

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.
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)** GST is payable in respect of services rendered to an employer by an employee on:
- (a) Regular basis in the course of employment
 - (b) Contract basis not in the course of employment
 - (c) Neither (a) nor (b)
 - (d) Both (a) and (b)
- (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 ₹5,000 per day
 - (b) Charges are more than ₹1,000 per day
 - (c) Charges are more than ₹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.

MTP_Intermediate_Syllabus 2016_June 2020_Set 1

- (ii) Under GST law, every registered person whose aggregate turnover during a financial year exceeds ₹ 5 crore has to get his accounts audited by a chartered accountant or a cost accountant.
- (iii) When goods are imported into India, CGST is levied.
- (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.	Head-quarters of GST council	A.	Exempt Supply
2.	Transaction Value	B.	Destination based tax
3.	GST	C.	Non-Taxable Supply
4.	Interest on loans and advances	D.	New Delhi
5.	Sale of building	E.	When price is sole consideration

(D) Fill in the blanks:

[5×1=5]

- (i) Indirect taxes are _____ (progressive / regressive) in nature.
- (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 ₹ 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) 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:

- (i) TCS under section 206C of the Income Tax Act, 1961 is applicable in the given case?
- (ii) Who is required to collect TCS?
- (iii) Value TCS if any?

MTP_ Intermediate_ Syllabus 2016_ June 2020_ Set 1

- (iv) Value of taxable supply under section 15 of CGST Act, 2017?
- (v) Invoice price of M/s Sunder Pvt. Ltd.?

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

[7]

(b) Mr. A sends goods to Mr. B on approval basis on 20th January 2019. Find the time of supply in the following independent cases:

- (i) If Mr. B accepts the goods on 10th February 2019.
- (ii) If Mr. B accepts the goods on 1st September 2019.
- (iii) If Mr. B returns the goods on 10th February 2019.
- (iv) If Mr. B returns the goods on 1st September 2019.

[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. 15th November 2019. Earlier these goods were liable to tax @18%. Its inputs were liable to GST @12%. Following information is supplied on 15th November 2019:

- (i) The inputs costing ₹1, 44,720 are lying in stock.
- (ii) The inputs costing ₹77,184 are in process
- (iii) The finished goods valuing ₹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 ₹2, 79,104.
- (v) Royal Ltd. also purchased capital goods for ₹2,00,000 by paying GST 28% (invoice dated 10th 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 15th November 2019 were ₹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	₹
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

MTP_Intermediate_Syllabus 2016_June 2020_Set 1

complete the work. BMC charged liquidated damages of ₹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 ₹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 ₹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	₹
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 ₹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)

[3×5=15]

- (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

MTP_Intermediate_Syllabus 2016_June 2020_Set 1

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) Goods which are same in all respects, including physical quantity is known as:
(a) Similar goods
(b) Identical goods
(c) Alike goods
(d) Indistinguishable goods
- (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 \$
-------------	-------

MTP_Intermediate_Syllabus 2016_June 2020_Set 1

(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	₹68 per \$
Date of entry inward 25.3.2019: Exchange rate as notified by CBIC	₹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 26th February, 2019 to 25th February, 2020 (both days inclusive) are as follows:

Importer	Country of Import	₹ 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 ₹60 = 1 US\$

Notified by CBIC ₹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]