



INDIRECT TAX LAWS AND PRACTICE

Time Allowed: 3 Hours

Full Marks: 100

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

SECTION – A (Compulsory)

1) Choose the correct option:

[15 × 2=30]

(i) Schedule III of the CGST Act, 2017 does not include:

- a) Funeral, Burial or Crematorium
- b) Functions performed by MP's, MLA's
- c) Services by any court or tribunal
- d) Services by Government of India for transportation of passengers

(ii) Flow of consideration is not a mandatory field under supply, in case of:

- a) imports
- b) Activities specified under Schedule I of the CGST Act, 2017
- c) Both
- d) None of the above

(iii) Goods within the meaning of supply under GST does not includes

- a) Movable property
- b) Money and securities
- c) Actionable claim other than specified actionable claims
- d) All of the above

(iv) Determine the amount of GST in case of supply of service of ₹10,00,000 on 4th Sep 2024 and invoice has also been issued on the same date. The date of payment is 30th Aug 2024. The CGST rate has been increased from 5% to 12% w.e.f. 1st Sep 2024.

- a) ₹50,000
- b) ₹1,00,000
- c) ₹70,000
- d) ₹1,20,000

(v) What is the Place of Supply in case the supply is made in territorial waters under GST?

- a) Location in territorial waters
- b) Coastal State or Union territory where the nearest point of the appropriate baseline is located
- c) Either (a) or (b)
- d) None of the above



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- (vi) Mr. Ajay purchased goods from Mr. Chethan, a composition dealer worth ₹100,000. Since Mr. Chethan was trader so he was supposed to pay only 1% of his turnover as his tax. The item so purchased was otherwise taxable at 12%. What is the amount of credit which Mr. Ajay is eligible to take?
- ₹990
 - ₹12,000
 - ₹1,000
 - Not eligible to claim credit
- (vii) Annual Audit Report Form GSTR-9C is required to be certified by practicing:
- CA
 - CMA
 - CA or CMA
 - none of the above.
- (viii) Refunds would be allowed on a provisional basis in case of refund claims on account of zero-rated supplies of goods and/or services made by registered persons. At what percentage, would such provisional refunds be granted?
- 90%
 - 65%
 - 80%
 - 70%
- (ix) A member of AAR shall not be below the rank of:
- Deputy Commissioner
 - Assistant Commissioner
 - Joint Commissioner
 - Commissioner
- (x) What action should be taken by an assessee to satisfy with anti-profiteering provision?
- Reduce rate of tax on any supply of goods or services, if such assessee has got the benefit of such reduced rate
 - Pass on the benefit of input tax credit, if such assessee has got such input tax credit
 - Both (a) and (b)
 - none of the above
- (xi) Which of following deductions is allowed from value of imported goods vide rule 7 (deductive value)-
- commission on sales in India;
 - transport from foreign port;
 - Both of the above
 - none of the above



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- (xii) Calculate Free on Board value from following: Ex-factory price of exporter- ₹10,000; Expenses upto loading of goods by foreign exporter- ₹12,000. Post importation cost- ₹8000:
- a) ₹30,000
 - b) ₹22,000
 - c) ₹18,000
 - d) ₹22,250
- (xiii) In the context of Customs, Annexure I include:
- a) Firearms
 - b) Cloths
 - c) Radio
 - d) Watch.
- (xiv) Under Section 23(2) of Indian Customs Act,1962, in which of the following cases may an importer relinquish his title to the goods and abandon them without paying customs duty?
- a) When the goods do not match the specifications.
 - b) When the goods are damaged or deteriorated during voyage.
 - c) When there is a breach of contract and importer is unwilling to take delivery.
 - d) All of the above.
- (xv) Value of goods to be exported as gift can't exceed _____ in a licensing year
- a) ₹7,00,000
 - b) ₹10,00,000
 - c) ₹50,00,000
 - d) ₹5,00,000

Answer:

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



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SECTION – B

Answer any 5 questions out of 7 questions given. Each question carries 14 marks. [5 × 14 = 70]

2) (a) Analyze the Composition Scheme under GST in terms of who can avail it, who is restricted, and what compliance conditions apply. [7]

(b) Discuss the salient features of Quarterly Return filing & Monthly Payment of Taxes (QRMP) Scheme: [7]

Answer:

(a) The Composition Scheme under GST is a special provision created to make compliance easier for small businesses. Instead of filing detailed returns and calculating tax on each transaction, eligible taxpayers can simply pay GST at a fixed percentage of their turnover.

Who can opt:

- Any registered taxpayer whose annual turnover is up to ₹1.5 crore (₹75 lakh in the case of North-Eastern states and Himachal Pradesh).
- From 1st February 2019, the scheme also allows supply of services up to 10% of the turnover in the preceding financial year or ₹5 lakhs, whichever is higher.
- The turnover of all businesses operated under the same PAN has to be taken together to check eligibility.

Who cannot opt:

- Manufacturers of specific notified products such as ice cream, pan masala, and tobacco.
- Persons engaged in making inter-state supplies of goods or dealing only in exempt supplies.
- Casual taxable persons (those who do business occasionally) and non-resident taxable persons.
- Dealers who sell goods through e-commerce platforms that are required to collect tax at source (TCS).
- Any category of goods or services that the Government specifically excludes on GST Council's recommendations.

Conditions to be followed:

- A composition dealer cannot claim Input Tax Credit (ITC) on purchases.
- They cannot deal in items that are outside the scope of GST, such as alcoholic liquor for human consumption.
- For supplies covered under the Reverse Charge Mechanism, tax must be paid at regular GST rates instead of the composition rate.
- If a person has multiple businesses under one PAN (e.g., textiles, electronics, groceries), all of them must either opt for the scheme together or stay out of it.
- The dealer is required to clearly mention the phrase "composition taxable person" on signboards at their business premises and on every bill of supply issued to customers.



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(b) Salient features of Quarterly Return filing & Monthly Payment of Taxes (QRMP) Scheme:

- Who can opt for the scheme: Following registered person (hereinafter RP) can file quarterly returns and pay tax on monthly basis w.e.f. 01.01.2021:
 - An RP who is required to file Form GSTR 3B with Aggregate Annual Turn Over (AATO) of up to ₹5 Cr. in the previous financial year is eligible. If AATO crosses ₹5 Cr. during a quarter, RP will become in-eligible for the Scheme from next quarter.
 - Any person obtaining a new registration or opting out of Composition Scheme can also opt for this Scheme.
 - The option to avail this Scheme can be availed GSTIN wise. Therefore, few GSTINs for that PAN can opt for the Scheme and remaining GSTINs can remain out of the Scheme.
- Changes on the GST Portal: For qtr. Jan., 2021 to March, 2021, all RPs whose AATO for the FY 2019-20 is up to ₹5 Cr. and have furnished the return in Form GSTR-3B for the month of October, 2020 by 30th 2020, will be migrated by default in the GST system as follows:

Sl. No.	Class of RPs with AATO of	Default Return Option
1	Up to ₹1.5 Cr., who have furnished Form GSTR-1 on quarterly basis in current FY	Quarterly
2	Up to ₹1.5 Cr., who have furnished Form GSTR-1 on monthly basis in current FY	Monthly
3	More than ₹1.5 Cr. and up to ₹5 Cr. in preceding FY	Quarterly

- When can a person opt for the scheme:
 - Facility can be availed throughout the year, in any quarter.
 - Option for QRMP Scheme, once exercised, will continue till RP revises the option or his AATO exceeds ₹5 Cr.
 - RPs migrated by default can choose to remain out of the scheme by exercising their option from 5th, 2020 till 31st Jan., 2021.
- The RPs opting for the scheme can avail the facility of Invoice Furnishing Facility (IFF), so that the outward supplies to registered person is reflected in their Form GSTR 2A & 2B.
- Payment of tax under the scheme:
 - RPs need to pay tax due in each of first two months (by 25th of next month) in the quarter, by selecting “Monthly payment for quarterly taxpayer” as reason for generating Challan.
 - RPs can either use Fixed Sum Method (pre-filled challan) or Self-Assessment Method (actual tax due), for monthly payment of tax for first two months, after adjusting ITC.
 - No deposit is required for the month, if there is nil tax liability.
 - Tax deposited for first 02 months can be used for adjusting liability for the quarter in Form GSTR-3B and can't be used for any other purpose till the filing of return for the quarter.



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- 3) (a) Compute the cost of production and valuation for the under mentioned product as per Rule 30 of the CGST Rules, 2017:

Particulars	(₹)
1. Cost of material (Inclusive of CGST & SGST at 12%)	1,12,000
2. Direct wages	47,000
3. Other direct materials	13,500
4. Computer use for office purpose	41,000
5. Quality control test incurred for production process	17,000
6. Engineer charges paid for installation of machinery	12,750
7. Other factory overhead	27,000
8. Salary of staff appointed for office duty	84,000
9. Sale of scrap realized	1,800
10. Actual profit margin	15%
11. Administrative overhead (100% related to administrative Works)	1,00,000
12. Selling and distribution overhead	30,000

[7]

- (b) Mr. Kunal Mehra, a registered supplier engaged in the trading of industrial chemicals, pays GST under the regular scheme and is not eligible for any threshold exemption.

He has made the following outward taxable supplies during the month of August, 2025:

- Intra-State supply of goods – ₹30,00,000
- Inter-State supply of goods – ₹6,00,000

He has also made the following inward supplies:

- Intra-State purchase from a registered dealer – ₹2,50,000
- Intra-State purchase from an unregistered dealer – ₹5,00,000
- Inter-State purchase from a registered dealer – ₹16,00,000

Balance of Input Tax Credit at the beginning of August, 2025:

- CGST – ₹1,10,000
- SGST – ₹75,000
- IGST – ₹65,000

Additional Information:

On 15th August, 2025, Mr. Mehra purchased an intra-State vehicle for business use at a total price of ₹7,20,000 (including CGST ₹40,000 and SGST ₹40,000). The vehicle was capitalized at full value including GST on the same day to claim depreciation. Out of the inter-State purchases from registered dealers, goods worth ₹1,20,000 were received on 3rd September, 2025, due to logistical delays.

Note: - Applicable GST rates: CGST @ 9%, SGST @ 9%, IGST @ 18%

- All amounts for inward and outward supplies are exclusive of taxes, unless stated otherwise
- All conditions necessary for availing ITC are deemed fulfilled, except those specifically mentioned above

Calculate net CGST, SGST, and IGST payable in cash for August, 2025.

[7]



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Answer:

(a) Statement showing Transaction Value as per Rule 30 of the CGST Rules, 2017:

Transaction cost	Assessable value ₹	Remarks
Cost of material	1,00,000	$1,12,000 \times 100/112$
Direct wages	47,000	
Other direct material	13,500	
Computer office	Nil	Not addable
Quality control test	17,000	
Engineering charges for installation of machinery	Nil	Not addable
Other factory overheads	27,000	
Salary	Nil	Not addable
Sale of scrap	-1,800	
Cost of production	2,02,700	
Add: 10% profit margin	20,270	$2,02,700 \times 10\%$
Assessable value	2,22,970	

(b) Computation of Net GST Payable in Cash for August, 2025

Particulars	IGST ₹	CGST ₹	SGST ₹	Workings
Total Tax Liability	1,08,000	2,70,000	2,70,000	
Less: ITC Available	(1,08,000)	(1,32,500)	(97,500)	IGST used fully, CGST & SGST adjusted next
Net GST Payable in Cash	Nil	1,37,500	1,72,500	CGST: $2,70,000 - 1,32,500 = 1,37,500$; SGST: $2,70,000 - 97,500 = 1,72,500$

Working Note: GST Liability and Input Tax Credit

Particulars	Value in ₹	IGST ₹	CGST ₹	SGST ₹	Workings
Intra-State supply of goods	30,00,000	–	2,70,000	2,70,000	$\text{₹}30,00,000 \times 9\% = \text{₹}2,70,000$ each (CGST/SGST)
Inter-State supply of goods	6,00,000	1,08,000	–	–	$\text{₹}6,00,000 \times 18\% = \text{₹}1,08,000$
Total Tax Liability		1,08,000	2,70,000	2,70,000	
Opening ITC Balance		65,000	1,10,000	75,000	
ITC on Intra-State purchases	2,50,000	–	22,500	22,500	$\text{₹}2,50,000 \times 9\% = \text{₹}22,500$ each (CGST/SGST)
ITC on Inter-State purchases	14,80,000	2,66,400	–	–	$\text{₹}14,80,000 \times 18\% = \text{₹}2,66,400$
Total ITC Available		3,31,400	1,32,500	97,500	



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- 4) (a) Identify the cases where tax deduction is not required under GST. [7]
- (b) In the context of GST, does the supply of an external storage battery along with a UPS constitute a composite supply or a mixed supply? Explain with reference to the ruling in the case of Switching Avo Electro Power Ltd. (2018). [7]

Answer:

(a) Tax deduction is not required in following situations:

- Total value of taxable supply \leq ₹2.5 Lakh under a contract.
- Contract value $>$ ₹2.5 Lakh for both taxable supply and exempted supply, but the value of taxable supply under the said contract \leq ₹2.5 Lakh.
- Receipt of services which are exempted.
- Receipt of goods which are exempted.
- Goods on which GST is not leviable. For example, petrol, diesel, petroleum crude, natural gas, aviation turbine fuel (ATF) and alcohol for human consumption.
- Where a supplier had issued an invoice for any sale of goods in respect of which tax was required to be deducted at source under the VAT Law before 01.07.2017, but where payment for such sale is made on or after 01.07.2017 [Section 142(13) refers].
- Where the location of the supplier and place of supply is in a State(s)/UT(s) which is different from the State/UT where the deductor is registered.
- All activities or transactions specified in Schedule III of the CGST/SGST Acts 2017, irrespective of the value.
- Where the payment relates to a tax invoice that has been issued before 01.10.2018.
- Where any amount was paid in advance prior to 01.10.2018 and the tax invoice has been issued on or after 01.10.18, to the extent of advance payment made before 01.10.2018.
- Where the tax is to be paid on reverse charge by the recipient i.e. the deductee.
- Where the payment is made to an unregistered supplier.
- Where the payment relates to “Cess” component.

(b) Supply of external storage battery with UPS, constitutes as ‘Mixed Supply’

In the case of Switching Avo Electro Power Ltd. (2018), the Appellant Authority for Advance Ruling upheld the ruling of Authority for Advance Ruling that when the storage battery or electric accumulator is supplied separately with the static converter (UPS), it would be considered as a mixed supply or not naturally bundled supply.

Here the appellant contended that the UPS cannot function without battery as the same is an integral part of UPS and it is naturally bundled and supplied in conjunction with each other, therefore the supply of static converter along with the external battery should be considered as a composite supply and not mixed supply.



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However, the AAAR opined that when a UPS is supplied with built-in batteries in a manner that the supply of the battery is inseparable from the supply of the UPS, and the two items are 'naturally bundled' then it should be treated as a composite supply under Section 2(30) of the CGST Act, but when the storage batteries having multiple uses is supplied with the static converter i.e. UPS, it cannot be said that they are naturally bundled even if the same is supplied under a single contract at a combined single price. Therefore, the supply of external storage battery supplied with UPS would be considered as a 'mixed supply'.

- 5) (a) Mr. A, a registered person received goods (i.e. Bidi leaves) from Mr. B, an unregistered dealer. Mr. B issues invoice on 1st July 2024.

Identify the time of supply of goods in following independent cases:

- (i) Mr. A received goods on 15th July 2024, payment of which is not made yet.
- (ii) Mr. A received goods on 3rd August 2024 & made payment for the same on 4th August 2024.
- (iii) Mr. A made payment on 8th July and received goods on the same date.
- (iv) Mr. A received goods on 10th July 2024 & made payment for the same on 9th July 2024. [7]

- (b) Skyway Travel Solutions Pvt. Ltd., an air travel agency, needs to determine its GST liability for the quarter ended June 30, 2025, based on the following details:

- Basic air fare collected for domestic ticket bookings – ₹60,00,000
- Basic air fare collected for international ticket bookings – ₹95,00,000
- Commission received from airlines on domestic and international ticket sales – ₹5,20,000
- Year-end bonus received from airlines – ₹75,000

Calculate the GST liability of Skyway Travel Solutions Pvt. Ltd. for the quarter ended June 30, 2025. Additionally, determine whether the GST liability would be reduced if the company opts for the special provision for GST payment under Rule 32(3) of the CGST Rules, 2017. The applicable GST rate is 18%. [7]

Answer:

(a)

- (i) Time of supply of goods = 15-07-2024
Earliest of the following:
Receipt of Goods = 15-07-2024
Date of Payment = not paid
Date immediately following 30 days from the date of invoice = 01-08-2024
- (ii) Time of supply of goods = 01-08-2024
Earliest of the following:
Receipt of Goods = 03-08-2024
Date of Payment = 04-08-2024
Date immediately following 30 days from the date of invoice = 01-08-2024



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(iii) Time of supply of goods = 08-07-2024

Earliest of the following:

Receipt of Goods = 08-07-2024

Date of Payment = 08-07-2024

Date immediately following 30 days from the date of invoice = 01-08-2024

(iv) Time of supply of goods = 09-07-2024

Earliest of the following:

Receipt of Goods = 10-07-2024

Date of Payment = 09-07-2024

Date immediately following 30 days from the date of invoice = 01-08-2024

(b) Statement Showing GST Liability of Skyway Travel Solutions Pvt. Ltd. for the Quarter Ending June 30, 2025

- GST Liability Without Opting for Special Provision (Regular Method)

Total taxable supply of services = ₹5,95,000 (₹5,20,000 + ₹75,000)

GST @18% on ₹5,95,000 = ₹1,07,100

- GST Liability Under Special Provision (Rule 32(3) of CGST Rules, 2017)

Total taxable supply of services:

5% of Basic Domestic Airfare (₹60,00,000 × 5%) = ₹3,00,000

10% of Basic International Airfare (₹95,00,000 × 10%) = ₹9,50,000

Total = ₹12,50,000

GST @18% on ₹12,50,000 = ₹2,25,000

Since the GST liability is higher under the special provision, Skyway Travel Solutions Pvt. Ltd. should continue with the regular method for GST payment to minimize tax liability.

6) (a) Explain the conditions under which refund of import duty is allowed under Section 26A of the Customs Act, 1962, and mention the relevant date for filing such a refund claim. [7]

(b) What are deemed exports? Identify the supplies that are considered as deemed exports. Also, discuss the benefits available under deemed exports. [7]

Answer:

(a) As per Section 26A of the Customs Act, 1962, duty paid on imported goods can be claimed for refund on account of satisfying the following conditions:

- Goods are found defective

The goods are found to be defective or otherwise not in conformity with the specifications agreed upon between the importer and the supplier of goods:

Provided that the goods have not been worked, repaired or used after importation except where such use was indispensable to discover the defects or non-conformity with the specifications;



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- Goods are easily identifiable as imported goods
The goods are identified to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs as the goods which were imported;
- No drawback claim is made
The importer does not claim drawback under any other provisions of this Act; and
- Activities carried out after importation
 - (i) The goods are exported; or
 - (ii) The importer relinquishes his title to the goods and abandons them to customs; or
 - (iii) Such goods are destroyed or rendered commercially valueless in the presence of the proper officer, in such manner as may be prescribed and within a period not exceeding 30 days from the date on which the proper officer makes an order for the clearance of imported goods for home consumption under section 47.

Note:

- (1) However, the period of 30 days may, on sufficient cause being shown, be extended by the Commissioner of Customs for a period not exceeding three months.
- (2) No refund under section 26 is allowed in respect of perishable goods and goods which have exceeded their shelf life.
- (3) An application for refund of duty shall be made before the expiry of 6 months from the relevant date in such form and in such manner as may be prescribed

Relevant Date:

Relevant date in case of filing refund claim may be any one of the following:

- Let export order issued or
- Date of abandonment or
- Date of destruction of goods as the case may be.

(b) Deemed Exports (i.e. Supply of goods from DTA to EOU):

Goods manufactured in India and supplies from DTA to EOU, EHTP, STP & BTP units will be regarded as deemed exports and DTA supplier shall be eligible for export incentives.

The following supplies considered as deemed exports:

A. Goods supplied by a manufacturer:

- Supply of goods against Advance Authorization/Advance Authorization for Annual Requirement/ DFIA.
- Supply of goods to units located in EOU/STP/BTP/EHTP.
- Supply of capital goods against EPCG authorization.
- Supply of marine freight containers by 100% EOU provided said containers are exported within 6 months by another 100% EOU.

B. Goods supplied by a Main contractor/sub-contractor:

- Supply of goods to projects or turnkey contracts financed by multilateral or bilateral agencies/Funds notified by Department of Economic Affairs (DEA), under International Competitive Bidding.



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- Supply of goods to any project where import is permitted at zero customs duty.
- Supply of goods to mega power projects against International Competitive Bidding.
- Supply to goods to UN or international organisations.
- Supply of goods to nuclear projects through competitive bidding (need not be international competitive bidding).

BENEFITS FOR DEEMED EXPORTS

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

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

- 7) (a) Mrs. & Mr. Ajith Kumar visited Spain and brought following goods while returning to India after 6 days stay abroad on 8th March 2025.
- (i) Their personal effects like clothes, etc., valued at 2,70,000.
 - (ii) A personal computer bought for 2,72,000.
 - (iii) A laptop computer bought for 1,90,000.
 - (iv) Two litres of liquor bought for 3,200.
 - (v) A new camera bought for 174,800.
 - (vi) Plasma T.V. for 2,50,000
- Calculate the amount of customs duty payable? [7]

- (b) ABC Technologies Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. ABC Technologies in this connection are as follows:
- Freight from Japan to India Port 20,000 Yen
 - Insurance paid to Insurer in India ₹10,000
 - Designing charges paid to Consultancy firm in Japan 30,000 Yen
 - M/s. ABC Technologies had expended ₹1,00,000 in India for certain development activities with respect to the imported equipment
 - ABC Technologies had incurred road transport cost from Mumbai port to their factory in Karnataka ₹30,000
 - The Central Board of Indirect Taxes and Customs had notified for purpose of section 14(3)* of the Customs Act, 1962 exchange rate of 1 Yen = ₹0.3948. The interbank rate was 1 Yen = ₹0.40
 - M/s ABC Technologies had effected payment to the Bank based on exchange rate 1 Yen = ₹0.4150
 - The commission payable to the agent in India was 5% of FOB cost of the equipment in Yen.
- Calculate the assessable value for purposes of customs duty under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions. [7]



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Answers:

(a) Customs duty payable for baggage:

Particulars	₹
Personal effects, cloths etc.	Exempt
A personal Computer	₹2,72,000
A laptop	Exempt
Two Liters of liquor bought for	₹3,200
New Camera bought for	₹1,74,800
Total	₹4,50,000
Less: General free allowance (₹50,000 + ₹50,000)	₹1,00,000
Baggage taxable	₹3,50,000
Plasma TV – Fully taxable @ 100%	₹2,50,000
Total	₹6,00,000

Customs duty is ₹2,31,000 (₹6,00,000 × 38.5 0%)

Therefore, the total customs duty is ₹2,31,000.

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

Particulars	Amount in Yen	Remarks	Working note
Free on Board (FOB)	2,00,000		
Designing charges	30,000	Addable into the assessable value	
Development charges	—	Not addable into the assess-able value, because these are post shipment expenses	
Particulars	Amount in Yen	Remarks	Working note
Road transport charges	—	Not addable into the assess-able value, because these are post shipment expenses	
Commission	10,000	Addable into the assessable value	$2,00,000 \times 5\% = 10,000$
FOB value of the Customs	2,40,000		
	Amount in (₹)		
Total	94,752	Exchange rate of the Central Board of Indirect Taxes and Customs (CBI&C) is relevant	$2,40,000 \text{ Yen} \times 0.3948$
Insurance	10,000	Addable into the assessable value	
Freight	7,896	Addable into the assessable value	$20,000 \times 0.3948$
Assessable Value (i.e. C I F value)	1,12,648		



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8. (a) Kamal & Co. manufactures customized products at its unit situated in Rajasthan. Cost of production for Kamal & Co for 1000 products is ₹20,00,000. These products require further processing before sale, and for this purpose products are transferred from its Rajasthan unit to its another unit in Punjab. The Punjab unit, apart from processing its own products, engages in processing of similar products of other persons who supply the products of the same kind and quality and thereafter sells these processed products to wholesalers. There are no other factories in the neighboring area which are engaged in the same business as that of its Punjab unit. Products of the same kind and quality are supplied in lots of 1000 each time by another manufacturer located in Punjab. The price of such goods is ₹19,00,000. Calculate the value of 1000 products supplied by Kamal & Co. to its Punjab unit as per the provisions of CGST Act, 2017. [7]

- (b) Mr. NY, a supplier of goods pays GST under regular scheme. Mr. NY is not eligible for any threshold exemption. He has made the following outward taxable supplies during April 2025:

Particulars	Rate of Tax			Amount (₹)
	CGST	SGST	IGST	
Intra State supply of goods				
Product A	6%	6%	-	8,00,000
Product B	9%	9%	-	2,00,000
Inter State supply of goods				
Product A	-	-	12%	3,00,000
Product B	-	-	18%	1,50,000

He has also furnished the following information in respect of supplies received by him during April 2025:

Particulars	Rate of Tax			Amount (₹)
	CGST	SGST	IGST	
Intra State supply of goods				
Product A	6%	6%	-	2,00,000
Product B	9%	9%	-	1,00,000
Inter State supply of goods				
Product A	-	-	12%	1,50,000
Product B	-	-	18%	80,000

Mr. NY has following ITCs with him at the beginning of April 2025:

Particulars	(₹)
CGST	40,000
SGST	28,000
IGST	44,600



INDIRECT TAX LAWS AND PRACTICE

Note:

- (i) Both inward and outward supplies are exclusive of taxes, wherever applicable.
(ii) All the conditions necessary for availing the ITC have been fulfilled.

Calculate net GST payable by Mr. NY for the month of April 2025.

Make suitable assumptions wherever required.

[7]

Answer:

- (a) Value of supply for Kamal & Co., Rajasthan: The value of the supply of goods or services or both between distinct persons as specified in section 25(4) and section 25(5) of the CGST Act, 2017 or where the supplier and recipient are related, other than where the supply is made through an agent, shall—
- be Open market value of such supply
 - if the open market value is not available, be the value of supply of goods or services of like kind and quality.
 - If value is not determinable under clause (a) or (b), be the value as determined by application of rule 30 or rule 31, in that order.

Provided that where the goods are intended for further supply as such by the recipient, the value shall, at the option of the supplier, be an amount equivalent to 90% of the price charged of the supply of goods of like kind and quality by the recipient to his customer not being a related person:

Provided further that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods or services.

In the given case, open market value of the 1000 products being supplied to Punjab unit is not available since the supplier manufactures customised products. Therefore, value of 1000 products supplied by Rajasthan unit of Kamal & Co. to Punjab unit will be the value of the goods of like kind and quality supplied to Punjab unit by other customers which is ₹19,00,000.

Since goods are not supplied as such by the Punjab unit, goods cannot be valued @ 90% of the price charged for the supply of like goods by the Punjab unit to its unrelated customers in terms of first proviso to rule 28 of CGST Rules, 2017.

Further, if Punjab unit is entitled for full ITC, the value declared in the invoice of Rajasthan unit will be deemed to be the open market value of the goods vide second proviso to rule 28 of CGST Rules, 2017.

- (b) Statement showing Net GST liability of Mr. NY for the month of April 2025:

Particulars	CGST	SGST	IGST
Output Tax liability	66,000	66,000	63,000
Less: ITC of IGST	Nil	Nil	(77,000)
Excess IGST credit	Nil	Nil	(14,000)
Less: IGST credit set off first SGST	Nil	(14,000)	Nil
Less: CGST credit set off	(61,000)	Nil	Nil
Less: SGST credit set off	Nil	(49,000)	
Net GST liability payable by cash ledger	5,000	3,000	Nil



INDIRECT TAX LAWS AND PRACTICE

Working Note:**(1) Statement showing ITC on inward supplies**

Particulars	CGST	SGST	IGST
Opening Balance	40,000	28,000	44,600
Intra State supply of goods			
Product A (6% + 6%)	12,000	12,000	Nil
Product B (9% + 9%)	9,000	9,000	Nil
Inter State supply of goods			
Product A (12%)	Nil	Nil	18,000
Product B (18%)	NIL	Nil	14,400
Total	61,000	49,000	77,000

(2) Statement showing output tax:

Particulars	CGST	SGST	IGST
Intra State supply of goods			
Product A (6% + 6%)	48,000	48,000	Nil
Product B (9% + 9%)	18,000	18,000	
Inter State supply of goods			
Product A (12%)	Nil	Nil	36,000
Product B (18%)	Nil	Nil	27,000
Total	66,000	66,000	63,000

Alternatively:**Solution:****Statement showing Net GST liability of Mr. NY for the month of April 2025:**

Particulars	CGST	SGST	IGST
Output Tax liability	66,000	66,000	63,000
Less: ITC of IGST	Nil	Nil	(77,000)
Excess IGST credit	Nil	Nil	(14,000)
Less: IGST credit set off first CGST	(14,000)	Nil	14,000
Less: CGST credit set off	(61,000)	Nil	Nil
Less: SGST credit set off	Nil	49,000	
Excess of CGST credit c/f	(9,000)	Nil	Nil
Net GST liability payable by cash ledger	Nil	17,000	Nil

Note: As per Rule 88A - Input tax credit on account of integrated tax shall first be utilized towards payment of integrated tax and the amount remaining, if any, may be utilized towards the payment of central tax and State tax or Union territory tax, as the case may be, in any order and in any proportion.