



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER – 19

SET 1
TERM – JUNE 2025
SYLLABUS 2022

INDIRECT TAX LAWS AND PRACTICE

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option:

[15×2 = 30]

- (i) While repairing the factory shed, few goods were also supplied along with the labour service. Whether it is a:
- Composite Supply
 - Mixed Supply
 - Works Contract Service
 - None of the above
- (ii) Mr. Dhoni a registered person from Mumbai, received certain architectural services from one of its associates from UAE for his personal purpose free of cost. The same was worth \$5,000. Does the import of service qualify as supply?
- Yes. Being made from related party
 - No. since, not made in course or furtherance of business
 - Yes, but only on prior approval of Government
 - None of the above
- (iii) Stylish a modelling agency, registered in Mumbai having 10 models entered into a contract for beauty treatment of their models with Fair & Lovely in Delhi but the beauty treatment was done before a fashion show in the city of Hyderabad. What is the place of supply?
- Mumbai
 - Delhi
 - Chennai
 - Hyderabad
- (iv) Mr. OBAMA of USA came to Chennai for personal visit and booked a room in Taj Hotel of Chennai. What GST is liable to pay by Taj Hotel of Chennai where payment received in US Dollars?
- CGST + SGST
 - IGST
 - Zero rate of GST
 - None of the above
- (v) Rule 30 of the CGST Rules inter alia provides value of supply of goods or services or both based on cost shall be% of cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services.
- 100
 - 10
 - 110
 - 120



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TERM – JUNE 2025
SYLLABUS 2022

INDIRECT TAX LAWS AND PRACTICE

- (vi) The term “used in the course or furtherance of business” means —
- It should be directly co-related to output supply
 - It is planned to use in the course of business
 - It is used or intended to be used in the course of business
 - It is used in the course of business for making outward supply
- (vii) Levy of GST on Priority Sector Lending Certificate (PSLC) is under:
- Exempted supply of goods
 - Reverse Charge Mechanism (RCM)
 - Forward Charge
 - Partial Reverse Charge Mechanism
- (viii) When an e-commerce operator is required to register under GST?
- When he is required to collect tax at source u/s 52
 - When his aggregate turnover exceeds the threshold limit
 - It is mandatory to register irrespective of the threshold limit.
 - When he is required to collect tax at source u/s 52 and his aggregate turnover exceeds the threshold limit.
- (ix) Which document is to be issued by the consignor instead of tax invoice for transportation of goods for job work?
- E-Way Bill
 - Delivery Challan
 - Debit Note
 - Receipt Voucher
- (x) E-Way bill generation facility of a person paying tax under regular scheme will be blocked if he has not furnished the returns for a consecutive period of _____.
- 2 months
 - 2 tax periods
 - 3 tax periods
 - 6 tax periods
- (xi) Determine price to be taken for computing deductive value in rule 7: Sale quantity- 80 units @ ₹90, 50 units @ ₹95, 25 units @ ₹105, 40 units @ ₹100:
- ₹105
 - ₹100
 - ₹95
 - ₹90



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SET 1
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SYLLABUS 2022

INDIRECT TAX LAWS AND PRACTICE

- (xii) A person, who is engaged in a profession abroad, or is transferring his residence to India after stayed abroad more than 2 years can bring, used household items without payment of duty up to:
- ₹50,00,000
 - ₹25,00,000
 - ₹5,00,000
 - ₹50,000.
- (xiii) Once a _____ is cleared for home consumption, the bond submitted by the importer gets debited automatically in the customs automated system and the details shall be made available electronically to the Jurisdictional Custom Officer.
- Bill of Entry
 - Shipping Bill
 - Entry inwards
 - Entry outwards
- (xiv) Full form of IIN is:
- Import of goods at concessional rate of duty Identification Number
 - Import of Goods at Concessional Rate Identification Number
 - Import of Goods Identification Number
 - Import at Concessional Rate Identification Number
- (xv) _____ grants the permission for manufacturing or other operations in the bonded facility.
- Assistant Commissioner of Customs
 - Deputy Commissioner of Customs
 - Additional Commissioner of Customs
 - Commissioner of Customs

Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Examine how pre-packaged and labelled goods will be treated in GST. [7]
- (b) Discuss the details to be provided in the form GSTR – 9. [7]
3. (a) Indian railways has provided following services—
- Transport of passengers by general class: ₹25,00,000;
 - Transport of passengers by sleeper class: ₹20,00,000;
 - Transport of passengers by 1st Class air conditioned coach: ₹6,00,00,000;
 - Transport of passengers by 2 tier air conditioned coach: ₹22,00,00,000;



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INDIRECT TAX LAWS AND PRACTICE

(5) Transport of passengers by 3-tier air conditioned coach: ₹30,00,00,000;
Calculate value of taxable supplies and GST liability. Applicable GST rate is 5%. [7]

(b) The goods manufactured by Ansh Ltd. have been exempted from GST with effect from 15th January 2025. Earlier these goods were liable to tax @ 18%. Its inputs were liable to GST @ 12%. Following information is supplied on 15th January 2025:

- (i) The inputs costing ₹1,84,720 are lying in stock.
- (ii) The inputs costing ₹97,184 are in process.
- (iii) The finished goods valuing ₹5,82,400 are in stock, the input cost is 50% of the value.

Ansh Ltd. also purchased capital goods for ₹5,00,000 by paying GST 28% (invoice dated 10th July 2024). The balance in electronic credit ledger account shows credit balance of ₹2,79,104.

The department has asked Ansh Ltd. to reverse the credit taken on inputs referred above. However, Ansh Ltd. contends that credit once validly taken is indefeasible and not required to be reversed.

Calculate the amount payable by Ansh Ltd. if the balance in electronic credit ledger receivable account as on 15th January 2025 were ₹29,104. [7]

4. (a) Explain the provision of special audit as per CGST Act, 2017. Also discuss the process of how special audit is conducted. [7]

(b) Analyse the provisions related to Distinct persons as per CGST Act, 2017. [7]

5. (a) Determine the time of supply from the following particulars:

8th September	Community hall booked for a marriage, Sum agreed ₹ 11,20,000, Advance ₹ 1,20,000 recorded in the books of account.
10th September	Advance amount credit in bank account
2nd November	Marriage held in Community Hall
18th December	Invoice issued for ₹ 11,20,000 indicating the balance of ₹ 10,00,000 payable
22nd December	Balance ₹ 10,00,000 recorded in the books of account.
24th December	Payment ₹ 10,00,000 credit to the bank account

[7]

(b) Srinidhi Ltd. exported some goods to LG Inc. of USA. It received US \$ 9,000 as consideration for the same and sold the foreign currency @ ₹ 71 per US dollar. Calculate the value of supply of money changing service under GST law and rules made thereunder in the following cases:

- (i) RBI reference rate for US dollar at. That time is ₹ 72 per US dollar
- (ii) RBI reference rate for US dollars is not available.

Calculate the value of supply if US \$9,000 are converted into UK £ 4,500? RBI reference rate at that time for US \$ is ₹ 73 per US dollar and for UK £ is ₹ 101 per UK Pound. [7]



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6. (a) Distinguish between Pilferage of goods and loss or destruction of goods as per Customs Act, 1962. [7]
- (b) Discuss some incentives to Special Economic Zone (SEZ) units. [7]
7. (a) Mrs. & Mr. Kapoor visited Germany and brought following goods while returning to India after 6 days stay abroad on 8th January 2025.
- (i) Their personal effects like clothes, etc., valued at ₹1,35,000.
 - (ii) A personal computer bought for ₹1,36,000.
 - (iii) A laptop computer bought for ₹95,000.
 - (iv) Two liters of liquor bought for ₹1,600.
 - (v) A new camera bought for ₹87,400.
 - (vi) Plasma T.V. for ₹1,25,000
- Calculate the amount of customs duty payable. [7]

- (b) BSA & Company Ltd have imported a machine from U.K. From the following particulars furnished by them, Calculate the assessable value for the purpose of customs duty payable:

(i) F.O.B. cost of the machine	10,000 U.K. Pounds
(ii) Freight (air)	3,000 U.K. Pounds
(iii) Engineering and design charges paid to a firm in U.K.	500 U.K. Pounds
(iv) License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost
(v) Materials and components supplied by the buyer free of cost valued	₹20,000
(vi) Insurance paid to the insurer in India	₹6,000
(vii) Buying commission paid by the buyer to his agent in U.K.	100 U.K. Pounds

Other Particulars:

- (i) Inter-bank exchange rate as arrived by the authorized dealer: ₹72.50 per U.K. Pound.
 - (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1962, exchange rate of ₹70.25 per U.K. Pound.
 - (iii) Importer paid ₹5,000 towards demurrage charges for delay in clearing the machine from the Airport.
- (Make suitable assumptions wherever required and show workings with explanations) [7]

8. (a) Asha Ltd. supplies raw material to a job worker Kareena Ltd. After completing the job-work, the finished product of 5,000 packets are returned to Asha Ltd. putting the retail sale price as ₹20 on each packet. The product in the packet is covered under MRP provisions. Calculate the transaction value in the hands of Kareena Ltd. under GST law from the following details:

Particulars	Value in ₹
Cost of raw material supplied	30,000
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to the job worker	3,000
Transportation charges for returning the finished packets to Asha Ltd.	4,500



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INDIRECT TAX LAWS AND PRACTICE

Asha Ltd. paid certain technology transfer fees to 'Reena Ltd', so that 'Kareena Ltd' can use the said technology in the given jobwork operation. This technology owned by Asha Ltd. for subsequent use as well.	22,500
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Note: Kareena Ltd offered discount ₹2,000, provided full payment is made at the time of raising invoice and the same is mentioned in the invoice. Asha Ltd. made full payment at the time of issue of invoice.

[7]

- (b) M/s XYZ, a registered supplier, supplies the following goods and services for construction of buildings and complexes—

- ~ excavators for required period at a per hour rate
- ~ manpower for operation of the excavators at a per day rate
- ~ soil-testing and seismic evaluation at a per sample rate.

The excavators are invariably hired out along with operators. Similarly, excavator operators are supplied only when the excavator is hired out.

M/s XYZ receives the following services:

- ~ Annual maintenance services for excavators;
- ~ Health insurance for operators of the excavators;
- ~ Scientific and technical consultancy for soil testing and seismic evaluation.

For a given month, the receipts (exclusive of GST) of M/s XYZ are as follows:

- ~ Hire charges for excavators - ₹ 18,00,000
- ~ Service charges for supply of manpower for operation of the excavator - ₹ 20,000
- ~ Service charges for soil testing and seismic evaluation at three sites - ₹ 2,50,000

The GST paid during the said month on services received by M/s XYZ is as follows:

- ~ Annual maintenance for excavators - ₹ 1,00,000
- ~ Health insurance for excavator operators - ₹ 2,11,000
- ~ Scientific and technical consultancy for soil testing and seismic evaluation - ₹ 1,00,000

Calculate the net GST payable by M/s XYZ for the given month.

Assume the rates of GST to be as under:

Hiring out of excavators – 12% Supply of manpower services and soil-testing and seismic evaluation services – 18%

Note: Opening balance of input tax credit of GST is nil.

[7]

**INDIRECT TAX LAWS AND PRACTICE****Time Allowed: 3 Hours****Full Marks: 100****The figures in the margin on the right side indicate full marks.****SECTION – A (Compulsory)****1. Choose the correct option:****[15×2 = 30]**

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- (xii) A person, who is engaged in a profession abroad, or is transferring his residence to India after stayed abroad more than 2 years can bring, used household items without payment of duty up to:
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- (xiii) Once a _____ is cleared for home consumption, the bond submitted by the importer gets debited automatically in the customs automated system and the details shall be made available electronically to the Jurisdictional Custom Officer.
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 - Shipping Bill
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- (xiv) Full form of IIN is:
- Import of goods at concessional rate of duty Identification Number
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- (xv) _____ grants the permission for manufacturing or other operations in the bonded facility.
- Assistant Commissioner of Customs
 - Deputy Commissioner of Customs
 - Additional Commissioner of Customs
 - Commissioner of Customs

Answer:

i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv	xv
c	b	d	a	c	c	b	c	b	a	d	c	a	b	d

**INDIRECT TAX LAWS AND PRACTICE****Section – B**

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Examine how pre-packaged and labelled goods will be treated in GST. [7]
- (b) Discuss the details to be provided in the form GSTR – 9. [7]

Answer:

- (a) For the purposes of GST, the expression ‘pre-packaged and labelled’ means a ‘pre-packaged commodity’ as defined in Clause (l) of section 2 of the Legal Metrology Act reads as below:

“Pre-packaged commodity” means a commodity which without the purchaser being present is placed in a package of whatever nature, whether sealed or not, so that the product contained therein has a pre-determined quantity.

Thus, supply of such specified commodity having the following two attributes would attract GST:

- (i) It is pre-packaged; and
- (ii) It is required to bear the declarations under the provisions of the Legal Metrology Act, 2009 (1 of 2010) and the rules made thereunder.

However, if such specified commodities are supplied in a package that do not require declaration(s)/ compliance(s) under the Legal Metrology Act, 2009 (1 of 2010), and the rules made thereunder, the same would not be treated as pre-packaged and labelled for the purposes of GST levy.

For example, items like pulses, cereals like rice, wheat, and flour (aata), etc., earlier attracted GST at the rate of 5% when branded and packed in unit container. With effect from 18.7.2022, these items would attract GST when “pre-packaged and labelled”. Additionally, certain other items such as Curd, Lassi, puffed rice etc. when “prepackaged and labelled” would attract GST at the rate of 5% with effect from the 18th July, 2022.

In the context of food items (such as pulses, cereals like rice, wheat, flour etc.), the supply of specified prepackaged food articles would fall within the purview of the definition of ‘pre-packaged commodity’ under the Legal Metrology Act, 2009, and the rules made thereunder, if such pre-packaged and labelled packages contained a quantity upto 25 kilogram [or 25 litre] in terms of rule 3(a) of Legal Metrology (Packaged Commodities) Rules, 2011, subject to other exclusions provided in the Act and the Rules made thereunder.

For such commodities (food items- pulses, cereals, flour, etc.), rule 3 (a) of Chapter-II of Legal Metrology (Packaged Commodities) Rules, 2011, prescribes that package of commodities containing quantity of more than 25 kg or 25 litre do not require a declaration to be made under rule 6 thereof. Accordingly, GST would apply on such specified goods where the pre-packaged commodity is supplied in packages containing quantity of less than or equal to 25 kilograms.

Example: Supply of pre-packed atta meant for retail sale to ultimate consumer of 25 Kg shall be liable to GST.

**INDIRECT TAX LAWS AND PRACTICE**

However, supply of such a 30 Kg pack thereof shall be exempt from levy of GST. Thus, it is clarified that a single package of these items [cereals, pulses, flour etc.] containing a quantity of more than 25 Kg/25 litres would not fall in the category of pre-packaged and labelled commodity for the purposes of GST and would therefore not attract GST.

(b) Details are required to be provided in Form GSTR-9 are as follows:

1. Details of advances, inward and outward supplies made during the financial year on which tax is payable:
To enter/ view the summary of outward/ inward supplies made during the financial year
2. Details of Outward supplies made during the financial year on which tax is not payable:
To enter/ view the summary of non-taxable outward supplies made during the financial year
3. Details of ITC availed during the financial year:
To enter/ view the summary of ITC availed during the financial year
4. Details of ITC reversed and Ineligible ITC for the financial year:
To enter/ view the summary of ITC reversed or ineligible for the financial year
5. Other ITC related information:
To enter/ view the ITC availed during the financial year
6. Details of tax paid as declared in returns filed during the financial year:
To enter/ view the tax (including Interest, Late Fee, Penalty & Others) paid during the financial year
7. Details of the previous Financial Year's transactions reported in next Financial Year:
To enter/ view the summary of transactions reported in next financial year
8. Differential tax paid on account of declaration in table no. 10 & 11:
To enter/ view the total tax paid on transactions reported in next financial year
9. Particulars of Demands and Refunds:
To enter/ view particulars of demands and refunds during the financial year
10. Supplies received from Composition taxpayers, deemed supply by job worker and goods sent on approval basis:
To enter/ view the summary of supplies received from Composition taxpayers, deemed supply by job worker and goods sent on approval basis
11. HSN wise summary of Outward Supplies:
To enter/ view HSN wise summary of outward supplies made during the financial year
12. HSN wise summary of Inward Supplies:
To enter/ view HSN wise summary of inward supplies received during the financial year

3. (a) Indian railways has provided following services—

- (1) Transport of passengers by general class: ₹25,00,000;
- (2) Transport of passengers by sleeper class: ₹20,00,000;
- (3) Transport of passengers by 1st Class air conditioned coach: ₹6,00,00,000;
- (4) Transport of passengers by 2 tier air conditioned coach: ₹22,00,00,000;
- (5) Transport of passengers by 3-tier air conditioned coach: ₹30,00,00,000;

Calculate value of taxable supplies and GST liability. Applicable GST rate is 5%.

[7]



INDIRECT TAX LAWS AND PRACTICE

- (b) The goods manufactured by Ansh Ltd. have been exempted from GST with effect from 15th January 2025.

Earlier these goods were liable to tax @ 18%. Its inputs were liable to GST @ 12%. Following information is supplied on 15th January 2025:

- (i) The inputs costing ₹1,84,720 are lying in stock.
- (ii) The inputs costing ₹97,184 are in process.
- (iii) The finished goods valuing ₹5,82,400 are in stock, the input cost is 50% of the value.

Ansh Ltd. also purchased capital goods for ₹5,00,000 by paying GST 28% (invoice dated 10th July 2024)

The balance in electronic credit ledger account shows credit balance of ₹2,79,104.

The department has asked Ansh Ltd. to reverse the credit taken on inputs referred above. However, Ansh Ltd. contends that credit once validly taken is indefeasible and not required to be reversed.

Calculate the amount payable by Ansh Ltd. if the balance in electronic credit ledger receivable account as on 15th January 2025 were ₹29,104. [7]

Answer:

- (a) Statement showing service tax liability

Nature of service Transport of passengers	Value in (₹)
General class	Exempted supply
Sleeper class	Exempted supply
1st Class air conditioned coach	6,00,00,000
2 tier air conditioned coach	22,00,00,000
3-tier air conditioned coach	30,00,00,000
Taxable supply of service	58,00,00,000
GST @5% on ₹ 55 crore	2,90,00,000

- (b) Statement showing amount to be paid by Ansh Ltd. as on 15th January 2025

S. No.	Particulars	Amount to be paid (₹)	Workings
(i)	Inputs lying in stock	22,166	$₹1,84,720 \times 12/100 = ₹22,166$
(ii)	Inputs in process (i.e. Work in Progress)	11,662	$₹97,184 \times 12/100 = ₹11,662$
(iii)	Inputs contained in finished goods lying in stock	34,944	$₹5,82,400 \times 50\% \times 12/100 = ₹34,944$
(iv)	Capital goods	1,23,666	Useful life as per rule 44(1)(b) = 5years (i.e. 60 months). No. of months capital goods have been in use = 6 months 5 days (i.e. 7 months) The useful remaining life in months = 53 months $₹5,00,000 \times 28\% \times 53/60 = ₹1,23,666$
	Amount to be paid by Ansh Ltd.	1,92,438	

**INDIRECT TAX LAWS AND PRACTICE**

Amount payable by Ansh Ltd. = ₹1,92,438

Less: ITC Receivable = ₹(2,79,104)

Excess ITC shall lapse = ₹(86,666)

Excess ITC in electronic credit ledger of ₹86,666 shall lapse as 15th January 2025.

If the balance in electronic credit ledger as on 15th January 2025 is ₹29,104, then amount payable is as follows:

Amount payable by Royal Ltd. = ₹1,92,438

Less: ITC Receivable = ₹(29,104)

Amount payable by electronic cash ledger = ₹1,63,334

4. (a) **Explain the provision of special audit as per CGST Act, 2017. Also discuss the process of how special audit is conducted.** [7]
- (b) **Analyse the provisions related to Distinct persons as per CGST Act, 2017.** [7]

Answer:

- (a) The registered person can be directed to get his records including books of account examined and audited by a Chartered Accountant or a Cost Accountant during any stage of scrutiny, inquiry, investigation or any other proceedings; depending upon the complexity of the case.

Procedure:

During the scrutiny, inquiry, investigation or any other proceedings of a registered person, the Assistant Commissioner or any officer senior to him, having regard to the nature and complexity of the case and the interest of revenue, might be of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits.

In such cases, with the prior approval of the Commissioner, the Assistant Commissioner or any officer senior to him can direct the registered person in FORM GST ADT-03 to get his records including books of account examined and audited by a specified chartered accountant or a cost accountant. The chartered accountant or a cost accountant will be nominated by the Commissioner.

The Chartered Accountant or Cost Accountant so nominated has to submit a report of such audit within the period of ninety days, duly signed and certified by him to the Assistant Commissioner.

On an application made by the registered person or the chartered accountant or cost accountant or for any material and sufficient reason, the Assistant Commissioner can extend the said period by a further period of ninety days.

The provisions of special audit shall have effect even if the accounts of the registered person have been audited under any other provisions of the GST Act or any other law for the time being in force.

The registered person shall be given an opportunity of being heard in respect of any material gathered on the basis of special audit and which is proposed to be used in any proceedings against him under this Act or the rules made thereunder.

**INDIRECT TAX LAWS AND PRACTICE**

The expenses of the examination and audit of records, including the remuneration of such chartered accountant or cost accountant, shall be determined and paid by the Commissioner.

On conclusion of the special audit, the registered person shall be informed of the findings of the special audit in FORM GST ADT-04.

Where the special audit results in detection of tax not paid or short paid or erroneously refunded, or input tax credit wrongly availed or utilised, the process of demand and recovery will be initiated against the registered person.

- (b) Distinct persons is specified under section 25 of CGST Act, 2017:

Every place of business of a person where separate registration is obtained for output supply will be considered as distinct person.

Section 25(4), A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.

Section 25(5), Where a person who has obtained or is required to obtain registration in a State or Union territory in respect of an establishment, has an establishment in another State or Union territory, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act.

5. (a) Determine the time of supply from the following particulars:

8th September	Community hall booked for a marriage, Sum agreed ₹ 11,20,000, Advance ₹ 1,20,000 recorded in the books of account.
10th September	Advance amount credit in bank account
2nd November	Marriage held in Community Hall
18th December	Invoice issued for ₹ 11,20,000 indicating the balance of ₹ 10,00,000 payable
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- (i) RBI reference rate for US dollar at. That time is ₹ 72 per US dollar
(ii) RBI reference rate for US dollars is not available.

Calculate the value of supply if US \$9,000 are converted into UK £ 4,500. RBI reference rate at that time for US \$ is ₹ 73 per US dollar and for UK £ is ₹ 101 per UK Pound.

[7]

Answer:

- (a) Date of payment for advance = Bank entry or Book entry, whichever is earlier
Therefore, date of payment (for advance) in the given case = 8th September

**INDIRECT TAX LAWS AND PRACTICE**

Date of completion of service = 2nd November

(Invoice date not relevant. Since, it is issued after 30 days from the date of completion of service).

Date of payment for balance amount = Bank entry or Book entry, whichever is earlier

Therefore, date of payment (for balance) in the given case = 22nd December

Whichever is earlier.

Time of supply for Advance of ₹ 1,20,000 is 8th September

Time of supply for balance of ₹ 10,00,000 is 2nd November

- (b) (i) In the given case, value of taxable service would be as follows:
= ₹ (72-71) × 9,000 USD = ₹ 9,000
- (ii) In the given case, value of taxable service would be as follows:—
1% of ₹ (71 × 9,000 USD) = ₹ 6,390

In case neither of the currencies exchanged is Indian Rupee:

In the given case, value of taxable service would be 1% of the lower of the following:—

- (i) US dollar converted into Indian rupees (or)
- (ii) UK pound converted into Indian rupees Value of taxable service
= \$ 9,000 × ₹ 73 = ₹ 6,57,000 (or)
= £ 4,500 × ₹ 101 = ₹ 4,54,500
= 1% of ₹ 4,54,500 = ₹ 4,545/-

6. (a) **Distinguish between Pilferage of goods and loss or destruction of goods as per Customs Act, 1962.** [7]
- (b) **Discuss some incentives to Special Economic Zone (SEZ) units.** [7]

Answer:

- (a) **Distinction between section 13 and section 23:**

Pilferage of goods Sec. 13	Loss or destruction of goods Sec. 23
No duty payable on such goods	Duty paid on such goods to be remitted
Department gets compensation from the custodian (Section 45(3) of Customs Act, 1962)	No such compensation
Petty theft by human being	Loss/destruction by fire, flood etc (i.e. Act of God)
Restoration possible	Restoration is not possible
Occurrence is after unloading and before Customs clearance order for home consumption or warehousing	Occurrence may be at any time before clearance for home consumption
Occurrence in warehouse not recognised	Occurrence in warehouse is recognised
Duty need not be calculated	Duty should be calculated for determining the remission amount
No need to prove pilferage	Should be proved and remission sought for

**INDIRECT TAX LAWS AND PRACTICE****(b) Incentives to Special Economic Zone Units:**

The government offers many incentives for companies and businesses established in SEZs. some of the important ones are:

- ~ Duty-free import or domestic procurement of goods for developing, operating and maintaining SEZ units.
- ~ 100% Income tax exemption on export income for SEZ units under the Income Tax Act, 1961 for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.
- ~ Units are exempted from Minimum Alternate Tax (MAT).
- ~ They were exempted from GST. Supplies to SEZs are zero-rated under the IGST Act, 2017.
- ~ Single window clearance for Central and State level approvals.
- ~ There is no need for a license for import.
- ~ In the manufacturing sector, barring a few segments, 100% Foreign Direct Investment (FDI) is allowed.
- ~ Profits earned are permitted to be repatriated freely with no need for any dividend balancing.
- ~ There is no need for separate documentation for customs and export-import policy.
- ~ Many SEZs offer developed plots and ready-to-use space.
- ~ SEZ units are eligible for MEIS, SEIS and RoDTEP duty credit scripts.

Apart from the firms operating in SEZs, developers of SEZs also receive many benefits and incentives from the government.

7. (a) **Mrs. & Mr. Kapoor visited Germany and brought following goods while returning to India after 6 days stay abroad on 8th January 2025.**

- (i) Their personal effects like clothes, etc., valued at ₹1,35,000.
- (ii) A personal computer bought for ₹1,36,000.
- (iii) A laptop computer bought for ₹95,000.
- (iv) Two liters of liquor bought for ₹1,600.
- (v) A new camera bought for ₹87,400.
- (vi) Plasma T.V. for ₹1,25,000

Calculate the amount of customs duty payable?

[7]

(b) **BSA & Company Ltd have imported a machine from U.K. From the following particulars furnished by them, Calculate the assessable value for the purpose of customs duty payable:**

(i) F.O.B. cost of the machine	10,000 U.K. Pounds
(ii) Freight (air)	3,000 U.K. Pounds
(iii) Engineering and design charges paid to a firm in U.K.	500 U.K. Pounds
(iv) License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost
(v) Materials and components supplied by the buyer free of cost valued	₹20,000
(vi) Insurance paid to the insurer in India	₹6,000
(vii) Buying commission paid by the buyer to his agent in U.K.	100 U.K. Pounds



INDIRECT TAX LAWS AND PRACTICE

Other Particulars:

- (i) Inter-bank exchange rate as arrived by the authorized dealer: ₹72.50 per U.K. Pound.
- (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1962, exchange rate of ₹70.25 per U.K. Pound.
- (iii) Importer paid ₹5,000 towards demurrage charges for delay in clearing the machine from the Airport.

(Make suitable assumptions wherever required and show workings with explanations)

[7]

Answer:

(a)

Their personal effects like clothes, etc.,	exempt
personal computer	1,36,000
laptop computer	exempt
Two liters of liquor	exempt
new camera	87,400
Total	2,23,400
Less: General Free Allowance ₹50,000 + ₹50,000	1,00,000
Baggage taxable	1,23,400
Plasma T.V. (fully taxable i.e. duty 100% of value)	1,25,000
Total	2,48,400

Customs Duty is ₹95,634 (i.e. $2,48,400 \times 38.50\%$) payable by Mrs. & Mr. Kapoor

GFA w.e.f. 1-4-2016 is ₹50,000 for each individual.

Therefore, total customs duty is ₹95,634.

(b)

	UK Pounds
FOB value	10,000
Add: Engineering and Design charges (paid in UK)	500
Add: License fee (20% on 10,000 UKP)	2,000
Sub-total	12,500
	Value in (₹)
Sub-total ($12,500 \text{ UKP} \times ₹70.25$)	8,78,125
Add: Material supplied by the buyer freely	20,000
FOB value as per customs	8,98,125
Add: Air freight ($8,98,125 \times 20\%$) Or $3,000 \text{ USD} \times ₹70.25$ whichever is less	1,79,625
Add: Insurance	6,000
Assessable value (i.e. CIF value)	10,83,750

**INDIRECT TAX LAWS AND PRACTICE**

8. (a) Asha Ltd. supplies raw material to a job worker Kareena Ltd. After completing the job-work, the finished product of 5,000 packets are returned to Asha Ltd. putting the retail sale price as ₹20 on each packet. The product in the packet is covered under MRP provisions. Calculate the transaction value in the hands of Kareena Ltd. under GST law from the following details:

Particulars	Value in ₹
Cost of raw material supplied	30,000
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to the job worker	3,000
Transportation charges for returning the finished packets to Asha Ltd.	4,500
Asha Ltd. paid certain technology transfer fees to 'Reena Ltd', so that 'Kareena Ltd' can use the said technology in the given jobwork operation. This technology owned by Asha Ltd. for subsequent use as well.	22,500

Note: Kareena Ltd offered discount ₹2,000, provided full payment is made at the time of raising invoice and the same is mentioned in the invoice. Asha Ltd. made full payment at the time of issue of invoice. [7]

- (b) M/s XYZ, a registered supplier, supplies the following goods and services for construction of buildings and complexes—

- ~ excavators for required period at a per hour rate
- ~ manpower for operation of the excavators at a per day rate
- ~ soil-testing and seismic evaluation at a per sample rate.

The excavators are invariably hired out along with operators. Similarly, excavator operators are supplied only when the excavator is hired out.

M/s XYZ receives the following services:

- ~ Annual maintenance services for excavators;
- ~ Health insurance for operators of the excavators;
- ~ Scientific and technical consultancy for soil testing and seismic evaluation.

For a given month, the receipts (exclusive of GST) of M/s XYZ are as follows:

- ~ Hire charges for excavators - ₹ 18,00,000
- ~ Service charges for supply of manpower for operation of the excavator - ₹ 20,000
- ~ Service charges for soil testing and seismic evaluation at three sites - ₹ 2,50,000

The GST paid during the said month on services received by M/s XYZ is as follows:

- ~ Annual maintenance for excavators - ₹ 1,00,000
- ~ Health insurance for excavator operators - ₹ 2,11,000
- ~ Scientific and technical consultancy for soil testing and seismic evaluation - ₹ 1,00,000

Calculate the net GST payable by M/s XYZ for the given month.

Assume the rates of GST to be as under:

Hiring out of excavators – 12% Supply of manpower services and soil-testing and seismic evaluation services – 18%



INDIRECT TAX LAWS AND PRACTICE

Note: Opening balance of input tax credit of GST is nil.

[7]

Answer:

(a) Statement showing transaction value of Kareena Ltd.

Particulars	Value in ₹
Cost of raw material supplied	Exempted supply
Job worker's charges including profit	10,000
Transportation charges for sending the raw material to the job worker	Exempted supply
Transportation charges for returning the finished packets to Asha Ltd. [Section 15(2)(b) of the CGST Act, 2017]	4,500
Technology fee	not addable
Subtotal	14,500
Less: Discount [Section 15(3) of CGST Act, 2017]	(2,000)
Transaction value (i.e. sole consideration)	12,500

Note:

- (1) It is very clear that principal to jobworker and jobworker to principal cannot be treated as supply as per section 143 of the CGST Act, 2017.
- (2) CBIC Circular No. 47/21/2018-GST, dated 8-6-2018:
Technology owned by the recipient which are provided to a job worker (the two not being related persons or distinct persons) on FOC basis does not constitute a supply. It is further clarified that while calculating the value of the supply made by the job worker, the value of technology provided by the recipient to the job worker on FOC basis shall not be added to the value of such supply because the cost of technology was not to be incurred by the job worker and thus, does not merit inclusion in the value of supply in terms of section 15(2)(b) of the Central Goods and Services Tax Act, 2017 (CGST Act for short).
- (3) Therefore, if 'Asha Ltd.' paid certain technology transfer fees to 'Reena Ltd', so that 'Kareena Ltd' can use the said technology in the job-work operation that is performing for 'Asha Ltd', the value of such technology transfer fee may also be included in transaction value of job-work services.

(b) Computation of net GST payable by M/s XYZ

Particulars	GST payable (₹)
Gross GST liability	2,63,400
Less: Input tax credit	2,00,000
Net GST liability	63,400

Working note:

Particulars	Value received (₹)	Rate of GST	GST payable (₹)
Hiring charges for excavators	18,00,000	12%	2,16,000
Service charges for supply of manpower for operation of excavators	20,000	12%	2,400
Service charges for soil testing and seismic evaluation	2,50,000	18%	45,000

**FINAL EXAMINATION****SET 1****MODEL ANSWERS****TERM – JUNE 2025****PAPER – 19****SYLLABUS 2022****INDIRECT TAX LAWS AND PRACTICE**

Gross GST liability			2,63,400
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Computation of input tax credit available for set off

Particulars	GST paid (₹)	ITC available (₹)
Annual maintenance services for excavators	1,00,000	1,00,000
Health insurance for excavator operators	2,11,000	Not allowed
Scientific and technical consultancy	1,00,000	1,00,000
Total input tax credit available		2,00,000