following is a taxable event for imported goods?
- (a) Unloading of imported goods at the customs port
  - (b) Date of entry into Indian Territorial waters
  - (c) Date of presentation of bill of entry
  - (d) Date on which the goods cross the custom barrier
- (ii) The bill of entry which is used for clearance of goods from warehouse for home consumption, is:
- (a) White bill of entry
  - (b) Yellow bill of entry
  - (c) Green bill of entry
  - (d) None of the above
- (iii) 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 prescribes form
- (a) 12 hours
  - (b) 18 hours
  - (c) 24 hours
  - (d) None of the above.
- (iv) When the goods are sent from customs station for warehousing, proper officer shall affix \_\_\_\_\_ on the customer
- (a) Permanent lock
  - (b) One time lock
  - (c) Special mark
  - (d) One time mark
- (v) The safeguard duty imposed shall be in force for a period of \_\_\_\_ from the date of its imposition an can be extended with the total period levy not exceeding \_\_\_\_\_.
- (a) 4 years, 10 years
  - (b) 3 years, 5 years
  - (c) 1 years, 5 years
  - (d) 5 years, 10 years

9. (a) In case of pilferage, state the conditions which are to be satisfied for exemption from duty.

[3]

- (b) Compute the assessable value under the Customs Act, 1962 for an imported machine, based on the following information:

Particulars	US \$
(i) cost of the machine at the factory of the exporter	20,000
(ii) transport charges from the factory of exporter to port for shipment	800
(iii) handling charges paid for loading the machine in the ship	50
(iv) buying commission paid by the importer	100
(v) lighterage charges paid by the importer	200
(vi) freight and insurance (900+100) incurred from port of entry to inland container depot	1,000
(vii) ship demurrage charges	400
(viii) freight charges from exporting country to India (Insurance upto India is unascertainable)	4,000
(ix) loading, unloading and handling charges (includes \$100 incurred "at Indian port")	1,100
Date of bill of entry 20.3.2019: Exchange rate as notified by CBIC	Rs.68 per \$
Date of entry inward 25.3.2019: Exchange rate as notified by CBIC	Rs.65 per \$

[12]

10. (a) Determine the safeguard duty payable by X Ltd., Y Ltd., Z Ltd., and A Ltd. under Section 8B of the Customs Tariff Act, 1975 from the following:

Import of Sodium Nitrite from developing and developed countries from 26<sup>th</sup> February, 2019 to 25<sup>th</sup> February, 2020 (both days inclusive) are as follows:

Importer	Country of Import	Rs. in crores
X Ltd.	Developing Country	70
Y Ltd.	Developing Country	72
Z Ltd.	Developing Country	52
A Ltd.	Developing Country	50
Others	Developed Country	2,256
	Total	2,500

Note: Safeguard duty is 30%.

[7]

- (b) Following particulars are available in respect of certain goods imported into India:

CIF value: US\$ 10,000

Exchange rate:

Notified by RBI Rs.60 = 1 US\$

Notified by CBIC Rs.58 = 1 US\$

Compute the following:

(i) FOB Value

(ii) Cost of insurance

(iii) Cost of freight and

(iv) Assessable value in rupees as per the Customs Act, 1962 and the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. [8]