

Mock Test Paper - Series I: March, 2024**Date of Paper: 13 March, 2024****Time of Paper: 2 P.M. to 5 P.M.****FINAL COURSE: GROUP - II****PAPER – 5: INDIRECT TAX LAWS**

1. Question paper comprises of two parts – Part-I and Part-II.
2. Part-I comprises of Case Scenario based Multiple-Choice Questions (MCQs).
3. Part-II comprises of questions which require descriptive type answers.
4. Working Notes should form part of the answers. However, in answers to Questions in Part I, working notes are not required.
5. All questions should be answered on the basis of the position of (i) GST law as amended by significant notifications/circulars issued and by the amendments made by the Finance Act, 2023 which have become effective, till 31.10.2023 and (ii) Customs law as amended by the Finance Act, 2023 and significant notifications/circulars and other legislative amendments made upto 31.10.2023.

Part-I – Case Scenario based MCQs (30 Marks)

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Case Scenario-I

‘Galgotia Travels Ltd.’ (GTL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air-conditioned contract-based passenger transportation services at affordable fares. The company obtains the voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles of various seating capacities as follows:

Seating capacity (including driver)	No. of vehicles	Purchase price (per vehicle- exclusive of taxes)	Rate of GST
7 persons	4	10,00,000	CGST-9%; SGST - 9%
9 persons	3	12,00,000	CGST-9%; SGST - 9%
11 persons	2	14,00,000	CGST-9%; SGST - 9%
13 persons	1	15,00,000	IGST-18%

From the month of July, GTL associated with POKO Ltd. to enhance the business operations. POKO Ltd. owns/operates an electronic platform for supply of passenger transportation services in Bangalore. The company developed an application called ‘POKO’ through which the customers can access the nearest available motor vehicles (cabs) and avail the services. POKO Ltd. collects the consideration for the services from the customers and remits the same to the

service provider (GTL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of GTL in the month of July are as follows:

(These bookings are obtained by GTL on its own account and not through POKO Ltd.)

Order No.	Date of travel	Starting city	Ending city	Residence of the customer	Date of payment/ booking	Status of customer
CA-234	5 th July	Bangalore	Chennai	Bangalore	3 rd July	Registered*
CA-435	11 th July	Bangalore	Chennai	Chennai	9 th July	Unregistered
PH-534	16 th July	Chennai	Bangalore	Hyderabad	14 th July	Registered*
GK-987	19 th July	Hyderabad	Bangalore	Delhi	17 th July	Unregistered
UV-777	22 nd July	Bangalore	Hyderabad	Mumbai	20 th July	Registered*
XE-001	25 th July	Chennai	Bangalore	Kolkata	23 rd July	Unregistered

*Registered in the State in which they reside

In all the above cases, journey is a single-day journey and invoice is issued electronically on the date of travel immediately after the completion of journey.

The details of the passenger transportation services supplied by GTL through POKO Ltd. & GST liability on the supply is as follows:-

Particulars	July (₹)	August (₹)	September (₹)
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000
SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

Note:

1. All amounts are exclusive of CGST/SGST or IGST, as the case may be.
2. Booking is confirmed only after paying total fare for the journey.
3. There is no other inward or outward supply transaction for GTL in the relevant period apart from the aforementioned transactions.
4. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 1 to 5, below, carrying 2 marks each:

1. Amount of blocked credit in respect of motor vehicles purchased by GTL on 1st July is _____.
(a) CGST= ₹ 9,36,000; SGST= ₹ 9,36,000 & IGST = ₹ 2,70,000

- (b) CGST=₹ 3,24,000; SGST=₹ 3,24,000 & IGST=₹ 2,70,000
- (c) CGST = Nil; SGST = Nil & IGST = ₹ 2,70,000
- (d) CGST = Nil; SGST = Nil & IGST = Nil
2. Amount of GST payable through electronic cash ledger by GTL on the services supplied by it through POKO Ltd. during the month of July, ignoring the provisions of rule 86B of the CGST Rules, 2017, is_____.
- (a) CGST=₹ 9,00,000; SGST=₹ 9,00,000 & IGST=₹ 4,00,000
- (b) CGST = Nil; SGST = Nil & IGST = ₹ 58,000
- (c) CGST = Nil; SGST = Nil & IGST = ₹ 1,30,000
- (d) CGST = Nil; SGST = Nil & IGST = Nil
3. Amount of tax to be collected at source by POKO Ltd. on the taxable supplies made through it during the months of A) July, B) August and C) September, is_____.
- (a) A) ₹ 65,000; B) ₹ 62,500 and C) ₹ 70,000
- (b) A) ₹ 1,30,000; B) ₹ 1,25,000 and C) ₹ 1,40,000
- (c) A) ₹ 1,30,000; B) Nil and C) ₹ 70,000
- (d) A) Nil; B) Nil and C) Nil
4. Place of supply for order numbers 1) CA-435, 2) PH-534 & 3) GK-987 is_____.
- (a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad
- (b) 1) Chennai, 2) Hyderabad & 3) Hyderabad
- (c) 1) Chennai, 2) Chennai & 3) Delhi
- (d) 1) Bangalore, 2) Chennai & 3) Hyderabad
5. Time of supply for order numbers 1) CA-234, 2) UV-777 & 3) XE-001 is_____.
- (a) 1) 5th July, 2) 20th July & 3) 23rd July
- (b) 1) 5th July, 2) 22nd July & 3) 23rd July
- (c) 1) 3rd July, 2) 20th July & 3) 23rd July
- (d) 1) 5th July, 2) 20th July & 3) 23rd July

Case scenario-II

Dhairya Ltd., a supplier registered under GST in Gujarat, is exclusively engaged in manufacturing textile products. It. has opted to pay tax under composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017.

The following information is available in relation to Dhairya Ltd. for the current financial year:

1. Total turnover during the quarter April-June is ₹ 1,50,00,000.

2. The option to pay tax under composition scheme lapses from 1st July and it switches to regular scheme as a monthly return filer.
3. Tax paid on inputs lying in stock as on 30th June (Invoice dated 4th May) - CGST ₹ 10,000 and SGST ₹ 10,000.
4. Tax paid on inputs contained in semi-finished goods held in stock as on 30th June- CGST ₹ 5,000 and SGST ₹ 5,000 (Invoice was dated 31st December of preceding financial year).
5. A machinery was purchased on 15th March of preceding financial year for ₹ 10,00,000 (taxable value). Applicable GST rate was 12%.
6. On 10th August, Dhairya Ltd. sold goods worth ₹ 2,40,000 to Ahmedabad Municipal Corporation (AMC). The contract with AMC was to supply only goods and not any services.
7. On 15th August, Dhairya Ltd. sold goods worth ₹ 10,00,000 to Fishing Department of Gujarat Government.
8. Apart from the information provided above, sales and purchases worth ₹ 15,00,000 and ₹ 12,00,000 respectively were also reported during the period of July to February.
9. During the month of March of the current financial year, Dhairya Ltd. manufactured 2,500 meters of fabric (Sales value of the fabric is ₹ 200 per meter). ITC pertaining to such output was CGST - ₹ 27,500 and SGST - ₹ 27,500. Mr. Kunj exported 1,500 meters of fabric under bond and sold the balance 1,000 meters of fabric in Gujarat, India.

Notes:

1. There is no other outward or inward supply transaction apart from the aforesaid transactions, in the relevant period.
2. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.
2. It is also assumed that due date for any return required to be filed by the taxpayer has not been extended by the Government.
3. Rate of GST applicable on goods manufactured by Dhairya Ltd. under regular scheme is 12%. GST rate applicable on inward supplies is also 12% unless otherwise specified.
4. All the purchases and sales are made within the State except the export sales.
5. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6 to 9 below, carrying 2 marks each:-

6. The net GST payable in cash by Dhairya Ltd. during the period from April to February is _____.
- (a) ₹ 1,76,800

- (b) ₹ 3,46,800
 - (c) ₹ 18,26,800
 - (d) ₹ 18,46,800
7. Input Tax Credit (ITC) available to Dhairya Ltd. during the period from April to February is_____.
- (a) ₹ 2,72,000
 - (b) ₹ 2,82,000
 - (c) ₹ 2,88,000
 - (d) ₹ 3,02,000
8. The amount of GST refund available to Dhairya Ltd. for the month of March in the current financial year is _____.
- (a) ₹ 24,000
 - (b) ₹ 33,000
 - (c) ₹ 31,000
 - (d) ₹ 22,000
9. Assuming that goods have been sold by Dhairya Ltd. to Fishing Department of Gujarat Government for a value of ₹ 1,00,000 instead of ₹ 10,00,000, net GST payable by Dhairya Ltd. in cash during the period from July to February will be _____.
- (a) ₹ 15,88,800
 - (b) ₹ 83,800
 - (c) ₹ 82,800
 - (d) nil

Case Scenario-III

Mr. Bindusaar, a practicing Chartered Accountant, based in Hyderabad, is registered under GST in the State of Telangana.

He undertook following transactions/activities during the current financial year:

- (1) He provided consultancy services to Edward Tours, a UK based entity engaged in the business of e-commerce in the field of tour and travels, having its office at UK. Edward Tours paid a sum of Euro 95,000 to Mr. Bindusaar billed @ 75 per Euro. Mr. Bindusaar made travel to UK several times during the year and incurred Euro 5,000 @ ₹ 75 as incidental expenses (including VAT paid ₹ 10,000) which was ultimately charged from Edward Tours. Edward Tours also paid a sum of EURO 5,000 @ ₹ 75 to Mr. Bindusaar as interest on account of delay in payment of agreed consideration.

Mr. Bindusaar also hired the services of a professional firm based in UK to complete the assignment of providing services to Edward Tours and paid Euro 10,000 @ ₹ 75. This was not recovered from Edward Tours.

- (2) Mr. Bindusaar's taxable earnings for services provided in India for the financial year are ₹ 85,00,000. In addition to this, Mr. Bindusaar also provided return filing services free of charge in the month of July to Indian residents who were economically weaker. Open market value of such services was ₹ 1,40,000.

Further, in July, Mr. Bindusaar also provided financial services to his real brother Mr. Shiv who is working at an IT company and earning handsomely, for ₹ 75,000 (invoice value). However, Mr. Bindusaar offered him 90% discount on the invoice raised to him. Therefore, Mr. Shiv paid ₹ 7,500 only.

Notes: The rates of tax are 9% (CGST), 9% (SGST) and 18% (IGST) on all inward/ outward supplies. All the amounts given above are exclusive of taxes, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos 10 to 12 below, carrying 2 marks each:-

10. Compute the value of supply made by Mr. Bindusaar to Edward Tour (in Euros).
 - (a) 120,000
 - (b) 105,000
 - (c) 115,000
 - (d) 125,000
11. Compute aggregate turnover of Mr. Bindusaar for the current financial year.
 - (a) ₹ 1,78,75,000
 - (b) ₹ 1,86,25,000
 - (c) ₹ 1,63,82,500
 - (d) ₹ 1,80,90,000
12. What is value of supply made by Mr. Bindusaar to Mr. Shiv if Mr. Shiv is the son of Mr. Bindusaar and not his brother and supply is made free of cost, other facts remaining the same?
 - (a) ₹ 7,500
 - (b) ₹ 75,000
 - (c) Not a supply since they are related
 - (d) Value cannot be determined
13. Vihaan, a registered person under GST, supplied goods amounting to ₹ 1,18,000 (inclusive of GST, taxable @ 18%) to Trihaan, a registered person under GST on 30th September. Trihaan further sold such goods to Eyaan, a consumer who came to his shop on 30th October in cash, for ₹ 2,36,000 (inclusive of GST, taxable @ 18%). Vihaan issued a credit note of ₹ 11,800 (₹ 10,000 + ₹ 1800 - GST) for rate difference on 2nd November to Trihaan. Thereafter, Trihaan entered a credit note in its books for the same amount

in the name of Eyaan, without intimating him and providing any refund of the sum paid, on 2nd November and reduced its output tax liability accordingly.

As per the provisions of GST law, which of the above-mentioned suppliers are allowed to reduce their output tax liability? **(2 Marks)**

- (a) Vihaan
- (b) Trihaan
- (c) Both Vihaan and Trihaan
- (d) Neither Vihaan nor Trihaan, since incidence of tax has been passed on to another person.

14. ABC Ltd. has imported certain goods by air. Certain goods were imported by air. The free on board value of goods is ₹ 100. The cost of transport, loading, unloading and handling charges up to place of importation is ₹ 25. The cost of insurance is ₹ 10. For the purposes of rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, which of the following shall be added to the value of imported goods? **(2 Marks)**

- (a) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance – ₹ 10
- (b) Cost of transport, loading, unloading and handling charges – ₹ 25; and Cost of insurance – ₹ 1.125
- (c) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance – ₹ 1.125
- (d) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance – ₹ 10

15. Priyanka Enterprises imported some goods through vessel from USA in the month of April. The value of goods imported was ₹ 6,50,000.

The date of entry inwards was 21st April (basic customs duty on said date was 10%). Further, Priyanka Enterprises filed bill of entry for home consumption on 25th April (basic customs duty on said date was 20%). Applicable rate of integrated tax was 12% and social welfare surcharge was 10%. Ignore GST compensation cess and agriculture infrastructure and development cess.

However, before inspection and clearance for home consumption, Priyanka Enterprises found that the goods had been damaged owing to negligence on part of proper officer of customs. The proper officer accepted that due to said damage, the value of the goods has come down to ₹ 4,00,000.

Compute the total customs duty payable in the given case. **(2 Marks)**

- (a) ₹ 97,280
- (b) ₹ 2,38,160
- (c) ₹ 1,58,080
- (d) ₹ 1,46,560

Part-II – Descriptive Questions (70 Marks)

Question paper comprises of 6 questions. Answer Question No. 1 which is compulsory and any 4 questions out of the remaining 5 questions.

1. Suyogya Pvt. Ltd., registered under GST, is engaged in the manufacture of 5-seater luxury cars at its factories located in the States of Rajasthan, Uttar Pradesh and Gujarat. The company has obtained registration in each of these States.

The company reports the following details for a tax period pertaining to its factory located in Gujarat:

Payments	(₹) (in lakh)	Receipts	(₹) (in lakh)
Raw material	4.50	Sales:	
		- Sales in Gujarat	14
		- Sales in States other than Gujarat	6
		- Exports under Letter of Undertaking (LUT)	10
Consumables [Intra-State]	0.75	Income from services provided to Gujarat Government administration	2.50
General insurance of cars manufactured	2.50		
Security services	0.70		
Works contract services	1.60		
Rent paid	1.00		
Membership of Automobile Association [registered in the State of Gujarat]	0.10		
Bank charges	0.10		
Audit fee	0.50		

All the above amounts are exclusive of all kinds of taxes, wherever applicable. However, the applicable taxes have also been paid by the company.

Further, following additional details are furnished by the company in respect of the payments and receipts reported by it:

- (i) Raw materials worth ₹ 0.50 lakh, were purchased from a composition dealer located in Gujarat. Remaining raw material has been procured from various registered vendors located in Maharashtra.

- (ii) Rent has been paid for the factory building located in Gujarat to its owner registered in Gujarat.
- (iii) General insurance services have been received from Deep Insurance Company Ltd., registered in Gujarat.
- (iv) Payment for security services (services provided by way of supply of security personnel) for the tax period has been made to ABC Ltd., a company located in Gujarat and not registered under GST.
- (v) Works contract services, availed from Nirma Builders, Gujarat, have been used by the company for construction of a foundation on which machinery to be used in the production process is to be mounted permanently.
- (vi) Bank charges are towards various services availed by the company during a month with regard to its current account maintained with Best Bank, registered in Gujarat. The bank issued a consolidated tax invoice for all such services at the end of the month containing the details of tax charged, description of services, total value, GSTIN of the bank and Suyogya Pvt. Ltd.
- (vii) Audit fee is paid to a firm of Chartered Accountants - M/s Chandio & Associates (registered in Tamil Nadu with an aggregate turnover of ₹ 6 crores in the preceding financial year) - for conducting the statutory audit of the company in the preceding financial year. The firm raises an e-invoice without IRN (Invoice Reference Number) for said services.
- (ix) Services provided to Gujarat Government administration are under a Health Training programme. 51% of the total expenditure for said programme is borne by Gujarat Government.
- (x) The opening balance of ITC with the company for the tax period is:
 CGST - ₹ 0.50 lakh
 SGST - ₹ 0.26 lakh
 IGST - ₹ 0.35 lakh

Compute the total ITC available with Suyogya Pvt. Ltd. for the given tax period and net GST payable [CGST, SGST or IGST, as the case may be] from Electronic Cash Ledger by Suyogya Pvt. Ltd. for the given tax period.

Notes-

- (A) CGST, SGST & IGST rates on all inward and outward supplies are 9%, 9% and 18% respectively.
- (B) The necessary conditions for availing ITC have been complied with by Suyogya Pvt. Ltd., wherever applicable.

You are required to make suitable assumptions, wherever necessary.

(14 Marks)

2. (a) Determine the place of supply for the following independent cases:
- ABC Events, an event management company at Kolkata, organises two award functions for Bhushan Jewellers of Chennai (registered in Chennai, Tamil Nadu) at New Delhi and in Singapore.
 - Happy Planners (Bengaluru, Karnataka) is hired by Dr. Tripti (unregistered person based in Kochi, Kerala) to plan and organise her daughter's wedding at Mumbai, Maharashtra.
 - Dhirubhai Pvt. Ltd. (New Delhi) imports a machine from Japan for being installed in its factory at New Delhi. To install such machine, Dhirubhai Pvt. Ltd. takes the service of an engineer who comes to India from Japan for this specific installation.
 - Mr. Gogoi, an architect (New Delhi), provides professional services to Mr. George of New York in relation to his immovable property located in Pune.
 - Mr. Jigar, an unregistered person based in New Delhi hires a yacht from a company based in London, UK for 20 days.

(5 X 2=10 Marks)

- (b) Nilgiri Ltd., located in India, purchased a machine from Peter Inc., USA. The cost of the machine at the factory of Peter Inc. is US\$ 10,000. Transport charges from the factory of Peter Inc. to the port for shipment is US \$ 500. Handling charges paid for loading the machine in the ship are US \$ 50. The freight charges from US port to India are US \$ 1,000. The buying commission paid by Nilgiri Ltd. is US \$ 50. However, actual insurance charges paid are not ascertainable. You are required to determine the assessable value of the machine provided the exchange rate to be considered is 1\$ = ₹ 70.

(4 Marks)

3. (a) Shell Dune Limited is engaged in manufacture of taxable electronic goods. Its two manufacturing units are located in Mumbai and Nagpur and both the units are registered under GST in the State of Maharashtra. The company has another manufacturing unit in Bangalore, registered under GST in the State of Karnataka and a retail showroom located in Ahmedabad, registered under GST in the State of Gujarat.

The company has provided the following details of the activities/ transactions undertaken in a tax period:

S. No.	Particulars	Mumbai unit (₹)	Nagpur unit (₹)
(i)	Sale of taxable goods	12,50,000	13,50,000
(ii)	Interest received on fixed deposits with a nationalised bank		1,08,000

(iii)	Sale of securities [Such securities were purchased for ₹ 2,75,000]	4,50,000	
(iv)	Sale of agricultural land in the vicinity of the manufacturing plant [Stamp duty was paid on ₹ 1,85,00,000]		1,85,00,000
(v)	Sale of old factory building which was not used anymore [Stamp duty was paid on ₹ 75,00,000]	90,00,000	
(vi)	Transfer of actionable claims (other than casinos, online gaming and horse racing)		2,00,000

With the help of above information, you are required to determine the value of exempt supply under GST law as provided by Nagpur unit and Mumbai unit for the purpose of apportionment of ITC under section 17(3) of the CGST Act, 2017. **(5 Marks)**

(b) Determine whether GST is payable in respect of each of the following independent services provided by the registered persons:

- (1) Service provided to a Governmental Authority by way of slum improvement and upgradation.
- (2) Fees of ₹ 20,000 charged from office staff for in-house personality development course conducted by Banarsidas College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.
- (3) Bus fees of ₹ 2,000 per month collected from students by RPSD College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.
- (4) Housekeeping service provided by M/s. Buff Ltd. to Bloom Montessori school, a play school, for cleaning its playground and classrooms for ₹ 30,000 per month.
- (5) Grow Buds supplied 'Gratitude Jot', an online educational journal, to students of UKG class of Seeds Montessori School for ₹ 2,000.

(5 Marks)

(c) Sun & Moon Ltd. imported a consignment from U.S.A (by sea). The value of consignment was ₹ 8,00,000 and total duty payable was ₹ 2,00,000.

Company filed bill of entry for home consumption but before inspection and clearance for home consumption it found that the goods were damaged.

On filing a representation to the Customs Department, proper officer refused the claim for abatement because goods were already unloaded. The proper officer is in agreement with the claim that the value of goods has come down to only ₹ 2,00,000.

Examine the issue with reference to the relevant statutory provisions and calculate the amount of total duty payable: **(4 Marks)**

4. (a) Upasana Export House is engaged in manufacturing the taxable goods in the State of Haryana. It participates in Global Trade Fair to be held in United States of America in the month of January. It intends to send 100 units of goods manufactured by it to USA for display in the said exhibition.

Upasana Export House is of the view that the activity of sending the goods out of India for exhibition is a zero-rated supply under GST law. However, its tax advisor does not concur with its view. Examine whether the view of Upasana Export House is correct.

Assuming that Upasana Export House could not sell any goods at the exhibition and brings back entire 100 units to India (i) in February, (ii) in August,

Discuss the requirement to issue invoice, if any, in each of the above independent cases.

Would your answer be different if Upasana Export House sells an aggregate of 85 units of the taxable goods in USA exhibition on different dates in January and remaining 15 units are brought back on 31st January. The tax advisor of Upasana Export House advises it that the export of 85 units qualify as zero-rated supply and it should apply for refund of the unutilized ITC in respect of the same. Examine the technical veracity of the tax advisor's advice. **(5 Marks)**

- (b) A2S Manufacturing unit had moulds delivered directly to a job worker from the supplier for making certain precision parts for use in the factory of A2S Manufacturing unit. As per agreement, the moulds were to remain with the job worker as long as work was being sent to him.

After four years a departmental audit team that visited the job worker noticed the moulds and traced it to A2S Manufacturing unit. GST was demanded from A2S Manufacturing unit for taking ITC without receiving the moulds and furthermore for not bringing the moulds back after 3 years of delivery to the job worker.

How should they respond to this? **(5 Marks)**

- (c) Mr. Prashank, an Indian businessman, went to Dubai to explore new business avenues on 5th of May, 2023. Mr. Kishu, his 22 years eldest son also joined him in Australia after 4 months. They returned to India on 15.05.2024 and brought used personal effects worth ₹ 1,20,000, 2 music systems each worth ₹ 50,000. In addition to this, Mr. Prashank also brought the gold chain worth ₹ 48,000 [10 gram] and the gold bracelet brought by his son is worth ₹ 96,000 [20 grams].

With reference to Baggage Rules, 2016, determine whether Mr. Prashank and his son will be required to pay any customs duty?

(4 Marks)

5. (a) Robecco Private Limited, registered under GST in the State of Uttar Pradesh, instructed Sambhav Transporters (Uttar Pradesh) to deliver certain taxable goods to ABC Enterprises in Uttar Pradesh on 10th January. The value of the goods is ₹ 6,80,000 which are chargeable to CGST & SGST@ 9% each. While the goods were in transit, proper officer intercepted the goods and the truck in which goods were being transported, under section 68 of the CGST Act, 2017. However, the driver of the truck failed to tender any document in relation to the goods in movement. The proper officer, after conducting the physical verification of the goods and the truck, decided to seize the goods and the truck and issued a notice under section 129(3) of the CGST Act, 2017 specifying the penalty payable (under CGST and SGST each) by Robecco Private Limited after giving it an opportunity of being heard.

You are required to determine the amount of penalty payable (under CGST and SGST each) if Robecco Private Limited does not come forward for the payment of penalty. Further, discuss the suitable course of action for Sambhav Transporters if it intends to get its truck released.

(5 Marks)

- (b) ABC & Associates LLP (ABC), a firm of Chartered Accountants, was empanelled with the Commissioner of GST for appointment as Special Auditor under section 66 of the CGST Act, 2017. X Ltd., a registered person under GST, was selected by the Office of the Commissioner for special audit under section 66 of the CGST Act, 2017 for a financial year on account of irregularities noticed during scrutiny of returns. ABC was nominated by the Office of the Commissioner for special audit of X Ltd.

The input tax credit claim by X Ltd. i.e. the auditee, under Form GST ITC- 01, was certified by one of the associate firms of ABC in favour of X Ltd. Such certificate was based on incorrect facts and against the eligibility criteria for input tax credit as per section 18 of the CGST Act, 2017. However, if ABC fails to exercise due diligence and the certificate is taken on record by ABC as an audit procedure and is relied upon at the time of finalization of audit report and submission of findings. Discuss briefly, what will be its implications under GST law?

(5 Marks)

- (c) Briefly explain whether interest is paid to the applicant in case of delayed refund by Customs Authorities? If yes, also explain the period for computation of interest?

(4 Marks)

6. (a) Discuss briefly the relevant provisions of the CGST Act, 2017 regarding questions for which advance ruling can be sought. **(6 Marks)**
- (b) When shall the particulars relating to any proceedings or prosecution be published under GST laws? Discuss the relevant provisions. **(4 Marks)**

OR

- (b) Briefly answer the following questions with reference to the provisions of rectification of mistakes/errors apparent on the face of record by any authority, under section 161 of the CGST Act, 2017?
- (i) Who can rectify the errors apparent on the face of record?
- (ii) What type of mistakes or errors can be rectified? **(4 Marks)**
- (c) State any four benefits available to the status holders under the Foreign Trade Policy 2023. **(4 Marks)**

Mock Test Paper - Series I: March, 2024

Date of Paper: 13 March, 2024

Time of Paper: 2 P.M. to 5 P.M.

FINAL COURSE: GROUP – II

PAPER – 5: INDIRECT TAX LAWS

ANSWERS

Part-I

Question No.	Answer
1	(d) CGST = Nil; SGST = Nil & IGST = Nil
2	(b) CGST = Nil; SGST = Nil & IGST = ₹ 58,000
3	(d) A) Nil; B) Nil and C) Nil
4	(a) 1) Bangalore, 2) Hyderabad & 3) Hyderabad
5	(c) 1) 3 rd July, 2) 20 th July & 3) 23 rd July
6	(a) ₹ 1,76,800
7	(b) ₹ 2,82,000
8	(c) ₹ 31,000
9	(d) nil
10	(b) 105,000
11	(c) ₹ 1,63,82,500
12	(b) ₹ 75,000
13	(a) Vihaan
14	(d) Cost of transport, loading, unloading and handling charges – ₹ 20; and Cost of insurance - ₹ 10
15	(d) ₹ 1,46,560

Part-II

1. Computation of ITC available with Suyogya Pvt. Ltd. for the given tax period

S. No.	Particulars	Value of supply ₹	ITC			
			CGST* ₹	SGST* ₹	IGST* ₹	Total ₹
1.	Opening balance of ITC		50,000	26,000	35,000	1,11,000
2.	Raw Materials	4,00,000	--	--	72,000	72,000

	[₹ 4,50,000 – ₹ 50,000] [Refer Note 1]					
3.	Rent paid for the factory building [Refer Note 2]	1,00,000	9,000	9,000	--	18,000
4.	Consumables [Refer Note 3]	75,000	6,750	6,750	--	13,500
5.	Security services [Refer Note 4]	70,000	Nil	Nil	Nil	Nil
6.	General insurance of cars manufactured [Refer Note 5]	2,50,000	22,500	22,500	--	45,000
7.	Works contract services [Refer Note 6]	1,60,000	14,400	14,400	--	28,800
8.	Audit fee [Refer Note 7]	50,000	Nil	Nil	Nil	Nil
9.	Bank charges [Refer Note 8]	10,000	900	900	--	1,800
10.	Membership of Automobile Association [Refer Note 9]	10,000	900	900	--	1,800
Total ITC available for the tax period			1,04,450	80,450	1,07,000	2,91,900

Computation of net GST payable

Particulars	Value of supply	CGST* ₹	SGST* ₹	IGST* ₹	Total ₹
Intra-State sales in Gujarat	14,00,000	1,26,000	1,26,000	--	2,52,000
Inter-State sales other than Gujarat	6,00,000	--	--	1,08,000	1,08,000
Exports under LUT [Note 10]	10,00,000	Nil	Nil	Nil	Nil
Income from services provided to Gujarat	2,50,000	22,500	22,500	--	45,000

Government [Note 11]					
Total output tax liability		1,48,500	1,48,500	1,08,000	4,05,000
Less: ITC available for being set off [Note 12, Note 13 and Note 14]		(1,04,450)	(80,450)	(1,07,000)	(2,91,900)
Net GST payable from Electronic Cash Ledger		44,050	68,050	1,000	1,13,100

Notes:

1. Credit of input tax paid on raw materials used in the course or furtherance of business is available. However, ITC is not available on raw material purchased from composition dealer in terms of section 17(5) of the CGST Act, 2017.
2. ITC on rent paid is available as the said service is used in the course or furtherance of business.
3. ITC on consumables, being inputs used in the course or furtherance of business, is available.
4. Since in the given case, security services have been provided by a body corporate - Safe and Secure Solutions Pvt. Limited to a registered person - Suyogya Pvt. Ltd., GST on the same is payable under forward charge. However, since Safe and Secure Solutions Pvt. Limited is not registered under GST, it would not have charged GST on the said services and hence, no ITC is available.
5. ITC on motor vehicles for transportation of persons is allowed in terms of section 17(5) of the CGST Act, 2017 provided such vehicles are further supplied by the supplier. ITC is allowed on general insurance services relating to motor vehicles, ITC on which is allowed [Section 17(5) of the CGST Act, 2017].
6. Section 17(5) blocks ITC in respect of works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service. Further, the term "plant and machinery" means, *inter alia*, machinery fixed to earth by foundation or structural support that are used for making outward supply and includes such foundation/structural support. Thus, in view of the above-mentioned provisions, ITC is available in respect of works contract service availed by Suyogya Pvt. Ltd. as the same is used for construction of plant and machinery which is not blocked under section 17(5) of the CGST Act, 2017.
7. Audit fee are the services used in the course/ furtherance of business and thus, credit of input tax paid on such service will be available in terms

of section 16 of the CGST Act, 2017. M/s Chandiook & Associates is required to issue an e-invoice for audit services as e-invoicing is mandatory for the registered persons whose aggregate turnover in any of the preceding financial years from 2017-18 onwards exceed ₹ 5 crores. However, an e-invoice without IRN is not treated as an invoice and hence, without a valid document, ITC cannot be claimed on such input services.

8. Bank charges are services used in the course/ furtherance of business and thus, credit of input tax paid on such service will be available. However, ITC can be claimed only on the basis of valid documents. In case of a banking company, a consolidated tax invoice issued for supply of services made during a month at the end of the month containing the details of tax charged, description of services, total value, GSTIN of the supplier and the recipient is deemed to be a tax invoice. Thus, ITC pertaining to the banking services received is allowed.
9. As per section 17(5) of the CGST Act, 2017, ITC is blocked on membership of a club, health and fitness centre. The membership fee paid by a automobile company to Automobile Association is not covered under said section as it is distinct from membership of a club. Hence, ITC thereon is available.
10. Export of goods is a zero-rated supply in terms of section 16 of the IGST Act. A zero rated supply under LUT is made without payment of integrated tax.
11. Services provided to the Central Government, State Government, Union territory administration under any training programme for which 75% or more of the total expenditure is borne by the Central Government, State Government, Union territory administration are exempt from GST. However, in the given case, since the total expenditure borne by the Gujarat Government is less than 75%, services provided to it by Suyogya Pvt. Ltd. are liable to GST.
12. Since export of goods is a zero-rated supply, apportionment of ITC is not required and instead, full credit will be available.
13. ITC of-
 - (i) IGST is utilised towards payment of IGST first and then CGST and SGST in any proportion and in any order.
 - (ii) CGST is utilised towards payment of CGST and IGST in that order. ITC of CGST shall be utilized only after ITC of IGST has been utilised fully.
 - (iii) SGST is utilised towards payment of SGST and IGST in that order. ITC of SGST shall be utilized only after ITC of IGST has been utilised fully.
14. Since the value of taxable supply other than zero-rated supply in the given tax period (₹ 14 lakh + ₹ 6 lakh + ₹ 2.50 lakh) does not exceed ₹ 50 lakh, provisions of rule 86B of the CGST Rules, 2017 are not

applicable and Suyogya Ltd. can discharge its entire output tax liability for said period from the electronic credit ledger.

- *15 CGST and SGST are chargeable on intra-State inward and outward supplies and IGST is chargeable on inter-State inward and outward supplies. Rate of CGST, SGST and IGST applied is 9%, 9% and 18% except in case of renting of cars wherein the rate of CGST and SGST applied is 2.5% and 2.5% respectively.

2. (a) (i) When service by way of organization of an event is provided to a registered person, place of supply is the location of such person in terms of section 12 of the IGST Act, 2017.

Since, in the given case, the award functions at New Delhi and Singapore are organized for Bhushan Jewellers (registered in Chennai), place of supply in both the cases is the location of Bhushan Jewellers, i.e. Chennai, Tamil Nadu.

- (ii) As per section 12 of the IGST Act, 2017, when service by way of organization of an event is provided to an unregistered person, the place of supply is the location where the event is actually held and if the event is held outside India, the place of supply is the location of recipient.

Since, in the given case, the service recipient [Dr. Tripti] is unregistered and event is held in India, place of supply is the location where the event is actually held, i.e. Mumbai, Maharashtra.

- (iii) As per section 13 of the IGST Act, 2017, place of supply of services requiring physical presence of goods on which the services are to be performed is the location where the service is actually performed. Thus, in given case, the place of supply of installation service, which requires the physical presence of machinery, is the location where the service is actually performed, i.e. New Delhi.

- (iv) As per section 13 of the IGST Act, 2017, place of supply of services supplied directly in relation to an immovable property is the location of immovable property located or intended to be located. Thus, in given case, the place of supply is the location of immovable property, i.e. Pune.

- (v) As per section 13 of the IGST Act, 2017, place of supply of services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of 1 month is the location of the supplier of services. Thus, in given case, the place of supply is the location of the supplier of services, i.e. London.

(b) Computation of assessable value of the imported goods

	Particulars	US \$
(i)	Cost of the machine at the factory of Peter Inc.	10,000.00

(ii)	Transport charges up to port	500.00
(iii)	Handling charges at the port	<u>50.00</u>
	FOB	10,550.00
(iv)	Freight charges up to India	1,000.00
(v)	Insurance charges @ 1.125% of FOB [Note 1]	<u>118.69</u>
	CIF	11,668.69
		₹
	CIF in Indian rupees @ ₹ 70/ per \$	₹ 8,16,808.30
	Assessable Value	₹ 8,16,808.30
	Assessable Value (rounded off)	8,16,808

Notes:

- (1) Insurance charges have been included @ 1.125% of FOB value of goods.
- (2) Buying commission is not included in the assessable value.

3. (a) The value of exempt supply by Nagpur unit and Mumbai unit for the purpose of apportionment of ITC under section 17(3) of the CGST Act, 2017 is determined as follows:

As per section 17(3) of the CGST Act, 2017, value of exempt supply includes supplies on which the recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building. As per explanation to section 17(3), the expression "value of exempt supply" shall not include the value of activities or transactions specified in Schedule III, except sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

Further, as per explanation to Chapter V (Input Tax Credit) of the CGST Rules, 2017, for determining the value of an exempt supply as referred in section 17(3), the value of exempt supply in respect of land and building is the value adopted for paying stamp duty and for security is 1% of the sale value of such security.

Further, as per explanation to rule 43, the aggregate value of exempt supplies for the purpose of rules 42 and 43, *inter alia*, excludes the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances.

In view of the aforesaid provisions, value of exempt supply by Nagpur unit and Mumbai unit for the purpose of apportionment under section 17(3) is as follows:

Particulars	Mumbai unit (₹)	Nagpur unit (₹)
Sale of taxable goods	--	--
Interest received on fixed deposits [Excluded from value of exempt supply by virtue of explanation to rule 43]	--	--
Sale of securities [1% of ₹ 4,50,000] [Includible as per section 17(3). Value of exempt supply in respect for security is 1% of the sale value of such security.]	4,500	--
Sale of agricultural land [Includible as per section 17(3). Value of exempt supply in respect of land is the value adopted for paying stamp duty.]	--	1,85,00,000
Sale of old factory building [Includible as per section 17(3). Value of exempt supply in respect of building is the value adopted for paying stamp duty.]	75,00,000	--
Transfer of actionable claims (other than casinos, online gaming and horse racing) [Excluded from value of exempt supply by virtue of explanation to section 17(3).]	--	--
Total value of exempt supply	75,04,500	1,85,00,000

- (b) (1) Services provided to a Governmental Authority by way of slum improvement and upgradation is specifically exempt from GST vide exemption notification under GST law.
- (2) Services provided by an educational institution to its students, faculty and staff are exempt from GST vide exemption notification. Educational Institution has been defined to mean, *inter alia*, an institution providing services by way of education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.

Since Banarsidas College provides education as part of a curriculum for obtaining a qualification recognised by Indian law, the services provided by it to its staff by way of conducting personality development course would be exempt from GST, it being an educational institution.

- (3) Since RPSD College provides education as a part of a curriculum for obtaining a qualification recognised by Indian law, the transport services provided by RPSD College to its students are exempt from GST.
- (4) Services provided to an educational institution, by way of, *inter alia*, house-keeping services performed are exempt from GST vide exemption notification provided such services are performed in such educational institution. However, such exemption is available only when the said services are provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

In view of the above discussion, house-keeping services provided to Bloom Montessori Play School are exempt from GST since housekeeping services have been performed in such play school itself.

- (5) Services provided to an educational institution by way of supply of online educational journals or periodicals is exempt from GST vide exemption notification. However, such exemption is not available to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Therefore, supply of online journal to students of UKG class of Seeds Montessori School is not exempt from GST.

- (c) The abatement of duty is allowed under the Customs Act, 1962, where it is shown to the satisfaction of the Assistant/Deputy Commissioner of Customs that, *inter alia*, any imported goods, other than warehoused goods, had been damaged at any time after the unloading thereof in India but before their examination, on account of any accident not due to any wilful act, negligence or default of the importer.

Thus, in view of the above-mentioned provisions, the stand taken by the proper officer of refusing the claim for abatement is not valid in law.

The duty to be charged on the damaged goods shall be reduced in proportion to the reduction in the value of goods on account of damage.

Thus, in the given case, the amount of total duty payable

$$= [\text{₹ } 2,00,000 / \text{₹ } 8,00,000] \times \text{₹ } 2,00,000 = \text{₹ } 50,000$$

4. (a) No, the view of Upasana Export House that the activity of sending the goods out of India for exhibition is a zero-rated supply, is not correct.

As per section 7 read with Schedule I of the CGST Act, 2017, any activity/transaction is considered as supply only when it is made in the course or furtherance of business and made for a consideration, except for activities enumerated in Schedule I of the CGST Act, 2017.

Section 16 of the IGST Act, 2017 defines “zero rated supply” as any of the following supplies of goods or services or both, namely:–

- (a) export of goods or services or both; or
- (b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

Thus, only such “supplies” which are either “export” or are “supply to SEZ unit/ developer” would qualify as zero-rated supply.

In view of the above provisions, CBIC vide a circular clarified that the activity of sending/ taking the goods out of India for exhibition or on consignment basis for export promotion, except when such activity satisfy the tests laid down in Schedule I of the CGST Act, do not constitute supply as the said activity does not fall within the scope of section 7 of the CGST Act as there is no consideration at that point in time. Since such activity is not a supply, the same cannot be considered as “zero rated supply” as per the provisions contained in section 16 of the IGST Act.

The said circular further clarified that the activity of sending/taking goods out of India for exhibition is in the nature of **“sale on approval basis”** wherein the goods are sent/ taken outside India for the approval of the person located abroad and it is only when the said goods are approved that the actual supply from the exporter located in India to the importer located abroad takes place.

In case of the goods being sent or taken on approval for sale, the invoice shall be issued before/at the time of supply or 6 months from the date of removal, whichever is earlier. The goods which are taken for supply on approval basis can be moved from the place of business of the registered supplier to another place within the same State or to a place outside the State on a delivery challan.

In view of the said provisions, Upasana Export House is not required to issue invoice at the time of taking the goods out of India since the activity of merely sending/ taking the taxable goods out of India is not a supply. However, the goods shall be accompanied with a delivery challan.

Further,

- (i) In case the entire quantity of goods (100 units) sent to USA is not sold but brought back by Upasana Export House in February, i.e. within the stipulated period of 6 months from the date of removal, no tax invoice is required to be issued as no supply has taken place in such a case.
- (ii) In case, the entire quantity of goods (100 units) sent to USA is not sold and brought back by Upasana Export House in August, i.e. after 6 months from the date of removal, a tax invoice is required to be issued for entire 100 units of taxable goods in accordance with the applicable provisions within the specified time period.

(b) A2S Manufacturing unit should reply on the following lines:

The principal may take ITC on capital goods sent to a job worker for job work without being first brought to his place of business.

The capital goods sent for job work should either be returned to the principal or must be supplied from the job worker's premises within 3 years [extendible by another 2 years] from sending them to the job worker or direct receipt by the job worker from the supplier. If the above time-lines are not met, it is deemed that the capital goods were supplied by the principal to the job worker (in other words, tax will be payable on them) on the day they were sent out to the job worker .

However, the time-limit of three years for bringing back the capital goods from the job worker does not apply to moulds.

Accordingly, A2S Manufacturing unit have correctly availed the ITC in respect of the moulds delivered to their job worker and not brought back even after completion of four years.

(c) As per Baggage Rules, 2016, an Indian resident arriving from any country other than Nepal, Bhutan or Myanmar, shall be allowed clearance free of duty articles in his bona fide baggage, that is to say, used personal effects and travel souvenirs; and articles [other than certain specified articles], upto the value of ₹ 50,000 if these are carried on the person or in the accompanied baggage of the passenger.

Thus, there is no customs duty on used personal effects and travel souvenirs and general duty free baggage allowance is ₹ 50,000 per passenger. Thus, duty liability of Mr. Prashank and his son is nil for the used personal effects worth ₹ 1,20,000 and 2 music systems each worth ₹ 50,000.

As per Baggage Rules, 2016, the jewellery allowance is applicable only to a passenger residing abroad for more than 1 year. For the jewellery

brought by a gentleman passenger, the duty free allowance is jewellery upto a weight of 20 grams with a value cap of ₹ 50,000.

Consequently, there is no duty liability on the jewellery brought by Mr. Prashank as he had stayed abroad for period exceeding 1 year and weight of the jewellery brought by him is 10 grams with a value less than ₹50,000.

- 5. (a)** As per section 129 of the CGST Act, 2017, when owner of goods does not come forward for the payment of penalty, detained/seized goods and conveyance (used as a means of transport for carrying said goods) and related documents are released on payment of penalty equal to higher of the following:

- (i) 50% of value of goods or
- (ii) 200% of the tax payable on such goods.

In view of the same, the amount of penalty payable (each under CGST and SGST) if Robecco Limited does not come forward for the payment of penalty is as follows:

- (i) 50% of value of goods [₹ 3,40,000 (50% of ₹ 6,80,000)]
- or
- (ii) 200% of the tax payable on such goods [₹ 1,22,400 (200% of ₹ 6,80,000 × 9%)]

whichever is higher, i.e. ₹ 3,40,000 (each under CGST and SGST).

Conveyance shall be released on payment by the transporter the penalty as mentioned in the order or ₹ 1 lakh, whichever is less.

In the given case, since the owner - Robecco Limited has failed to come forward to make payment of penalty, penalty of ₹ 3,40,000 (each under CGST and SGST) shall be levied.

Further, the transporter of goods can get its truck released upon payment of the lower of the following under the CGST Act, 2017:

- (i) penalty as mentioned in the order [₹ 3,40,000] or
- (ii) ₹ 1,00,000

Hence, Sambhav Transporters can get its truck released upon payment of ₹ 1,00,000 (each under CGST and SGST).

- (b)** ABC audit team did not exercise due diligence to ascertain that the input tax credit availed by X Ltd. is not in compliance with the GST provisions. Instead, ABC relied on the certificate issued by its own associate firm which justified the incorrect input tax credit claim by X Ltd. In such a scenario both ABC and the associate firm, which issued the certificate

to justify the input tax credit claim, were aiding and abetting X Ltd. in wrongful availment of credit, which is an offence punishable with penalty under 122 of the CGST Act, 2017. This offence may also be punishable with imprisonment and fine depending on the amount of default involved and subject to specified conditions. Further, ABC as well as its associate firm may be held guilty of professional misconduct.

- (c)** Yes, interest is to be paid to the applicant in case any duty ordered to be refunded to an applicant is not refunded within 3 months from the date of receipt of application for refund. The government is permitted to fix such interest between 5% and 30%.

Currently, the rate of interest is 6% .

The interest is to be paid for the period beginning from the date immediately after the expiry of 3 months from the date of receipt of such application, till the date of refund of such duty. For the purpose of payment of interest, the application is deemed to have been received on the date on which a complete application, as acknowledged by the proper officer of Customs, has been made.

- 6. (a)** Advance ruling can be sought for the following questions:-
- (a) classification of any goods or services or both
 - (b) applicability of a notification issued under the CGST Act
 - (c) determination of time and value of supply of goods or services or both
 - (d) admissibility of input tax credit of tax paid or deemed to have been paid
 - (e) determination of the liability to pay tax on any goods or services or both
 - (f) whether applicant is required to be registered
 - (g) whether any particular activity with respect to any goods and/or services, amounts to/results in a supply of goods and/or services, within the meaning of that term.
- (b)** When the Commissioner/authorised officer is of opinion that it is necessary or expedient in the public interest to publish the name of any person and any other particulars relating to any proceedings or prosecution under the CGST Act in respect of such person, it may cause to be published such name and particulars.

No publication under this section shall be made in relation to any penalty imposed under the CGST Act until the time for presenting an appeal to the Appellate Authority under section 107 has expired without an appeal having been presented or the appeal, if presented, has been disposed off.

OR

Alternative Answer 6(b)

- (b) (i)** Any authority who has passed or issued any decision or order or notice or certificate or any other document may rectify any error which is apparent on the face of record in such documents.
- (ii)** Errors or mistakes which are apparent on the face of record may be rectified. Rectification can only be of error apparent from record. It is a settled law that a decision on a debatable point of law is not a mistake apparent from the record.
- (c)** Status holders are eligible the following privileges under FTP:
- (1) Authorisation and custom clearances for both imports and exports on self-declaration basis.
 - (2) Fixation of Input Output Norms on priority i.e., within 60 days by Norms Committee.
 - (3) Exemption from compulsory negotiation of documents through banks. Exception are remittance/ receipts.
 - (4) Exemption from furnishing of Bank Guarantee in Schemes under FTP unless otherwise specified.
 - (5) Two Star Export Houses and above are permitted to establish export warehouses as per the guidelines of Department of Revenue.
 - (6) Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to self-certify their manufactured goods (as per their Industrial Entrepreneurs Memorandum (IEM) / Industrial License (IL) /Letter of Intent (LOI)) as originating from India with a view to qualify for preferential treatment under specified agreements.
 - (7) Status holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to a specified annual limit.
 - (8) The status holders would be entitled to preferential treatment and priority in handling of their consignments by the concerned agencies.

Note – Any four points may be mentioned.