

## CA Final (Sep 2025)

### Paper 5 – Indirect Tax Laws (By CA Akshansh Garg)

Time allowed: 3 Hours

Maximum Marks: 100

1. Part B of Question paper comprises of 6 questions. Question No. 1 is compulsory and answer any 4 questions from the remaining 5 questions.
2. Working notes should form part of the answer.

#### Part A – Case Scenario based MCQs (30 Marks)

##### Part A is Compulsory.

##### Case Scenario 1 [MCQ 1-5]

(5 MCQs x 2 m = 10 marks)

AKG Associates is a partnership firm registered under GST in the State of Rajasthan. In the month of July, following transactions were made by AKG Associates:

- a. Purchase of commodity X on 1<sup>st</sup> July for an amount of ₹ 5,00,000 at the rate of ₹ 1,000 per tonne from the open market. The said commodity was deposited in the warehouse of NCDEX Ltd. (an agricultural commodity exchange) in Rajasthan as a security against transactions entered by AKG Associates on the same day.
- b. In order to hedge the aforesaid transaction, on 1<sup>st</sup> July, AKG Associates undertook a derivative sale transaction in futures contract for the month of August at NCDEX at the rate of ₹ 1,100 per tonne.
- c. AKG Associates took subscription for an AI (Artificial Intelligence) based platform from an unrelated party, ABC Inc (a company based in US) to get real time updates on the pricing of commodity X in the international market. ABC Inc charged ₹ 50,000 for such subscription. The invoice was issued to AKG Associates on 1<sup>st</sup> July, but the payment was made to ABC Inc on 20<sup>th</sup> August.
- d. NCDEX charges rent from AKG Associates at the rate of ₹ 10,000 per month and service charges at the rate of ₹ 20,000 per month.
- e. On the date of expiry of future contract of the month of August, i.e. 31<sup>st</sup> August for commodity X, the rate of commodity X was ₹ 900 per tonne. AKG Associates squared off the contract for the month of August at the same rate.
- f. NCDEX charged brokerage on the transactions (both purchase and sale of derivative contract separately) at the rate of ₹ 5,000 per contract from AKG Associates in the month when such transaction was entered and when such transaction was squared off.
- g. On the purchase of commodity X, additional levy in form of Mandi Tax was applicable at the rate of ₹ 10 per tonne which is not included in the rate per tonne under point (a) above.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of AKG Associates is Nil. Subject to

the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the months of July and August.

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

- I. Intra-State supply – 9% CGST and 9% SGST
- II. Inter-State supply – 18% IGST.

**Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below :-**

1. Compute the taxable value of supply of commodity X for AKG Associates in the month of July.
  - (a) ₹ 5,00,000
  - (b) ₹ 5,50,000
  - (c) ₹ 5,55,000
  - (d) ₹ 5,05,000
2. Compute value of outward supply made by AKG Associates in the month of August.
  - (a) Nil
  - (b) ₹ 5,55,000
  - (c) ₹ 5,60,000
  - (d) ₹ 5,00,000
3. What is the time of supply for subscription of AI based platform by AKG Associates?
  - (a) July 1
  - (b) August 31
  - (c) August 20
  - (d) July 31
4. Compute the net GST payable in cash by AKG Associates for the month of August.
  - (a) Nil
  - (b) ₹ 2,700
  - (c) ₹ 81,000
  - (d) ₹ 9,000
5. Compute the ITC balance available with AKG Associates for the month of July.
  - (a) ₹ 9,000
  - (b) ₹ 16,200
  - (c) ₹ 97,200
  - (d) Nil

**Case Scenario 2 [MCQ 6-10]**

*(5 MCQs x 2 m = 10 marks)*

Zoom Air is an airline company operating domestic as well as international flights. The head office of Zoom Air is in Mumbai and the company has also obtained registration under GST in each of the States from where the flight operations are being conducted.

During the month of January, following transactions were undertaken by it:

- (i) Zoom Air sold air tickets worth ₹ 5,00,000 during the month from its head office and the breakup of air fare is as follows:

Basic fare excluding GST – ₹ 4,00,000

Passenger Service Fee (PSF) and User Development Fee (UDF) [inclusive of GST] – ₹ 1,00,000

PSF and UDF are remitted by Zoom Air to the airport authority. Further, the amount of PSF and UDF is separately disclosed in the invoice issued to customers by Zoom Air along with applicable GST. The airport authority pays an amount of 5% of PSF and UDF (inclusive of GST amount) collected as collection charges to Zoom Air on which GST is applicable. There is no levy of PSF and UDF on the tickets booked by Zoom Air for its own crew or other employees.

- (ii) Zoom Air (Head Office) has collaborated with Supertrip India, an online travel portal, providing services to the customers by way of booking air tickets through its electronic commerce platform and registered under GST in the State of Maharashtra. During the month, Supertrip India booked tickets for ₹ 2,00,000 (base fare excluding GST, PSF and UDF) for the customers of Zoom Air. The amount was remitted by Supertrip India to Zoom Air after adjusting the amount of tax collected at source under section 52. In addition to the aforesaid amount, Supertrip India charged commission from Zoom Air at the rate of 5% of the base fare of air tickets booked.

- (iii) Zoom Air (Head Office) charged 100% cancellation fee from the customers for bookings made in prior months. The amount of cancellation fee charged was ₹ 1,00,000 inclusive of GST. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings. However, the PSF and UDF amounting to ₹ 10,000 (inclusive of GST) charged from the customers against such bookings were refunded.

- (iv) Zoom Air (Head Office) provided gifts in the form of air tickets to 10 of its employees based at its head office for an amount equivalent to ₹ 60,000 each. No amount was recovered from the employees for such air tickets.

- (v) Zoom Air has a corporate tie-up with Welcome Hotel, located in Rajasthan, for stay of its crew members. For January, the hotel issued an invoice of ₹ 5,00,000 in the name of Zoom Air, Head office, Mumbai.

Haryana office of Zoom Air has provided services by way of sale of online advertisement space to Amazing Pvt. Ltd. (a company registered in the State of Haryana) for promotion of Amazing Pvt. Ltd.'s products. The amount charged for such service by Haryana office of Zoom Air is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of Electronic Credit Ledger of Zoom Air and Supertrip India for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the

month of January.

GST is applicable on all inward and outward supplies unless otherwise specified @ 18%. (Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.)

In case of cancellation of tickets, the airport authority and Zoom Air had an agreement that PSF and UDF related adjustment shall be finalized at the end of financial year, i.e., during the month of March. Further, separate GST invoice shall be issued to carry out such adjustment in books of accounts.

**Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6 to 10 below:-**

6. The gross GST liability of Mumbai Head Office of Zoom Air for the month of January is:
  - (a) ₹ 1,08,000
  - (b) ₹ 72,000
  - (c) ₹ 1,80,000
  - (d) ₹ 2,16,900
  
7. Determine all kinds of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January is:
  - (a) ₹ 2,800
  - (b) ₹ 93,800
  - (c) ₹ 3,800
  - (d) ₹ 96,800
  
8. Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be:
  - (a) ₹ 90,000
  - (b) ₹ 72,000
  - (c) ₹ 87,254
  - (d) ₹ 76,272
  
9. Choose the most appropriate answer in relation to the transaction between Haryana office of Zoom Air and Amazing Pvt. Ltd.:
  - (a) The service is in the nature of online information and database access or retrieval services and Amazing Pvt. Ltd. is liable to pay IGST of ₹ 90,000.
  - (b) The sale of advertisement space is deemed sale of services as per Schedule II of CGST Act, 2017 and liable to CGST of ₹ 45,000 and SGST of ₹ 45,000.
  - (c) Zoom Air is required to pay IGST of ₹ 90,000 and Amazing Pvt. Ltd. is required to collect tax at source on consideration paid to Zoom Air.
  - (d) Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.
  
10. Supertrip India purchases 1,000 air tickets in bulk for an amount of ₹ 1,000 per ticket from Zoom Air and made these tickets available for sale at its electronic portal to the

customers on its own account. Supertrip India was able to sell only 800 air tickets for which the total amount collected from customers was ₹ 15,00,000. As per the agreement, the remaining 200 air tickets purchased by Supertrip India from Zoom Air lapsed, and amount was forfeited by Zoom Air. Choose the most appropriate statement.

- (a) Supertrip India shall be liable to pay net GST of ₹ 90,000 and collect TCS of ₹ 10,000.
- (b) Supertrip India is acting as an agent of Zoom Air and shall be liable to pay net GST of ₹1,26,000 and no GST will be payable by Zoom Air separately.
- (c) Supertrip India shall be liable to pay net GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.
- (d) Supertrip India shall be liable to pay net GST of ₹ 1,57,500 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

**Case Scenario 3 [MCQ 11-14]**

*(4 MCQs x 2 m = 8 marks)*

Infotel Ltd. (hereinafter referred to as Infotel) is a telecommunication company operating in India. The company has obtained registration in all the States in India and has its head office in Haryana. The invoice for telecommunication services in India is issued to the customer by head office located in Haryana for all the services.

During the month of January, following transactions were undertaken:

- 1) Receipts from post-paid mobile customers are ₹ 25,00,000 (₹ 5,00,000 is from customers located in Haryana and remaining amount is from customers located in rest of India).

Apart from this, Infotel collected an amount of ₹ 20,00,000 as subscription income (identifiable separately on the post-paid bill) from the customers (this amount is not included in the collection at point No. 1). The same was collected for payment to Cloudzone Ltd. (hereinafter referred to as Cloudzone), an online content provider located in Maharashtra. Full amount was remitted to Cloudzone by Infotel on behalf of the post-paid customers. Cloudzone issues invoice to the customers in its own name. As per the agreement, Infotel is not involved in any sort of facilitation or arrangement of supply from Cloudzone to the customers. The customers on their own availed the facility to pay for the services provided by Cloudzone by way of payment through Infotel. Subscription income is charged from the customers on actual basis and no fee is charged by Infotel from the customers for such payment facility.

Infotel receives an amount equivalent to 10% of the total amount collected from the customers as collection charges from Cloudzone.

- 2) Direct receipts from prepaid mobile customers are ₹ 50,00,000 (Entire payment is received from customers located outside Haryana).
- 3) Mobile telecommunication revenue received from Paykwik Ltd. (hereinafter referred to as Paykwik), a reseller/ selling agent of Infotel, is ₹ 30,00,000. The location of Paykwik is in Maharashtra. Commission paid to Paykwik is 10% of the revenue received.
- 4) Infotel collected an amount of ₹ 5,00,000 from the customers located in Haryana

against the direct to home (DTH) service provided in Haryana. This amount includes a one-time installation charges of ₹ 50,000.

- 5) Infotel purchased certain equipment for installation of its towers in the State of Rajasthan. The goods were delivered and installed by the supplier (based in Rajasthan) at Infotel's site in Rajasthan and invoice was issued to Infotel at Haryana Head Office. Total amount charged was ₹ 75,00,000.
- 6) Infotel collaborated with Amaze Inc., a company based in USA, for technological support in relation to provision of cloud storage services to its customers. The amount paid by Infotel to Amaze Inc. is ₹ 5,00,00,000 for technology support. Further, the cloud storage services were provided by Infotel to its unrelated premium customers on free of cost basis for the trial period. The open market value of such services is ₹ 75,00,000.
- 7) As per the agreement with Amaze Inc., in case of any failure in provision of cloud storage services to the customers by Infotel, Amaze Inc. shall provide the backup server access to Infotel's customers for data storage. The customer is not aware of the fact that data is being stored on Amaze Inc.'s server in case of failure at Infotel's end. Amaze Inc. charged an amount of ₹ 50,00,000 from Infotel for such instance in the month of January.

All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of input tax credit for the relevant tax period of Infotel is Nil for all the registrations.

GST is applicable in the aforesaid case scenario @ 18%, unless otherwise specified. Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.

Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.

**Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 11 to 14 below:-**

11. The GST payable in cash for the month of January by the Head Office of Infotel Haryana (assuming that no ITC is utilised by it) is \_\_\_\_\_.
  - (a) ₹ 20,16,000
  - (b) ₹ 1,22,76,000
  - (c) ₹ 29,16,000
  - (d) ₹ 1,19,16,000
12. The input tax credit available to Infotel in the month of January at its Head Office in Haryana is \_\_\_\_\_.
  - (a) ₹ 99,54,000
  - (b) ₹ 1,13,04,000
  - (c) ₹ 54,000
  - (d) ₹ 14,04,000
13. Select the correct statement for transaction between Infotel, Cloudzone and the subscribing customer, in terms of the GST Law:

- (a) Infotel is an agent of Cloudzone.
- (b) Infotel is a pure agent of Cloudzone.
- (c) Infotel is a pure agent of the subscribing customer.
- (d) Infotel is an intermediary of Cloudzone.

14. For the direct to home services, Infotel is exploring the possibility of providing equipment like dish antenna and cables (liable to GST at 28%) to the customers at an additional charge of ₹ 2,000. Currently, the company collects ₹ 1,000 from new customers as installation and one-month charges for services (liable to GST at 18%). In case the dish antenna and cables are also provided, the combined charge would be ₹ 3,000. Please select the most appropriate statement.

- (a) GST on amount of ₹ 2,000 shall be charged at the rate of 28% and balance amount of ₹ 1,000 to be charged at 18%.
- (b) GST on amount of ₹ 3,000 shall be charged at the rate of 28%.
- (c) GST on amount of ₹ 3,000 shall be charged at the rate of 18%.
- (d) No GST on ₹ 2,000 and GST at the rate of 18% on ₹ 1,000.

**Independent MCQ**

*(2 marks)*

15. ABC Pvt. Ltd. exported a consignment of goods to M/s George, located in France in January, 2024 and paid applicable export duty. Due to quality issues, M/s George rejected the goods, and they were returned to ABC Pvt. Ltd. in October, 2024 without any resale involved. The proper officer passed the clearance order for the returned goods on 15<sup>th</sup> October, 2024. ABC Pvt. Ltd. applied for a refund of the export duty on 10<sup>th</sup> May, 2025. Is ABC Pvt. Ltd. eligible for the refund of export duty under section 26 of the Customs Act, 1962?

- (a) Yes, because the goods were returned within one year of export and not resold.
- (b) No, because the refund application was filed beyond the time limit prescribed under section 26 of the Customs Act, 1962.
- (c) Yes, because the refund application was filed within one year of re-import.
- (d) No, because goods once exported are not eligible for duty refund under any circumstance.

**Part B – Descriptive Questions (70 Marks)**

**Q1.** **(14 marks)**

X Ltd., a registered entity under GST in the State of Rajasthan is engaged in various supplies. It provides the following information for the month of August, 2025:

S. No.	Particulars	Amount (₹)
	<b>OUTWARD SUPPLY:</b>	
(i)	Supplied goods to its Agent in the state of Maharashtra. Open market value of the said goods was ₹ 5,00,000. The said Agent is supplying goods of like kind and quality to his unrelated customer at ₹ 5,60,000.	
(ii)	Sold a future derivative contract at NSE (National Stock Exchange) which was due in the month of August. Said contract had no delivery option.	20,00,000
(iii)	Provided free of cost training in a resort in Lonavala to its agents. [Open market value of the said service is ₹ 1,00,000. Value of supply of service of like kind and quality is ₹ 1,20,000.]	
(iv)	Passenger transportation service provided to general public by Company Owned Ferries between two islands in the state of Maharashtra. Purpose was to facilitate daily commutation of local people.	1,20,000
(v)	Provided intra-State service as a Direct Selling Agent (D.S.A.) to Uday Small Finance Bank Ltd. for their retail loan products.	5,00,000
(vi)	Amount received from Keyur Das Pvt. Ltd. It has sponsored the business exhibition organized in Jaipur by X Ltd.	7,00,000
(vii)	Export of consultancy services to Nepal (₹ 6 lakh is received in INR)	20,00,000
(viii)	Provided hostel services having rent of ₹ 18,000 per month (stay of 80 days) per person. Hostel is situated in Jaipur.	10,00,000
	<b>INWARD SUPPLY:</b>	
(i)	Availed HR training services for all its employees from “BE HUMBAL”, a HR Firm registered under GST in Rajasthan. Training was held at a Resort in the State of Himachal Pradesh.	4,00,000
(ii)	Purchased processing machines from David & Co., registered under GST in the State of Gujarat. Machines were bought in “as is where is condition” at Gujarat.	1,00,000
(iii)	Purchased five two-wheelers with engine capacity of 25 CC for usage of its employees both within and outside factory producing taxable products. Supply was made at Jaipur by a GST registered dealer at Tamil Nadu.	2,00,000

The company provided the following additional information:

- (i) Company wishes to choose the most beneficial option in respect of supply to Agent and branch transfer.
- (ii) Company transferred certain taxable items to its Kerala branch for distributing as free samples on the occasion of inauguration of said branch which is yet to be registered. Value declared in the invoice for transfer was ₹ 2.50 Lakh whereas open market value of the same was ₹ 3.00 Lakh. Kerala branch yet not sold such kind of goods to any of the customer.
- (iii) The company provided a corporate guarantee of ₹ 5 crores to Shruti Limited for 2 years, its related company having registered office in the State of Karnataka. However, Shruti Limited took loan of ₹ 3 crores only from Jandhan Bank.

- (iv) During the course of arranging and filing documents, the accountant of X Ltd. observed that an invoice for ₹ 84,000 (excluding GST) dated 2<sup>nd</sup> July was omitted to be recorded in the books of accounts and no payment was made against the same till the end of August. This invoice was issued by Mr. Parv of Kerala, from whom X Ltd. had taken cars on rental basis. Invoice included cost of fuel also.
- (v) Apart from the above information, X Ltd. also availed inter-State services of ₹ 5,00,000, tax on which was payable under reverse charge, from AKG Enterprises, Maharashtra. Payment for the same to AKG Enterprises was not made till the current month (overdue for 181 days as on 1<sup>st</sup> August). However, tax due under the said transaction was paid to Government and credit availed in the month of transaction itself.
- (vi) The company has availed some services (inter-state) from registered supplier in FY 23-24 for which company is liable to pay tax under RCM amounting ₹ 3.00 Lakh (GST amount). However, X Ltd. forgot to pay tax in FY 23-24 but now paid such tax in August 2025. (Ignore Interest and Penalty for the sake of simplicity).
- (vii) Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services.
- (viii) All the amount given above is exclusive of taxes wherever applicable.
- (ix) Except specially written, all the inward supplies were used for taxable as well as exempted outward supplies.

From the information given above, you are required to compute the eligible Input Tax Credit (ITC) available and net minimum GST liability payable in cash (CGST, SGST or IGST as the case may be) for the month of August, 2025 for X Ltd., Rajasthan.

Reason for the treatment of each item needs to be given.

**Q2(a).** **(4 marks)**

SSA Enterprises is a Public Sector Undertaking registered in Karnataka. For entertainment events in Bengaluru and at Mumbai, SSA has given contract to Mr. Raj, a renowned artist, registered person in Maharashtra, to perform on contemporary Bollywood songs. SSA Enterprises agreed to pay ₹ 12,39,000 and ₹ 18,29,000, inclusive of GST, for Mumbai and Bengaluru events respectively.

SSA Enterprises seeks your advice regarding amount of TDS to be deducted assuming GST Rate @ 18% (CGST @ 9%, SGST @ 9%, IGST @ 18%).

**Q2(b).** **(5 marks)**

Black Chilli Ltd., Delhi, a registered supplier, manufactures taxable goods. It provides the following details of taxable inter-state supply made by it during the month of August:

S. No.	Particulars	₹
(i)	List price of taxable goods supplied interstate (exclusive of taxes)	15,00,000
(ii)	Black Chilli arranged post-delivery inspection of goods after delivery of goods.	20,000
(iii)	Subsidy received from NGO directly linked to price (included in the list price above)	10,000
(iv)	Subsidy received from state government. The price of ₹ 15,00,000 is after considering subsidy only.	8,000
(v)	Interest amount received by Black Chilli Ltd.	12,000

(vi)	Black Chilli provides additional discount @ 1% at year end based on additional purchase of goods for which adjustment is made at the end of the F.Y. without any change in individual transactions.	
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Applicable tax rates are – CGST – 6%, SGST – 6 %, IGST – 12%.

You are required to determine the value of taxable supply.

**Q2(c).** **(5 marks)**

Mr. Shyam imported certain goods from a related person Mr. Ram of US and transaction value has been rejected. Rules 4 and 5 of the Import Valuation Rules are found inapplicable as no similar / identical goods are imported in India. Mr. Shyam furnishes cost related data of imports and requests customs authorities to determine value accordingly as per rule 8. The relevant data are:

1.	Cost of materials incurred by Mr. Ram \$ 2000
2.	Fabrication charges incurred by Mr. Ram \$ 1000
3.	Other chargeable expenses incurred by Mr. Ram \$ 400
4.	Other indirect costs incurred by Mr. Ram \$ 250
5.	Freight from Mr. Ram 's factory to US port \$ 250
6.	Loading charges at US port \$ 100
7.	Normal net profit margin of Mr. Ram is 20% of FOB
8.	Air freight from US port to Indian port \$ 1,500
9.	Insurance from US port to Indian port \$ 50
10.	Exchange rate ₹ 70 per \$

The customs authorities are of the opinion that since value as per rule 7 can be determined at ₹ 4,00,000, there is no need to apply rule 8.

Can the request of Mr. Shyam be legally acceptable? If so, compute the assessable value under the Customs Act, 1962.

**Q3(a).** **(6 marks)**

Nova Ad Solutions, based in Jaipur, offers services to foreign clients related to advertising within India. Their role includes identifying potential media owners in India, evaluating their platforms, audience reach, pricing, etc., and then sharing this information with the foreign client. The foreign client directly engages with the media owners, who in turn raise invoices in the client's name.

Nova Ad Solutions charges its foreign client on a cost-plus basis, applying a 10% markup on the cost incurred for providing these services. In a specific transaction, Nova Ad Solutions has invoiced the foreign client an amount of USD 1,00,000 (exclusive of GST) for the services rendered.

In light of the GST law provisions, analyze whether this transaction qualifies as an "export of service."

**Q3(b).** **(4 marks)**

Mr. Rohan Mehta, a Chartered Accountant and a partner in a GST-registered firm, purchases a gaming software from a company based in the United States for the personal use of his son. The payment for this software is made by Mr. Rohan Mehta through his personal bank account, and the software is delivered electronically.

In light of the applicable provisions under the Goods and Services Tax (GST) law in India, analyze whether this transaction would attract GST liability. If GST is applicable,

determine who would be responsible for discharging the tax—whether Mr. Rohan Mehta in his individual capacity or the GST-registered firm in which he is a partner.

**Q3(c).** **(4 marks)**

What will be the dates of commencement of the definitive anti-dumping duty in the following cases under section 9A of the Customs Tariff Act, 1975 and the rules made thereunder:

- (i) where no provisional duty is imposed;
- (ii) where provisional duty is imposed;
- (iii) where anti-dumping duty is imposed retrospectively from a date prior to the date of imposition of provisional duty?

**Q4(a).** **(6 marks)**

ABC Insurance Ltd., a registered insurer in Maharashtra, is engaged in providing insurance services. During the current financial year, the company entered into following transactions:

- (i) ABC Insurance Ltd. enters into a co-insurance agreement with XYZ Insurance Ltd. where ABC Insurance Ltd. is the lead insurer. The insured – Gyaati Industries- pays a total premium of ₹ 50,00,000 which is apportioned by the lead insurer - ABC Insurance Ltd. between itself and XYZ Insurance Ltd. in the ratio of 60:40 for the insurance services jointly supplied by them to Gyaati Industries. ABC Insurance Ltd. agrees to discharge the entire GST liability on the full amount of premium received from Gyaati Industries.
- (ii) A large industrial plant needs an insurance worth ₹ 500 crore. It approaches ABC Insurance Ltd. for the same. However, since ABC Insurance Ltd. is unable to underwrite the entire risk alone, it enters into a reinsurance agreement with a reinsurer - PQR Insurance Ltd. The total premium charged is ₹ 50 lakh. The insurer - ABC Insurance Ltd. pays a reinsurance premium of ₹ 20 lakh to PQR Insurance Ltd. This allows ABC Insurance Ltd. to manage its risk and financial exposure. While paying this amount to PQR Insurance Ltd., ABC Insurance Ltd. deducts a ceding commission of ₹ 1,00,000 which it has charged for the services it provides to PQR Insurance Ltd. PQR Insurance Ltd. pays GST on the gross reinsurance premium including the ceding commission.

Based on the provisions of Schedule III of the CGST Act, 2017, discuss whether the following activities amount to supply:

- (a) Apportionment of co-insurance premium by ABC Insurance Ltd. to XYZ Insurance Ltd. for the insurance services jointly supplied by them to Gyaati Industries.
- (b) Services by ABC Insurance Ltd. to PQR Insurance Ltd. for which ceding commission is deducted from reinsurance premium paid by ABC Insurance Ltd. to PQR Insurance Ltd.

**Q4(b).** **(4 marks)**

Discuss the cases where a registered person is not allowed to furnish the details of outward supplies under section 37 in Form GSTR-1 or using invoice furnishing facility, as enumerated in rule 59.

**Q4(c).**

**(4 marks)**

Navkar Imports imported goods vide a bill of entry presented before the proper officer on 15<sup>th</sup> April. The proper officer decided that the goods should be subject to a chemical test and therefore, the same were to be provisionally assessed. You are required to advise Navkar Imports regarding the conditions which are to be complied with before payment of duty is made for the purpose of provisional assessment.

Subsequently, the goods imported by Navkar Imports were provisionally assessed at a value of ₹ 24,00,000 on 16<sup>th</sup> April and Navkar Imports paid the provisional duty of ₹ 2,40,000 on the same date after fulfilling the requirements for provisional assessment. Further, the chemical test report was received on 5<sup>th</sup> May. Advise Navkar Imports regarding the maximum time limit upto which its provisional assessment should be finalized.

Determine the amount of interest payable, if any, under section 18 of the Customs Act, 1962 (considering a year of 365 days) assuming that the provisional assessment was finalized on 30<sup>th</sup> June finally assessing the customs duty at ₹ 2,80,000 and the differential duty was paid on the same day.

**Q5(a).**

**(5 marks)**

Summit Bank Ltd., a scheduled commercial bank registered under the Goods and Services Tax (GST) Act, operates across India and provides a wide range of financial services. The bank's aggregate annual turnover exceeds ₹ 500 crore, surpassing the prescribed threshold for mandatory e-invoicing under GST law.

To promote its newly launched digital banking services, Summit Bank engages Vision Ads Pvt. Ltd., a GST-registered advertising agency, to execute a nationwide multimedia advertising campaign. Vision Ads Pvt. Ltd. issues GST-compliant tax invoices for the services rendered and reports the supplies on the GST portal.

During a GST audit, the auditor notes that Summit Bank has not generated e-invoices for certain taxable supplies and raises a query regarding non-compliance.

In this context, analyze whether Summit Bank Ltd. is required to issue e-invoices for its taxable transactions, considering it exceeds the turnover threshold. Also, list the categories of registered persons or entities that are exempt from the mandatory e-invoicing requirements under the GST law.

**Q5(b).**

**(5 marks)**

Checkernot has self-assessed its CGST liability as ₹ 80,000. He fails to pay the tax within 30 days from the due date of payment of such tax.

Determine the interest and penalty payable by him under section 74A explaining the provisions of law, with the following particulars available from his records:

- Date of collection of tax 18<sup>th</sup> September, 2025
- Date of payment of tax 26<sup>th</sup> November, 2025

No Show Cause Notice (SCN) has been issued to him so far, while he intends to discharge his liability, even before it is issued to him, on the assumption that no penalty is leviable on him as payment is made before issue of SCN.

**Q5(c).**

**(4 marks)**

Mr. Alex, aged 40 years and a citizen of Australia, is on a solo trip to India for 1 month to meet his Indian friend residing in Mumbai. He carries with him following articles as part of baggage:

Particulars	Value in ₹
Used personal effects	80,000
Other articles carried on in person	1,00,000
65 cartridges of fire arms @ ₹ 1,000 per cartridge	65,000
150 gms of tobacco @ ₹ 10 per gram	1,500
Mobile phone	50,000
50 cigars of ₹ 100 each	5,000
Used personal effects of his infant child for donation	10,000

With reference to the Baggage rules 2016, indicate the taxability and taxable value in respect of each item in the table under baggage rules or otherwise. Also calculate the customs duty payable on baggage rounded off to the nearest rupee in accordance with law. Ignore agriculture infrastructure and development cess.

**Q6(a).**

**(5 marks)**

The officers of the GST Department, acting on specific intelligence, conducted a search operation at the premises of a GST-registered trader suspected of tax evasion. During the course of the search, several business documents and goods were seized. The trader raised concerns regarding the legality and process of the search and seizure, claiming that certain procedural safeguards under the law were not followed.

In the context of this case, examine the safeguards laid down under Section 67 of the CGST Act, 2017 that govern the powers of search and seizure.

**Q6(b).**

**(4 marks)**

Alpha Ltd. and Beta Ltd., both GST-registered companies, undergo amalgamation with effect from a backdated date as per a High Court order. However, both companies continue business and file GST returns separately during the interim period.

In light of the above situation, discuss the provisions of Section 87 of the CGST Act, 2017 relating to the liability to pay tax in cases of amalgamation or merger of companies.

**OR**

Under what circumstances, the Revisional Authority (RA) cannot exercise the powers of revision u/s 108 of the CGST Act, 2017. Is there any exception to the above provision?

**Q6(c).**

**(5 marks)**

Under Foreign Trade Policy (FTP), what does the National Trade Facilitation Action Plan aims to achieve ? Enumerate the trade facilitation measures which are provided under Foreign Trade Policy (FTP).