

Mock Test Paper - Series I: November, 2025

Date of Paper: 26<sup>th</sup> November, 2025

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

FINAL COURSE: GROUP – II  
PAPER – 5: INDIRECT TAX LAWS  
SOLUTIONS

Division A – Multiple Choice Questions

Question No.	Answer
1	(D) Nil
2	(A) Nil
3	(D) ₹ 20,50,000
4	(B) 15 <sup>th</sup> October and 12%
5	(A) (i) Delhi and (ii) Delhi
6	(B) ₹ 10,50,000
7	(A) ₹ 15,000
8	(A) For ₹ 2,00,000 - 02.01.2025 and for ₹ 8,00,000-09.01.2025
9	(C) ₹ 10,000
10	(A) 15 <sup>th</sup> July, 2024
11	(B) ₹ 5,60,500
12	(A) ₹ 1,192 (₹ 596 each under CGST and SGST)
13	(A) ₹ 180 lakh
14	(A) ₹ 11,20,000
15	(B) ₹ 1,72,500

**Division B- Descriptive Questions**

1. **Computation of minimum net GST payable in cash by Shantunu Ltd. for January**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Free gifts to customers [Not a supply as it is made without consideration and is also not covered in Schedule I because free gifts have been distributed to an unrelated person (customers are not related persons) and ITC has also not been availed on the same.]	Nil	-	-	-
Supply of consignment in territorial waters [Where the supply is in the territorial waters, the place of supply is deemed to be in the coastal State where the nearest point of the appropriate baseline is located. Therefore, place of supply will be in Kerala being nearer to base line and hence, supply will be intra-State supply]	6,00,000	54,000 [6,00,000 x 9%]	54,000 [6,00,000 x 9%]	
Receipt of advance from customer [Tax will be payable only on advance for services. In case of goods, tax is payable at the time of issuance of invoice and not at the time of receipt of advance.]	4,90,000 (7,00,000 - 2,10,000)	44,100 [4,90,000 x 9%]	44,100 [4,90,000 x 9%]	
Inter-State supply of pure labour services for construction of single commercial unit in Mumbai				2,70,000 [15,00,000 x 18%]

[Services by way of pure labour contracts of construction of original works pertaining to a single residential unit otherwise than as a part of a residential complex is exempt. Hence, such services in relation to a commercial unit shall be taxable.]				
<b>Total output GST</b>		<b>98,100</b>	<b>98,100</b>	<b>2,70,000</b>
Less: Input tax credit [Refer working note below]		98,100	98,100	18,900 (CGST)
[CGST credit be first utilized for payment of CGST liability and then for payment of IGST liability in that order. Similarly, SGST credit be first utilized for payment of SGST liability and then for payment of IGST liability in that order. ITC of CGST cannot be utilized for payment of SGST and vice versa.]		-	-	18,900 (SGST)
<b>Net output GST payable in cash [A]</b>		<b>Nil</b>	<b>Nil</b>	<b>2,32,200</b>
<b>GST payable under reverse charge</b>				
Tax on rent paid to State Government of Kerala by Sudharshan Ltd. (a registered person) is payable under reverse charge	6,00,000	54,000	54,000	
Tax on services provided by the arbitral tribunal is payable under reverse charge by the recipient of service.	7,00,000	<u>63,000</u>	<u>63,000</u>	
GST payable in cash under reverse charge [B] [Tax payable under reverse charge, being not an output		1,17,000	1,17,000	

tax, cannot be set off against ITC and thus, will have to be paid in cash.]				
<b>Minimum net GST payable in cash [A] + [B]</b>		<b>1,17,000</b>	<b>1,17,000</b>	<b>2,32,200</b>

**Working Note:**

**Computation of ITC available with Shantunu Ltd. for January**

<b>Particulars</b>	<b>CGST (₹)</b>	<b>SGST (₹)</b>	<b>IGST (₹)</b>
Monthly rent paid to Kerela State Government for an office taken on rent [Being services used in the course of furtherance of business, ITC shall be available thereon.]	54,000 [6,00,000 x 9%]	54,000 [6,00,000 x 9%]	
Cars taken on rental basis from Mr. Deepak [Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and invoice is issued charging CGST/SGST @ 2.5% is payable under reverse charge. Time of supply of such services is 1 <sup>st</sup> February being earlier of date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, tax liability on the same does not arise in said month. Further, ITC on renting of motor car services received is blocked since the recipient - Shantunu Ltd. is not in the same line of business.]	--	--	--
Services of an arbitral tribunal [Services provided by an arbitral tribunal to a business entity with an aggregate turnover up to threshold limit of registration in the previous financial year are exempt from GST. Thus, services provided by the arbitral tribunal to Shantunu Ltd., a business entity whose aggregate turnover in the previous financial year	63,000 [7,00,000 x 9%]	63,000 [7,00,000 x 9%]	

exceeds the applicable threshold limit for registration [viz. ₹ 20 lakh, being a supplier of goods and services in the State of Kerala] shall be liable to tax. Further, being services used in the course of furtherance of business, ITC shall be available thereon.]			
Purchase of raw material from Srinivas Steels Ltd. [An e-invoice without IRN is not treated as invoice and hence, without a valid document, ITC cannot be claimed on such inputs]	-	-	
Purchase of truck [Motor vehicle used for transportation of goods is eligible for credit. However, since depreciation has been claimed on applicable taxes as well, ITC of tax paid on purchase of such truck cannot be claimed.]	-	-	
<b>Total ITC</b>	<b>1,17,000</b>	<b>1,17,000</b>	

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

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

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

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

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

the physical presence of machinery, is the location where the service is actually performed, i.e. New Delhi.

- (iv) As per section 13 of the IGST Act, 2017, place of supply of services supplied directly in relation to an immovable property is the location of immovable property located or intended to be located. Thus, in given case, the place of supply is the location of immovable property, i.e. Pune.
  - (v) As per section 13 of the IGST Act, 2017, place of supply of services consisting of hiring of means of transport, including yachts but excluding aircrafts and vessels, up to a period of 1 month is the location of the supplier of services. Thus, in given case, the place of supply is the location of the supplier of services, i.e. London.
- (b) The value of the imported goods is determined under rule 8 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (hereinafter referred to as Import Valuation Rules) if the same cannot be determined under the earlier rules. However, the order of application of rules 7 and 8 can be reversed at the request of the importer and with the approval of the proper officer.

Thus, request of Mr. Marsh for determination of value under rule 8 is legally acceptable, if the same is also approved by the proper officer.

Assuming that the request of Mr. Marsh has been approved by the proper officer, the assessable value of the imported goods under rule 8 will be the sum of-

- (a) the cost of materials and fabrication or other processing;
- (b) an amount for profit and general expenses
- (c) the cost or value of all other expenses under rule 10(2) of the said rules.

**Computation of assessable value**

Particulars	Amount (\$)
Cost of materials	2,000
Add: Fabrication charges	1,000
Other chargeable expenses	400
Other indirect costs	<u>250</u>
Cost of the goods at Mr. Rehan's factory	3,650
Add: Net profit margin @ 20% of FOB, i.e. 25% of total cost	1,000
Total cost till US port = Cost of the goods at factory + Freight from factory to US port and loading charges at US port = \$ 4,000 [\$ 3,650 + \$ 250 + \$ 100]	

FOB value = Total cost till port + profit = \$ 5,000 (\$ 4,000 + \$ 1,000)	
Add: Freight & loading/unloading charges [In case of import by air, the cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation are restricted to 20% of FOB value]	1,000
Insurance charges	<u>50</u>
Assessable value	5,700
Assessable value in Indian Rupees (Exchange rate - ₹ 70 per \$)	3,99,000

3. (a) Where an exempt supply of goods by a registered person becomes a taxable supply, such person shall be entitled to take ITC, *inter alia*, in respect of capital goods exclusively used for such exempt supply on the day immediately preceding the date from which such supply becomes taxable i.e. Nov 30.

ITC on capital goods can be claimed after reducing the tax paid on such capital goods by 5% per quarter of a year or part thereof from the date of the invoice.

Thus, Vishesh Pvt. Ltd. can take following amount of ITC on additional machinery purchased exclusively for manufacturing "O2C" by making an electronic declaration in prescribed form specifying the details of capital goods on the day immediately preceding the date from which such supply becomes taxable within 30 days of becoming eligible to avail ITC:

$$\begin{aligned}
 &= (\text{₹ } 45 \text{ lakh} \times 18\%) - (\text{₹ } 45 \text{ lakh} \times 18\% \times 5\% \times 2 \text{ quarters}) \\
 &= \text{₹ } 8,10,000 - \text{₹ } 81,000 \\
 &= \text{₹ } 7,29,000
 \end{aligned}$$

- (b) In the given case,

Date of receipt of payment is:-

- (a) Date of entry of payment in books of account [17<sup>th</sup> March] or  
(b) Date of credit of payment in bank account [20<sup>th</sup> March]

whichever is earlier, viz., 17<sup>th</sup> March.

Date of issue of invoice is 20<sup>th</sup> March (since lodge decided to issue invoice on date of credit of payment in its bank account.)

Since in the given case of change in rate of tax (on 18<sup>th</sup> March):

- services have been supplied and payment has been received, before such change in rate
- but invoice is issued after the change in rate,

time of supply is date of receipt of payment, viz. 17<sup>th</sup> March.

Since the service of lodging upto a value of ₹ 1,000 was exempted at the time of supply, no GST is payable in the given case.

- (c) (1) As per Baggage Rules, 2016, an Indian resident arriving from any country other than Nepal, Bhutan or Myanmar is allowed duty free clearance of-
- Used personal effects and travel souvenirs without any value limit.
  - Articles [other than certain specified articles] upto a value of ₹ 50,000 carried as accompanied baggage [General duty-free baggage allowance].

Further, such general duty-free baggage allowance of a passenger cannot be pooled with the general duty free baggage allowance of any other passenger.

- (2) One laptop computer when imported into India by a passenger of the age of 18 years or above (other than member of crew) as baggage is exempt from whole of the customs duty [Notification No. 11/2004 Cus. dated 08.01.2004].
- (3) Accordingly, there will be no customs duty on used personal effects (worth ₹ 90,000) of Mrs. and Mr. Chauhan and laptop computer brought by them will be exempt from duty.

Duty payable on personal computer after exhausting the duty free baggage allowance will be ₹ 52,000 – ₹ 50,000 = ₹2,000.

Effective rate of duty for baggage =38.5% [including social welfare surcharge @ 10%]

Therefore, total customs duty = ₹770

4. (a) (i) ROL is liable to collect tax at source under section 52 of the CGST Act, 2017 read with section 20 of the IGST Act, 2017 @ 0.5% under IGST of the net value of inter-State taxable supplies of goods (Value of taxable supplies made less value of supplies returned) made through it by the electronic commerce operator (ECO) - ABC Ltd.

Net value of taxable supplies = ₹ 1,25,000 (₹ 1,47,500 × 100/118) – ₹ 1,40,000 = Nil / (Negative Value)

Thus, TCS to be collected is Nil.

- (ii) ROL is liable to collect TCS, since the tax on services, by way of transportation of passengers by an omnibus provided by a company through ECO, is not payable by ECO, under section 9(5) of the CGST Act, 2017.

= ₹ 1,50,000 × 0.25%

= ₹ 375 each under CGST and SGST

ROL is not required to collect TCS on transportation of passenger services by other motor vehicles supplied through it worth ₹ 4,00,000 as tax on the same is payable by ROL itself under section 9(5) of the CGST Act, 2017.

- (iii) ROL, being supplier side ECO is liable to collect TCS @ 0.25% under CGST and 0.25% under SGST of the net value of intra-State taxable supplies of accommodation services made through it by Ashoka Palace.

= ₹ 1,50,000 × 0.25%

= ₹ 375 each under CGST and SGST

- (b) Elegant Cosmetics Ltd. would be required to prepare two separate e-way bills since each invoice value exceeds ₹ 50,000 and each invoice is considered as one consignment for the purpose of generating e-way bills.

The *FAQs on E-way Bill* issued by CBIC clarify that if multiple invoices are issued by the supplier to one recipient, that is, for movement of goods of more than one invoice of same consignor and consignee, multiple e-way bills have to be generated. In other words, for each invoice, one e-way bill has to be generated, irrespective of the fact whether same or different consignors or consignees are involved. Multiple invoices cannot be clubbed to generate one e-way bill. However, after generating all these e-way bills, one consolidated e-way bill can be prepared for transportation purpose, if goods are going in one vehicle.

- (c) In case of provisional assessment of duty, if any amount refundable upon finalization of assessment to the importer is not refunded within 3 months from the date of final assessment of duty, interest @ 6% per annum shall be paid on such unrefunded amount till the date of refund of such amount.

No interest is payable on security deposits for provisional release of goods, etc.

Thus, in the given case, the amount of interest receivable by Mr. Jatin is as under:-

16<sup>th</sup> January, 2025 to 25<sup>th</sup> March, 2025 (Both inclusive)

Period of delay = 70 days

Thus, interest = ₹ 50,000 × 6% × 70/366

= ₹ 574 (rounded off)

- 5. (a)**
- (i) Advance ruling under GST can be sought by a registered person or a person desirous of obtaining registration under GST law. Therefore, it is not mandatory for a person seeking advance ruling to be registered.
  - (ii) The advance ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed. Therefore, once Shubham has sought the advance ruling with respect to an eligible matter/question, it will be binding till the time the law, facts and circumstances supporting the original advance ruling remain same.
  - (iii) No, the tax advisor's view is not correct. If the applicant is aggrieved with the finding of the AAR, he can file an appeal with Appellate Authority for Advance Ruling (AAAR). Similarly, if the concerned/ jurisdictional officer of CGST/SGST does not agree with the findings of AAR, he can also file an appeal with AAAR.  
  
Such appeal must be filed within 30 days from the date on which the ruling sought to be appealed against is communicated. The Appellate Authority may allow additional 30 days for filing the appeal, if it is satisfied that there was a sufficient cause for delay in presenting the appeal.
  - (iv) An advance ruling pronounced by AAR is binding only on the applicant who had sought it and on the concerned officer or the jurisdictional officer in respect of the applicant. This implies that an advance ruling is not applicable to similarly placed other taxable persons in the State. It is only limited to the person who has applied for an advance ruling.  
  
Thus, Goldy will not be able to apply the classification of the goods that will be decided in the advance ruling order to be obtained by Shubham, to the goods supplied by him in Delhi.
- (b)** Due date for payment of tax for the month of April is 20<sup>th</sup> May.

As per section 74A of the CGST Act, 2017, where self-assessed tax is not paid within 30 days from due date of payment of such tax, penalty equivalent to 10% of tax or ₹ 10,000, whichever is higher, is payable. Thus, option to pay tax within

60 days of issuance of show cause notice to avoid penalty, is not available in case of self-assessed tax.

Since in the given case, Prachi & Co. has not paid the self-assessed tax within 30 days of due date [i.e. 20<sup>th</sup> May], penalty equivalent to:

- (i) 10% of tax, viz., ₹ 9,000 (10% of ₹ 90,000) or
- (ii) ₹ 10,000,

whichever is higher, is payable by him under CGST Act, 2017. Equivalent amount of penalty is payable under SGST/UTGST Act.

Hence, the stand taken by the Department that penalty will be levied on Prachi & Co. is correct, but the amount of penalty of ₹ 45,000 under the CGST Act is not correct.

- (c) Advance Authorization necessitates exports with a minimum of 15% value addition (VA).

$$VA = [(A - B)/B \times 100]$$

A = FOB value of export realized, B = CIF value of inputs covered by authorization.

Therefore, the minimum FOB value of the exports made by RSM Ltd. should be ₹ 11,50,000 to attain 15% VA.

- 6. (a) Yes, the concerned officer, jurisdictional officer or applicant aggrieved by any advance ruling may appeal to the Appellate Authority for Advance Ruling (AAAR) within 30 days [extendible by another 30 days] from the date on which such ruling is communicated to him in the prescribed form and manner.

The AAAR must pass an order confirming or modifying the ruling appealed against within a period of 90 days of the filing of an appeal, after hearing the parties to the appeal.

If members of AAAR differ on any point referred to in appeal, it shall be deemed that no advance ruling can be issued in respect of the question under appeal. A copy of the advance ruling pronounced by the AAAR is sent to applicant, concerned officer, jurisdictional officer and to the Authority.

- (b) Yes, the confidential information can be disclosed by the public servant for certain specific purposes in terms of section 158 of the CGST Act, 2017. Such specific purposes are given in brief hereunder:
  - (i) For prosecution
  - (ii) For carrying out the objects of the CGST Act

- (iii) For service of notice or recovery of demand
- (iv) For furnishing information to Court in a proceeding where Government is a party
- (v) For audit of tax receipts or refunds
- (vi) For inquiry into the conduct of a GST officer
- (vii) For enabling levy, realisation of any tax or duty
- (viii) In lawful exercise of powers
- (ix) For enquiry into a charge of misconduct by any professional
- (x) For data entry on automated system
- (xi) For fulfilling the requirement under any other law and in public interest.

**OR**

**Alternative Answer**

- (b) An officer of the rank of Joint Commissioner or above can authorize an officer in writing to carry out search and seize goods, documents, books or things. Such authorization can be given only where the Joint Commissioner/an officer above his rank has reasons to believe that any goods liable to confiscation or any documents or books or things relevant for any proceedings are hidden in any place. The Joint Commissioner/an officer above his rank empowered to authorize any officer to carry out search and seizure can himself also carry out search and seize such goods, documents or books or things.
- (c) The Customs Tariff has a set of six General Rules for Interpretation of the First Schedule and three General Explanatory Notes. The six General Rules of Interpretation and three General Explanatory Notes are integral part of the Tariff Schedule. The purpose of their inclusion in Customs Tariff is to standardize the manner in which the nomenclature in the schedule is to be interpreted so as to reduce classification disputes.

Rule 4 of the Rules of Interpretation is called as akin rule. This rule lays down that goods which cannot be classified in accordance with rules 1, 2 and 3 of the Rules of Interpretation shall be classified under the heading appropriate to the goods to which they are most akin. In other words, 'akin rule' is a residual rule which is to be applied when classification is not possible by applying any of the earlier rules. It is a rule of last resort.