

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**

**GST (Section – A)
PART – I
(Answer all the questions)**

1. Answer the following questions:

(a) Multiple choice questions:

[1x5=5]

- (i) Power to make laws with respect to goods and services tax has been given by the Constitution vide Article:
 - a. 279A;
 - b. 246A;
 - c. 246;
 - d. 365;
- (ii) Levy and collection of Central Goods and Services Taxes are dealt by:
 - a. Central government;
 - b. State Government;
 - c. NIC;
 - d. UGS;
- (iii) GST is a:
 - a. Destination based tax;
 - b. Source based tax;
 - c. Production based tax;
 - d. None of the above;
- (iv) License to occupy land is treated as:
 - a. Supply of goods;
 - b. Supply of service;
 - c. Neither supply of goods nor supply of services;
 - d. Partly supply of goods and partly supply of services;
- (v) A hotel provides a 4-D/3-N package with the facility of breakfast. This is a
 - a. Mixed supply;
 - b. Composite supply;
 - c. Both mixed and composite supply;
 - d. None of the above;

(b) Match the following:

[1x5=5]

(i) Bank guarantee	(A) Composite supply
(ii) Supply without consideration	(B) Mixed Supply
(iii) Naturally bundled	(C) Gifts by Employer to Employee < Rs. 50,000
(iv) Cancellation of registration form	(D) Actionable Claim
(v) Single Price	(E) GSTR REG 16

(c) State whether true or false:

[1x5=5]

- (i) 4% is one of the IGST rate.
- (ii) Supply of printed books is exempt.
- (iii) A manufacturer of building bricks cannot opt for composition scheme.

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- (iv) Time of supply means the point of time when goods/services are considered as supplied.
- (v) ITC shall not available if the same is not reflected in Form GSTR 2B of the registered person.

(d) Fill in the blanks:

[1x5=5]

- (i) Mortgage, hypothecation, charge or pledge (is /is not) supply.
- (ii) Maximum GST rate is
- (iii) For cosmetic and plastic surgery Input Tax Credit (ITC) is (allowed/not allowed).
- (iv) The levy of is not applicable to supplier of radio taxi services for passenger transport.
- (v) For casual taxable person making taxable supply, is necessary.

PART – II

(Answer any four questions out of six questions given. Each question carries 15 marks.)

2.(a) What is GSTN and state its functions.

[4+5=9]

2.(b) State with reason whether the following supplies are mixed or composite:

[3+3=6]

- (i) When goods are packed and transferred with insurance.
- (ii) Mr. A booked a Rajdhani train ticket, which includes meal.

3.(a)(i) Shopper's Stop Store a large retailer who sells various types of products like readymade garment, jewellery, cosmetics, fabrics, shoes etc., issued the voucher on 10-07-2022 to their prospective customer for enabling them to buy any product from their shop. Customer purchased readymade garments on 20th Aug 2022. Find the time of supply of goods.

[2]

(ii) Mr. Ram sends goods to Mr. Rahim on approval basis on 20th January 2022. Find the time of supply in the following independent cases:

[4]

- (1) If Mr. Rahim. accept the goods on 10th February 2022.
- (2) If Mr. Rahim accepts the goods on 1st September 2022.
- (2) If Mr. Rahim returns the goods on 10th February 2022.
- (4) If Mr. Rahim return the goods on 1st September 2022

3.(b)(i) Determine the place of supply of service as well as their taxability in each of the following cases with brief reasons:

[2+2+2= 6]

(1) Q Ltd. of Delhi, agrees to provide 'technical inspection and certification service' in respect of a newly developed product of an overseas firm (for a newly launched motorbike which has to meet emission standards in different states or countries). The overseas firm has provided its newly developed product Q Ltd. for the purpose of testing. The testing is carried out in Delhi (15%), Assam (35%)and Sweden (50%).

(2) A movie on demand is provided as on board entertainment during the Kolkata-Delhi leg of a Bangkok- Kolkata-Delhi Flight.

(3) Mrs. Rita Kumar, an Interior Designer based in Delhi provides her service to an Indian Hotel Chain (which has business establishment in Mumbai) for its newly acquired property in London.

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(ii) Mr. A supplied goods to Mr. D on 28th January 2023. The GST rate on goods is changed from 12% to 5% w.e.f. 1st January 2023. Mr. A issued invoice on 28th August 2022 and payment is credited in his bank account on 30th December 2022.

1. What is the time of supply in this case?
2. What is the effective rate of GST?

[2+1=3]

4.(a)(i) Compute value of taxable supply of services of Air Speed Airlines located in Chennai for transportation of passengers by air from the following data relating to sums received exclusive of GST

- (1) Passengers embarking at Arunachal Pradesh (in economic class): ₹ 5 lakhs;
- (2) Amount for journey terminated at Assam (in economic class): ₹ 4 lakhs;
- (3) Amount charged from passenger for flights starting from USA to Chennai: ₹ 250 lakhs;
- (4) Amount charged from passengers flying from Chennai to Sydney (Business class): ₹ 540 lakhs (including passenger taxes levied by government and shown separately on ticket: ₹ 100 lakhs). All passengers booked ticket from Delhi Office of Air Speed Airlines.

(5) Passengers embarking from Chennai to Coimbatore (Economic class): ₹ 4 lakhs. Passengers booked tickets from Chennai office of Air Speed Airlines.

Applicable rate of GST 5% and 12%. Find the IGST, CGST & SGST if any.

[5]

(ii) Turnover of Mr. Roy in the preceding financial year is ₹ 49 Lakh. Mr. Roy has opted for Composition Scheme. During the year on 18th February 20XX, turnover of Mr. Roy exceeds ₹ 1.50 crore. What compliances are required to carry by Mr. Roy?

[3]

4.(b)(i) M/s A Ltd. sold plant and machinery after being used in the manufacture of taxable goods for ₹ 4,00,000 on 1st November 2022. GST is payable on transaction value of plant and machinery 18%. M/s A Ltd. was purchased this machine vide invoice dated 22nd November 2021 for ₹ 5,50,000/- plus GST 18%.

M/s A Ltd. availed the credit on said plant and machinery. Find the amount payable by M/s A Ltd. under section 18(6) of the CGST Act, 2017.

[4]

(ii) M/s X Ltd. purchased input for ₹2,00,000 vide Tax Invoice No. 12 dated 1st December 2021. M/s X Ltd. has submitted annual return for the financial year 2021-22 on 15th September 2022. Find the time limit within which input tax credit can be availed on input by X Ltd. M/s X Ltd. wants to take input tax credit on such input on 30th November 2022, advise.

[3]

5.(a)(i) What are the advantages of voluntary registration under GST?

[5]

(ii) Mr. J has been involved in supplying taxable material in J&K. His turnover exceeded the limit of ₹ 40 lacs. Is Mr. J required to register under GST law?

[2]

5.(b) M/s Martin Pvt. Ltd. is a distributor or selling agent of lottery tickets, authorized by the State of Kerala. Who is liable to pay GST and also find GST liability from the following:

[2+6=8]

Particulars	Maha Lakshmi (Printed) (Lottery run by State Govt.)	Bhaghya Lakshmi (Online) (Lottery authorized by State Govt.)
No. of tickets proposed	2,50,000	3,00,000
Face value of ticket	₹ 10 each	₹ 500 each
Guaranteed prize payout	@60%	@90%

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No. of tickets sold	2,00,000	2,35,000
Price notified by the State of Kerala	₹ 8 per ticket (exclusive of tax)	₹ 380 per ticket (exclusive of tax)
No. of tickets proposed	2,50,000	3,00,000
Face value of ticket	₹ 10 each	₹ 500 each
Guaranteed prize payout	@60%	@90%
No. of tickets sold	2,00,000	2,35,000
Price notified by the State of Kerala	₹ 8 per ticket (exclusive of tax)	₹ 380 per ticket (exclusive of tax)

6.(a)(i) Motor vehicle worth ₹20 lakhs is sold by M/s Sundar Pvt. Ltd. to a customer in retail market and for which ₹ 5 lakhs have been paid in cash and balance amount by way of cheque.

Find the following:

- (1) Whether 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 of TCS, if any.
- (4) Value of taxable supply under section 15 of CGST Act, 2017.
- (5) Invoice Price of M/s Sundar Pvt. Ltd.

Note: Assume applicable rate of TCS is @1% and GST 28%. **[6]**

(ii) M/s X Ltd. is supplier of security services provided such services to M/s Y Ltd. As per the contract, M/s Y Ltd. is to pay monthly ₹1,00,000. In the month of November, M/s Y Ltd. supplied uniforms to all employees of M/s X Ltd. by spending ₹20,000. As a result, M/s X Ltd. raised the bill for ₹80,000 in the month of November. In the given case, M/s X Ltd. received consideration for security service is partially in terms of money ₹80,000 and partially in kind (i.e. uniforms). Find the taxable value of service on which GST will be levied. **[2]**

6.(b)(i) Mr. A.R. Rehman being a music director (registered person under GST).

He made following supplies:

Indigenous handmade musical instruments for ₹2,00,000.

Composed hello tune and transferred permanently for ₹ 30,00,000.

Pianos for ₹ 1,50,000.

Percussion musical instruments (like drums, xylophones) for ₹ 5,00,000.

Find the GST liability. Applicable rate of GST is 28%. All transactions took place within the state of Tamil Nadu. **[4]**

(ii) Write any three category of persons who are not entitled to avail Composition Levy. **[3]**

7. Short notes (Write any three):

[3x5=15]

- (a) Export of service
- (b) OIDAR Service
- (c) Contents of a revised tax invoice and credit or debit note
- (d) E-way bill

Customs (Section- B)
PART – III
(Answer all the questions)

8. Choose the correct answer: **[1x5=5]**

- (a) The limit of exclusive economic zone of India is _____ from the nearest point of the baseline
(i) 200 nautical miles
(ii) 12 nautical miles
(iii) 24 nautical miles
(iv) None of the above
- (b) All goods, derelict, Jetsam, flotsam and wreck brought (or) coming into India, shall be dealt with as if they were _____ into India.
(i) Exported
(ii) Imported
(iii) No duty
(iv) Exempted from tax
- (c) The Anti-dumping duty imposed shall be in force for a period of _____ from the date of its imposition and can be extended by further period of _____.
(i) 4 years, 10 years
(ii) 3 years, 5 years
(iii) 5 years, 5 years
(iv) None of the above.
- (d) In Customs, buying commission shall be included in the assessable value. Is this statement correct?
(i) No
(ii) Yes
(iii) Yes, if buying commission is paid in foreign currency
(iv) None of the above
- (e) As per Sec. 2(31) of the Customs Act, 1962 person-in-charge means:
(i) Vessel – Master
(ii) Train – Conductor (or) Guard
(iii) Vehicle – Driver
(iv) All of the above.

PART – IV

(Answer any one question out of two questions given. Each question carries 15 marks.)

9(a)(i) What is the taxable event for exported goods? Also state the relevant rate of Foreign exchange in case of exports. **[3]**

(ii) An importer imported some goods for subsequent sale in India at \$ 10,000 on assessable value basis. Relevant exchange rate and rate of duty are as follows:

Particulars	Date	Exchange rate declared by the CBIC	Rate of Basic Customs Duty
Date of submission of bill of entry	25th February 2023	₹ 58 / USD	10%
Date of entry inwards granted to the vessel	5th March 2023	₹ 58.75 / USD	12%

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Calculate Assessable value and Customs Duty in Indian rupees.

[3]

- 9.(b)(i) An exporter exported 2,000 pairs of leather shoes @ ₹750 per pair. All industry rate of drawback in fixed on average basis i.e. @ 11% of FOB subject to maximum of ₹ 80 per pair. The exporter found that the actual duty paid on inputs was ₹1,95,000. He has approached you, as a consultant, to apply under Rule 7 of the drawback rules for fixation of 'special brand rate'. Advise him suitably. [3]
- (ii) What is pilferage under sec.13 of the Customs Act, 1962? [3]
- (iii) Calculate the amount of duty drawback allowable under the Customs Act, 1962 in the following cases: [3]
- (1) A imported a car from U.K. for his personal use and paid ₹4,50,000 as import duty. However, the car is re-exported immediately without bringing it into use.
- (2) B imported a music player from Dubai and paid ₹12,000 as import duty. She used it for four months but re-exports the same after four months.
- (3) C exported 1000 kgs of a metal of FOB value of ₹1,00,000. Rate of duty drawback on such export is ₹ 60 per kg. Market price of goods is ₹40,000 (in wholesale market).

- 10.(a)(i) Ramesh imported certain goods in December, 2021. An 'into Bond' bill of entry was presented on 14th December, 2021 and goods were cleared from the port for warehousing. Assessable value on that date was US \$1,00,000. The order permitting the deposit of goods in warehouse for four months was issued on 21st December, 2021. Ramesh deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 20th April, 2022.

A notice was issued under section 72 of the Customs Act, 1962, demanding duty, interest and other charges. Ramesh cleared the goods on 14th May 2022. Compute the amount of duty and interest payable by Ramesh while removing the goods on the basis of following information:

Particulars	14-12-2021	20-4-2022	14-5-2022
Rate of exchange per US \$ (as notified by Central Board of Excise & Customs)	₹ 65.20	₹ 65.40	₹65.50
Basic Customs Duty	15%	10%	12%
No other customs duty is payable except basic customs duty.			

[5]

- (ii) A machine was originally imported from Japan at ₹ 250 lakhs in August 2021 on payment of all duties of customs. The said machine was exported (sent-back) to supplier for repairs in January 2022 and re-imported without any re-manufacturing or re-processing in October, 2022 after repairs. Since the machine was under warranty period, the repairs were carried out free of cost.

However, the fair cost of repairs carried out (including cost of material ₹ 6 lakh) would have been ₹ 9 lakhs. Actual insurance and freight charges (to and fro) were ₹ 3 lakhs. The rate of basic customs duty is 10% and rate of IGST in India on like article is 12%.

Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

[4]

- 10(b)(i) Explain the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 containing the provisions relating to the warehousing:
- (1) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.

- (2) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.
- (3) The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while cancelling the license of a private warehouse if he has contravened any provision of the said. **[3]**

(ii) Determine the safeguard duty payable by X Ltd., under section 8B of the Customs Tariff Act, 1975 from the following:

X Ltd. imported Sodium Nitrite from a developing country from 26th February, 2022 to 25th February, 2023 (both days inclusive) ₹ 50 crores.

Total imports of Sodium Nitrite (including developing country) is ₹2,500 crores.

Note: Safeguard duty is @ 30%.

Whether your answer is different in case of import of Sodium Nitrite from a developing country ₹ 80 crores? **[3]**