

Paper -18: Indirect Tax Laws and Practice

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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. Choose the correct answer with justification/workings wherever applicable: [7×2=14]
- (i) Which of the following tax has been abolished by the GST?
 - (a) Service tax
 - (b) Income tax
 - (c) Wealth tax
 - (d) Corporation tax

 - (ii) Which of the following has been kept out of GST levy?
 - (a) Generator
 - (b) Computer
 - (c) Jewellery
 - (d) Electricity

 - (iii) Which state became the first state of India to ratify GST bill?
 - (a) Bihar
 - (b) Telangana
 - (c) Assam
 - (d) Andhra Pradesh

 - (iv) A service would be called as "continuous supply of service", if the service under a contract is provided continuously or on recurrent basis exceeding
 - (a) 1 year
 - (b) 6 months
 - (c) 3 months
 - (d) 1 month

 - (v) A casual taxable person is required to obtain registration where he makes:
 - (a) Taxable inter-State or intra-State supply.
 - (b) Taxable inter-State or intra-State supply whose proposed value exceeds ₹20 lakhs.
 - (c) In none of the above situations.
 - (d) Taxable inter-State supply.

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- (vi) A new supplier has taxable intra-State sales, exempt intra-State sales and export sales of goods. He should get himself registered under GST law, where:
- The aggregate value of taxable intra-State goods exceeds ₹ 20 lakhs.
 - The aggregate value of taxable as well as exempt intra-State goods exceeds ₹20 lakhs.
 - The aggregate value of all the three items exceeds ₹20 lakhs.
 - The aggregate value of taxable intra-State goods as well as export sales exceeds ₹ 20 lakhs.
- (vii) Under GST input tax credit cannot be claimed on goods and services used as inputs if:
- Goods are purchased on credit.
 - Goods are received and utilized, the invoice is received after two weeks from the supplier.
 - Good are destroyed by fire.
 - Services are provided by a law firm on which GST has been paid under RCM.

2. (a) Under the purview of GST explain the terms Exempt Supply, Non Taxable Supply and Non GST Supply. [6]

- (b) Determine the time of supply and amount of GST in the following cases. The rate of GST has been increased to 12% w.e.f. 01.10.2019, before the said date the rate of tax was 5%

Sl. No.	Date of supply of services	Date of Invoice	Date of payment	Value of service (₹)
1	25-09-2019	05-10-2019	08-10-2019	20,00,000
2	25-09-2019	25-09-2019	08-10-2019	10,00,000
3	04-10-2019	28-09-2019	30-09-2019	20,00,000
4	04-10-2019	04-10-2019	30-09-2019	10,00,000

[8]

- 3.(a) Aroma Pvt Ltd., Mumbai provides housekeeping services. The company supplies its services exclusively through e-commerce website owned and managed by Data Analyst India Pvt. Ltd., Mumbai. The turnover of Aroma Pvt. Ltd in the current financial year is ₹16 lakh.

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Advise Aroma Pvt Ltd as to whether they are required to obtain GST registration. Will your advice be any different if Aroma Pvt Ltd sells readymade garments exclusively through the e-commerce website owned and managed by Data Analyst India Pvt Ltd.?

[9]

(b) Mr. X has cleared goods from his factory on 20th May 2019 for sale to Mr. Y for ₹8,00,000. Effective rate of eligible duties @ 12.5%. However, eligible duties ₹1,00,000 has been paid on 6th June 2019. The consignment received by Mr. Y on 5th July 2019. Find the following:

(i) Mr. Y is eligible for ITC if so what amounts?

(ii) Time limit within which receipt of inputs should record in the books of account of Mr. Y.

(iii) Mr. Y recorded receipt of inputs in the books of account on 15/8/2019, if so can he avail the ITC?

[5]

4. (a) Golden Enterprise Ltd. received a protective demand notice from the department Assistant Commissioner of Central Tax on 1.9.2019 under Section 73 of the CGST Act, 2017 where

CGST & SGST due = ₹5,00,000

Interest = @15% p.a. for no. of days delay.

Penalty = 10% of tax due or ₹10,000 whichever is higher.

The assessee went for appeal and filed the case in the Appellate Authority on 25.9.2019. This appeal has been taken up for hearing on 06-10-2019.

Case 1: How much has to be paid as pre-deposit of duty u/s 107(6) of the CGST Act, 2017 and date of pre-deposit of duty by Golden Enterprise Ltd. to entertain appeal by the Appellate Authority (i.e. Commissioner (Appeals)).

Case 2: Whether your answer is different if the assessee appeals only part of the amount say ₹3,00,000 is in dispute arising from the said order.

Case 3: Suppose the Appellate Authority has passed the order against the assessee. If so how much has to be paid as pre-deposit of duty u/s 112(8) of the CGST Act, 2017 to entertain appeal by GSTAT.

[8]

(b) Compute the duty payable under the Customs Act, 1962 for an imported equipment based on the following information:

(i) Transaction value of the imported equipment US\$12,200 (royalty and license fee included in transaction value US\$200).

(ii) Date of Bill of Entry 25.4.2019

(iii) basic customs duty on this date 12% and exchange rate notified by the CBIC US\$ 1 = ₹70.

(iv) IGST u/s 3(7) of the Customs Tariff Act, 1975 @ 12%.

Social Welfare Surcharge @10% is applicable.

Importer is liable to pay IGST on import of royalty and license fee.

Applicable rate of IGST on import of services namely royalty and license fee @18%.

Make suitable assumptions where required and show the relevant workings and round off your answer to the nearest rupee. **[6]**

5. (a) (i) M/s. Ashirbad Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of ₹30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its monthly statement of outward supplies- GSTR 1 on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s. Ashirbad Enterprises on the same. During a given tax period in the current financial year, owing to an off-season, M/s Ashirbad Enterprises has not made any taxable supply.

Therefore, M/s. Ashirbad Enterprises opines that no return under GST is required to be filed for the said period. You are required to examine the technical veracity of the opinion of M/s. Ashirbad Enterprises.

- (ii) Kulbhushan & 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.

On 12/01/2020, 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.

Kulbhushan & Sons complies with the same and supplies both the consignments of goods on 25/01/2020 thereafter paying the tax on provisional basis in respect of both the consignments on 19/02/2020.

Consequent to the final assessment order passed by the Assistant Commissioner of Central Tax on 21/03/2020, a tax of ₹1,80,000 becomes due on 1st consignment whereas a tax of ₹4,20,000 becomes refundable on 2nd consignment.

Kulbhushan & Sons pays the tax due on 1st consignment on 9/04/2020 and applies for the refund of the tax on 2nd consignment same day. Tax was actually refunded to it on 5/6/2020.

Determine the interest payable and receivable, if any, by Kulbhushan & Sons in the above case. **[3+6=9]**

- (b) M/s Ajay Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below. Compute its GST liability:

- (1) Service of interior decoration in respect of immovable property located in Jammu: ₹5 lakh;

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

Applicable rate of GST is 18%.

[5]

6. (a) (i) Singh & Sons is a trader dealing in stationary items. It is registered under GST and has undertaken following sales during the day:

Sl. No.	Recipient of supply	Amount in ₹
1	Dhiraj Traders – a registered retail trader	195
2	Dhruv Enterprises – an unregistered trader	330
3	Aditya – a painter [unregistered]	500
4	Oberoi Orphanage – an unregistered entity	180
5	Aaradhya – a student [unregistered]	158

None of the recipients require a tax invoice [Dhiraj Traders being a composition dealer]. Determine in respect of which of the above supplies, Singh & Sons may issue a Consolidated Tax Invoice instead of tax invoice at the end of the day?

- (ii) Birla traders have opted for composition scheme in the current financial year. Discuss the records which are not required to be maintained by a supplier opting for composition levy as enumerated in Rule 56 of the CGST Rules, 2017.

[3+4=7]

- (b) Comment with reason whether ITC available for following services:

- (1) Cement is used for construction of administration building.
- (2) Cement is used for foundation of pillars supporting a boiler.
- (3) Works contract services is provided by sub-contractor to a contractor.
- (4) Steel and other structural supports are used for Land, Building or any other civil structures; or setting up a telecommunication tower; or pipelines laid outside the factory premises.
- (5) GST paid on parts of telecommunication towers or parts of pipelines.
- (6) Works contract services availed for construction of staff quarters within the company premises.
- (7) Health and fitness services availed from Physique Club for upkeep of health of their employees, not under Government obligation.

[7]

7. (a) Explain the provisions relating to export and import of service? [7]
- (b) Durga Ltd. sends the goods to Baburao & Co. for making finished goods on 30-07-2018. What are the tax implications, in the following cases if GST @ 18% is levied?
- (1) Baburao & Co sends the goods back to Durga Ltd. within one year of being sent.
- (2) Baburao & Co sells the goods directly to the customer in behalf of Durga Ltd. [7]

Section – B

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

8. Choose the correct answer with justification/ workings wherever applicable: [3×2=6]
- (i) 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.
- (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.
- (ii) Which of the following is an eligible capital good for import under EPCG (Export Promotion Capital Goods) Scheme?
- (a) Second hand capital goods
- (b) Power Generator Sets
- (c) Computer software systems
- (d) None of the above
- (iii) Which of these is/are not an adjudicating authority under Customs Act,1962?
- (a) Commissioner of Customs
- (b) Principal Commissioner of Customs
- (c) Commissioner (Appeals)
- (d) Assistant Commissioner of Customs
- 9.(a) Mr. Mayank, an Indian resident and an engineer by profession who was engaged in his profession in USA for 9 months, brought with him on 10.04.2019 the following used items on his return to India:
1. Used personal effects like clothes etc. of ₹1,00,000.
 2. Digital Video Disc player of ₹7,000.
 3. Music System of ₹45,000.

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4. Air-Conditioner of ₹50,000.
5. Microwave Oven of ₹28,000.
6. Fax Machine of ₹55,000.
7. Domestic Refrigerator of capacity of 285 liters of ₹1,20,000.
8. Jewellery (18 grams) of ₹75,000.

Calculate the custom duty payable by him.

[8]

- (b) Explain the meaning of the term "Bill of export" and "Import report" under the provisions of the Customs Act, 1962.

[4]

10. (a) State whether the principle of 'unjust enrichment' shall be applicable in the following cases-

1. Refund of duty paid on raw materials which have been actively consumed.
2. Refund of duty paid on provisional basis under section 18 of the Customs Act.
3. Refund of an advance payment made in anticipation of importation of goods.
4. Refund of duty paid under protest.

[8]

- (b) Bright Prints Pvt. Ltd. manufactured register account books & letter pads and exported the same by courier at FOB value of 5,000 USD per consignment to USA and 6,500 UK Pounds per consignment to UK. During the year, 45 consignments sent to USA. Exchange rate is ₹70 per USD. 20 consignments sent to UK. Exchange rate is ₹88 per Pound. Diksha Prints Pvt Ltd entitled 2% reward rate. Find the reward amount under MEIS for Diksha Prints Pvt Ltd?

[4]

11. (a) Aryan International Group has imported a machine by air from US. Bill of entry is presented on 18.07.2019. however, entry inward is granted on 7.08.2019.

The relevant details of the transaction are provided as follows:-

CIF value of the machine imported	\$13,000
Air freight paid	\$2,800
Insurance charges paid	\$200

Rate of exchange as announced by	As on 18.07.2019	As on 7.08.2019
CBIC	1US\$ = ₹68	1US\$ = ₹67.80
RBI	1US\$ = ₹68.10	1US\$ = ₹68.10

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Calculate the assessable value (in rupees) for the purposes of levy of customs duty as well as total customs duty. BCD = Nil IGST = 18% Make suitable assumptions wherever necessary [7]

- (b) X Pvt. Ltd., being a Micro, Small & Medium Enterprises (MSME) manufactured and exported packing material to USA. Other information is as follows:

S. No.	Category of exports	FOB value US\$ in the current year (April to June)	FOB value US\$ in the Previous Year 1	FOB value US\$ in the Previous Year 2
1	Export of goods as MSME	50,000	20,00,000	Nil
2	Manufacturing units having ISO/BIS	Nil	Nil	5,00,000

Find whether X Pvt. Ltd., is eligible for double weightage? If yes, identify its export status?

[5]