

FINAL EXAMINATION

June 2019

P18(ITP)
Syllabus 2016

Indirect Tax Laws and Practice

Time Allowed: 3 Hours

Full Marks: 100

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

*Wherever necessary, you may make suitable assumptions
and state them clearly in your answer.*

Working notes should form part of the answer.

Section-A

Answer Question No. 1 which is compulsory and any four from the rest of this section.

1. Choose the most appropriate option from the following [Option to be given in capital letters A, B, C or D] and give brief reason/justification for your choice, the correct choice or conclusion [1 mark for the correct choice and 1 mark for reason]: 2×7=14
- (i) The GST return form to be filed by a Composition dealer/supplier is _____ and the same had to be furnished _____.
- (A) GSTR-1, Monthly (B) GSTR-1, Quarterly
(C) GSTR-4, Monthly (D) GSTR-4, Quarterly
- (ii) Mr. Ram registered in Chennai has supplied goods to Kochi Fisheries Department, for a total contract value of ₹ 2,65,000 inclusive of 18% IGST. The tax to be deducted at source is (TDS on GST)
- (A) Nil (B) ₹ 2,650
(C) ₹ 5,300 (D) None of these
- (iii) In the electronic ledger, the balance in Input tax credit is shown in
- (A) Electronic cash ledger (B) Electronic credit ledger
(C) Electronic confirmation ledger (D) Electronic liability ledger
- (iv) A registered supplier, who regularly files monthly GST return, has paid GST pertaining to the month of June, 2018 on 10-07-2018. The interest payable for delayed remittance of GST is
- (A) ₹ 710 (B) ₹ 355
(C) ₹ 473 (D) None of these
- (v) In case of inter-State supply of goods, the tax(es) levied is/are levied
- (A) CGST only (B) IGST only
(C) CGST and IGST (D) SGST and IGST

- (vi) Lakshmi became liable to be registered under GST law on 10th November, 2018. She submitted the application for registration on 18th November, 2018. The registration certificate is issued on 9th December, 2018. The effective date of registration will be
- (A) 10th November, 2018 (B) 18th November, 2018
(C) 9th December, 2018 (D) None of these

- (vii) A manufacturer who is a registered person under GST has purchased 10000 kgs of raw material during February, 2019, on which IGST of ₹ 1,00,000 has been paid. He has taken 100 kgs for personal use. 200 kgs were stolen from the factory. Only 80% of the raw materials were consumed during the month for production. The input tax credit available to him for February, 2019 is
- (A) ₹ 99,000 (B) ₹ 97,000
(C) ₹ 98,000 (D) ₹ 1,00,000

2. (a) Mr. Raghuram is running a consulting firm and also a readymade garment showroom, registered in same PAN. Turnover of the showroom is ₹ 60 lakh and receipt of the consultancy firm is ₹ 12 lakh in the preceding financial year. You are required to answer the following:

- (i) Is Mr. Raghuram eligible for Composition Scheme?
(ii) Whether it is possible for Mr. Raghuram to opt for composition only for Showroom?
(iii) Rework, if Mr. Raghuram is running a restaurant as well as readymade garment showroom, whether he is eligible for Composition?
(iv) If the turnover of garment showroom is ₹ 75 lakh in the preceding financial year and there is no consulting firm whether he is eligible for Composition? 8

- (b) M/s Samson Ltd. being a trader of laptops has two units, one in Chennai and other in Mumbai.

Place	P.Y. Turnover ₹ in lakhs (Excluding taxes)
Chennai	52
Mumbai	12

You are required to answer the following:

- (i) Is M/s Samson Ltd. eligible for composition levy in the current year?
(ii) If so, can M/s Samson Ltd. opt composition scheme for Chennai location and normal scheme for Mumbai?
(iii) Whether need to give separate intimations for opting composition scheme in each State? 6

3. (a) (i) CMA Mr. Sandesh, an unregistered person under GST, has place of profession in Bhubaneswar, Odisha, supplies taxable services to Infosys Ltd., a registered person under GST in Bangalore.

- (I) Is it inter-State supply or intra-State supply?
(II) Who is liable to pay GST?

Note: CMA Mr. Sandesh turnover in the P.Y. is ₹ 18 lakhs.

- (ii) Mr. Charan of Calicut is trading on his own goods and also acting as an agent of Mr. Babu of Bengaluru. Mr. Charan turnover in the period 1st July, 2017 to 31st March, 2018 is ₹ 12 lakh in his own account and ₹ 9 lakh on behalf of principal. Whether Mr. Charan is liable to register compulsorily under GST law? 2
- (iii) Mr. Rajesh is a farmer with an annual turnover in relation to agriculture of ₹ 18,00,000. Since this income is agriculture-related, the turnover is exempt from GST. However, Mr. Rajesh also supplies plastic bags worth of ₹ 2,50,000 (taxable goods) along with his crop and charges separately for this. Is Mr. Rajesh required to register under GST? Advise. 2
- (b) Mr. Gopal is a taxable person under GST (who is a wholesaler), is having a stock worth of ₹ 5,00,000 as on 01-07-2017. Such person has supplied these goods for ₹ 5,60,000 and on which he has paid CGST @ 9% and SGST @9%.
- How much ITC is allowed under Sec. 140(3) of GST in the following independent cases:
- (i) If he is in possession of duty paid document for the stock (namely BED is ₹ 62,500 and VAT ₹ 28,125).
- (ii) If he is not in possession of duty paid document for the stock, but has invoice evidencing purchase of goods. 6
4. (a) (i) Myra Ltd. received a protective demand notice from the department of Assistant Commissioner of Central Tax on 01-09-2017 under Section 73 of the CGST Act, 2017 where

	Amount ₹
CGST & SGST	= 5,00,000
Interest	= @15% p.a. for no. of days delay
Penalty	= 10% of tax due or ₹ 10,000 whichever is higher

The assessee went for appeal and filed the case in the Appellate Authority on 25-09-2017. This appeal has been taken up for hearing on 6-10-2017.

Case 1: How much has Myra Ltd. to pay as pre-deposit of duty under Section 107(6) of the CGST Act, 2017 and date of pre-deposit of duty by Myra Ltd. to entertain appeal by the Appellate Authority [i.e. Commissioner (Appeals)].

Case 2: Whether your answer is different if the assessee appeals only part of the amount say ₹ 3,00,000 is in dispute arising from the said order. 4

- (ii) Considered in the example in 4 (a) (i) above, where Appellate Authority passed the order against the assessee, if so how much Myra Ltd. has to pay as pre-deposit of duty under Section 112(8) of the CGST Act, 2017 to entertain appeal by the Goods and Services Tax Appellate Tribunal (GSTAT)? 4

- (b) Mr. Yogesh is working in Infosys Company having office in Bengaluru. Infosys Company is registered under GST. Mr. Yogesh purchased the ticket from Hyderabad for transportation as passenger by Air from Hyderabad to Chennai. Mr. Yogesh discloses the name of the organization and its registration number and the place where the organization is registered. Supplier of service is located at Hyderabad. Find the following:

- (i) Place of supply of service and GST liability.
- (ii) Whether your answer is different if Mr. Yogesh has not disclosed the name of the organization and its registration number? 6

5. (a) (i) What is form GSTR 3B? What are its features? Who is exempt from filing GSTR 3B? 6

- (ii) Mr. X, a registered person in Mumbai has made outward supplies of taxable goods as under:-

Mr. X has become liable for registration on 1st October, 2018. He was granted registration on 1st January, 2019.

- (I) Supplies made from 1st April, 2018 to 30th September, 2018 ₹ 19,50,000
- (II) Supplies made from 1st October, to 31st December, 2018 ₹ 8,00,000
- (III) Supplies made from 1st January, 2019 to 31st January, 2019 ₹ 2,00,000

The first return furnished by Mr. X is for the month of January, 2019. What is the taxable turnover to be declared in the return filed for January, 2019? 2

- (b) (i) M/s Fotoflash Ltd, is a registered person under GST in Mumbai, being a dealer dealing with second-hand goods. M/s Fotoflash Ltd. supplies a used camera to a consumer in Chennai for selling price of ₹ 15,000. The used camera (i.e. second hand) was purchased for ₹ 10,000 from a registered dealer in Mumbai, on which CGST + SGST of ₹ 1,400 each was charged (i.e. GST rate applicable to cameras is 28%).

M/s Fotoflash Ltd. charged IGST 28% on inter- State supply.

Find the net GST liability in the following independent cases:

- (I) If input tax credit is availed.
- (II) If input tax credit is not availed. 4

- (ii) Cotton Ltd. being a cloth merchant sold gift voucher to customer for ₹ 2,000 on 10th November to purchase specific cloth from its showroom. Goods actually purchased by customer on 15th November for ₹ 2,400. Find the time of supply and value of supply with regard to gift voucher in the hands of X Ltd. 2

6. (a) Hema Pesticides Pvt. Ltd., a registered person under the GST law, furnishes the following data for the GST paid by them in the month of November, 2018:

Particulars	Amount (₹)
GST on machinery purchased and used in the factory premises	92,000
GST on machinery purchased and sent directly to a job worker working for the company	42,000
GST on car purchased (Used mostly for business purposes; 25% usage estimated for personal use of the directors)	2,10,000
GST on raw materials purchased (Goods are received in lots/instalments and 25% of the materials were received in February, 2018).	2,00,000
In the earlier month, GST has been paid on another lot, for which 90% delivery had been completed then and in the current month, balance materials were received. GST paid in the earlier month was	1,60,000
GST on health insurance premium paid for the employees working in the factory. Providing this is optional and the company has taken out this measure to improve the relations with the labourers.	24,000

You are required to determine the quantum of input tax credit available to the above registered supplier for the given month. 7

- (b) Write a brief note on Special Audit under Section 66 of the CGST Act, 2017. 7

7. (a) Radhakrishna, a registered person under GST, has furnished the following details for the month of August, 2018:

Particulars	Amount (₹)
Supply of goods made outside State	10,00,000
Inter-State purchases of goods	8,10,000
Goods taken for personal use in above	10,000

The IGST was paid on 10th October, 2018. Compute the interest payable for the delayed payment. 7

Note: The IGST rate for the goods dealt with is 18%.

- (b) M/s Xylo Ltd. being a dealer in new cars sold a Petrol Car on which applicable GST rate is 28% and GST Cess rate is 1%. Transaction value is ₹ 5,00,000. Find the GST liability. Can input credit be availed on Cess paid on inward supplies of the car by the buyer if he is a car dealer? 7

Section-B

(Customs duty and FTP)

Answer Question no. 8 which is compulsory and any two from the rest in this Section.

8. Choose the most appropriate option from the following [Option to be given in capital letters A, B C or D] and give brief reason/justification for your choice, the correct choice or conclusion [1 mark for the correct choice and 1 mark for reason]: **2×3=6**

- (i) In the context of Indian Customs law, ICEGATE means
- (A) Indian Customs Electronic Data Interchange Gateway
 - (B) Indian Customs Electronic Gateway
 - (C) Inter Continental Electronic Gateway
 - (D) None of the above
- (ii) Transit of goods without payment of customs duty is governed by Section _____ of the Customs Act, 1962.
- (A) 51
 - (B) 52
 - (C) 53
 - (D) 55
- (iii) The following is not a condition precedent for grant of duty drawback for re-export of duty paid goods:
- (A) The goods must be clearly identifiable.
 - (B) The goods should have been actually imported earlier and import duty paid thereon.
 - (C) The goods are actually re-exported to any place outside India.
 - (D) Entire lot of goods imported earlier should be re-exported and no portion should remain.
- 9. Product 'Vertigo' was imported by Mr. Mrinal Sen by air from Singapore to Hyderabad. The details of the import transaction are as under:**

Particulars	Euro
Price of 'Vertigo' at Singapore exporter's factory	7,500
Freight from factory of the exporter to load airport (Singapore airport)	300
Loading and handling charges at the local airport	200
Air freight from said airport to Hyderabad airport	1,350
Insurance charges	1,400
Purchase commission	200

Even though the bill of entry was presented on 20-9-2018, the aircraft, having been diverted to another foreign airport due to technical reasons, landed at the Hyderabad airport only on 21-9-2018.

The other details furnished by the importer are as under:

Particulars	20.09.2018	21.09.2018
Rate of basic customs duty	10%	12%
Exchange rate notified by CBEC per €	₹ 79	₹ 80
Exchange rate prescribed by RBI per €	₹ 79.50	₹ 80.50
Integrated tax leviable under Section 3(7) of the Customs Tariff Act, 1975	6%	12%

Based on the above data, you are required to calculate the following:

- (I) Assessable value of the product for the purpose of levying customs duty.
(II) Customs duty and tax payable.

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10. (a) Mr. Jayesh, an Indian Entrepreneur, went to China to explore new business opportunities on 05-04-2017. The following details, regarding imports are submitted by him with the Customs authorities on return to India on 20-02-2018.

- (i) 2 Music systems each worth ₹ 23,000
(ii) Jewellery brought by Mr. Jayesh worth ₹ 49,000 (18 Grams)

Write a brief note on his eligibility with regard to duty free baggage allowances as per the Baggage Rules, 2016.

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- (b) Enumerate what are the eligible projects for the purpose of 'project imports' at concessional rate of Customs Duty under Customs Tariff.

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11. (a) Calculate the amount of duty drawback allowable under Section 74 of the Customs Act, 1962 in following cases:

- (i) Suresh imported a motor car for his personal use and paid ₹ 5,00,000 as import duty. The car is re-exported after 6 months and 20 days.
(ii) Nikita imported wearing apparel and paid ₹ 50,000 as import duty. As she did not like the apparel, these are re-exported after 20 days.
(iii) High Tech Ltd. imported 10 computer system paying customs duty of ₹ 50 lakh. Due to some technical problems, the computer systems were returned to foreign supplier after 2 months without using them at all.

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- (b) What is meant by High Seas Sales? What are the benefits of High Sea Sales Transactions?

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