

**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 the rest of this section.**

**1. Choose the correct answer with justification/ workings wherever applicable: [7×2=14]**

- (i) Aminpur Post Office provided basic mail services of ₹ 2,50,000 and speed post services of ₹ 3,00,000. The value of taxable services will be:  
(a) ₹ 2,50,000  
(b) ₹ 3,00,000  
(c) ₹ 5,50,000  
(d) None of the above.
- (ii) An individual acts as a referee in a football match organised by Sports Authority of India. Which one of the following is correct?  
(a) The individual is liable to pay GST  
(b) Sports Authority of India is liable to pay GST  
(c) Exempted from GST  
(d) Outside the scope of supply.
- (iii) Goods under CGST Act excludes:  
(a) Securities  
(b) Unsecured debts  
(c) Right to participate in the draw to be held in a lottery  
(d) Growing crops.
- (iv) A famous actress went to London and avail cosmetic or plastic surgery for her nose. Whether GST is liable to be paid?  
(a) Yes  
(b) No  
(c) No supply at all  
(d) None of the above.
- (v) In relation to a registered person, input tax means the Central tax, State tax, integrated tax or Union territory tax charged on any supply of goods or services or both made to him and includes:—  
(a) The integrated goods and services tax charged on import of goods  
(b) The tax payable under Reverse Charge Mechanism as per SGST Act  
(c) The tax payable under Reverse Charge Mechanism as per UTGST Act  
(d) The tax payable under the composition levy.
- (vi) In case of international bookings, the value of supply of services in relation to booking of tickets for travel by air provided by an air travel agent shall be deemed to be an amount calculated as:  
(a) 5% of basic fare  
(b) 7.5% of basic fare  
(c) 10% of basic fare  
(d) 12.5% of basic fare.

- (vii) In case of supply of services, the tax invoice shall be prepared in the manner of:
- (a) Only original
  - (b) Two copies
  - (c) Three copies
  - (d) Four copies.

**2.(a)(i)** A contract awarded by Bombay Municipal Corporation (BMC) for repair of a particular road to M/s B Ltd. of Mumbai with a total consideration of ₹ 12 lakhs with terms and conditions as stated that:

1. It is pure service (excluding works contract service or other composite supplies involving supply of any goods) and
2. The entire work should be completed within 30 days.

The said work has been completed as per terms and conditions. Applicable rate of GST is 18%.

Find the following:

- (A) Is it taxable supply?
- (B) Rework if the contract is in the nature of works contract where material is involved in the value of contract. Is it taxable supply? If so who is liable to pay GST and for what amount?

Note: previous turnover of M/s B Ltd. was ₹ 22 crores.

**[2+4]**

**(ii)** Air Speed Airlines transported Fruits (i.e. agricultural produce) from Chennai airport to Meghalaya. It is exempted supply of service under GST. Validate the statement. **[3]**

**(b)** Government of India launched a project "Make in India" and appointed XYZ Advertising agency of Karnataka for advertisement of the project all over the country. XYZ agency advertises the project in all states of India. Determine the place of supply of advertisement services. **[5]**

**3.(a)** Mannat Ltd. of Patna, Bihar has effected intra-state supplies of taxable goods amounting to ₹ 12,00,000 till 31-12-2017. On 01-01-2018 it has effected inter-state supply of taxable goods amounting to ₹ 1,00,000. Mannat Ltd. is of the opinion that it is not required to get registered under GST law since its aggregate turnover is not likely to exceed ₹ 20,00,000 during financial year 2017-18. As a consultant of the company you are required to advise the company relating to registration requirements. **[6]**

**(b)** Mr. Y imported goods from USA on 28th June 2017 for ₹ 5,00,000. Customs duties like BCD ₹ 50,000, CVD ₹ 68,750, Cess ₹ 3,563 and Spl. CVD of ₹ 24,893 also paid on 29th June 2017. The consignment received by Mr. Y into his factory on 20th July 2017. The services of Customs Broker and C&F are used for imported inputs. Service Tax ₹ 10,000, SBC of ₹ 500 and KKC of ₹ 500 has been paid on 30th June 2017 along with value of services to the provider of services.

Is Mr. Y eligible for ITC under GST? If so, for what amount?

**[8]**

**4.(a)** How soon will refund in respect of export of goods or services be granted during the GST regime? **[6]**

**(b)** Calculate the value of taxable supply of PTN Transport Company engaged in the business of transport of goods by road for the month of April 2018. Give reasons for taxability or exemption of each item. No freight is received from any of the specified category of consignor/ consignee. Suitable assumptions may be made wherever required. PTN Transport Company does not avail ITC. GST is leviable @ 5%:

	(₹)
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Total freight charges received during the year	14,50,000
Freight charges received for transporting fruits	1,20,000
Freight collected for transporting small consignment for persons who paid less than ₹ 750 for each consignment	70,000
Freight collected for transporting goods in small vehicles for persons who paid less than ₹ 1,500/- per trip	1,55,000

[8]

- 5.(a) State the manner & procedure of conducting audit by the tax authorities. [8]
- (b) M/s. Hind Fabricators owned by Mr. A is popularly known for assembly of large machines. M/s. SS Fabricators (also owned by Mr. A) is engaged in fabrication of small machines. A factory contracts M/s. Hind Fabricators for fabrication of its machinery, for a fee of ₹ 5,00,000. M/s. Hind Fabricators sub-contracts the work to M/s. SS Fabricators for ₹ 4,00,000, and ensures supervision of the work performed by them. Generally, M/s. SS Fabricators charges a fixed sum of ₹ 1,200 per man hour to its clients; it spends 400 hours on this project. Determine value of supply. [6]

- 6.(a) What is GST Compensation Cess? State the necessities of it. [2+5]
- (b) Some inputs are sent directly to premises of registered job worker without being first taken to stock by Kalyan Manufacturer. The goods were cleared from the supplier on 21-07-2017 but received by Job worker on 26-07-2017. The amount of input tax towards CGST and SGST are amounted to ₹ 1,30,000.

The job worker carried out the job work of machining and supplied the goods after machining to LLB Traders on 23-07-2018 on payment of tax on directions of Kalyan Manufacturers. Discuss ITC implications. [7]

7. Answer the following: [7+7]
- (a) Write a short note on anti-profiteering committee.
- (b) Define business vertical as per section 2(18) of the CGST Act.

### Section - B

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

8. Choose the correct answer with justification/ workings wherever applicable: [3×2=6]
- (i) Validity period for import of advance authorisation shall be:
- (a) 12 months from the date of issue of authorisation
  - (b) 18 months from the date of issue of authorisation
  - (c) 12 months from the date of import
  - (d) 18 months from the date of import.
- (ii) Suppose Assessable Value (A.V.) including landing charges is ₹ 100. BCD - 10%, IGST - 12%, Education Cess - 2%, Secondary & Higher Education Cess - 1%. The amount of IGST will be:
- (a) ₹ 1.20
  - (b) ₹ 13.24
  - (c) ₹ 1.24
  - (d) ₹ 13.20.
- (iii) In case of determination of rate of basic customs duty, we should consider the rate of basic customs duty prevailed on:
- (a) The date of submission of bill of entry

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- (b) The date of entry inwards granted to the vessel
- (c) The date of submission of bill of entry or the date of entry inwards granted to the vessel, whichever is earlier
- (d) The date of submission of bill of entry or the date of entry inwards granted to the vessel, whichever is later.

**9.(a)** Write the procedure to be followed for clearance of Postal Articles under customs. **[8]**

**(b)** Describe first appraisement system in customs verification. **[4]**

**10.(a)** Importer BOPP Ltd. imported two consignments of ethyl alcohol which were allowed to be cleared for home consumption on execution of a bond undertaking to produce licence within a month. Since, appellant failed to fulfill the obligation, proceedings were initiated which culminated in confiscation of the goods under Section 111(d) of the Customs Act, 1962 and imposition of penalty on the importer under section 112(a) of the Customs Act, 1962. Examine the correctness of the decision in terms of statutory provisions. **[7]**

**(b)** State the benefits available to the status holders in FTP provisions. **[5]**

**11.(a)** Mr. Lal, paid the customs duty in the month of June 2017 ₹ 10,300. It was found by the department officer, the actual amount of duty is ₹ 15,450 for the June 2017. Customs duty of ₹ 5,150 as demanded by the department have been paid on 31<sup>st</sup> July 2017. Find the interest under section 28AA of the Customs Act, 1962. **[4]**

**(b)** Write a short note on deemed export under foreign trade policy. **[8]**