

## **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) The due date to file GSTR-7 (Return for authorities deducting tax at source) is:  
(a) 10<sup>th</sup> of the next month  
(b) 13<sup>th</sup> of the next month  
(c) 18<sup>th</sup> of the next month  
(d) 20<sup>th</sup> of the next month.
- (ii) Which state became the first state of India to ratify GST bill?  
(a) Bihar  
(b) Telangana  
(c) Assam  
(d) Andhra Pradesh
- (iii) Which one of the following is true?  
(a) A person can collect tax only he is registered  
(b) Registered person not liable to collect tax till his aggregate turn over exceeds threshold limit  
(c) A person can collect the tax during the period of his provisional registration  
(d) None of the above
- (iv) What does N stands for in HSN?  
(a) Nomenclature  
(b) Nationalization  
(c) Network  
(d) Nomination
- (v) Following is an intra-State supply:  
(a) Goods sent from Delhi to another dealer in Delhi.  
(b) Goods sent from Delhi to a SEZ in Noida, Uttar Pradesh.  
(c) Goods sent from Delhi to Chandigarh branch (Haryana) of the same supplier.  
(d) None of the above
- (vi) Combined Stake of Central and State Government in GSTN is \_\_\_\_\_.  
(a) 25 %  
(b) 49 %  
(c) 51 %  
(d) 100 %
- (vii) Which of the following tax has been abolished by the GST?  
(a) Service Tax  
(b) Income Tax  
(c) Wealth Tax  
(d) Corporation tax

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2. (a) What is GST Council? What is the function of the GST Council?
- (b) The Government gives re-development of slum to L&T. As per the Housing for All Scheme, L&T under taken original work in return entitled for 0.5 FSI (out of 1.5 FSI on the land of 10,000 sq. ft.) which can be utilized for construction of free sale component. L&T in turn appointed DLF as contractor for supplying the services of construction for allotment to slum dwellers. The contractor charges ` 900 per sq. ft. of built-up area.

Find the following:

- (i) Exempted value of supply.
- (ii) Taxable value of supply.
- (iii) Taxable person.
- (iv) GST liability.

Applicable rate of GST 12% (with Input Tax Credit).

Note: Taxable person is willing to avail benefit of ITC. [6 + 8]

3. (a) State the categories of persons who shall compulsorily be required to be registered under GST.
- (b) Reon operating radio taxi services in India. In the month of Nov 2018, the following services are rendered by it:
- (A) Free services provided to new customers who travelled for the first time. However, payment made to taxi drivers ` 10,00,000.
  - (B) Hire charges collected from customers ` 12,25,500. Payment made to taxi drivers ` 11,00,000.
- Reon appointed X Pvt. Ltd., as their representative in India. Person liable to pay GST is willing to avail exemption if any.

You are required to find:

- (i) Who is liable to pay GST?
- (ii) Taxable value of supply.
- (iii) Net GST liability.

[8 + 6]

4. (a) M/s. Star Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below. Compute its GST liability:
- (i) Service of interior decoration in respect of immovable property located in Jammu: ` 5 lakh;
  - (ii) Service of renting of commercial buildings in Delhi: ` 15 lakh;
  - (iii) Architectural services to an Indian Hotel Chain which has business establishment in Mumbai for its newly acquired property in Sydney: ` 25 lakhs;
  - (iv) Services provided as an Indian agent undertaking marketing in India of goods of a foreign seller: ` 51 lakhs;
  - (v) Services provided as travel agent undertaking marketing in India of services of a foreign seller: ` 1 lakhs. Applicable rate of GST 18%.

- (b) Mr. Suraj being a registered person supplying taxable goods in the following manner:

Particulars	`
Intra-State supply of goods	18,00,000
Inter-State supply of goods	13,00,000
Intra-State purchases	13,00,000
Inter-State purchases	1,50,000
ITC at the beginning of the relevant tax period:	
CGST	1,30,000
SGST	1,30,000

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IGST	1,70,000
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- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.  
 (ii) Inward and outward supplies are exclusive of taxes.  
 (iii) All the conditions necessary for availing the input tax credit have been fulfilled.

Compute the net GST payable by Mr. Suraj during the tax period. Make suitable assumptions. [7 + 7]

5. (a) The goods manufactured by Royal Ltd. have been exempted from GST with effect from 15th November 2018. Earlier these goods were liable to tax @18%. Its inputs were liable to GST @12%. Following information is supplied on 15th November 2018:
- (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 2018).

The department has asked Royal Ltd. to reverse the credit taken on inputs referred above. However, Royal Ltd. contends that credit once validly 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 2018 were ` 29,104?

- (b) What are the non-appealable decisions and orders? [10 + 4]

6. (a) Mr. Ajay has taken a loan from the bank on 15th July 2017 worth ` 2 crore and purchased a machine. Subsequently Mr. Ajay defaulted in paying the loan amount along with interest. At late date bank repossessed the machine from Mr. Ajay on 1st Jan 2018. The banker sells the said goods on 26th April 2018.

Find the value of taxable supply of goods in the hands of banker in the following two independent cases:

Case 1: machine sold for ` 1,90,00,000.

Case 2: machine sold for ` 1,70,00,000.

Note: Applicable rate of IGST 18%.

- (b) M/s XYZ Ltd, having its head Office at Mumbai, is registered as ISD. It has three units in different states namely 'Mumbai', 'Chennai' and 'Delhi' which are operational in the current year. M/s XYZ Ltd furnishes the following information for the month of December 2018. You are required to distribute the below input tax credit.

(i) CGST and SGST paid on services used only for Mumbai Unit: ` 3,00,000/-

(ii) IGST, CGST & SGST paid on services used for all units: ` 12,00,000/-

Total Turnover of the units for the Financial Year 2017-18 are as follows: -

Unit	Turnover in `
Turnover of Mumbai unit	5,00,00,000
Turnover of Chennai	3,00,00,000
Turnover of Delhi	2,00,00,000
<b>Total turnover</b>	<b>10,00,00,000</b>

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- [7 + 7]
7. (a) Alpha Ltd., a unit in SEZ, received services from various service providers in relation to authorized operations in SEZ during the month July, 2018. The following details are furnished for the month July, 2018:
- (i) Value of Taxable services used exclusively for authorised operations within SEZ: ` 5,00,000 (exemption from GST availed).
  - (ii) Value of Taxable Services used by SEZ units and DTA units: ` 8,00,000. GST paid @18%.
  - (iii) Value of Taxable Service used wholly for DTA units: ` 3,00,000. GST paid @18%.
  - (iv) Export Turnover of SEZ Unit: ` 1,00,00,000
  - (v) Turnover of DTA Unit: ` 60,00,000
- Compute the ITC and amount of refund if any?  
Note: All input services used by SEZ for its authorized operations only.
- (b) What is Letter of Undertaking (LUT)? Discuss about the validity of LUT. [8 + 6]

### 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) Who is the adjudicating authority in case of goods liable for confiscation amounted > ` 50,000 ≤ ` 5,00,000?
    - (a) The Superintendent of Customs
    - (b) The Deputy/ Assistant Commissioner of Customs
    - (c) The Joint/ Additional Commissioner of Customs
    - (d) The Commissioner of Customs
  - (ii) After visiting USA, Mrs. & Mr. X brought to India a laptop computer valued at ` 80,000 personal effects cloths valued at ` 90,000 and a personal computer for ` 52,000. What is the customs Duty payable?
    - (a) ` 11,550/-
    - (b) ` 15,400/-
    - (c) ` 770/-
    - (d) None of the above
  - (iii) 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
9. (a) Compute the assessable value and Customs duty payable from the following information:
- (i) F.O.B value of machine 8,000 UK Pounds
  - (ii) Freight paid (air) 2,500 UK Pounds
  - (iii) Design and development charges paid in UK 500 UK Pounds
  - (iv) Commission payable to local agents @ 2% of F.O.B in Indian Rupees
  - (v) Date of bill of entry 24.10.2018  
(Rate BCD 12%; Exchange rate as notified by CBIC ` 68 per UK Pound)
  - (vi) Date of entry inward 20.10.2018  
(Rate of BCD 18%; Exchange rate as notified by CBIC ` 70 per UK Pound).

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(ii) IGST payable 18%.

(iii) Insurance charges actually paid but details not available.

(b) M/s Hind IT Co. imported laptops with Hard Disc Drives (HDD) preloaded with operating software like Windows XP, XP home etc. The department has claimed that the said laptop along with the operating software was classifiable and assessable as a single unit. It is the claim of the assessee that the software loaded HDD should be classified and assessed separately as an exemption is available as per notification issued under section 25(1) of the Customs Act, 1962. Decide with a brief note whether the action proposed by the department is correct in law. [8 + 4]

10. (a) Determine the safeguard duty payable by X Ltd., Y Ltd., and 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, 2017 to 25th February, 2018 (both days inclusive) are as follows:

Importer	Country of Import	In crores
X Ltd.	Developing country	70
Y Ltd.	Developing country	82
Z Ltd.	Developing country	52
A Ltd.	Developing country	50
Others	Developed country	2,246
	Total	2,500

Note: Safeguard duty 30%.

(b) When shall the safeguard duty under section 8B of the Customs Tariff Act, 1975 be not imposed? Discuss briefly. [8 + 4]

11. (a) What are the conditions to be fulfilled for claiming duty drawback on the re-export of duty paid goods?

(b) Sigma Ltd. has exported following goods to USA. Discuss whether any duty drawback is admissible under section 75 of the Customs Act, 1962.

Product	FOB Value of Exported Goods	Market Price of goods	Duty drawback rate
A	2,50,000	1,80,000	30% of FOB
B	1,00,000	50,000	0.75% of FOB
C	8,00,000	8,50,000	3.50% of FOB
D	2,000	2,100	1.50% of FOB

Note: Imported value of product C is ₹ 9,50,000.

[6 + 6]