

# CHARTMASTER'S Q&A BOOK AMENDMENT

STATUTORY UPDATES FOR MAY 2025

VERSION 11

CA RAMESH SONI

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# CHARTMASTER's GST

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	<b>Total No. of Questions, MCQs &amp; Pages</b>	<b>302</b>	<b>166</b>	<b>180</b>

## Coverage of our Q&A Book

### The Questions have been compiled from

- ICAI study Material, CS and CMA institute study material & Past Papers.
- Revision Test Papers issued by ICAI (Includes latest RTP issued for May 24),
- Mock Test Papers, & Past Exam Papers of ICAI (Exam paper of Nov 23 has also been included).
- CBIC FAQs & IDTC FAQs.

## How to make the best out of the Chartmaster's Q&A Book

1. Use your Chart book/summary material and revise a topic. (To revise, you can also visit our YouTube channel and use our revisionary videos to revise).
2. Once you are done revising, now start attempting questions. Attempting means reading the question and then try writing the answer on your own.
3. Once you are done writing an answer, please compare your answer with the answer given in the Q&A book.
4. You should be able to see the places you have not been able to write properly.
5. Keep going, you will slowly improve the skill of writing.
6. Also make a note of the question that you couldn't write properly or found difficult while answering, so that next time only those questions can be practiced again.

**There's 'NO' shortcut to success... Work Hard, Lets Rock it....**

25.

**Dharma Dutta has taken voluntary registration and has not opted for the composition scheme of levy. He is aggrieved by the cancellation of his registration under GST, although he is filing Nil returns, as he has not conducted any business for the past 8 months. He wants to know the circumstances under which the proper officer can cancel registration on his own. Or Can the proper Officer Cancel the Registration on his own?**

(CA final Nov 2019)-updated

**Answer:****GST registration may be cancelled Suo motu by GST Officer if the registered person: -**

(a) a RP has contravened such (rule 21) provisions of the Act/rules

**Rule 21 Registration to be cancelled in certain cases**

- does not conduct any business from the declared place of business; or
- issues invoice or bill without supply of g/s in violation of the provisions of the Act, or the rules made thereunder; or
- violates the Anti profiteering provisions.
- violates the provision of rule 10A (furnishing of Bank account details on portal)
- avails input tax credit in violation of the provisions of section 16 of the Act or the rules made thereunder; or
- furnishes the details of outward supplies in FORM GSTR-1/as amended in GSTR 1A, if any, under section 37 for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods; or
- violates the provision of rule 86B.
- being a registered person required to file return under section 39(1) for each month or part thereof, has not furnished returns for a continuous period of six months;
- being a registered person required to file return under proviso to subsection (1) of section 39 for each quarter or part thereof, has not furnished returns for a continuous period of two tax periods.

(b) a person paying tax under section 10 (Composition supplier) has not furnished the return for a financial year beyond three months from the due date of furnishing the said return; or

(c) any registered person, other than a person specified in clause (b), has not furnished returns for such continuous tax period as may be prescribed; or

(d) any person who has taken voluntary registration has not commenced business within 6 months from the date of registration.

(e) Registration has been obtained by means of fraud, willful misstatement or suppression of facts

→ Additional point added: (ga) violates the provision of third &amp; forth proviso to rule 23(1); or

26.

**Mr. X of Haryana intends to start business of supply of building material to various construction sites in Haryana. He has taken voluntary registration under GST in the month of April. However, he has not commenced the business till December due to lack of working capital. The proper officer suo-motu cancelled the registration of Mr. X. You are required to examine whether the action taken by proper officer is valid in law?**

**Mr. X has applied for revocation of cancellation of registration after 40 days from the date of service of the order of cancellation of registration. Department contends that application for revocation of cancellation of registration can only be made within 30 days from the date of service of the order of cancellation of registration. However, Mr. X contends that the period of submission of application may be extended on sufficient grounds being shown. You are required to comment upon the validity of contentions raised by Department and Mr. X.**

(CA Inter RTP May 22) – New addition

**Answer:**

**As per section 29 of the CGST Act, 2017,** the proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where, -

- (a) a registered person has contravened such provisions of the Act or the rules made thereunder as may be prescribed (rule 21); or
- (b) a person paying tax under section 10 (Composition supplier) has not furnished the return for a financial year beyond three months from the due date of furnishing the said return; or
- (c) any registered person, other than a person specified in clause (b), has not furnished returns for such

**Answer:**

Catering services provided to an educational institution providing services by way of pre-school education and education up to higher secondary school are exempt from GST.

**Thus, in the given case,** catering service provided by "Toddlers Catering Agency" to "Mischievous Muppets" - a Kindergarten school is exempt from GST.

**19.**

**A2X Services Limited, registered under GST, is engaged in providing various services to various educational institutions. The company provides the following information in respect of services provided during the month of April 2021:**

S. No.	Description of services provided
(i)	Transportation of students & staff of 'Love All', a deemed University
(ii)	Catering services provided to 'Rank CBSE School'
(iii)	Security services provided to 'Win CBSE School', for its annual sports day held at SAI Sports Complex owned by Government of India
(iv)	Supply of online periodical science journal to 'Merit CBSE School' for its higher secondary students
(v)	Services, in relation to placement of students, to 'SKILL', a Government recognized vocational training college

**Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same.**

**(CA Final Dec 21)**

**Answer:**

S N	Particulars	Taxability
(i)	<b>Transportation of students and staff of deemed University</b> [Taxable since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	Taxable
(ii)	<b>Catering services provided to "Rank CBSE School"</b> [Catering services provided to an educational institution providing pre-school education or education up to higher secondary school or equivalent are exempt.]	Exempt
(iii)	<b>Security services to "Win CBSE School" for its annual sports day held at SAI Sports complex</b> [Security services provided to an educational institution providing pre-school education or education up to higher secondary school are exempt provided such services are performed in the premises of such institution. <b>However, in this case,</b> security services are being provided outside the school campus, and hence the same are taxable.]	Taxable
(iv)	<b>Supply of online periodical science journal to school for its higher secondary students</b> [Taxable since educational institutions providing service by way of pre-school education and education upto higher secondary school or equivalent are not eligible for exemption in respect of supply of online educational journals.]	Taxable
(v)	<b>Services in relation to placement of students, to Government recognized vocational training college</b> [Taxable since only services related to admission and conducting exams are exempt for vocational educational institutions.]	Taxable

**20.**

**Parikshit Ltd., engaged in providing a bouquet of services, is registered under GST law. It furnishes the following information for the month of March in relation to various services provided by it:**

Particulars	Amount
Fees from prospective employers for campus interview in its college	5,20,000
Five buses each with seating capacity of 40 passengers given on hire to State	6,50,000

Particulars	Amount
<b>Transport Undertaking</b>	
Receipts of 'Shiny', a commercial coaching institute providing coaching in the field of commerce (a certificate was awarded to each trainee after completion of the training)	1,82,000
Interest received on fixed deposits of the company with Dhanvarsha Bank	6,50,000
Receipts from running a Boarding School (including receipts for providing residential dwelling service of Rs. 18,20,000)	39,00,000
Receipts of 'Sikshit Samudai' - an Industrial Training Institute (ITI) affiliated to the National Council for Vocational Training (NCVT). Courses run by said ITI are in designated trades	2,60,000
Receipts of 'Pratibha Institute', an institute registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council for Vocational Training (NCVT)	1,30,000
Professional services provided to foreign diplomatic mission located in India	1,04,000

Compute the GST payable by Parikshit Ltd. assuming that all the above receipts are exclusive of GST wherever applicable and the rate of GST applicable on all the supplies is 18%.

(CA FINAL MTP May 21)

Answer:

**Computation of GST payable by Parikshit Ltd. for the month of March**

Particulars	Value	GST@18%
<b>Fees from prospective employers for campus interview in its college</b> [Taxable since such services are not specifically exempt]	5,20,000	93,600
<b>Five buses each with seating capacity of 40 passengers given on hire to State Transport Undertaking</b> [Services by way of giving on hire to a State transport undertaking (STU), a motor vehicle meant to carry more than 12 passengers, are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017 (hereinafter referred to as exemption notification).]	-	-
<b>Receipts of Shiny- a coaching institute</b> [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. However, coaching institute is not an educational institution.]	1,82,000	32,760
<b>Interest received on fixed deposits of the company with Dhanvarsha Bank</b> [Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) are exempt vide exemption notification.]	-	-
<b>Receipts from Boarding School including receipts for residential dwelling service</b> [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. Boarding School providing education up to higher secondary school or equivalent is an educational institution since it provides composite supply of education service coupled with other services like providing dwelling units for residence and food wherein the principal supply is supply of education service.]	-	-
<b>Receipts of Sikshit Samudai</b> [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. Sikshit Samudai is an educational institution running approved vocational education course.]	-	-
<b>Receipts of 'Pratibha Institute' running Modular Employable Skill Course</b> [Services provided by an educational institution to its students, faculty and staff are exempt vide exemption notification. Pratibha Institute is an	-	-



- (i) grant degrees, diplomas, and other academic distinctions or titles,
- (ii) specify the criteria and process for admission to courses or programmes of study, and
- (iii) specify the academic content of programmes. Resultantly, all the IIMs fall under purview of "educational institutions" as they provide education as a part of a curriculum for obtaining a qualification recognized by law for the time being in force.

**Further**, the services provided by an educational institution to its students, faculty and staff are exempt from GST vide exemption notification.

**However**, in the given case, services have been provided by the educational institution (viz. IIM, Indore), to the multinational companies. Therefore, the same is not exempt from GST.

**23.**

**Determine taxable value of supply under the GST law with respect to each of the following independent services provided by the registered persons:**

- (1) Fees charged from office staff for in-house personality development course conducted by Mungerilal College providing education as part of a curriculum for obtaining a qualification recognised by Indian law - Rs. 10,000.**
- (2) Bus fees collected from students by Rosemary College providing education as part of a curriculum for obtaining a qualification recognised by Indian law-Rs. 2,500 per month.**
- (3) Housekeeping service provided by M/s. Clean Well to Himavarsha Montessori school, a play school, for cleaning its playground and classrooms - Rs. 25,000 per month.**
- (4) Info link supplied 'Tracing Alphabets', an online educational journal, to students of UKG class of Sydney Montessori School - Rs. 2,000.**

**(CA final May 19), (MTP Nov 20), (MTP-Nov 19) & (ICAI study material)**

**Answer:**

- (1) 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 Mungerilal 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.
- (2) Services provided by** an educational institution to its students, faculty and staff are exempt from GST vide exemption notification. Since Rosemary College provides education as a part of a curriculum for obtaining a qualification recognised by Indian law, the transport services provided by Rosemary College to its students are exempt from GST.
- (3) Services provided to** an educational institution, by way of, inter alia, house-keeping services performed are exempt from GST vide exemption notification where such services are performed in such educational institution. However, such exemption is available only when the said services are provided to a pre-school education and a higher secondary school or equivalent.  
**In view of the above discussion**, house-keeping services provided to Himavarsha Montessori Play School are exempt from GST since housekeeping services have been performed in such play school itself.
- (4) 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 available only when the said services are provided to an educational institution providing education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force.  
**Therefore**, supply of online journal to students of UKG class of Sydney Montessori School is not exempt from GST.

**24.**

**Wisdom Public School, a higher secondary school in Delhi, is of the view that no tax is payable on the education provided by it to its students as education plays a significant and remedial role in balancing the socio-economic fabric of the country.**

**Examine whether GST law provides any scope of exemption to supply of goods or services with**

particular reference to the contention raised by school?

(ICAI Practical Paper)

**Answer:**

**Yes**, GST law provides the scope of exemption to supply of goods and services. Section 11 of CGST Act, 2017 provides that in the public interest, the Central or the State Government can exempt either wholly or partly, on the recommendations of the GST council, the supplies of goods or services or both from the levy of GST either absolutely or subject to conditions.

**Further**, the Government can exempt, under circumstances of an exceptional nature, by special order any goods or services or both.

**As regards the contention raised by Wisdom Public School**, the same is valid in law since Notification No. 12/2017 CT (R) dated 28.06.2017 specifically wholly exempts services provided by an educational institution to its students, faculty and staff.

**25.**

**BODMAS Ltd., providing educational services, furnishes you with the following information for the various services provided by it for the month of March, 2019:**

Particulars	Rs
Receipts from running a Boarding School (including receipts for providing residential dwelling service of Rs 14,00,000 to unregistered person)	30,00,000
Receipts of 'Gyan Uday' - an Industrial Training Institute (ITI) affiliated to the National Council for Vocational Training (NCVT) Education and training (NCVET)	2,00,000
Receipts of 'Lakshya', an institute, registered with Directorate General of Employment and Training (DGET), Union Ministry of Labour and Employment, running a Modular Employable Skill Course (MESC) approved by the National Council for Vocational Training (NCVT) Education and training (NCVET)	1,00,000
Receipts of 'Wizard', a Commercial Coaching Institute providing commercial coaching in the field of arts and science (no certificate was issued on completion of the training)	80,000
Fees from prospective employers for campus interview	4,00,000
Renting of furnished flats for temporary stay to different persons	5,00,000
Receipts of 'Concepts', a Commercial coaching institute providing coaching in the field of commerce (a certificate was awarded to each trainee after completion of the training)	1,40,000
Receipts of Gurukul School providing education upto higher secondary	5,00,000

Compute the value of taxable supply assuming that all the above receipts are exclusive of GST.

(CA final Nov 2019 - 9 Marks)

**Answer:**

Services provided by an educational institution to its students, faculty and staff are exempt vide Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017. Further, an educational institution means, inter alia, an institution providing services by way of-

- education up to higher secondary school or equivalent;
- education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force;
- education as a part of an approved vocational education course.

**In view of the aforesaid provisions, value of taxable supply of BODMAS Ltd. for the month of March, 2019 has been computed as follows:**

Particulars	Amount
Receipts from Boarding School including receipts for residential dwelling service. [Educational institution providing education up to higher secondary school or equivalent]	Exempt
Receipts of Gyan Uday [Educational institution running approved vocational education course (assuming that such courses are run in designated trades)]	Exempt
Receipts of Lakshya running Modular Employable Skill Course [Educational institution running approved vocational education course]	Exempt
Receipts of Wizard - a coaching institute	80,000



If the registered person has paid more than 1% of total output tax liability using electronic cash ledger upto the said month in the current financial year, the restrictions as specified in Rule 86B shall not apply.

It is pertinent to note that GST liability paid under reverse charge mechanism should not be taken into account while calculating the total output liability paid through electronic cash ledger.

**(iv) Specified registered person:**

Rule 86B would not be applicable in case of below-mentioned registered person:

- ❖ Government Department; or
- ❖ a public sector undertaking; or
- ❖ a local authority; or
- ❖ a statutory body.

However, Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit.

**Rule 87: E-Cash Ledger**

**12. Delete this Question. Since enough Cash balance is there, no interest is payable**

Miss Nitya has following balances in her Electronic Cash Ledger as on 28th February as per GST portal.

Major Heads	Minor Heads	Amount (Rs.)
CGST	Tax	40,000
	Interest	1,000
	Penalty	800
SGST	Tax	80,000
	Interest	400
	Penalty	1,200
	Fee	2,000
IGST	Tax	45,000
	Interest	200
	Penalty	Nil

Her tax liability for the month of February for CGST and SGST was Rs. 75,000 each. She failed to pay the tax and contacted you as legal advisor on 12th April to advise her as to how much amount of tax or interest she is required to pay, if any, by utilizing the available balance to the maximum extent possible as per GST Laws. She wants to pay the tax on 20th April.

**Other information:**

- (i) Date of collection of GST was 18th February.
- (ii) No other transaction after this up to 20th April.
- (iii) Ignore penalty and late fee for this transaction.
- (iv) No other balance is available.

You are required to advise her with reference to legal provisions with brief notes on the legal provisions applicable.

**(ICAI study material)**

**Answer:**

Due date for payment of tax collected on 18th February is 20th March. Interest @ 18% p.a. is payable for the period for which the tax remains unpaid in terms of section 50 of CGST Act, 2017. In the given case, since Miss Nitya wants to pay the tax on 20th April, interest payable on the amount of CGST and SGST each is as follows:  $\text{Rs. } 75,000 \times 18\% \times 31/365 = \text{Rs. } 1,147$  (rounded off)

As per Section 49(10) of the CGST Act, 2017, any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the CGST Act, 2017 can be transferred to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed. Thus, amount entered under any Minor head (Tax, Interest, Penalty, etc.) and Major Head (CGST, IGST, SGST/UTGST) of the Electronic Cash Ledger can be transferred to any other major or minor head. Consequently, cross-utilization among Major and Minor heads is also possible.

Thus, Miss Nitya is liable to pay the following amount of tax and interest as under:

Particulars	CGST		SGST	
	Tax	Interest	Tax	Interest
Tax Liability	75,000	1,147	75,000	1,147
Balances in Electronic cash ledger in same major/minor head	40,000	1,000	80,000	400
Balance transferred from other major/minor head	35,000 [Note 1]	147 [Note 2]	Nil	747 [Note 3]
<b>Amount payable in cash</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**Note 1** – Rs. 35,000 shortfall amount has been transferred from cash ledger balance available in Major Head IGST.

**Note 2** – Rs. 147 shortfall amount has been transferred from cash ledger balance in minor head penalty of major head CGST.

**Note 3** – Rs. 747 shortfall amount has been transferred from cash ledger balance in minor head tax of major head SGST.

Since there is no restriction in intra-head or inter-head transfer of available balance in cash ledger as per the relevant provisions, it is upon the taxpayer to decide from which account the shortfall has to be made good.

13.

M/s PPC & Co. have availed input tax credit of Rs. 42,500/- during September under IGST head, instead of availing Rs. 21,250 under CGST & SGST heads. Mr. X, accountant of the above entity would like to use Form GST PMT-09 for making a transfer from IGST head to respective CGST & SGST heads. Examine the scenario and offer your comments.

(ICAI study material)

**Answer:**

As per provisions of section 49(10) read with rule 87(13) of CGST Rules, 2017, "A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in FORM GST PMT-09".

It is important to note that only amounts available under Electronic Cash Ledger can be transferred to the respective heads using Form GST PMT-09 and not otherwise.

Accordingly, contention of the Accountant Mr. X of M/s PPC & Co., is not valid for transfer of Rs. 42,500 from head IGST to respective CGST & SGST in Electronic Credit Ledger.

14.

Mr. A has deposited a sum of Rs. 30,000 under minor head of "Interest" column for the major head "IGST". At the time of filing GSTR-3B for a particular tax period, he noticed that there is no sufficient amount under the minor head 'Tax' towards payment of Rs. 30,000. When approached with the Jurisdictional Tax officer, Mr. A was guided to deposit the tax amount under proper head of account and claim a refund for the remittance of amount deposited under head "interest". Examine the relevant provisions of CGST Act, 2017 towards payment of tax and compliance with the law.

(ICAI study material)

**Answer:**

Provisions of Section 49(10) of CGST Act, 2017 permit a registered person for transferring the amount deposited under any of the minor head i.e., tax, interest, penalty, fees or others to any of the heads under IGST/CGST/SGST/UTGS and make the payment of taxes there upon. Accordingly, Mr. A need not deposit the tax amount under head "tax" and claim a refund for the remittance of amount deposited under head "interest". Rather, using the Form GST PMT-09, such amount can be transferred suo-moto on the common portal from "interest" to "tax" head and tax liability be paid

## Section 50: Interest on delayed payment of Tax

15.

Mr. Broker wrongly availed Rs. 1,25,000 as input tax credit (CGST + SGST) at the time of

## 16. Tax deducted at source

### Section 51 - Tax deduction at source

1.

List the instances when TDS is not liable to be deducted under the GST law.

(CA Final Nov 23 – 4 marks)

**Answer:**

**Tax is not liable to be deducted at source under GST law when:**

- (i) Location of the supplier and the place of supply are in a State/ Union territory which is different from the State/ Union territory of registration of the recipient.
- (ii) Goods and/or services are supplied from a public sector undertaking (PSU) to another PSU, whether or not a distinct person
- (iii) Supply of goods and/or services takes place between one person to another person specified in clauses (a), (b), (c) and (d) of section 51(1) of the CGST Act, 2017, i.e.
  - (a) Department/establishment of Central/State Government
  - (b) Local authority
  - (c) Governmental agencies
  - (d) Notified persons or category of persons *except RP supplying metal scrap to another RP.*
- (iv) Total value of taxable supply  $\leq$  Rs. 2.5 lakh under a contract.

2.

- (1) A CG Department located at Uttar Pradesh is registered with the Commercial Tax Department UP State for deducting GST. It enters into a contract with a Public Sector Undertaking (PSU), registered under GST in the State of Delhi, for supplying goods valued Rs. 3,50,000. The PSU argues that no tax is deductible on this supply by the Central Government Department as it is located outside the State of Uttar Pradesh and therefore not liable to tax under CGST and SGST as it is a local levy and IGST tax deduction is not applicable if it is located in another State, other than the State in which the Department is registered. You are required to comment on this.
- (2) Would there be any difference, if instead of the PSU if it was an entity in the private sector? Applicable tax rate for deduction is 1% CGST, 1% SGST and 2% IGST.
- (3) If the private sector entity undertakes works contract, for the above Department in New Delhi. What would be the position of tax deduction when the contract value is Rs. 5 lakhs?
- (4) The disbursing officer has not paid the tax deducted in the month of February 2019, amounting to Rs. 2,00,000 under CGST and 2,00,000 under SGST to the Government's account on the relevant due date, but has paid it on 14th May, 2019. Further, return for that month is also filed on that date. What are the consequences, on such failures, to the disbursing officer under the GST law?

(CA Final Nov 20)

**Answer:**

- (i) Certain specified persons are required to deduct tax from the payment made to the supplier of taxable goods and/or services, where the total value of such supply [excluding GST] under a contract, exceeds Rs. 2,50,000.  
However, the tax is not liable to be deducted at source when supply of goods and/or services has taken place between one specified person to another specified person. Since both Central Government Department and PSU are the specified persons, tax is not deductible in case of supply of goods between them.
- (ii) Central Government Department is mandatorily required to deduct IGST @ 2% since a private entity is not the specified person.
- (iii) Since, in the given case, the location of supplier and place of supply is in the same State, i.e., Delhi and location of recipient is in UP, Central Government Department is not required to deduct TDS although the total value of supply under the contract is more than Rs. 2,50,000.
- (iv) Failure to deposit TDS with the Government and failure to furnish TDS return within the stipulated time period will result in following consequences:
  - (A) Interest @ 18% p.a. on the amount of tax deducted shall be payable.

(B) Late fee of Rs. 25 per day for the period of delay in furnishing return, or Rs. 1,000, whichever is lower, shall be payable. Equal amount of late fee will be payable under the respective State law.

(C) Applicable penalty will also be levied.

**Note:** It has been assumed that the location of private entity and the place of supply are in Delhi and the Central Government Department is in U.P.

**3.** Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 20XX as under:

Sl. No.	Particulars	Total contract value (inclusive of GST)	Payment due in October, 20XX
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000
(v)	Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the Government of Andhra Pradesh (registered only in Andhra Pradesh).	12,39,000	12,39,000
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of RS 9,72,000, contract value for supply of books (exempt from GST) is Rs 7,00,000 and for supply of printed post cards (taxable under GST) is Rs 2,72,000.]	9,72,000	50,000 for books & 20,000 for printed post cards
(vii)	Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243W of the Constitution	3,50,000	3,50,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

Will your answer be different, if Manihar Enterprises is registered under composition scheme?

(CA Final RTP May 19) & (ICAI study material)

**Answer:**

As per section 51 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 and Notification No. 50/ 2018 CT 13.09.2018, with effect from 01.10.2018, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST + 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds Rs 2,50,000:

- (a) a department or establishment of the Central Government or State Government; or
- (b) local authority; or

## → (g) Registered Person Supplying metal Scrap to another RP.

**Tax deducted at source**

- (c) Governmental agencies; or
- (d) an authority or a board or any other body, -
  - (i) set up by an Act of Parliament or a State Legislature; or
  - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- (e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- (f) Public sector undertakings.

Further, for the purpose of deduction of tax, the value of supply shall be taken as the amount excluding CGST, SGST/UTGST, IGST and GST Compensation Cess indicated in the invoice.

**Since in the given case,** Manihar Enterprises is supplying goods and services exclusively to Govt departments, agencies etc. and persons notified under section 51 of the CGST Act, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S. No.	Particulars	Total contract value (Rs)	Payment due (Rs)	Tax to be deducted		
				CGST (Rs)	SGST (Rs)	IGST (Rs)
(i)	Supply of stationery to Fisheries Department, Kolkata (Note-1)	2,60,000	15,000	--		
(ii)	Supply of car rental services to Municipal Corporation of Delhi (Note-2)	2,95,000	20,000	--		
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand (Note-3)	5,90,000	25,000			500
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860 (Note-4)	6,49,000	50,000	500	500	
(v)	Interior decoration of Andhra Bhawan located in Delhi (Note-5)	12,39,000	12,39,000	--		
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office (Note-6)	9,72,000		--		
(vii)	Maintenance of street lights in Municipal area of East Delhi (Note-7)	3,50,000	3,50,000	--		

### Notes:

- Being an inter-State supply of goods, supply of stationery to Fisheries Department, Kolkata is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:
 
$$= \text{Rs } 2,60,000 \times 100 / 118$$

$$= \text{Rs } 2,20,339 \text{ (rounded off)}$$
 Since the total value of supply under the contract does not exceed Rs 2,50,000, tax is not required to be deducted.
- Being an intra-State supply of services, supply of car rental services to Municipal Corporation of Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows:
 
$$= \text{Rs } 2,95,000 \times 100 / 118$$

$$= \text{Rs } 2,50,000$$
 Since the total value of supply under the contract does not exceed Rs 2,50,000, tax is not required to be deducted.
- Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under the contract is as follows:
 
$$= \text{Rs } 5,90,000 \times 100 / 118$$



**Answer:**

**As per the definitions in Section 2(44) and 2(45) of the CGST Act, 2017,** Mr. X will come under the definition of an "electronic commerce operator". However, according to Section 52 of the Act *ibid*, TCS is required to be collected on the net value of taxable supplies made through it by other suppliers where the consideration is to be collected by the ECO. In cases where someone is selling their own products through a website, there is no requirement to collect tax at source as per the provisions of this Section. These transactions will be liable to GST at the prevailing rates.

**4.**

**If Mr. A purchase goods from different vendors and in turn Mr. A, is selling them on his own website under his own billing, Is TCS required to be collected on such supplies?**

(ICAI Study Material)

**Answer:**

**No. According to Section 52 of the CGST Act, 2017,** TCS is required to be collected on the net value of taxable supplies made through E-commerce operator by other suppliers where the consideration is to be collected by the ECO. In this case, there are two transactions - Mr. A purchase the goods from the vendors, and those goods are sold through his own website. For the first transaction, GST is leviable, and will need to be paid to vendor, on which credit is available to Mr. A. The second transaction is a supply on own account of Mr. A, and not by other suppliers and there is no requirement to collect tax at source. The transaction will attract GST at the prevailing rates.

**5.**

**Whether the rate of tax of ~~1%~~ 0.5% notified under section 52 is CGST or SGST or a combination of both CGST and SGST?**

(ICAI study material)

**Answer:**

The rate of TCS as notified under CGST Act is payable under CGST and the equal rate of TCS is expected under the SGST Act also, in effect aggregating to ~~1%~~ 0.5%

**6.**

**Is every e-commerce operator required to collect tax on behalf of actual supplier?**

(ICAI study material)

**Answer:**

Yes, every e-commerce operator is required to collect tax where consideration with respect to the supply made through it is being collected by the ecommerce operator.

**However, no TCS is required to be collected in the following cases:-**

- (i) on supply of services notified under section 9(5) of the CGST Act, 2017.
- (ii) on exempt supplies
- (iii) on supplies on which the recipient is required to pay tax on reverse charge basis.

**7.**

**State whether the provisions pertaining to tax collected at source under section 52 of CGST Act, will be applicable in below mentioned scenarios –**

**(a) Fitan sells watch on its own through its own website**

**(b) ABC limited who is dealer of Fitan brand sells watches through Slipkart, an electronic commerce operator**

(ICAI study material)

**Answer:**

**Answers for both the scenarios is as follows:**

As per Section 52, every electronic commerce operator not being an agent, shall collect an amount calculated at such rate not exceeding one per cent., as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator. Hence, if the person sells on his own, provisions pertaining to tax collected at source (TCS) won't be applicable.

- (a) If fitan is selling through own website, TCS provisions will not be applicable.
- (b) If ABC limited who is dealer of Fitan brand sells watches through Slipkart, then the provision of TCS

will be applicable to Slipkart.

**8.**

**A is an e-commerce operator supplying goods through its electronic portal in capacity of an agent. The goods belong to B and the consideration for such supplies is received by A and remitted to B as per the contractual arrangement. A requires your help in arriving at the rate at which tax shall be collected from the amount which is received by it against the supplies?**

**(ICAI study material)**

**Answer:**

**As per Section 52(1) of the CGST Act, 2017**, the TCS provisions are not applicable in cases where the ECO is an agent of the supplier. In the present case, A being an ECO is supplying goods through the electronic portal in capacity of an agent and hence the liability to collect tax as per Section 52 shall not arise in this case.

**9.**

**X booked a Hotel in Udaipur, Rajasthan through an e-commerce portal for an amount of Rs. 25,000. As per the terms and conditions, the amount was payable at the hotel at the time of check in. Whether TCS provisions shall apply in the present case?**

**(ICAI study material)**

**Answer:**

No, as per the provisions under section 52, the TCS provisions shall trigger only when the ECO is receiving the consideration for supply from the recipient of supply. In the present case, the supplier i.e. the hotel is directly receiving the consideration from the recipient of the services i.e. X. Hence, the present transactions shall not trigger the TCS provisions under section 52.

**10.**

**There are cases where the ECO does not provide invoicing solution to the seller. In such cases, invoice is generated by the seller and received by the buyer without the ECO getting to know about it. The payment flows through the ECO. In such cases, on what value is TCS to be collected? Can TCS be collected on the entire value of the transaction?**

**(CBIC FAQ)**

**Answer:**

Section 52(1) of the CGST Act, 2017, mandates that TCS is to be collected on the net taxable value of such supplies in respect of which the ECO collects consideration. The amount collected should be duly reported in the GSTR-8 and remitted to the government. Any such amount collected will be available to the concerned supplier as credit in his electronic cash ledger.

**11.**

**Sumitra Nandan books a Hotel – Hillpoint Residency - via Zitcom Technologies Ltd. – an ECO - who in turn is integrated with another ECO-Techsuper Ltd. Who has agreement with Hillpoint Residency. You are required to determine who is required to collect TCS in the given case.**

**(ICAI study material)**

**Answer:**

The given case is a case of multiple e-commerce model wherein a customer orders supplies via ECO-1 who in turn is integrated with ECO-2 who has agreement with the supplier. In this case, ECO-1 will not have any GST information of the supplier. TCS is to be collected by that e-Commerce operator who is making payment to the supplier for the particular supply happening through it, which is in this case will be ECO-2. Thus, in the given case, TCS is to be collected by ECO-Techsuper Ltd. who is making payment to Hillpoint Residency for the supply happening through it.

**12.**

**From the following information of independent case, your expert advice, with appropriate reasoning, is sought on the applicability of TCS provisions of the CGST Act, 2017. You shall also quantify the amount of TCS, as the case be, if the same is applicable.**

**Top Fashions, a designer cloth dealer and registered in the State of West Bengal, effected supply through 'QUICK DEAL', an electronic commerce operator. Net value of taxable intra-State supplies effected for the month of October 2019 was Rs. 1,50,000.**

**Answer:**

An electronic commerce operator (ECO) is required to collect TCS - an amount @  $1\%$  (CGST  $0.5\%$  and SGST @  $0.5\%$ ) of the net value of taxable supplies made through it by other suppliers.

$$= \text{Rs. } 1,50,000 \times 1\% \quad 0.25\%$$

$$= \text{Rs. } 750 \text{ (CGST) \& Rs. } 750 \text{ (SGST)}$$

**Note:** In above question, it has been assumed that the value given is exclusive of GST, wherever applicable, since the rate of tax is not given in the question.

**13.**

**Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52. Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.**

**For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods.**

**The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.**

**The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for such third-party sellers.**

**In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer.**

**Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.**

**In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:**

- (c) Laptop having a value of Rs. 50,000 and a printer having a value of Rs. 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.
- (d) Mobile phone having a value of Rs. 30,000 sold by Starkart in its own capacity.
- (e) CCTV camera system having a value of Rs. 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

**All the amounts given above are exclusive of GST, wherever applicable.**

**The opening balance of input tax credit for the relevant tax period for Starkart, Infocom Limited and Secure World is nil. Further, there is no other inward or outward supply transaction for Starkart, Infocom Limited and Secure World in January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.**

**GST is applicable on all inward and outward supplies at the following rates unless otherwise specified:**

**CGST - 9%, SGST - 9%, IGST - 18%**

**Compute the net tax liability (including amount collected as TCS) of Starkart Limited and net GST payable in cash (after set-off of credits, if any) of Infocom Limited and Secure World, for the month of January.**

*(ICAI study material)*

**Answer:**

**Computation of net tax liability (including amount collected as TCS) of Starkart Limited for January:**

### Electronic Commerce Transactions under GST

Particulars	Amount (Rs.)
<b>TCS to be collected from Infocom Limited on supply of Laptop and a printer to Pulkit</b> [Starkart is an ECO since it owns and operates a web portal through which Infocom Limited supplies goods. Further, IGST is applicable on said inter-State transaction since supplier - Infocom Limited is located in the State of Uttar Pradesh and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, Starkart will collect TCS @0.5% of [Rs. 50,000 + Rs. 10,000]	<del>600</del> 300
<b>GST to be paid by Starkart on supply of mobile phone made on its own account @ 18% (IGST) of Rs. 30,000.</b> IGST is applicable on said inter-State transaction since supplier - Starkart is located in Delhi and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Since supply has been made by Starkart on its own account, no TCS needs to be collected.	5,400
<b>TCS to be collected from Secure World on supply of CCTV camera system to Pulkit</b> [ECO - Starkart is liable to collect TCS on this transaction. Further, IGST is applicable on said inter-State transaction since supplier - Secure World is located in the State of Gujarat and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, Starkart will collect TCS @0.5% of Rs. 1,00,000]	<del>1,000</del> 500
<b>Listing services provided by Starkart to Infocom Limited and Secure Limited @ 10% of turnover for the month of January.</b> Turnover of Infocom Limited and Secure Limited is Rs. 60,000 and Rs. 1,00,000 respectively. IGST @ 18% on (Rs. 1,60,000 × 10%) is applicable on said inter- State transaction since supplier - Starkart is located in Delhi and place of supply is Uttar Pradesh and Gujarat respectively [i.e. location of recipient in terms of section 12(2) of the IGST Act, 2017]	2,880 9080
<b>Total GST liability (including TCS) of Starkart for January</b>	<del>9,880</del>

#### Computation of net GST payable in cash by Infocom Limited for the month of January

Particulars	Amount (Rs.)
<b>Gross GST liability [18% of turnover for January (Rs. 50,000 + Rs. 10,000)]</b>	10,800
<b>Less: ITC of GST payable on listing services received from [(10% of Rs. 60,000) × 18%]</b>	(1,080)
Net GST payable from Electronic Cash Ledger	9,720
<b>Less: TCS credited to Electronic Cash Credit Ledger</b>	<del>(600)</del> (300)
<b>Net GST payable in cash</b>	<del>9,120</del> 9,420

#### Computation of net GST payable in cash by Secure World for the month of January

Particulars	Amount (Rs.)
<b>Gross GST liability [18% of turnover for January (Rs.1,00,000)]</b>	18,000
<b>Less: ITC of GST payable on listing services received from [(10% of Rs. 1,00,000) × 18%]</b>	(1,800)
Net GST payable from Electronic Cash Ledger	16,200
<b>Less: TCS credited to Electronic Cash Credit Ledger</b>	<del>(1,000)</del> (500)
<b>Net GST payable in cash</b>	<del>15,200</del> 15,700

## 17. Electronic Commerce Transactions under GST

### Section 9(5): Notified category of services

1. Akila is providing beautician services online through Urban clap. Is the said service a notified service u/s 9(5) of CGST Act?

- (a) Yes  
(b) No

2. Which of the following is/are correct?

- (a) If ECO has physical presence in taxable territory, ECO shall be liable to pay GST.  
(b) If ECO doesn't have any physical presence in taxable territory, the Representative shall be liable to pay GST.  
(c) If ECO doesn't have any physical presence in taxable territory, the Representative shall not be liable to pay GST.  
(d) Both A & B.

### Section 52: Collection of tax at source

3. Analyse the transactions below -

(i) Mr. Abhinay, provides architect services to Institute for Rural Development, a Government Agency for Rs. 2.8 lakhs (inclusive of GST Rs. 30,000) under a contract in October, 2018. Mr. Abhinay, is registered under GST. Being a registered supplier, Institute for Rural Development deducted TDS of supplier.

(ii) M/s. Manmohak Apparels, is registered under GST in Madhya Pradesh. It sells leather handbags across India through e-commerce

operator Pingpong. Pingpong, is also registered with Madhya Pradesh GST Authority as TCS collector, and collected TCS @ ~~1%~~ <sup>0.5%</sup> (0.5% CGST + 0.25% <sup>0.5%</sup> SGST) on supplies made through it. M/s. Manmohak Apparels made sales of Rs. 3,45,000/- and received sales returns of Rs. 67,700/- in the month of October, 2018. Sales are inclusive of tax. Leather handbags are taxable @ 18% GST. Pingpong, collected TCS of Rs. 2,350/- from M/s Manmohak Apparels. 1175/-

Which of the transactions are in compliance with section 51 & 52 of CGST Act?

- (a) Only (i)  
(b) Only (ii)  
(c) Both (i) and (ii)  
(d) Neither (i) nor (ii)

4. Which of the following is/are correct?

- (a) TCS is not required on services covered u/s 9(5)  
(b) TCS is on Gross value of Taxable supplies.  
(c) TCS is not required in case of every E-commerce who receives the payment.  
(d) All of the above.

5. If ECO acts as an agent, then TCS provisions are not applicable?

- (a) True.  
(b) False.  
(c) Partially true  
(d) None of the above

### Answers:

Qs	Ans	Reason
1.	b	Beautician services are not notified service under 9(5).
2.	d	If ECO has physical presence in taxable territory, ECO shall be liable to pay GST and if ECO doesn't have any physical presence in taxable territory, the Representative shall be liable to pay GST.
3.	b	As per section 51, TDS is to be deducted if the value of supply <b>excluding tax</b> exceeds Rs.2,50,000. In the given case, Value excluding tax = Rs 2,50,000 and hence TDS is not required to be deducted. As per section 52, TCS is required to be deducted @ <del>1%</del> <sup>0.5%</sup> by supplier on Net value of taxable supplies effected through the ECO. In the given case, net value of taxable supplies = Sales - Sales return = Rs (3,45,000 - 67,700) / 118 * 100 = Rs.2,35,000. TDS = Rs 2,35,000 * <del>1%</del> <sup>0.5%</sup> = Rs 2,350. 1175
4.	a	As per section 52, <del>0.5%</del>



## 18. Returns

### Section 37. Furnishing details of outward supplies

1.  
List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF). Also briefly list the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/IFF.

(CA Inter Nov 22 – 5 marks) – new addition

**Answer:**

**Details of outward supplies which can be furnished using IFF are as follows:**

- (a) invoice wise details of inter-State and intra-State supplies made to the registered persons;
- (b) debit and credit notes, if any, issued during the month for such invoices issued previously.

**Cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1/using IFF:**

- (i) A registered person is not allowed to furnish Form GSTR-1, if he has not furnished the return in Form GSTR-3B for the preceding month.
- (ii) A registered person, opting for QRMP (Quarterly Return Monthly Payment) scheme is not allowed to furnish Form GSTR-1/using IFF, if he has not furnished the return in Form GSTR-3B for preceding tax period.
- (iii) a registered person, to whom an intimation has been issued on the common portal under the provisions of sub-rule (1) of rule 88C in respect of a tax period, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either deposited the amount specified in the said intimation or has furnished a reply explaining the reasons for any amount remaining unpaid, as required under the provisions of sub-rule (2) of rule 88C.
- (iv) a registered person, to whom an intimation has been issued on the common portal under the provisions of sub-rule (1) of rule 88D in respect of a tax period or periods, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility for a subsequent tax period, unless he has either paid the amount equal to the excess input tax credit as specified in the said intimation or has furnished a reply explaining the reasons in respect of the amount of excess input tax credit that still remains to be paid, as required under the provisions of sub-rule (2) of rule 88D;
- (v) a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the details of the bank account as per the provisions of rule 10A.

2.  
"All taxpayers are required to file GSTR-1 only after the end of the current tax period."  
Comment on the validity of the above statement with reference to GST law.

(CA Inter May 22)

**Answer:**

**The statement is partially valid.**

A taxpayer cannot file Form GSTR-1 before the end of the current tax period.

**However, following are the exceptions to this rule:**

- a. Casual taxpayers, after the closure of their business
- b. Cancellation of GSTIN of a normal taxpayer.

A taxpayer who has applied for cancellation of registration will be allowed to file Form GSTR-1 after confirming receipt of the application.

3.  
"In Form GSTR-1, submission of invoice-wise details of outward supplies is mandatory for all kind of invoices issued during the tax period."

Comment on the validity of the above statement with reference to GST laws.

(CA Inter Nov 20)

**Answer:**

**The said statement is not valid.**

In respect of following outward supplies, consolidated details and not invoice-wise details are required to be uploaded in the GSTR-1:

- (a) Intra-State supplies made to unregistered persons for each rate of tax 1,00,000  
 (b) Inter-State supplies made to unregistered persons with invoice value upto Rs. ~~2,50,000~~ for each rate of tax separately for each State.

**4.**

**Mr. Gauri Shiva, a registered person in Punjab, supplies goods taxable @ 12% [CGST @ 6%, SGST @ 6% & IGST @ 12%] in the States of Punjab & Haryana. He has furnished the following details in relation to independent supplies made by him in the quarter ending June, 20XX: -**

Supply	Recipient	Nature of Supply	Value
1	Mr. A, a registered person	Inter-State	2,20,000
2	Mr. B, a registered person	Inter-State	2,55,000
3	Mr. C, an unregistered person	Intra -State	1,80,000
4	Mr. D, an unregistered person	Intra -State	2,60,000
5	Mr. M, an unregistered person	Inter-State	3,00,000
6	Mr. N, an unregistered person	Inter-State	50,000
7	Mr. O, an unregistered person	Inter-State	2,50,000
8	Mr. P, an unregistered person	Inter-State	2,80,000
9	Mr. Q, a registered person	Intra -State	1,50,000
10	Mr. R, a registered person	Intra -State	4,10,000

**The aggregate annual turnover of Mr. Gauri Shiva in the preceding financial year was Rs 1.20 crore. With reference to rule 59 of the CGST Rules, 2017, discuss the manner in which the details of above supplies are required to be furnished in GSTR-1.**

(CA Inter RTP May 20)

**Answer:**

Rule 59 of the CGST Rules, 2017, inter alia, stipulates that the details of outward supplies of goods and/or services furnished in form GSTR-1 shall include the-

- (a) invoice wise details of all -  
 (i) inter-State and intra-State supplies made to the registered persons; and  
 (ii) inter-State supplies with invoice value more than ~~two and a half lakh~~ rupees made to the unregistered persons; one lac  
 (b) consolidated details of all -  
 (i) intra-State supplies made to unregistered persons for each rate of tax; and  
 (ii) State wise inter-State supplies with invoice value upto ~~two and a half lakh~~ rupees made to unregistered persons for each rate of tax; one lac

Thus, in view of the above-mentioned provisions, Mr. Gauri Shiva should furnish the details of outward supplies of goods made by him during the quarter ending June 20XX in the following manner: -

Supply	Recipient	Nature of Supply	Value	Manner of furnishing details
1	Mr. A, a registered person	Inter-State	2,20,000	Invoice-wise details
2	Mr. B, a registered person	Inter-State	2,55,000	Invoice-wise details
3	Mr. C, an unregistered person	Intra -State	1,80,000	Consolidated details of supplies 3 and 4
4	Mr. D, an unregistered person	Intra -State	2,60,000	
5	Mr. M, an unregistered person	Inter-State	3,00,000	Invoice-wise details
6	Mr. N, an unregistered person	Inter-State	50,000	Consolidated details of supplies 6 and 7 Invoice-wise details
7	Mr. O, an unregistered person	Inter-State	2,50,000	
8	Mr. P, an unregistered person	Inter-State	2,80,000	Invoice-wise details
9	Mr. Q, a registered person	Intra -State	1,50,000	Invoice-wise details
10	Mr. R, a registered person	Intra -State	4,10,000	Invoice-wise details

**5.**

**M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of Rs. 30 lakhs in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its statement of outward**

**Answer:**

The amount of advance tax deposited by a casual taxable under section 27(2), shall be refunded only when such person has, in respect of the entire period for which the certificate of registration granted to him had remained in force, furnished all the returns required under section 39 [Section 54(13)].

5.

**In case of refund under exports of goods, whether BRC/FIRC is necessary for granting refund? (ICAI study material)**

**Answer:**

In case of refund on account of export of goods, the refund rules do not prescribe BRC/FIRC as a necessary document for filing of refund claim. However, for export of services details of BRC/FIRC is required to be submitted along with the application for refund.

6.

**When is a deficiency memo issued in respect of a refund claim made u/s 54? (ICAI study material)**

**Answer:**

Rule 90(3) of the CGST Rules provides for communication in prescribed form (deficiency memo) where deficiencies are noticed. The said sub-rule also provides that once the deficiency memo has been issued, the claimant is required to file a fresh refund application after the rectification of the deficiencies.

7.

**Y Ltd. exported service valued at US \$ 1,00,000. Supply of service was completed on 15th January. Payment for this service was received on 28th February. Refund claim was filed by Y Ltd. in respect of tax paid on inputs and inputs services for Rs. 6,00,000 on 31st March. The refund claim was sanctioned on 30th June. What is the amount of refund Y Ltd. will get in accordance with law? What is the relevant date and rate of interest as per GST law?**

**(ICAI Practice Paper May 20) & (ICAI study material – amended)**

**Answer:**

**As per clause (i) of first proviso to section 54(3)**, refund claim admissible to Y Ltd. on account of export of services being a zero-rated supply, is the unutilized ITC of Rs. 6,00,000.

Where the supply of services had been completed prior to the receipt of payment, relevant date is the date of receipt of payment in convertible foreign exchange, i.e. 28th February [Explanation to section 54].

**As per section 56**, where any tax ordered to be refunded to any applicant is not refunded within 60 days from the date of receipt of application, interest shall be payable @ 6% p.a. from the date immediately after the expiry of 60 days from the date of receipt of application till the date of refund of such tax.

Since in the given case, tax ordered to be refunded is not refunded within 60 days from the date of receipt of application, viz., 31st March, interest @ 6% p.a. is payable.

8.

**Wye Ltd. provides the following details of September 20XX for computation of refund claim under rule 89(4) of the CGST Rules, 2017. Compute the eligible claim under the said rule assuming that other conditions are fulfilled.**

Particulars	Amount (Rs)
Opening balance of ITC	5,00,000
ITC availed during the period, which includes the claim for refund made of Rs 5,00,000 eligible under rule 89(4A)/89(4B) of the CGST Rules, 2017	25,00,000
Zero rated supply of goods made during the period without payment of tax under bond/LUT, which include the supply of Rs 1,00,00,000 for which refund claim is made under rule 89(4A)/89(4B) of the CGST Rules, 2017	6,00,00,000
Supply of goods other than zero rated supply	3,00,00,000

**(CA Final May 19)**

**Answer:** As per rule 89(4) of the CGST Rules, 2017, in case of zero-rated supply of goods without payment of tax under bond/LUT, refund of ITC is granted as per the following formula:

**Refund amount** =  $\frac{(\text{Turnover of zero-rated supply of goods} + \text{ZRS of services})}{\text{Adjusted Total Turnover}} \times \text{Net ITC}$

~~Net ITC excludes ITC availed for which refund is claimed under rule 89(4A)/(4B) of the CGST Rules, 2017. Further, turnover of zero-rated supply of goods and adjusted total turnover exclude turnover of supplies in respect of which refund is claimed under 89(4A)/(4B).~~

**Accordingly, turnover of zero-rated supply of goods** = Rs. 6,00,00,000  
~~= Rs. 5,00,00,000 [Rs. 6,00,00,000 - Rs. 1,00,00,000];~~

**Net ITC** = ~~Rs. 20,00,000 [Rs. 25,00,000 - Rs. 5,00,000]~~ and = Rs. 25,00,000  
**Adjusted Total Turnover** = ~~Rs. 8,00,00,000 [6,00,00,000 + 3,00,00,000] - 1,00,00,000]~~

**Thus, maximum refund amount under rule 89(4):**  
~~= Rs. 20,00,000 × Rs. 5,00,00,000 / Rs. 8,00,00,000 = Rs. 12,50,000.~~  

$$= 25,00,000 \times \frac{6,00,00,000}{9,00,00,000}$$
  

$$= \text{Rs. } 16,66,667.$$

9. Synotex Pvt. Ltd. manufactures taxable goods 'Q' and exempt goods 'S'. Product 'S' is sold in international markets without payment of tax under letter of undertaking. The company is registered under GST in the State of Maharashtra.

The company provides the following information in relation to various supplies made by it during a tax period:

- (a) Product 'S' has been exported to UK for £ 12,000
- (b) Product 'Q' has been supplied to Betty Enterprises within India for Rs. 20,00,000

**Note:** The above amounts are exclusive of taxes, wherever applicable.

The company provides the following information in relation to tax paid on inward supplies received during the said tax period:

- (a) GST of Rs. 5,00,000 has been paid on inputs
- (b) GST of Rs. 2,40,000 has been paid on capital goods
- (c) GST of Rs. 2,00,000 has paid on input services
- (d) All the above inputs, input services and capital goods are used in the manufacturing process

Following additional information is also provided:

- (i) Value of product 'S' exported to UK in Indian rupees is Rs. 12,00,000. However, value of such product when supplied domestically by the company in similar quantities is Rs. 10,00,000.
- (ii) Betty Enterprises is a 100% export-oriented undertaking. It has claimed the ITC on goods supplied to it by Synotex Pvt. Ltd.
- (iii) The balance in the electronic credit ledger of Synotex Pvt. Ltd. at the end of the tax period for which the refund claim is being filed after GSTR-3B for the said period has been filed is Rs. 5,80,000.
- (iv) The balance in the electronic credit ledger of Synotex Pvt. Ltd. at the time of filing the refund application is Rs. 3,00,000.

Compute the amount refundable to Synotex Pvt. Ltd. for the tax period.

(RTP Nov 20)

**Answer:**

**Export of product 'S'**

Export of goods is a zero-rated supply in terms of section 16(1)(a) of the IGST Act, 2017. Section 16(2) of the IGST Act, 2017 stipulates that subject to the provisions of section 17(5) of the CGST Act, 2017, ITC may be availed for making zero-rated supplies even if such supply may be an exempt supply. As per section 54(3)(i) of the CGST Act, 2017, a registered person may claim refund, of any unutilised ITC at the end of any tax period in the case of zero-rated supply made without payment of tax.

**Therefore, in the given case,** Synotex Pvt. Ltd. will be eligible to claim ITC for export of exempt product 'S' in terms of section 16(2) of the IGST Act, 2017 and will thus, be able to claim refund of unutilised ITC in terms of section 54(3)(i) of the CGST Act, 2017.

As per rule 89(4) of the CGST Rules, 2017, refund of unutilized ITC in case of zero-rated supply without payment of tax under letter of undertaking is granted in accordance with the following formula:

**Maximum Refund Amount =**

$$\frac{(\text{Turnover of zero-rated supply of goods} + \text{Turnover of zero-rated supply of goods}) \times \text{Net ITC}}{\text{Adjusted Total Turnover}}$$

Here,

- **Net ITC** = Rs. 7,00,000 [Net ITC includes ITC on inputs and input services but not ITC on capital goods].
- **Turnover of zero-rated supply of goods (Product 'S')** = Rs. 12,00,000 [Lower of the value of zero-rated supply of goods (Rs. 12,00,000) or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier (Rs. 15,00,000)].
- **Adjusted total turnover** = Rs. 32,00,000 [Rs. 20,00,000 + Rs. 12,00,000]

**Thus, refund amount under rule 89(4)**

$$= \text{Rs. } 7,00,000 \times \text{Rs. } 12,00,000 / \text{Rs. } 32,00,000 = \text{Rs. } 2,62,500.$$

**Circular No. 125/44/2019 GST dated 18.11.2019 provides that amount refundable to the applicant is least of the following amounts:**

- Maximum refund amount as per the formula in rule 89(4) of the CGST Rules [Rs. 2,62,500]
- Balance in the electronic credit ledger at the end of the tax period for which the refund claim is being filed after GSTR-3B for the said period has been filed [Rs. 5,80,000]
- Balance in the electronic credit ledger at the time of filing the refund application [Rs. 3,00,000]

**Thus, amount refundable to Synotex Pvt. Ltd. of unutilized ITC is Rs. 2,62,500.**

**Supply of product 'Q' to Betty Enterprises, a 100% EOU**

Supplies to EOU is notified as deemed export under section 147 vide Notification No. 48/2017 CT dated 18.10.2017. In respect of supplies regarded as deemed exports, the application of refund can be filed by the supplier of deemed export supplies only in cases where the recipient does not avail of ITC on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund [Third proviso to rule 89(1) of the CGST Rules, 2017]. **Therefore, since in the given case, Betty Enterprises (recipient) is claiming ITC, Synotex Pvt. Ltd. (supplier of deemed exports) cannot claim refund of ITC.**

**Therefore, amount refundable to Synotex Pvt. Ltd. is Rs. 2,62,500.**

**10.**

**Jai and Co, a registered supplier under GST, is engaged in weaving yarn into fabrics and has provided the following information:**

Nature of various intra-State supplies during April 2021	Value of supply (excluding GST)
Outward supply of fabrics (Tax rate of CGST and SGST is 2.5% each)	30,00,000
Inward supply of rayon yarn (Tax rate of CGST and SGST is 6% each)	24,00,000
Inward supply of services for processing the yarn (Tax rate of CGST and SGST is 2.5% each)	4,00,000
Inward supply of machineries for weaving the processed yarn into fabrics (Tax rate of CGST and SGST is 9% each)	45,00,000
The concern has not provided any supply other than the outward supply referred above. ITC in respect of all types of inward supplies as given above was claimed in the relevant GSTR 38 as well reflected in <del>GSTR 2A</del> <b>GSTR 2B</b>	
Other applicable conditions for claiming the refund are duly complied with.	

You are required to compute the 'maximum refund amount' eligible under rule 89(5) of CGST Rules, 2017 for inverted duty structure. Also provide working notes for your calculation.

**Note - No refund has been claimed under rule 89(3) or rule 89(4) of the CGST Rules, 2017**

**(CA Final Dec 21)**

**Answers:**

**Maximum refund amount under rule 89(5) of the CGST Rules, 2017 on account of inverted duty structure, is computed as follows:**



The binding nature of such orders, instructions and directions has been a matter of debate and scrutiny. The general understanding that prevails now is that a circular is binding on the officers, but not on the assessee. However, in case such circular states something contrary to the law, the law shall prevail over the circular.

### Section 168A: Power of Government to extend time limit in special circumstances

8.  
**'The time limits provided under the CGST Act cannot be extended.'**  
**Do you agree with the statement? Give your views with reference to section 168A.**  
**(ICAI study material)**

**Answer:**

The statement is not correct.

The Government has power to extend the time limits provided under the CGST Act. However, such powers are not unbridled powers. Section 168A empowers the Government to extend the time limits only when the actions cannot be completed or complied with due to force majeure. Here, force majeure means war, epidemic, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature affecting the implementations of provisions of the CGST Act. This power can also be exercised retrospectively.

### Section 169: Service of notice in certain circumstances

9.  
**State the various modes of service of a notice, decision, order, summons, or any other communication under the CGST Act, on the taxable person or any other person to whom it is intended.**

**(ICAI study material)**

**Answer:** Section 169(1) provides that any decision, order, summons, notice or other communication under the CGST Act and the rules made thereunder can be served by any one of the following methods:

- Giving/tendering directly including by a courier to the addressee or authorised representative or to any adult member of family residing with the taxable person; or
- By Registered post/speed post/courier with acknowledgement due at the last known place of business or residence; or
- By Email to the e-mail address provided at the time of registration/as amended from time to time; or
- By making the same available at common portal; or
- Publication in newspaper circulating in the locality in which the addressee is last known to have resided, carried on business or personally worked for gain; or
- If none of the above modes is practicable then by Affixing at last known place of business or residence and if such mode is not practicable for any reason, then by affixing a copy thereof on the notice board of the office of the concerned officer or authority concerned.

### Section 171: Anti-profiteering measure

10. *Now, work of Competition Commission to be taken over by Principal bench of Appellate Tribunal.*  
**What is Anti-profiteering measure?**

**(ICAI study material)**

**Answer:** As per section 171 of the CGST Act, any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices. ~~Competition Commission of India~~ may examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

11. *Principal bench of AT*  
~~Competition Commission of India~~, determines that a registered person, has not passed on the benefits of reduction of GST tax rates. List the different possible orders that may be passed by the said authority for the above finding.

**(CA Final Dec 21) - updated**

**Answer:**

Where the Authority determines that a registered person has not passed on the benefit, it may order-

- (a) reduction in prices;
- (b) return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest @ 18% or recovery of the amount including interest not returned, as the case may be
- (c) the deposit of an amount equivalent to 50% of the amount determined under the above clause along with interest @ 18% and the remaining 50% of the amount in the Consumer Welfare Fund of the concerned State, where the eligible person does not claim return of the amount or is not identifiable
- (d) imposition of prescribed penalty; and
- (e) cancellation of registration under GST.

**12.**

*Principal bench of AT*

**Elaborate the duties of Competition Commission of India.**

**(RTP MAY 2018), (CMA final June 18\_Syllabus 16 – 6 Marks) & (ICAI study material)**

**Answer: The duties of the Authority (~~Competition Commission of India~~) are:**

- (i) To determine whether the reduction in tax rate or the benefit of input tax credit has been passed on by the seller to the buyer (hereinafter collectively referred to as 'benefit') by reducing the prices
- (ii) To identify the taxpayer who has not passed on the benefit
- (iii) To order
  - (a) reduction in prices
  - (b) return to the recipient, an amount equivalent to the amount not passed on by way of commensurate reduction in prices along with interest at the rate of 18% from the date of collection of the higher amount till the date of the return of such amount or recovery of the amount not returned, as the case may be, in case the eligible person does not claim return of the amount or is not identifiable, and depositing the same in the Fund referred to in section 57;
  - (c) imposition of penalty
  - (d) cancellation of registration

## Question no. 21

Sitaram Industries Limited, a registered entity under GST, in the State of Karnataka, is engaged in manufacture and supply of both taxable and exempt goods and services. Following information for the month of October, 2023 is provided by it:

S No	Particulars	Amount
	<b>OUTWARD SUPPLIES:</b>	
A	Sold an old warehouse building in the State of Karnataka to a retail giant in the same State	30,00,000
B	Supplied 30 laptops over the counter to Mr. Sudhakar, an unregistered buyer, who took it to his residence in Haryana. [Invoice issued to him mentions only his name and State. However, his complete address of Haryana is missing in the invoice.]	12,00,000
	Special boxes for packing of the laptops	13,00,000
C	Provided Direct Selling Agent service to Kumkum Bank, registered in Karnataka	4,00,000
D	Provided pure labour services pertaining to a single residential unit in Mumbai, Maharashtra (otherwise than as a part of residential complex) for erection and installation of renovation works for a client registered in Maharashtra	6,20,000
E	Provided free of cost training in a resort in Puducherry to its agents based in the State of Karnataka on effective use of the products of the company. [Open market value of the said service is Rs. 1,00,000. Value of supply of service of like kind and quality is Rs. 1,20,000.]	
F	Interest received on fixed deposits from Sulakshan Bank, registered in Karnataka	2,00,000
	<b>INWARD SUPPLIES:</b>	
G	Received a debit note in respect of inward intra-State taxable supplies received in the financial year 2020-21 for the quantity difference as agreed. These inward supplies were used for all goods manufactured in factory. Date of debit note is 16th October, 2023.	4,00,000
H	Solar panels installed in the factory for providing electricity to be used in factory (Intra-State)	5,00,000
I	Purchased employee uniforms for 1000 employees (Inter-State) [Uniforms worth Rs. 3,00,000 were necessary to ensure the safety of the workers while carrying out the manufacturing activity. Remaining uniforms worth Rs. 4,00,000 were sometimes worn by the employees outside the factory for personal purposes.]	7,00,000

The company provided the following additional information:

- In respect of sale of old warehouse building, stamp duty was paid on Rs. 32 lakh.
- The company provided a corporate guarantee of Rs. 2 crores to Laxmi Logistics Limited, its related company having registered office in the State of Karnataka, for loan availed by the latter from Jandhan Bank Ltd., Karnataka.
- The accountant of the company did not claim input tax credit in respect of debit note received for the reason that the original purchase related to earlier years for which ITC claim eligibility was over.
- Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, except special packing boxes for which the applicable rates of CGST, SGST and IGST are 6%, 6% and 12% respectively.
- All the amounts given above are exclusive of taxes, wherever applicable

From the information given above, you are required to compute the eligible ITC available for set off and minimum net GST payable in cash (CGST, SGST or IGST, as the case may be) for the month of October, 2023. Provide brief reasons for the treatment of each item.

(CA Final RTP May 24)

Answer:

**Computation of GST liability**

Particulars	Value	IGST @ 18%	CGST 9%	SGST 9%
Schedule I as agents are not related persons.]				
<b>Corporate guarantee provided to Laxmi Logistics Limited</b> [Supply of service between related parties even when made without any consideration is deemed supply in terms of Schedule I. Further, value of corporate guarantee, in terms of rule 28(2), will be higher of: (i) 1% of the amount of such guarantee offered, <i>per annum</i> or (ii) actual consideration (i.e. 1% of Rs. 2 crores) [Circular No. 204/16/2023 GST dated 27.10.2023]	2,00,000	-	18,000	18,000
<b>Interest received on fixed deposits</b> [Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest are exempt vide Notification No. 12/2017 CT (R) dated 28.06.2017]	2,00,000	-	-	-
<b>Gross GST liability [A]</b>		<b>3,51,000</b>	<b>54,000</b>	<b>54,000</b>
<b>Less: ITC available for set off</b> [Refer Note (iii) below]		24,958	16,639	16,639
<b>Net GST payable in cash</b>		<b>3,26,042</b>	<b>37,361</b>	<b>37,361</b>

**Notes:**

**(i) Computation of ITC admissible to Sitaram Industries Ltd. for the month of October, 2023**

Particulars	Value	IGST @ 18%	CGST 9%	SGST 9%
<b>Debit note received</b> [ITC on debit notes issued in a financial year can be availed any time till 30th November of the succeeding financial year or the date of filing of the relevant annual return, whichever is earlier, irrespective of the date of original invoice/ supply, in terms of section 16(4).]	4,00,000	-	36,000	36,000
<b>Solar panels purchased</b> [ITC cannot be claimed in respect of solar panels, since ITC on goods or services or both received by a taxable person for construction of an immovable property (other than plant and machinery on his own account including when such goods or services or both are used in the course of furtherance of business is blocked in terms of section 17(5)(d).]		-	-	-
<b>Uniforms purchased</b>	3,00,000	54,000		

(d) 8,29,440

**Answers:**

(i)	b	<p><b>As per section 10(1)(d), Place of supply</b> in case of goods <b>assembled</b> or installation at site shall be such <b>place of installation or assembly</b>.</p> <p><b>Section 7:</b> Supply of goods, where the <b>location of the supplier</b> and the <b>place of supply</b> are in <b>two different States, two different Union territories or a State and a Union territory</b>, shall be treated as a supply of goods in the course of <b>inter-State trade or commerce</b>.</p> <p><b>In the given case:</b></p> <ul style="list-style-type: none"><li>Godown being a Separate Place of business is required registration in Mumbai, MH, hence LOS = Mumbai, MH</li><li>Place of Installation = Gurugram HR, hence POS = Gurugram, HR and it's an Interstate supply.</li></ul>															
(ii)	b	<p><b>GST Liability shall be Rs.8,67,840 (72,32,000*12%)</b></p> <table><thead><tr><th>Particulars</th><th>Amount</th></tr></thead><tbody><tr><td>Value of the Machine</td><td>64,00,000</td></tr><tr><td>Installation &amp; Commissioning charges</td><td>4,80,000</td></tr><tr><td>Handling &amp; Loading charges</td><td>1,60,000</td></tr><tr><td>Grant</td><td>3,20,000</td></tr><tr><td>Discount (64,00,000 * 2%)</td><td>(1,28,000)</td></tr><tr><td><b>Total</b></td><td><b>72,32,000</b></td></tr></tbody></table>		Particulars	Amount	Value of the Machine	64,00,000	Installation & Commissioning charges	4,80,000	Handling & Loading charges	1,60,000	Grant	3,20,000	Discount (64,00,000 * 2%)	(1,28,000)	<b>Total</b>	<b>72,32,000</b>
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(iii)	a	<p><b><u>Value &amp; GST liability for the month of March</u></b></p> <p><b>Discount allowed recovered</b> = 1,28,000</p> <p><b>Interest @ 1% per month on</b> 72,32,000 + 1,28,000 (discount recovered) – 3,20,000 (grant) = 70,40,000 * 1% * 3 = 2,11,200</p> <p><b>Total</b> = 1,28,000 + 2,11,200 = Rs. 3,39,200 (including GST)</p> <p><b>GST = 3,39,200 * 12/112 = Rs. 36,343</b></p>															
(iv)	a	<p><b>As per section 8 of CGST act</b>, Composite supply means two/more taxable supplies, naturally bundled &amp; supplied together in ordinary course out of which one is a principal supply.</p> <p><b>As per section 12(6)</b>, in case of Interest, Penalty &amp; Late Fees time of supply shall be Date of Receipt of Interest, Penalty and Late fee. Hence TOS = 31st March i.e. the date of receipt.</p>															
(v)	d	<table><thead><tr><th>Particulars</th><th>Amount</th></tr></thead><tbody><tr><td>Value of the Machine</td><td>64,00,000</td></tr><tr><td>Installation &amp; Commissioning charges</td><td>4,80,000</td></tr><tr><td>Handling &amp; Loading charges</td><td>1,60,000</td></tr><tr><td>Government Grant</td><td>-</td></tr><tr><td>Discount (64,00,000 * 2%)</td><td>(1,28,000)</td></tr><tr><td><b>Total</b></td><td><b>69,12,000</b></td></tr></tbody></table> <p><b>GST liability @ 12% on 69,12,000 = Rs.8,29,440.</b></p>		Particulars	Amount	Value of the Machine	64,00,000	Installation & Commissioning charges	4,80,000	Handling & Loading charges	1,60,000	Government Grant	-	Discount (64,00,000 * 2%)	(1,28,000)	<b>Total</b>	<b>69,12,000</b>
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Discount (64,00,000 * 2%)	(1,28,000)																
<b>Total</b>	<b>69,12,000</b>																

**Case study 32: TCS, Registration (Section 24)**

Starkart Limited owns and operates a web portal in the name of "Starkart" and is registered with the jurisdictional GST authorities in Delhi as an electronic commerce operator and is liable to collect tax at source under section 52 of the Central Goods and Services Tax Act, 2017. Starkart provides listing service to various sellers for selling the goods to ultimate customers. Besides this, Starkart also sells its own products through the same web portal.

For the listing services provided to sellers, Starkart charges a listing fee at the rate of 10% of turnover of goods sold by the seller in a particular month. Such listing fee is recovered from the seller irrespective of any return of goods sold through Starkart. The customers can choose from wide range of goods listed on the web portal and place an online order for goods. The payment is made by the customers through the payment gateway in online mode only. At the time of monthly settlement, Starkart makes the payment to the sellers after adjusting the tax collection at source at the applicable rates.



The invoice for goods sold on Starkart is issued by the seller in the name of customers and tax is charged on the basis of location of seller and customer. The goods are shipped directly by the seller to the customer and there is no responsibility of shipping the goods on Starkart for third party sellers. In case of return of goods by the customer, the shipping is arranged by Starkart. It charges a fee equivalent to 20% of the value of goods returned as cancellation charges and refunds the balance amount to the customer. Further, 10% of the value of goods returned is collected from the seller by Starkart as handling charges for return of goods.

In the month of January, Pulkit, a resident of Rajasthan, purchased following goods from Starkart:

- Laptop having a value of Rs. 50,000 and a printer having a value of Rs. 10,000. Both the products are sold by Infocom Limited, a seller listed on Starkart and registered under GST in the State of Uttar Pradesh.
- Mobile phone having a value of Rs. 30,000 sold by Starkart in its own capacity.
- CCTV camera system having a value of Rs. 1,00,000 sold by Secure World, listed on Starkart and registered under GST in the State of Gujarat.

All the above transactions are exclusive of GST, wherever applicable.

There is no ITC balance as on 1st January for Starkart, Infocom Limited and Secure World.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified:

CGST - 9%, SGST - 9%, IGST - 18%.

Basis the aforesaid case scenario, please answer the following questions:

- (i) The net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart Limited for the month of January is:

- IGST Rs. 8,280
- IGST Rs. 5,400
- CGST Rs. 3,500 and SGST Rs. 3,500
- IGST Rs. ~~9,880~~ 9,080

- (ii) The net tax liability (after set-off of credits, if any) of Infocom Limited and Secure World for the month of January is:

- IGST Rs. 10,800 and IGST Rs. 18,000 respectively
- IGST Rs. 9,720 and IGST Rs. 16,200 respectively
- IGST Rs. ~~9,120~~ 9,120 and IGST Rs. ~~15,700~~ 15,700 respectively
- IGST Rs. 10,200 and IGST Rs. 17,000 respectively

- (iii) In case, it is assumed that Secure World's turnover does not exceed the threshold limit for obtaining registration under applicable GST Law:

- Secure World shall discharge tax only on the sales made through Starkart.
- Secure World is not required to obtain registration as threshold limit for obtaining registration is not crossed and no tax is payable.
- Starkart shall be liable to discharge tax liability of sales made by Secure World.
- Secure World is required to obtain registration and shall be liable to pay tax on all the taxable supplies made through Starkart or on its own.

- (iv) Assuming that Pulkit returns the printer purchased from Infocom Limited in the month of January. As per the return policy, Starkart charges 20% of the value of the printer as cancellation charges from Pulkit and 10% of the value of the printer as handling charges from Infocom Limited. The net tax liability (including amount payable as tax collection at source and after set-off of credits, if any) of Starkart in such scenario for the month of January would be:

- Rs. 6,900 payable as IGST
- Rs. 3,450 payable as CGST and Rs. 3,450 payable as SGST
- Rs. ~~10,320~~ 9,510 payable as IGST
- Rs. 7,440 payable as IGST

Answers:

(i)	d	<u>Liability as Supplier</u> Supply of mobile to Pulkit of Rajasthan: Rs. 30,000 * 18% = Rs 5,400
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		GST on listing services: Rs. $(1,00,000 + 50,000 + 10,000) \times 10\% \times 18\% = \text{Rs } 2,880$ TCS Liability @ <del>1%</del> <sup>0.5%</sup> of Rs. $(60,000 + 1,00,000) = \text{Rs. } \del{1,600} \sup{800}$ <b>Therefore, Tax Liability = Rs. <del>9,880</del> <sup>9,080</sup></b>															
(ii)	c	<b>Net GST liability of</b> <table border="1"> <thead> <tr> <th>Particulars</th><th>Infocom</th><th>Secure World</th></tr> </thead> <tbody> <tr> <td>Output liability on supply</td><td><math>60,000 \times 18\% = 10,800</math></td><td><math>1,00,000 \times 18\% = 18,000</math></td></tr> <tr> <td>ITC of listing fees charged</td><td><math>6,000 \times 18\% = (1,080)</math></td><td><math>10,000 \times 18\% = (1,800)</math></td></tr> <tr> <td>TC Credit in E-cash</td><td><math>= \del{(600)} \sup{(300)}</math></td><td><math>= \del{(1,000)} \sup{500}</math></td></tr> <tr> <td><b>Net liability (payable in cash)</b></td><td><b><del>9,120</del> <sup>9,420</sup></b></td><td><b><del>15,200</del> <sup>15,700</sup></b></td></tr> </tbody> </table>	Particulars	Infocom	Secure World	Output liability on supply	$60,000 \times 18\% = 10,800$	$1,00,000 \times 18\% = 18,000$	ITC of listing fees charged	$6,000 \times 18\% = (1,080)$	$10,000 \times 18\% = (1,800)$	TC Credit in E-cash	$= \del{(600)} \sup{(300)}$	$= \del{(1,000)} \sup{500}$	<b>Net liability (payable in cash)</b>	<b><del>9,120</del> <sup>9,420</sup></b>	<b><del>15,200</del> <sup>15,700</sup></b>
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(iii)	<del>d</del> <sup>b</sup>	Supplier of goods through ECO is <del>not</del> required compulsory registration in accordance with the provisions of sec 24. <i>(Exempted if ATO doesnot cross threshold limit in Current/Preceeding FY.)</i> <b>Section 24(ix):</b> <del>Persons who supply g/s/b, other than supplies specified u/s 9(5), through such ECO who is required to collect tax at source under section 52</del>															
(iv)	c	<b>Liability as Supplier</b> IGST on Supply of mobile to Pulkit of Rajasthan: $30,000 \times 18\% = \text{Rs } 5,400$ IGST on listing services: $(1,00,000 + 50,000 + 10,000) \times 10\% \times 18\% = \text{Rs } 2,880$ IGST on Handling service for goods returned: $10,000 \times 10\% \times 18\% = \text{Rs } 180$ IGST on Cancellation services: $10000 \times 20\% \times 18\% = 360$ <b>TCS liability (IGST) @ 0.5%.</b> TCS Liability @ <del>1%</del> <sup>0.5%</sup> of $(60,000 - 10,000)$ Rs. <del>500</del> <sup>250</sup> TCS Liability @ <del>1%</del> <sup>0.5%</sup> of $1,00,000 = \del{1,000} \sup{500}$ <b>Therefore, Net tax liability shall be Rs. <del>10,320</del> (IGST). <sup>9,570</sup></b>															

**Case study 33: TOS, ITC, Demand & Recovery (Sec 76), Miscellaneous provisions (Section 162), Payment of Tax (Rule 87)**

Advance Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur. Further, the firm is having its depot for storage for goods in other districts in Rajasthan. The depots are added as additional place of business in the GST registration obtained at HO. Following details are provided about the firm for the month of July:

- Advance Traders received goods worth Rs. 5,00,000 for which GST is payable on reverse charge basis. The goods were received on 25th July. The supplier issued an invoice dated 24th July and payment for the same was made by Advance Traders on 30th July. Due to the absence of accountant, the transaction was recorded in the books of accounts on 1st August.
- In the month of July, Advance Traders issued vouchers worth Rs. 2,00,000 to its customers, which were eligible to be redeemed against identified goods. Also, certain set of customers were issued vouchers worth Rs. 5,00,000. The said vouchers were eligible to be redeemed against any supply of goods in next 6 months.
- Mr. X, a partner in the firm, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in the month of October. The advance amount of Rs. 5,00,000 for booking the hotel was paid by way of online payment from the current account of Advance Traders in July. The hotel charged GST on such booking at the rate of 28% (CGST @ 14% and SGST @ 14% or IGST @ 28%, as the case may be) on the amount received as advance and issued a receipt voucher.
- Advance Traders made a supply of goods worth Rs. 25,00,000 during the month of July. Out of the aforesaid supply, goods worth Rs. 5,00,000 were not liable to GST. However, Advance Traders inadvertently charged GST on such goods and collected the same from the customers.
- Due to clerical error, Advance Traders made a deposit in minor head penalty of the major head IGST for an amount of Rs. 3,00,000. There is no liability of interest on any IGST liability and the amount is lying as unutilized on GST portal.

The balance of input tax credit as on 1st July for the firm is nil for all the registrations.

GST is applicable in the aforesaid case scenario at the following rates unless otherwise specified: CGST - 9%, SGST - 9%, IGST - 18%.

All the amounts given above are exclusive of GST, wherever applicable.

from DTA to SEZ would not attract charging section for customs duty. Since there is no charging provision in the SEZ Act providing for levy and collection of export duty on goods supplied by a DTA unit to a Unit in a SEZ, export duty cannot be levied on the DTA supplier.

11.

**Write a brief note on stages of imposition of taxes and duties.**

(ICAI study material)

**Answer:**

**Three stages of imposition of taxes and duties**

All taxes and duties are imposed in three stages, which are levy, assessment and collection: -

- (a) **Levy** is the stage where the declaration of liability is made and the persons or the properties in respect of which the tax or duty is to be levied is identified and charged.
- (b) **Assessment** is the procedure of quantifying the amount of liability. The liability to tax or duty does not depend upon assessment.
- (c) **The final stage** is where the tax or duty is actually collected. The collection of tax or duty may for administrative or other reasons be postponed to a later time.

### Section 20: Re-importation of goods produced/manufactured in India

12.

**Dhruvtaara Enterprises imported a machine from Japan in January for Rs. 48.75 lakh. However, the machine was exported back in June for repairs. The supplier had agreed to carry out the repairs as the machine was still in warranty period. The fair cost of the repairs would cost Rs. 8.90 lakh. Since repair process was expected to take a time of 6 months, Dhruvtaara Enterprises requested the supplier to provide it another machine so that it could carry out its operations without hindrance in the meantime.**

**Acceding to the request, the supplier provided it with another machine which was imported in a vessel during October. The value of the new machine (FOB value) was Rs. 49.50 lakh. Freight charges incurred from load port to port of importation were Rs. 1.80 lakh. You are required to compute the assessable value and total duty payable on the replaced machine received by Dhruvtaara Enterprises.**

**Note – Rates of customs duty is 10% and IGST is 12%. Social Welfare Surcharge to be taken at 10%. Ignore GST compensation cess and agriculture infrastructure and development cess.**

(CA Final RTP May 22)

**Answer:**

As per Notification No. 45/2017 Cus. dated 30.06.2017, duty payable on re-importation of goods which had been exported for repairs abroad is the duty of customs which would be leviable if the value of re-imported goods after repairs were made up of the fair cost of repairs carried out including cost of materials used in repairs (whether such costs are actually incurred or not), insurance and freight charges, both ways. However, following conditions need to be satisfied for availing this concession:

- (a) goods must be re-imported within 3 years, extendable by further 2 years, after their exportation;
- (b) exported goods and the re-imported goods must be the same;
- (c) ownership of the goods should not change.

However, above special provisions relating to payment of concessional duty in case of re-importation of goods exported for repairs are not applicable in the given case as the goods exported for repairs and the re-imported goods are not the same. Therefore, full customs duty will be payable on the machine received as replacement.

**Computation of assessable value and total duty payable**

Particulars	Amount (Rs.)
Value of new machine (FOB)	49,50,000.00
Add: Freight charges	1,80,000.00
Add: Insurance charges @ 1.125% of FOB [Rs. 49,50,000 × 1.125%] [Insurance charges have been included @ 1.125% of FOB value since actual charges are not ascertainable]	<b>55,687.50</b>
<b>Assessable Value</b>	51,85,687.50
Add: Basic customs duty @ 10% of Rs. 51,85,687.50 (rounded off) (A)	5,18,569

**February, 2018. What will be the customs duty payable by Mayank, if rate of basic customs duty is 10% and goods are exempt from IGST and GST Cess?**

**(CS December 2011)**

**Answer:**

Since exported goods have been reimported within 3 years from date of export (Date of export is 1st Jan, while date of reimport is 8th Feb.), hence, as per exemption issued by the CG, the duty payable = Export Incentive viz. Duty drawback claimed at the time of export.

Therefore, duty payable = Rs 15,000. It is assumed that the goods are reimported without any re-manufacturing or re-processing.

**16. [Practice Question]**

A machine was originally imported from Japan at Rs 250 lakh in July, 20XX on payment of all duties of customs. The said machine was exported (sent-back) to supplier for repairs in December, 20XX and re-imported without any re-manufacturing or re-processing in October next year after repairs. Since the machine was under warranty period, the repairs were carried out free of cost. However, the fair cost of repairs carried out (including cost of material Rs 6 lakh) would have been Rs 9 lakh. Actual insurance and freight charges (to and fro) were Rs 3 lakh. The rate of basic customs duty is 10% and integrated tax is 12%. Ignore GST compensation cess. Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

**Note:** The importer intends to avail exemption, if any, with regard to re-importation of goods which had been exported for repairs abroad.

**(ICAI study material)**

**Answer:**

As per Notification No. 46/2017 Cus. dated 30.06.2017, duty payable on re-importation of goods which had been exported for repairs abroad is the duty of customs which would be leviable if the value of re-imported goods after repairs were made up of the fair cost of repairs carried out including cost of materials used in repairs (whether such costs are actually incurred or not), insurance and freight charges, both ways.

**However, following conditions need to be satisfied for availing this concession:**

- (a) Goods must be re-imported within 3 years, extendable by further 2 years, after their exportation;
- (b) Exported goods and the re-imported goods must be the same;
- (c) Ownership of the goods should not change.

Since all the conditions specified above are fulfilled in the given case, the customs duty payable on re-imported goods will be computed as under:

Particulars	Rs
Value of goods re-imported after exports [Rs 9 lakhs (incl. cost of materials) + Rs 3 lakhs]	12,00,000
Add: Basic customs duty @ 10% <b>(A)</b>	1,20,000
Add: Social Welfare Surcharge @ 10% on Rs 1,20,000 <b>(B)</b>	<u>12,000</u>
Value for computing integrated tax under section 3(7) of CTA, 1975	13,32,000
Integrated tax @ 12% (Rs 13,32,000 x 12%) - <b>(C)</b>	1,59,840
<b>Customs duty and integrated tax payable [(A) +(B)+ (C)]</b>	<b>2,91,840</b>

**17.**

**Goods manufactured/produced in India, which were earlier exported and thereafter imported into India will be treated at par with other goods imported into India. Is the proposition correct or any concession is provided on such import? Discuss briefly.**

**(ICAI study material)**

**Answer:**

The given proposition is correct i.e., goods produced in India, which were earlier exported and thereafter imported into India will be treated at par with other goods imported into India [Section 20 of the Customs Act, 1962]. However, the following concessions are being provided in this regard:

- (i) Maximum import duty will be restricted to duty drawback or rebate availed or central excise duty not paid at the time of export.

- (ii) Where the goods were originally exported for repairs, the duty on re- importation is restricted to the fair cost of repairs including cost of materials used in repairs whether such costs are actually incurred or not, insurance and freight charges, both ways done abroad.

**The above two concessions are given subject to the condition that:**

(a) The re-importation is done within 3 years or 5 years if time is extended.

(b) The exported goods and re-imported goods must be the same.

In case of point (ii) above, the ownership of the goods should also not have changed.

However, these concessions would not be applicable if-

- Re-imported goods had been exported by EOU
- Re-imported goods had been exported from a public/private warehouse
- The process of repairs to which the re-imported goods had been subjected to abroad amounts to manufacture

**[Notification No. 46/2017 Cus dated 30.06.2017]**

- (iii) When exported goods come back for repairs and re-export, the re- imported goods can avail exemption from paying of import duty subject to the following conditions:

(i) The re-importation is for repairs only

(ii) The time limit is 3 years. In case of Nepal, such time-limit is 10 years.

(iii) The goods must be re-exported after repairs

(iv) The time limit for export is 6 months (extendable to one year).

**[Notification No. 158/95 Cus. dated 14.11.1995]**

**18. [Practice Question]**

Great Year Ltd. imported an offset printing machine from Germany for Rs. 5.00 crores and the bill of entry for home consumption was cleared in October, 2019 on payment of duty. However, due to certain technical glitches, the said machine could not be started functioning and the said machine was sent-back to the supplier for repairs in November, 2019. The manufacturer of machinery in Germany had made necessary repairs and had sent back the machine again to Great Year Ltd. Accordingly, Great Year Ltd. re-imported the machine without any re-manufacturing or reprocessing in March 2020. Since the machine was having manufacturing defect, the repairs were carried out by the machine manufacturer without charging any amount for the repairs. However, the fair cost of repairs carried out including cost of material consumed during repairs for Rs. 70 lakhs, would have been Rs. 90 lakhs.

Actual insurance and freight charges incurred were Rs. 7.5 lakh each side from India to Germany and from Germany to India. Assume the rate of basic customs duty is 10%, social welfare surcharge is 10% and integrated tax is 18%. You are required to compute the amount of customs duty payable (if any) on re-importation of the machine. Make the necessary assumptions, if required. Also, provide the exemption, if any, with regard to re-importation of goods which had been exported for repairs abroad.

**(CA Final Jan 21) & (CA Final RTP May 23 – Similar)**

**Answer:**

Duty payable on re-importation of goods which had been exported for repairs abroad is the duty of customs which would be leviable if the value of re-imported goods after repairs were made up of the fair cost of repairs carried out including cost of materials used in repairs (whether such costs are actually incurred or not), insurance and freight charges, both ways. However, following conditions need to be satisfied for availing this concession:

- (a) goods must be re-imported within 3 years, extendable by further 2 years, after their exportation;
- (b) exported goods and the re-imported goods must be the same;
- (c) Ownership of the goods should not change.

Since all the conditions specified above are fulfilled in the given case, the customs duty payable on re-imported goods will be computed as under:

Particulars	Amount (in lacs)
Value of goods re-imported after exports [Rs. 90 lakhs (including cost of materials) + (insurance and freight charges, both ways Rs. 7.5 × 2) lakh]	105.000
Add: Basic customs duty @ 10% (A)	10.500



## Miscellaneous

19.

**Mezo Blanca', a firm registered in India, imported certain items of machine equipment from China. These items were bestowed with subsidy by the Chinese Government for production as well as export to other countries. Considering the impact of subsidized articles being imported into India, Indian Government imposed countervailing duty under section 9 of the Customs Tariff Act, 1975 on the import of said items. Mezo Blanca managed to import the same product by altering the name of the product. But proper officer imposed countervailing duty on the said import.**

**Mezo Blanca seeks your advice on the correctness of the action of the Proper Officer and also want to know the different ways of circumvention which are prohibited.**

**(CA Final Nov 23 - 5 Marks)**

**Answer:**

Where the Central Government, on such inquiry as it considers necessary, is of the opinion that circumvention of countervailing duty has taken place by any of the following ways, it may extend the countervailing duty to such other article also from such date, as the Central Government may, by notification in the Official Gazette, specify:

- (i) by altering the description or name or composition of the article on which such duty has been imposed
- (ii) by import of such article in an unassembled or disassembled form
- (iii) by changing the country of its origin or export or
- (iv) in any other manner, whereby the countervailing duty so imposed is rendered ineffective.

In accordance with the above provisions, the action of the proper officer is correct.

**Note:** It is most logically assumed that the Central Government has extended the countervailing duty by notification in the Official Gazette to the product imported (by altering name) by Mezo Blanca.

20.

**Write a note on "Emergency power to impose or enhance import duties under section 8A of the Customs Tariff Act, 1975".**

**(ICAI study material)**

**Answer:**

Section 8A of Customs Tariff Act, 1975 provides that where the Central Government is satisfied that the basic customs duty leviable on any article should be increased and that circumstances exist which render it necessary to take immediate action, it may, by notification amend the First Schedule of the Customs Tariff to increase the import duty leviable on such article to such extent as it thinks necessary.

21.

**Explain briefly the difference between "Protective Duty" and 'Safeguard Duty' under the Customs Tariff Act, 1975.**

**(ICAI study material-amended)**

**Answer:**

	<b>Protective Duty</b>	<b>Safeguard Duty</b>
Law	Section 6 of Customs Tariff Act, 1975	Section 8-B of Customs Tariff Act, 1975
Basic Objective	It is levied to protect domestic industry.	It is levied to give breathing space (some time) to domestic industry.
Nature	It is permanent protection.	It is temporary relief.
Imposition	It is imposed if its levy is recommended by Tariff Commission of India.	It is imposed by CG after carrying out detailed investigation as to its necessity.
Manner of Imposition	It is imposed by issuance of notification in OZ. Notification is issued for certain period. For continuation beyond that period, Bill is introduced in Parliament.	It is imposed by issuance of notification in OZ. Notification is issued for certain period. The total period of imposition cannot exceed 10 years.
WTO compatibility	It is not compatible with WTO. So, it cannot be used against member countries of WTO.	It is compatible with WTO. So, it can be used against member countries of WTO.