

**PAPER 11- INDIRECT TAXATION**

## PAPER 11 - INDIRECT TAXATION

Full Marks: 100

Time allowed: 3 hours

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

### Section – A

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

**1. Answer the following questions:**

**(A) Multiple choice questions: [5×1=5]**

- (i) Which of the following taxes will be levied on Imports of goods and services?
- (a) CGST
  - (b) SGST
  - (c) IGST
  - (d) Exempt
- (ii) In GST, SAC stands for:
- (a) Services Accounting Code
  - (b) Software Accounting Code
  - (c) System Accounting Code
  - (d) Service application code.
- (iii) What is the validity of Registration Certificate?
- (a) Five years
  - (b) Ten years
  - (c) No validity
  - (d) Valid till it is cancelled.
- (iv) When does liability to pay GST arise in case of supply of goods?
- (a) On raising of invoice
  - (b) At the time of supply of goods
  - (c) On receipt of payment
  - (d) Earliest of any of above.
- (v) Input tax credit on capital goods and inputs can be availed in:
- (a) thirty six instalment
  - (b) twelve instalment
  - (c) one instalment
  - (d) six instalment.

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- (B) State whether the following statements are true or false. [5×1=5]**
- (i) A person can collect tax only he is registered.
  - (ii) Air Travel Agents are entitled for exemption under GST.
  - (iii) Mortgage, hypothecation, change or pledge is not supply and hence GST will not be levied.
  - (iv) Goods sent for a demonstration on returnable basis, is considered as supply.
  - (v) Form GST CMP-01 for Intimation of willingness to opt for scheme by registered person.

- (C) Match the following: [5×1=5]**

	Column A		Column B
1.	The fringe benefits are transactions	A.	taxable supply of services
2.	Acupuncture treatment	B.	subject to GST
3.	Penal interest charged by the banker for delay in payment of dues is	C.	Input tax credit not available
4.	State Police provided protection services to the Judges of High Court is	D.	exempted service
5.	Composition tax payers	E.	in furtherance of business

- (D) Fill in the blanks: [5×1=5]**
- (i) Sec 2(52), Goods means every kind of movable property other than \_\_\_\_\_.
  - (ii) Fringe benefits are supply of goods or services and are liable to tax if not, \_\_\_\_\_.
  - (iii) No GST on Advance Payments received for Supply of Goods by Small Taxpayers having aggregate annual turnover of upto\_\_\_\_\_.
  - (iv) GST is \_\_\_\_\_ (chargeable/not chargeable) if free replacement is provided by a business to customers without consideration under warranty.
  - (v) The certificate of registration shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is\_\_\_\_\_.

- 2. (a) State the functions of GSTN (Goods and Services Tax Network).**
- (b) (i) Mr. A owns a residential building in a prime commercial locality. Basement of the building is leased to Mr. B, a wholesaler. One-fourth of the basement is used by Mr. B as his office and remaining portion is used as a godown for storing his merchandise. Ground floor of the building is given on rent to Mr. C who uses the same as a guest house for his business contacts. First floor**

of the building is occupied by Mr. A. and his family. Second floor is given on rent to Mr. D who uses the same as his residence. There is a large vacant land in the backyard of the building which is also given on rent to a parking contractor, Mr. E who has set up a parking facility on the said land. Separate rent/lease deeds have been executed in respect of each floor of the building and vacant land given on rent/lease. Examine the GST liability of Mr. A with respect to the residential building owned by him.

(ii) Indian railways has provided following services –

- (1) Transport of passengers by general class: ` 15,00,000;
- (2) Transport of passengers by sleeper class: ` 10,00,000;
- (3) Transport of passengers by 1st Class air conditioned coach: `5,00,00,000;
- (4) Transport of passengers by 2 tier air conditioned coach: `20,00,00,000;
- (5) Transport of passengers by 3-tier air conditioned coach: `30,00,00,000;

Compute value of taxable supplies and GST liability. Applicable GST rate is 5%. [5+(5+5)]

3. (a) Mr. A, a registered person received goods from Mr. B, an unregistered dealer. Mr. B issues invoice on 1st July 20XX.

Find the time of supply of goods (with reasons) in following independent cases:

- (i) Mr. A received goods on 15th July 20XX, payment of which is not made yet.
- (ii) Mr. A received goods on 3rd August 20XX & made payment for the same on 4th August 20XX.
- (iii) Mr. A made payment on 8th July and received goods on the same date.
- (iv) Mr. A received goods on 10th July 20XX & made payment for the same on 9th July 20XX.

(b) Motor vehicle worth `20 lakh is sold by M/s Sundar Pvt. Ltd. to a customer in retail market and for which ` 5 lakh has been paid in cash and balance amount by way of cheque.

Find the following:

- (1) TCS under section 206C of the Income Tax Act, 1961 is applicable in the given case?
- (2) who is required to collect TCS?
- (3) value TCS if any?

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(4) value of taxable supply under section 15 of CGST Act, 2017?

(5) Invoice Price of M/s Sunder Pvt. Ltd.?

Note: Assume applicable TCS is @1% and GST 28%.

[8+7=15]

4. (a) M/s C Ltd. of Chennai being a trader provided the following information relating to the preceding financial year is as follows:

Particulars	₹ in Lakhs
Intra-State supply taxable goods	20
Intra-State supply of exempted goods	30
Intra-State supply of taxable services	5
Intra-State outward supply of services on which recipient is liable to pay GST	4
Export of goods	35
Inter-State inward supply of goods	200
CGST & SGST paid	2

Discuss whether M/s C Ltd. is eligible for composition scheme in the current financial year?

- (b) Y Ltd. manufactures taxable and exempted goods. Y Ltd. also simultaneously provides taxable as well as exempted output services. Raw material 10,000 units were purchased @ ₹100 per unit used commonly during the month of January 2023 to produce all final products. GST paid on inputs 12%. Input services commonly used for all goods and services in the month of January 2023. Total ITC on inputs and input services taken into books of account in the relevant tax period is 1,74,000.

Turnover for the month of January 2023 (excluding all taxes)

Particulars	Value of finished goods (₹)
Taxable supply of goods	2,00,000
Exempted supply of goods (₹ 80 per unit)	1,00,000
Taxable supply of services	1,00,000
Exempted supply of services	50,000
Total	4,50,000

You are required to compute the amount of reversal of input tax credit as per rule 42(1)(i) of the CGST Rules, 2017 of the month of January 2018.

Note: Each unit of exempted final product needs 2 units of raw materials. Assumed that there is no process loss. [7+8=15]

5. (a) Write down the advantages of Voluntary Registration. State the cases where persons are not liable for registration.

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- (b) Raman Hotels supplying only accommodation services in Chennai. Turnover of Raman Hotels is less than 20 Lakhs. Raman Hotels listed hotel on online platform namely Makemytrip.

The following categories of rooms get booked by the Makemytrip company who pay to Raman Hotels after deducting their commission.

- (1) Declared value per room (category 1), Non AC Room ₹950 per Night.
- (2) Declared value per room (category 2), AC Room ₹1,800 per Night.
- (3) Declared value per room (category 3), AC Room ₹7,000 per Night, where additional bed ₹1,800 per Night.
- (4) Declare value per room (category 4), AC Room ₹10,000 per Night, but amount charged is ₹7000.

You are required to answer:

- (i) who is liable to pay GST and
- (ii) Net GST liability? [(5+3)+7=15]

6. (a) M/s. X Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below:

- (1) Service of interior decoration in respect of immovable property located in Jammu: ₹ 5 lakh;
- (2) Service of renting of commercial buildings in Delhi: ₹ 15 lakh;
- (3) Architectural services to an Indian Hotel Chain which has business establishment in Mumbai for its newly acquired property in Sydney: ₹ 25 lakhs;
- (4) Services provided as an Indian agent undertaking marketing in India of goods of a foreign seller: ₹ 51 lakhs;
- (5) Services provided as travel agent undertaking marketing in India of services of a foreign seller: ₹ 1 lakhs.

Find the place of supply and compute its GST liability. Applicable rate of GST 18%.

6. (b) Mr. Param (register person under GST) being a dealer furnished the following business transactions took place during the Feb 20XX. Find the GST liability.

- (a) Sale of plastic bangles for ₹ 20,000.
- (b) Supply of mobile phones for ₹3,20,120
- (c) Sale of printed books and newspapers for ₹1,25,500 (d) Sale of Dates for ₹13,500
- (e) Sale of Salt for ₹ 9,180
- (f) Sale of Organic manure worth ₹ 2,00,000
- (g) Sale of Chemical Fertilizers ₹ 5,75,000 (out of which 30% subsidy received from Government of India).

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Note: Taxable supply attracts GST @5% (CGST 2.5% and SGST 2.5%). [8+7=13]

7. Write short notes on any three of the following: [5x3=15]
- (a) Composite and Mixed Supply.
  - (b) Export of Service
  - (c) Revised Invoice as per Section 31(3)(a) of the CGST Act, 2017
  - (d) Revocation of cancellation of registration.

## Section – B

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

8. Choose the correct answer: [5x1= 5]
- (i) Entry 83 of the Union List of the \_\_\_\_\_ to the Constitution of India is empowered to levy the customs duty by the Central Government of India
    - (a) Sixth Schedule
    - (b) Seventh Schedule
    - (c) Eighth Schedule
    - (d) Ninth Schedule.
  - (ii) An area beyond \_\_\_\_\_ from the base line is called High Seas.
    - (a) 100 nautical miles
    - (b) 150 nautical miles
    - (c) 200 nautical miles
    - (d) None of the above
  - (iii) 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 customs barrier.
  - (iv) Which section of the Customs Act, 1962 provides for levy of Customs duty on import and export of goods?
    - (a) Section 3
    - (b) Section 12
    - (c) Section 14
    - (d) Section 28
  - (v) 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.

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- (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) A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available:

CIF value of the consignment: US \$25,000

Quantity imported: 500 kgs.

Exchange rate applicable: `60=US\$1

Basic customs duty: 12%

Social Welfare Surcharge applicable as per the Finance Act, 2018.

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$70 per kg. and the landed value of the commodity as imported.

Appraise the liability on account of normal duties and the anti-dumping duty.

Assume that only basic customs duty (BCD) and Social Welfare Surcharge are payable. IGST @12% is also applicable.

- (b) BSA & Company Ltd. has imported a machine from U.K. From the following particulars furnished by them, arrive at the assessable value for the purpose of customs duty payable:

(i)	F.O.B. cost of the machine	10,000 U.K. Pounds
(ii)	Freight (air)	3,000 U.K. Pounds
(iii)	Engineering and design charges paid to a firm in U.K	500 U.K. Pounds
(iv)	License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost
(v)	Materials and components supplied by the buyer free of cost	₹ 20,000
	valued	
(vi)	Insurance paid to the insurer in India	₹ 6,000
(vii)	Buying commission paid by the buyer to his agent in U.K. 100 U.K. Pounds	

Other Particulars:

- (i) Inter-bank exchange rate as arrived by the authorized dealer: ₹88.50 per U.K. Pound.
- (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of ₹ 86.25 per U.K. Pound.



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(iii) Importer paid ₹ 5,000 towards demurrage charges for delay in clearing the machine from the Airport.

(Make suitable assumptions wherever required and show workings with explanations) [7 + 8=15]

10. (a) What is meant by Duty Drawback? Discuss about the Negative List of Duty Drawback (Section 76).

(b) (i) 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. Compute the drawback on each item and total drawback admissible to the party.

(ii) Write a short note on One Time Lock (OTL). [(2+5)+(5+3)=15]