



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER – 19
INDIRECT TAX LAWS & PRACTICE

SET - 1
TERM – DECEMBER 2024
SYLLABUS 2022

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 x 2 =30]**

- (i) Who is eligible to claim input tax credit under GST?
 - a. Only registered businesses
 - b. Only individuals
 - c. Only government entities
 - d. Any person irrespective of registration status
- (ii) In GST, aggregate turnover does not include-
 - a. Inward supplies on which tax is payable on reverse charge basis
 - b. Exempt supplies
 - c. Export of goods or services or both
 - d. Inter-State supplies of persons having the same PAN number
- (iii) In which of the following cases, old rate will not be applicable with respect to change in rate of supply of goods?
 - a. Supply was completed before the change of rate and payment was also received but the invoice is issued after the change in rate of tax.
 - b. Invoice was issued before the change in rate and payment was also received but the supply was made after change in rate of tax.
 - c. Payment was received before change in rate of tax but the sales were made after the change in rate of tax and subsequently the invoice was issued after the completion of sale.
 - d. Supply was completed before change of tax and the invoice was also issued but the payment was received after the change in rate.
- (iv) Zero rated supply does not includes:
 - a. Export of goods or/and services;
 - b. Supply of goods or/and services to SEZ;
 - c. Supply of goods or/and services by SEZ
 - d. Both B and C
- (v) Mr. Oberoi from Ahmedabad hires an aircraft from a company of Vietnam for a business tour. However, they board the aircraft from Mumbai. The place of supply of service will be:
 - a. Location of supplier
 - b. Location of recipient
 - c. Location where service is performed.



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- d. Location where passenger embarks the journey.
- (vi) Supplier X makes a supply worth ₹11,800 (inclusive of GST) to a Municipality where the contract for supply is for ₹15,00,00. The rate of GST is 18%. The supplier and the deductor are in the same State. What would be the Net payment to Supplier X after deducting TDS?
- ₹11,000
 - ₹11,800
 - ₹10,000
 - ₹11,600
- (vii) In GST, refund shall not be paid to the applicant if the amount of refund is less than:
- ₹8,000
 - ₹1,000
 - ₹5,000
 - ₹10,000
- (viii) M/s Ashok Enterprise sells mineral water bottles, with MRP ₹22 per bottle. However, customers availing the discount of ₹5 per bottle. In the month of April 2024, M/s Ashok Enterprise sold 2,500 bottles. Applicable rate of GST 18%. What will be the invoice price?
- ₹37,760
 - ₹50,150
 - ₹42,500
 - ₹55,000
- (ix) In which of the following cases, E-way Bill is required?
- The mode of transport is non-motor vehicle.
 - Goods transported under Customs supervision or under customs seal
 - Transit cargo transported to or from Nepal or Bhutan
 - None of the above
- (x) If a person is arrested for a cognizable offence, then he must be produced before a magistrate within:
- 24 hours of his arrest
 - 48 hours of his arrest
 - 24 hours of his warrant
 - 48 hours of his warrant
- (xi) Calculate Cost of transport/handling under Rule 10(2)(a) if total of FoB and insurance cost is \$5000.
- \$2,500
 - \$6,000



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- c. \$1,000
d. None of the above
- (xii) The protective duties are levied by the_____ upon the recommendation made to it by the Tariff Commission and upon it being satisfied that circumstances exist which render it necessary to take immediate action to provide protection to any industry established in India.
- a. Central Board of Indirect Taxes & Customs
b. Central government
c. Supreme court
d. None of the above
- (xiii) Countervailing duty shall not be levied unless it is determined that:
- a. The subsidy relates to export performance
b. The subsidy relates to the use of domestic goods over imported goods in the export article
c. The subsidy has been conferred on a limited number of persons engaged in the manufacture, production, or export of articles
d. All the above
- (xiv) Only those projects having a minimum investment of _____ in plant & machinery shall be considered for establishment as EOUs.
- a. ₹1 crore
b. ₹10 crores or above
c. Below ₹5 crores
d. ₹100 crore or above
- (xv) When an SEZ supplies goods/services to a Domestic Tariff Area (DTA), it is exempt from paying taxes, although the receiver in the DTA has to pay:
- a. IGST under reverse charge mechanism (RCM).
b. CGST and SGST under reverse charge mechanism (RCM).
c. CGST and UTGST under reverse charge mechanism (RCM).
d. IGST under forward charge

SECTION-B

(Answer any five questions out of seven questions given. Each question carries 14 Marks.)
[5x14=70]

2. (a) Discuss E-Way Bill and also discuss when it should be issued and who should generate the same. [7]
- (b) Discuss the penal provisions for return filing. [7]



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3. (a) Well-Being Nursing Home has received the following amounts in the month of Jan 2024 in lieu of various services rendered by it in the same month. You are required to calculate its GST liability from the details furnished below:

Sl. No.	Particulars	(₹ in lakh)
(i)	Palliative care for terminally ill patients at patient's home (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease)	30
(ii)	Services provided by cord blood bank unit of the nursing home by way of preservation of stemcells	24
(iii)	Hair transplant services	100
(iv)	Ambulance services to transport critically ill patients from various locations to nursing home	12
(v)	Transportation of patients in an ambulance on behalf of the State Governments against consideration	10
(vi)	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	80
(vi)	Plastic surgery to restore anatomy of a child affected due to an accident.	30
(vii)	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	120
(ix)	Mortuary services	10

All the amounts given above are exclusive of GST. Further, Well-Being Nursing Home is registered person under GST. Applicable rate of GST is 18%. All transactions are at intra-State level. [7]

- (b) M/s Lips Ltd., manufactures four types of 'Nail Polishes', namely Sweety, Pretty, Beauty, Tweety. The Company has taken input tax credit of ₹3,00,000 on the common inputs used in the manufacture of 'Nail Polishes'. Common inputs also used partly for non-business purposes. During the financial year the company manufactured 1000 litres of each type of 'Nail Polishes'. The Company was not in a position to maintain separate set of records with regards to inputs used for final products. GST payable on final goods @12%.

You are required to calculate the net GST payable by M/s Lips Ltd. for the year from the following data:

	Description	Sale price (Exclusive of GST)
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Product Name		
Sweety	Sale to Domestic Tariff Area	₹30 per 20ml. bottle
Pretty	Sale to a Special Economic Zone (SEZ)	₹40 per 20ml. bottle
Beauty	Sale to A Ltd. of USA	₹50 per 20ml. bottle
Twetty	Sale to Defence Canteen(Exempted from GST)	₹60 per 20ml. bottle

[7]

4. (a) Explain the conditions under which TDS should be deducted and also identify the situations where it is not necessary to deduct TDS. [7]
- (b) Describe who can be considered as a 'related person' under Section 15 of the CGST Act, 2017?" [7]

5. (a) Cunning Ltd. furnishes the following expenditure incurred by them to find the transaction value for the purpose of paying GST.

i. Direct material cost per unit inclusive of IGST at 18%	₹10,620
ii. Direct wages	₹2,500
iii. Other direct expenses	₹1,050
iv. Indirect materials	₹705
v. Factory overheads	₹2,500
vi. Research and development cost	₹5,000
vii. Administrative overhead (45% relating to production capacity)	₹1,000
viii. Selling and distribution expense	₹1,500
ix. Quality control	₹250
x. Sale of scrap realised	₹255
xi. Actual profit margin	25%

Calculate the value for payment of GST as per Rule 30 of the CGST Rules, 2017.

[7]

- (b) Calculate the GST liability of Mr. A, an air travel agent, for the quarter ended March 31, 2024 using the following details: -

Particulars	Amount (₹)
Basic air fare collected for domestic booking of tickets	65,00,000
Basic air fare collected for international booking of tickets	90,00,000
Commission received from the airlines on the sale of domestic and international tickets	5,50,000



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Year ending bonus received from airlines	90,000
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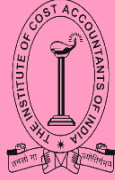
In the above case, would the GST liability of Mr. A be reduced if he opts for the special provision for payment of GST as per Rule 32(3) of the CGST Rules, 2017? The applicable rate of GST is 18%. [7]

6. (a) Discuss various Trade Facilitation Measures taken by Indian Customs. [7]
- (b) Identify the supplies which are to be considered as deemed exports and also describe the benefits of deemed exports. [7]
7. (a) X Ltd has exported following goods to USA. Discuss whether any duty drawback is admissible under section 75 of the Customs Act, 1962.

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

Note: Imported value of product C is ₹9,50,000. [7]

- (b) ABC Technologies Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. ABC Technologies in this connection are as follows:
- (i) Freight from Japan to India Port 20,000 Yen
 - (ii) Insurance paid to Insurer in India ₹10,000
 - (iii) Designing charges paid to Consultancy firm in Japan 30,000 Yen
 - (iv) M/s. ABC Technologies had expended ₹1,00,000 in India for certain development activities with respect to the imported equipment
 - (v) ABC Technologies had incurred road transport cost from Mumbai port to their factory in Karnataka ₹30,000
 - (vi) The Central Board of Indirect Taxes and Customs had notified for purpose of section 14(3) of the Customs Act, 1962 exchange rate of 1 Yen = ₹0.3948. The interbank rate was 1 Yen = ₹0.40
 - (vii) M/s ABC Technologies had effected payment to the Bank based on exchange rate 1 Yen = ₹0.4150



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(viii) The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees.

Calculate the assessable value under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions. [7]

8. (a) Maruti Traders, a dealer in furniture, located in Maharashtra, receives an order from Bhagavan Traders, also located in Maharashtra. The order is for the supply of 250 Tables, with an instruction to ship the Tables to BhaktaHardware's, located in Tamil Nadu. Bhakta Hardware's is a customer of Bhagavan Traders. Suggest the place of supply and levy of GST in the hands of Maruti Traders as well as Bhagavan Traders. [7]

- (b) Ram & Co., being a registered person under GST supplied the following in the month of January 2024:

Particulars	Value in ₹
Taxable supply of goods	20,00,000
Exempted supply of goods	5,00,000
Sale of land	12,50,000
Recovery Agent services supplied to OK Bank	2,50,000
Deposit on which interest received	2,00,000
Total	42,00,000

Common inputs for the relevant tax period is ₹2,00,000.

GST applicable rate on outward supply of goods @28%. Calculate the GST liability. [7]



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 - b. Supply of goods or/and services to SEZ;
 - c. Supply of goods or/and services by SEZ
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- (v) Mr. Oberoi from Ahmedabad hires an aircraft from a company of Vietnam for a business tour. However, they board the aircraft from Mumbai. The place of supply of service will be:**

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- d. Location where passenger embarks the journey.
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c. The subsidy has been conferred on a limited number of persons engaged in the manufacture, production, or export of articles
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- (xiv) Only those projects having a minimum investment of _____ in plant & machinery shall be considered for establishment as EOUs.
- a. ₹1 crore
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c. Below ₹5 crores
d. ₹100 crore or above
- (xv) When an SEZ supplies goods/services to a Domestic Tariff Area (DTA), it is exempt from paying taxes, although the receiver in the DTA has to pay:
- a. IGST under reverse charge mechanism (RCM).
b. CGST and SGST under reverse charge mechanism (RCM).
c. CGST and UTGST under reverse charge mechanism (RCM).
d. IGST under forward charge

Answer:

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



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SECTION-B

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

[5x14=70]

2. (a) Discuss E-Way Bill and also discuss when it should be issued and who should generate the same. [7]
- (b) Discuss the penal provisions for return filing. [7]

Answer:

- (a) E-Way Bill is an electronic way bill for movement of goods which can be generated on the E-Way Bill Portal. Transport of goods of more than ₹50,000 (Single Invoice/bill/delivery challan) in value in a vehicle cannot be made by a registered person without an E-Way bill.

Alternatively, E-Way bill can also be generated or cancelled through SMS, Android App and by Site-to-Site Integration through Application Programming Interface (API).

When an E-Way bill is generated a unique E-Way bill number (EBN) is allocated and is available to the supplier, recipient, and the transporter.

In case of 'Bill To' & 'Ship to', now consignor (seller) or consignee (buyer) either of them can generate E-Waybill.

When Should E-Way Bill be issued:

E-Way bill will be generated when there is a movement of goods in a vehicle/conveyance of value more than ₹50,000 (either each Invoice or in aggregate of all Invoices in a vehicle/Conveyance) –

- In relation to a 'supply'
- For reasons other than a 'supply' (say a return)
- Due to inward 'supply' from an unregistered person

For this purpose, a supply may be either of the following:

- A supply made for a consideration (payment) in the course of business
- A supply made for a consideration (payment) which may not be in the course of business
- A supply without consideration (without payment) In simpler terms, the term 'supply' usually means a:
 1. Sale – sale of goods and payment made
 2. Transfer – branch transfers for instance
 3. Barter/Exchange – where the payment is by goods instead of in money

Therefore, E-Way Bills must be generated on the common portal for all these types of movements.



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For certain specified Goods, the E-Way bill needs to be generated mandatorily even if the Value of the consignment of Goods is less than ₹50,000:

1. Inter-State movement of Goods by the Principal to the Job-worker by Principal/registered Job-worker,
2. Inter-State Transport of Handicraft goods by a dealer exempted from GST registration.

E-way Bill can be generated by

1. Registered Person – E-Way bill must be generated when there is a movement of goods of more than ₹50,000 in value to or from a Registered Person. A Registered person or the transporter may choose to generate and carry E-Way bill even if the value of goods is less than ₹50,000.
2. Unregistered Persons – Unregistered persons are also required to generate E-Way Bill. However, where a supply is made by an unregistered person to a registered person, the receiver will have to ensure all the compliances are met as if they were the supplier.
3. Transporter – Transporters carrying goods by road, air, rail, etc. also need to generate E-Way Bill if the supplier has not generated an E-Way Bill.

(b) The penal provisions for not filing return are:-

- For delay in filing GSTR-1, GSTR-3B, GSTR-4 and GSTR-7 :-

Nil Return:- ₹500 (₹250 each under CGST & SGST or ₹500 under IGST).

Tax Return: Aggregate turnover of ≤ ₹1.50 crores in the preceding F.Y. ₹2,000 (₹1,000 each under CGST & SGST or ₹2,000 under IGST).

Who has an aggregate turnover of more than ₹1.5 crore and up to ₹5 crore in the preceding financial year ₹5,000 (₹2,500 each under CGST & SGST or ₹5,000 under IGST)

For those taxpayers that have an aggregate annual turnover in the preceding year more than ₹5 crore, the late fee will be capped to maximum ₹5000 under Section 47.

For delayed filing of GSTR-4:- Total amount of late fee payable under section 47 of the CGST Act from F.Y. 2021-22 onwards, by the registered person (composition taxpayer) who fail to furnish Form GSTR-4 by the due date, shall be as follows:

Total tax payable in GSTR-4 is nil: ₹500 (₹250 each under CGST & SGST or ₹500 under IGST)

Tax return: ₹2,000 (₹1,000 each under CGST & SGST or ₹2,000 under IGST)

For delayed filing of GSTR-7:- ₹25 for every day during which such failure continues or ₹100 whichever is lower.

- Penalty/Late Fee:

Penalty for delay filing of Annual Return (Section 47(2) of the CGST Act, 2017)

Maximum late fee payable under section 47 for delayed filing of annual return:

The amount of late fee for delayed filing of Form GSTR-9 (Annual Return) for FY 2022-23 onwards has been restricted for specific class of registered persons, in the following manner:



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Registered persons having an aggregate turnover up to ₹ 5 crore in the relevant financial year:- ₹50 [₹25 each for CGST & SGST] per day subject to a maximum of 0.04% [0.02% each for CGST & SGST] of turnover in the State or Union Territory

Registered persons having an aggregate turnover of more than ₹ 5 crore and up to ₹ 20 crore in the relevant financial year:- ₹ 100 [₹ 50 each for CGST & SGST] per day subject to a maximum of 0.04% [0.02% each for CGST & SGST] of turnover in the State or Union Territory

Provided that for the registered persons who fail to furnish the return under section 44 of the said Act by the due date for any of the financial years 2017-18, 2018-19, 2019-20, 2020-21 or 2021-22, but furnish the said return between the period from the 1st day of April, 2023 to the 30th day of June, 2023, the total amount of late fee under section 47 of the said Act payable in respect of the said return, shall stand waived which is in excess of ten thousand rupees.

3. (a) Well-Being Nursing Home has received the following amounts in the month of Jan 2024 in lieu of various services rendered by it in the same month. You are required to calculate its GST liability from the details furnished below:

Sl. No.	Particulars	(₹ in lakh)
(i)	Palliative care for terminally ill patients at patient's home (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease)	30
(ii)	Services provided by cord blood bank unit of the nursing home by way of preservation of stem cells	24
(iii)	Hair transplant services	100
(iv)	Ambulance services to transport critically ill patients from various locations to nursing home	12
(v)	Transportation of patients in an ambulance on behalf of the State Governments against consideration	10
(vi)	Naturopathy treatments. Such treatment is a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	80
(vi)	Plastic surgery to restore anatomy of a child affected due to an accident.	30
(vii)	Pranic healing treatments. Such treatment is not a recognized system of medicine in terms of section 2(h) of the Clinical Establishments Act, 2010	120
(ix)	Mortuary services	10



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All the amounts given above are exclusive of GST. Further, Well-Being Nursing Home is registered person under GST. Applicable rate of GST is 18%. All transactions are at intra-State level. [7]

- (b) M/s Lips Ltd., manufactures four types of 'Nail Polishes', namely Sweety, Pretty, Beauty, Tweety. The Company has taken input tax credit of ₹3,00,000 on the common inputs used in the manufacture of 'Nail Polishes'. Common inputs also used partly for non-business purposes. During the financial year the company manufactured 1000 litres of each type of 'Nail Polishes'. The Company was not in a position to maintain separate set of records with regards to inputs used for final products. GST payable on final goods @12%.

You are required to calculate the net GST payable by M/s Lips Ltd. for the year from the following data:

Product Name	Description	Sale price (Exclusive of GST)
Sweety	Sale to Domestic Tariff Area	₹30 per 20ml. bottle
Pretty	Sale to a Special Economic Zone (SEZ)	₹40 per 20ml. bottle
Beauty	Sale to A Ltd. of USA	₹50 per 20ml. bottle
Tweety	Sale to Defence Canteen (Exempted from GST)	₹60 per 20ml. bottle

[7]

Answer:

- (a) Computation of GST liability

Sl. No.	Particulars	₹ in lakh
(i)	Palliative care for terminally ill patients	Exempted supply
(ii)	Cord blood bank services	24
(iii)	Hair transplant services	100
(iv)	Ambulance services	Exempted supply
(v)	Transportation of patients in an ambulance on behalf of the State Governments	Exempted supply



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(vi)	Naturopathy treatments	Exempted supply
(vii)	Plastic surgery (warranted)	Exempted supply
(viii)	Pranic healing services	120
(ix)	Mortuary services	Excluded from the scope of supply (i.e. covered under Schedule III of CGST Act, 2017)
(x)	Taxable supply	244
(xi)	CGST 9%	21.96
(xii)	SGST 9%	21.96

(b) Statement showing GST on outward supplies:

Product Name	Description	Sale price (Exclusive of GST)	Transaction Value (₹)	GST liable to pay (₹)	Remarks
Sweety	Sale to Domestic Tariff Area	₹30 per 20ml. bottle	15,00,000	1,80,000	₹15,00,000 (1000 litres × 1000ml./ 20ml × ₹30) GST = ₹1,80,000 (15,00,000 × 12%)
Pretty	Sale to a unit of SEZ (treated as exports)	₹40 per 20ml. bottle	20,00,000	Zero rated supplies	₹20,00,000 (1000 litres × 1000ml./ 20ml × ₹40)
Beauty	Sale to A Ltd. of USA (export sales)	₹50 per 20ml. bottle	25,00,000	Zero rated supplies	₹25,00,000 (1000 litres × 1000ml./ 20ml × ₹50)
Twety	Sale to Defence Canteen (Exempted from GST)	₹60 per 20ml. bottle	30,00,000	Exempted	₹30,00,000 (1000 litres × 1000ml./20ml × ₹60)
	Total		90,00,000	1,80,000	



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Therefore, quantum of eligible ITC (Rule 42(1)(k) of the CGST Rules, 2017) is ₹1,85,000 [₹3,00,000 – (1,00,000 + 15,000)]

Statement showing net GST liability or excess credit:	Amount (₹)
Therefore, the GST payable on taxable supply of goods	₹1,80,000
Add: ITC reversed (i.e. Output tax liability)	₹1,15,000
Total Tax liability	₹2,95,000
Less: ITC credit allowed	₹ (3,00,000)
Excess ITC can be carried forward into next month	₹(5,000)

4. (a) Explain the conditions under which TDS should be deducted and also identify the situations where it is not necessary to deduct TDS. [7]
- (b) Describe who can be considered as a 'related person' under Section 15 of the CGST Act, 2017?" [7]

Answer:

- (a) Tax deduction is required if all the following conditions are satisfied –
- Total value of taxable supply > ₹ 2.5 Lakh under a single contract. This value shall exclude taxes & cess leviable under GST.
 - If the contract is made for both taxable supply and exempted supply, deduction will be made if the total value of taxable supply in the contract > ₹ 2.5 Lakh. This value shall exclude taxes & cess leviable under GST.
 - Where the location of the supplier and the place of supply are in the same State/UT, it is an intra-State supply and TDS @ 1% each under CGST Act and SGST/UTGST Act is to be deducted if the deductor is registered in that State or Union territory without legislature.
 - Where the location of the supplier is in State A and the place of supply is in State or Union territory without legislature - B, it is an inter-State supply and TDS @ 2% under IGST Act is to be deducted if the deductor is registered in State or Union territory without legislature - B.
 - Where the location of the supplier is in State A and the place of supply is in State or Union territory without legislature B, it is an inter-State supply and TDS @ 2% under IGST Act is to be deducted if the deductor is registered in State A.
 - When advance is paid to a supplier on or after 01.10.2018 to a supplier for supply of taxable goods or services or both.

Tax deduction is not required in following situations:

- Total value of taxable supply ≤ ₹2.5 Lakh under a contract.



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- Contract value > ₹2.5 Lakh for both taxable supply and exempted supply, but the value of taxable supply under the said contract $\leq$ ₹2.5 Lakh.
- Receipt of goods/services which are exempted.
- Goods on which GST is not leviable. For example, petrol, diesel, petroleum crude, natural gas, aviation turbine fuel (ATF) and alcohol for human consumption.
- Where a supplier had issued an invoice for any sale of goods in respect of which tax was required to be deducted at source under the VAT Law before 01.07.2017, but where payment for such sale is made on or after 01.07.2017.
- Where the location of the supplier and place of supply is in a State/UT which is different from the State/UT where the deductor is registered.

(b) According to Section 15 of CGST Act, 2017 -

A person shall be deemed to be “related persons” if—

- such persons are officers or directors of one another’s businesses;
- such persons are legally recognized partners in business;
- such persons are employer and employee;
- any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
- one of them directly or indirectly controls the other;
- both of them are directly or indirectly controlled by a third person;
- together they directly or indirectly control a third person; or
- they are members of the same family;

The term “person” also includes legal persons;

persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

5. (a) Cuning Ltd. furnishes the following expenditure incurred by them to find the transaction value for the purpose of paying GST.

i. Direct material cost per unit inclusive of IGST at 18%	₹10,620
ii. Direct wages	₹2,500
iii. Other direct expenses	₹1,050
iv. Indirect materials	₹705
v. Factory overheads	₹2,500
vi. Research and development cost	₹5,000
vii. Administrative overhead (45% relating to production capacity)	₹1,000
viii. Selling and distribution expense	₹1,500
ix. Quality control	₹250
x. Sale of scrap realised	₹255
xi. Actual profit margin	25%

Calculate the value for payment of GST as per Rule 30 of the CGST Rules,



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- (b) Calculate the GST liability of Mr. A, an air travel agent, for the quarter ended March 31, 2024 using the following details: -**

Particulars	Amount (₹)
Basic air fare collected for domestic booking of tickets	65,00,000
Basic air fare collected for international booking of tickets	90,00,000
Commission received from the airlines on the sale of domestic and international tickets	5,50,000
Year ending bonus received from airlines	90,000

In the above case, would the GST liability of Mr. A be reduced if he opts for the special provision for payment of GST as per Rule 32(3) of the CGST Rules, 2017? The applicable rate of GST is 18%. [7]

Answer:

- (a) Statement showing value of supply of goods as per Rule 30 of the CGST Rules, 2017:**

Particulars	Value in ₹
Direct material cost	9,000
Direct wages	2,500
Other direct expenses	1,050
Indirect materials	705
Factory overheads	2,500
Research and development cost	5,000
Administrative overhead	450
Quality control	250
Sub-total	21,455
Less: Sale of scrap	(255)
Cost of production	21,200
Add: 10% profit margin as per Rule 30 of the CGST Rules, 2017	2,120
Value of taxable supply of goods	23,320



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Cost Accounting Standard (CAS)-4 issued by the Institute of Cost Accountants of India enumerates various costs to be included in determining the cost of production of goods. CAS-4 principles are also applicable for determining the cost of supply of service.

Thus, cost of acquisition will include cost of transportation, any local taxes, insurance, other expenditure like commission, fee and so on paid on procurement of goods.

However, GST element will not be considered for the purpose of determining the cost of acquisition.

(b) Statement showing GST liability of Mr. A for the quarter ending 31st March 2024:

Particulars	Amount(₹)
Commission received from the airlines on the sale of domestic and international tickets	5,50,000
Year ending bonus or incentive	90,000
Taxable supply of services	6,40,000
GST @18%	1,15,200

Statement showing GST liability of Mr. A for the quarter ending 31st March 2024

Particulars	Amount(₹)
Basic air fare (domestic booking) $[65,00,000 \times 5\%]$	3,25,000
Basic air fare (international booking) $[90,00,000 \times 10\%]$	9,00,000
Total taxable supply of service	12,25,000
GST @18%	2,20,500

The GST liability of Mr. A would not be reduced in the aforesaid option.

Therefore, special provision under Rule 32(3) of CGST Rules, 2017 is not economical for Mr. A for the month of March 2024.

6. (a) Discuss various Trade Facilitation Measures taken by Indian Customs. [7]
- (b) Identify the supplies which are to be considered as deemed exports and also describe the benefits of deemed exports. [7]

Answer:

- (a) Various trade facilitation measures have been taken by Indian Customs in recent times are as follows:
- 1) Facility of deferred payment
 - 2) Introduction of Revised Authorised Economic Programme(AEO)
 - 3) Relaxation in Insurance cover/Bond/BG
 - 4) Setting Up of Customs Clearance Facilitation Committee (CCFC)

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- 5) Amendments in Warehousing provisions for introducing record based controls
 - 6) Indian Customs Single Window Project –Online message exchange
 - 7) Reduction in mandatory documents for imports and exports
 - 8) Adoption of Digital Signature:
 - 9) 24×7 Customs Clearance
 - 10) Abolition of Mate Receipt
 - 11) Reducing/eliminating printouts in Customs Clearance
 - 12) The Courier Imports and Exports (Clearance) Amendment Regulations, 2016
 - 13) Import Data Processing and Management System (IDPMS)
 - 14) Email notification
 - 15) Single Window Interface for Facilitation of Trade has now been extended to Export
 - 16) Roll Out of Express Cargo Clearance System (ECCS) at Courier Terminal, Sahar Mumbai
 - 17) Ease of doing business
 - 18) Streamlining of process of Arrival Manifest or Import Manifest amendment for import through sea.
- (b)** Goods manufactured in India and supplies from DTA to EOU, EHTP, STP & BTP units will be regarded as deemed exports and DTA supplier shall be eligible for export incentives.

The following supplies will be considered as deemed exports:

- A. Goods supplied by a manufacturer:
 1. Supply of goods against Advance Authorization/Advance Authorization for Annual Requirement/DFIA.
 2. Supply of goods to units located in EOU/STP/BTP/EHTP.
 3. Supply of capital goods against EPCG authorization.
 4. Supply of marine freight containers by 100% EOU provided said containers are exported within 6months by another 100% EOU.
- B. Goods supplied by a Main contractor/sub-contractor:
 1. Supply of goods to projects or turnkey contracts financed by multilateral or bilateral agencies/Funds notified by Department of Economic Affairs (DEA), under International Competitive Bidding.
 2. Supply of goods to any project where import is permitted at zero customs duty.
 3. Supply of goods to mega power projects against International Competitive Bidding.
 4. Supply of goods to UN or international organisations.
 5. Supply of goods to nuclear projects through competitive bidding (need not



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be international competitive bidding).

Benefits of deemed exports are:

Deemed exports shall be eligible for any/all of following benefits:

1. Advance Authorization/Advance Authorization for Annual requirement/DFIA
2. Deemed Export Drawback
3. Domestic supplies to EOUs would be treated as deemed exports under Section 147 of CGST/SGST Act and refund of tax paid on such supplies given to the supplier or recipient as the case may be.

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

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

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

[7]

- (b) ABC Technologies Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. ABC Technologies in this connection are as follows:

- (i) Freight from Japan to India Port 20,000 Yen
- (ii) Insurance paid to Insurer in India ₹10,000
- (iii) Designing charges paid to Consultancy firm in Japan 30,000 Yen
- (iv) M/s. ABC Technologies had expended ₹1,00,000 in India for certain development activities with respect to the imported equipment
- (v) ABC Technologies had incurred road transport cost from Mumbai port to their factory in Karnataka ₹30,000
- (vi) The Central Board of Indirect Taxes and Customs had notified for purpose of section 14(3) of the Customs Act, 1962 exchange rate of 1 Yen = ₹0.3948. The interbank rate was 1 Yen = ₹0.40
- (vii) M/s ABC Technologies had effected payment to the Bank based on exchange rate 1 Yen = ₹0.4150
- (viii) The commission payable to the agent in India was 5% of FOB cost of the



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equipment in Indian Rupees.

Calculate the assessable value under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions. [7]

Answer:

(a) Duty draw back amount for all the products are as follows:

Product A:

Drawback amount = $2,50,000 \times 30\% = ₹75,000$

or $₹1,80,000 \times 1/3 = ₹60,000$

Allowable duty draw back does not exceed 1/3 of the market value.

Hence, the amount of duty drawback allowed is ₹60,000

Product B:

Drawback amount allowed is ₹750 (i.e. $₹1,00,000 \times 0.75\%$).

Since, the amount is more than ₹500 even though the rate is less than 1%.

Product C:

No duty drawback is allowed, since the value of export is less than the value of import (i.e. negative sale).

Product D

No duty drawback is allowed, since the duty drawback amount is ₹30 (which is less than ₹50).

Though rate of duty drawback is more than 1%, no duty drawback is allowed.

(b) Statement showing computation of Assessable Value for the imported goods

Particulars	Amount in Yen	Remarks	Working note
Free on Board (FOB)	2,00,000		
Designing charges	30,000	Added to the assessable value	
Development charges	—	Not added to the assess-able value, because these are post-shipment expenses	
Road transport charges	—	Not added to the assess-able value, because these are post-shipment expenses	
Commission	10,000	Added to the assessable value	$2,00,000 \times 5\% = 10,000$

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FOB value of the Customs	2,40,000		
	Amount in (₹)		
Total	94,752	Exchange rate of the Central Board of Indirect Taxes and Customs (CBI&C) is relevant	2,40,000 Yen × 0.3948
Insurance	10,000	Added to the assessable value	
Freight	7,896	Added to the assessable value	20,000 × 0.3948
Assessable Value (i.e. CIF value)	1,12,648		

8. (a) Maruti Traders, a dealer in furniture, located in Maharashtra, receives an order from Bhagavan Traders, also located in Maharashtra. The order is for the supply of 250 Tables, with an instruction to ship the Tables to Bhakta Hardware's, located in Tamil Nadu. Bhakta Hardware's is a customer of Bhagavan Traders.

Suggest the place of supply and levy of GST in the hands of Maruti Traders as well as Bhagavan Traders. [7]

- (b) Ram & Co., being a registered person under GST supplied the following in the month of January 2024:

Particulars	Value in ₹
Taxable supply of goods	20,00,000
Exempted supply of goods	5,00,000
Sale of land	12,50,000
Recovery Agent services supplied to OK Bank	2,50,000
Deposit on which interest received	2,00,000
Total	42,00,000

Common inputs for the relevant tax period is ₹2,00,000.

GST applicable rate on outward supply of goods @28%. Calculate the GST liability. [7]

Answer:

- (a) There are two parts to this transaction:

- First part of the transaction – between Maruti Traders (Maharashtra) and Bhagavan Traders (Maharashtra):



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Maruti Traders is the supplier of Tables, and Bhagavan Traders is the buyer. Accordingly, Maruti Traders bills the transaction to Bhagavan Traders, and as per the instruction, ships the goods to Bhakta Hardware's in Tamil Nadu.

- The second part of the transaction – between Bhagavan Traders and Bhakta Hardware's; Bhagavan Traders is the supplier, and Bhakta Hardware's is the buyer. Bhagavan Traders bills the transaction to Bhakta Hardware's and endorses the lorry receipt (goods shipped in a lorry by Maruti Traders) in favour of Bhakta Hardware's. This lorry receipt (LR) will enable Bhakta Hardware's to take the delivery of the goods.

Over here, on the instruction from Bhagavan Traders, Maruti Traders ships the tables to Bhakta Hardware's located in Tamil Nadu.

Here, Bhagavan Traders is deemed as the third person. Therefore, the place of supply will be the principal place of business of the third person, i.e., Maharashtra. Accordingly, Maruti Traders charges CGST and SGST on billing to Bhagavan Traders. The second part of the transaction between Bhagavan Traders and Bhakta Hardware's will be interstate, and IGST will be charged.

(b)

Statement showing net GST liability:

	(₹)
Output tax	5,60,000
Add: ITC reversed	95,238
Output tax liability	6,55,238
Less: ITC	(2,00,000)
Net GST liability	4,55,238

Working note:

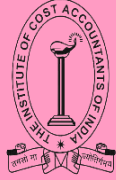
(1) Exempted supply:

	(₹)
Exempted supply of goods	5,00,000
Sale of land	12,50,000
Recovery Agent services supplied to OK Bank	2,50,000
Total	20,00,000

(2) Net ITC allowed = ₹1,04,762 (₹2,00,000 - ₹95,238)

(3) GST liability on outwards supply

$$₹20,00,000 \times 28\% = ₹5,60,000$$



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(4) ITC not allowed as per Rule 42(1)(i) of CGST Rules, 2017

$$2,00,000 \times 20 \text{ L}/42 \text{ L} = ₹95,238/-$$

Sale of land and Recovery Agent to a banking company is treated as exempted supply as per Section 17(3) of the CGST Act, 2017.

W.e.f. 25.1.2018, interest on deposits should not include in exempted supply. However, it is included in total turnover.