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CA FINAL (Nov 2024)
GROUP II – PAPER 8
INDIRECT TAX LAWS
(Series 2)

Time Allowed: - 3 Hours

Maximum Marks: 100

This question paper comprises two parts, Part I and Part II.
Part I comprises MCQ & Part II comprises questions which require descriptive answers.

PART - I (MCQs)
All MCQs are compulsory

Question no. 1-15 carry 2 marks each

This Case Scenario contains MCQ 1-5

M/s. KBC Insurance Ltd., is an insurance company providing life and non-life products across India. The company is carrying on its business for the past three years with the approval of IRDA.

M/s. KBC Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

M/s. KBC Insurance Ltd. provided the following details of insurance business for the month of May -

S.N.	Nature of receipt	Amount in ₹
i.	Premium received on Pradhan Mantri Jan Dhan Yojana	5,00,000
ii.	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii.	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv.	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v.	Premium received on Fire and Special peril policy of various business units	7,00,000
vi.	Premium received on Money-back policies issued	12,00,000

M/s. KBC Insurance Ltd. received a proposal for Pandemic Insurance for IPL matches from the franchisees. Sum assured for said insurance was ₹ 250 Crores with a premium of ₹ 50 lakh. The company issued the said policy on 1st July. Invoice for the same was issued on 5th August. Premium was received on 14th August.

Invoice dated 5th August issued by the company contained the following information,

- i. Serial Number
- ii. Name of the Recipient
- iii. Address of the recipient
- iv. Taxable value
- v. Date of its issue
- vi. Amount of tax charged

M/s. KBC Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

- i GST paid on purchase of car for use of Managing Director – ₹ 5,00,000
- ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹ 3,00,000
- iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity \leq 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Based on the information given above, choose the most appropriate answer for the following questions-

1. **Determine the services on which the company is liable to pay tax under reverse charge?**
 - (a) Service availed from insurance agents
 - (b) Service availed from RR Travels Private Limited
 - (c) None of the services availed attracts RCM
 - (d) Both (a) & (b)
2. **Compute the value of exempt supply provided by M/s. KBC Insurance Ltd. for the month of May?**
 - (a) ₹ 9,00,000
 - (b) ₹ 13,00,000
 - (c) ₹ 20,00,000
 - (d) ₹ 32,00,000
3. **Compute the value of taxable Supply made by M/s. KBC Insurance Ltd. for the month of May?**
 - (a) ₹ 4,00,000
 - (b) ₹ 12,00,000
 - (c) ₹ 23,00,000
 - (d) ₹ 32,00,000
4. **Determine the amount of ITC that can be claimed by M/s. KBC Insurance Ltd?**
 - (a) ₹ 80,000

- (b) ₹ 3,00,000
- (c) ₹ 3,80,000
- (d) ₹ 8,80,000

5. Which of the following details are not mandatorily required to be mentioned in the invoice issued by the company?

- (a) i and ii
- (b) i and iii
- (c) i, ii and iii
- (d) iv, v and vi

This Case Scenario contains MCQ 6-10

Mr. Pasupathi, registered taxpayer under GST, is engaged in trading of various types of consumer goods. His turnover in the preceding financial year was below the threshold limit liable for registration.

He has issued various bill of exchange, unsecured debentures, and promissory notes in course of his business activity. Further, he is also engaged in betting activities.

During the month of April in the current year, he availed the following services-

- (a) GTA services from XYZ Transports (GST was charged @ 5%) – ₹ 35,000
- (b) Renting of Godown premises from Local Municipality – ₹ 40,000
- (c) Legal service availed from a Firm of Advocates – ₹ 50,000

He sold a car used for his personal purposes for ₹ 1,00,000. He disposed off his old computers for ₹ 60,000 on which no ITC was claimed. He also gave away his stock of old consumer goods amounting to ₹ 75,000 (on which he had claimed ITC) to an Orphanage Home.

He received goods on 1st May that are liable to tax under reverse charge. Invoice was issued on 5th May and payment for the same was made on 6th June.

He paid repair expenses for truck used for transportation of goods of his business. GST component involved thereon was ₹ 13,000. He arranged for catering on Labour Day function and paid bill in which GST component was ₹ 15,000. He received first lot of certain goods having GST component of ₹ 25,000.

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions necessary for claiming ITC have been fulfilled subject to the information given above.

Based on the information given above, choose the most appropriate answer for the following questions:

6. Which of the following is not considered as a supply as per the provisions of CGST Act, 2017?

- (i) Bill of Exchange
- (ii) Unsecured debentures
- (iii) Betting
- (iv) Promissory Note

- (a) i, ii
- (b) i, ii and iii

- (c) ii, iii and iv
(d) i, ii and iv
7. **Determine the value of services taxable under reverse charge mechanism?**
(a) ₹ 35,000
(b) ₹ 75,000
(c) ₹ 85,000
(d) ₹ 1,25,000
8. **In respect of sale of personal car and disposal of computer and stock of goods, value of supply will be _____**
(a) ₹ 60,000
(b) ₹ 75,000
(c) ₹ 1,35,000
(d) ₹ 2,35,000
9. **Time of Supply of goods received by Mr. Pasupathi is _____**
(a) 1st May
(b) 5th May
(c) 5th June
(d) 6th June
10. **Compute the amount of input tax credit (except ITC on services taxable under reverse charge mechanism) that can be claimed by Mr. Pasupathi?**
(a) ₹ 28,000
(b) ₹ 38,000
(c) ₹ 40,000
(d) ₹ 13,000

This Case Scenario contains MCQ 11-15

Aspire Solutions Private Limited (hereinafter referred to as 'Aspire Solutions') is engaged in providing multidimensional services to its clients through its office in Haryana, registered under GST. During the month of July, following transactions were undertaken by Aspire Solutions:

- (i) Import of certain cloud services from Bizcart.com for an amount of ₹ 50,00,000. There is an additional charge of 2% as equalisation levy on such services in India which is recovered from the offshore service supplier by the Government. Bizcart.com passes the taxes to its customers by charging them, as its internal policy.
- (ii) Aspire Solutions pays sitting fee of ₹ 25,000 each to its 4 directors per month. Further, there are two directors who are in the executive roles and are withdrawing ₹ 2,00,000 each per month as salary from the company and the applicable TDS amount, under section 192 of the Income-tax Act, 1961, is deducted from such salary.
- (iii) Aspire Solutions paid for life insurance of its employees in compliance of its internal policy. The total amount of premium paid for 20 employees was ₹ 5,00,000.

- (iv) Aspire Solutions provided consultancy services to its client, Zoom Corp. based in Bangalore and issued an invoice of ₹ 30,00,000.
- (v) Empowering India is a non-government organisation located in Haryana. It aims at empowering the eligible companies to grow their business in India. Aspire Solutions, being one of the eligible companies, received a subsidy of ₹ 5,00,000 in lumpsum from Empowering India for the month of July.
- (vi) Aspire Solutions provided sponsorship services to Mr. X, an individual, for an event organised by it in the State of Haryana. The amount agreed for such sponsorship services is ₹ 5,00,000.

All the amounts given above are exclusive of GST unless otherwise provided. There is no other outward or inward supply transaction apart from aforesaid transactions in the month of July.

The opening balance of input tax credit for the relevant tax period for the company is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies at the following rates:

- 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 below:

11. The liability to pay GST for cloud services procured by Aspire Solutions from Bizcart.com shall be:

- (a) on Bizcart.com since the services are online information and database access or retrieval services and GST of ₹ 9,00,000 shall be paid by Bizcart.com.
- (b) nil. There will not be any GST liability on the transaction since Bizcart.com is located outside India and services are provided electronically.
- (c) on Bizcart.com under forward charge and GST of ₹ 9,18,000 shall be paid by Bizcart.com.
- (d) on Aspire Solutions under reverse charge and GST of ₹ 9,18,000 shall be paid by Aspire Solutions.

12. Aspire Solutions seek your advice on the taxability of the sitting fee payable to directors and salary payable to the executive directors. The correct advice is:

- (a) Sitting fees paid to the directors is liable to GST under reverse charge and the salary paid to executive directors shall not be liable to GST.
- (b) Total amount payable to directors (sitting fees as well as salary) is exempt from GST.
- (c) Total amount payable to directors (sitting fees as well as salary) is liable to GST under reverse charge in hands of Aspire Solutions.
- (d) Total amount payable to directors (sitting fees as well as salary) is liable to GST under forward charge in the hands of the directors as professional income.

13. What shall be the amount of input tax credit available with Aspire Solutions for the month of July?

- (a) ₹ 10,26,000
- (b) ₹ 11,16,000
- (c) ₹ 9,36,000
- (d) ₹ 1,96,000

14. Compute the value of outward supplies made by Aspire Solutions in the month of July.

- (a) ₹ 30,00,000
- (b) ₹ 25,00,000
- (c) ₹ 35,00,000
- (d) ₹ 40,00,000

15. Compute the amount of GST to be deposited in cash by Aspire Solutions for the month of July.

- (a) Nil
- (b) ₹ 7,20,000
- (c) ₹ 9,36,000
- (d) ₹ 14,76,000

PART - II (Descriptive Answers)

This part comprises 6 questions. Question No. 1 is compulsory. Attempt any 4 questions out of the remaining 5 questions.

- 1 Adityanath Private Limited is registered under GST in the State of Uttar Pradesh. It is engaged in supplying three products – Product Alpha, Product Beta and Product Gamma, from its factory located in Rampur, Uttar Pradesh. Product Alpha and Product Beta are taxable whereas Product Gamma is exempt from GST. Besides, it also supplies cigarettes from its factory located in Kanpur and owns a petrol pump in Lucknow. It is also engaged in supply of certain services. It has furnished the following information with regard to the supplies made by it in the month of August:

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Particulars	₹ (excl. GST)
Supply of Product Alpha	50,00,000
Supply of Product Gamma	1,00,00,000
Supply of management consultancy services	50,00,000
Renting of commercial complex to local traders of electronic goods	50,00,000
Export of Product Beta	1,00,00,000
Export of consultancy services [including exports made to a Nepal based company of ₹ 5 lakh (payment is received in Indian currency in said case)]	20,00,000
Sale of building (excluding stamp duty of ₹ 2.50 lakh being 2% of value adopted for paying stamp duty) [Entire consideration is received post issuance of completion certificate; building was occupied thereafter]	2,50,00,000
Interest received on investment in fixed deposits with Manimani bank	10,50,000
Sale of shares of a public company (Purchase price of such shares is ₹ 2,40,00,000)	2,50,00,000
Supply of cigarettes [GST being levied @ 28%.] (including excise duty of 12,50,000)	1,00,00,000
Supply of petrol and diesel (including VAT of ₹ 5,00,000 and excise duty of ₹ 12,50,000)	80,00,000
Amount received from Durga Das Private Limited of Lucknow, Uttar Pradesh. It has sponsored the business exhibition organized in Delhi by Adityanath Private Limited.	6,00,000

Adityanath Private Limited furnishes the following additional information with regard to payments made by it in the month of August:

Particulars	₹ (excl. GST)
Consideration paid for repair of machinery used for manufacturing Product Alpha by George Inc. of USA [Said machinery was sent to George Inc. in August for carrying out repair work on the same.]	5,20,000

Life insurance premium paid by the company for the life insurance of employees as per the policy of the company. There is no legal obligation for such insurance for employees.	48,50,000
Audit fees paid	6,50,000
Raw material purchased [including raw material of ₹ 1,50,000 imported from China. Basic customs duty of ₹ 15,000, social welfare surcharge of ₹ 1,500 and integrated tax of ₹ 29,970 are separately paid on the imported raw material]	10,00,000
Transportation charges paid for transporting the goods [₹ 4,00,000 is paid to Goods Transport Agency (GTA) registered in Uttar Pradesh and ₹ 1,00,000 is paid for transport of goods by horse pulled carts. GTA has not opted to pay tax under forward charge. GST applicable on the services of GTA is 5%.]	5,00,000
Telephone expenses paid [Such expenses pertain to bills for landline phone installed at the factory and mobile phones given to employees for official use.]	4,25,000
Bank charges paid towards company's current account maintained with Manimani Bank	2,00,000
Legal services received from an advocate during the period only in relation to Product Beta	3,50,000

With the help of the above-mentioned information, compute the gross GST liability of Adityanath Private Limited for the month of August on the outward supplies made by it during said period. Also compute the net GST payable from Electronic Cash Ledger.

Note: Assume that rates of GST on all inward/outward supply of goods and services are 12% and 18% respectively unless otherwise specified (Ignore CGST, SGST or IGST, for the sake of simplicity). Exports made by Adityanath Private Limited, if any, have been made to persons other than distinct/related persons and are made by furnishing LUT without payment of IGST. Subject to the information given above, assume that all other conditions necessary for availing ITC have been fulfilled. Turnover of Adityanath Private Limited was ₹ 40 crores in the preceding financial year. The inputs and input services received during August are commonly used for making all the outward supplies unless otherwise specified. The opening balance of Electronic Credit Ledger for the relevant tax period is Nil.

- 2 (a) 'XY' of Kolkata is engaged in supply of various goods and services. It pays GST under regular scheme. The following information is provided by it for the month of July:

9

Payments	Amount (₹)	Receipts	Amount (₹)
Inter-State purchases of office stationery	1,40,000	Inter-State supply of office stationery	2,00,000

Repairing of lorry used to transport goods from warehouse to clients' location [Intra-State supply]	1,00,000	Intra-State supply of 500 combi packs containing one calculator and one diary	4,00,000
		Intra-State supply of services of business correspondent to Shubhvidhi Bank with respect to accounts in its urban area branch	1,00,000

The following additional information is provided by 'XY' in relation to the above receipts and payments:

- (i) 10% of the inter-State supply of office stationery are made to unregistered persons.
- (ii) Each combi pack (containing a calculator and a diary) is priced at ₹ 800. The calculator and the diary are individually priced at ₹ 700 and ₹ 200 respectively.
- (iii) An invoice of ₹ 40,000 towards purchase of office stationery is missing and no other tax paying document is available in respect of such goods.
- (iv) All the figures mentioned above are exclusive of taxes, wherever applicable.
- (v) Rates of CGST, SGST and IGST for all services, office stationery and calculator are 9%, 9% and 18% respectively. Rates of CGST, SGST and IGST for diary are 14%, 14% and 28% respectively.
- (vi) Subject to the information given above, all the necessary conditions for availing input tax credit have been fulfilled.

Details of opening balances of input tax credit as on 1st July is given hereunder:

Tax	Amount (₹)
CGST	5,000
SGST	5,000
IGST	80,000

Compute the minimum net GST [CGST, SGST or IGST, as the case may be] payable in cash by 'XY' for the month of July.

- 2 (b)** Product 'Vertigo' was imported by Mr. Mrinal Sen by air from Singapore to Hyderabad. The details of the import transaction are as under: **5**

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 €	₹ 80	₹ 79
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 date, 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.

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

5

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

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

- 3 (b)** Asha Ltd. supplies raw material to a job worker Kareena Ltd. After completing the job- work, the finished product of 5,000 packets are returned to Asha Ltd. putting the retail sale price as Rs. 20 on each packet. The product in the packet is covered under MRP provisions. Determine the transaction value in the hands of Kareena Ltd. under GST law from the following details:

4

Particulars	Value in Rs.
Cost of raw material supplied	30,000
Job worker's charges including profit	10,000

Transportation charges for sending the raw material to the job worker	3,000
Transportation charges for returning the finished packets to Asha Ltd.	4,500
Asha Ltd. paid certain technology transfer fees to 'Reena Ltd.', so that 'Kareena Ltd.' can use the said technology in the given job-work operation.	22,500
Note: Kareena Ltd. offered discount Rs. 2,000, provided full payment is made at the time of rising invoice and the same is mentioned in the invoice. Asha Ltd. made full payment at the time of issue of invoice.	

3 (c) ABC & Associates LLP (ABC), a firm of Chartered Accountants, was empanelled with the Commissioner of GST for appointment as Special Auditor under section 66. X Ltd., a registered person under GST, was selected by the Office of the Commissioner for special audit under section 66 for a financial year on account of irregularities noticed during scrutiny of returns. ABC was nominated by the Office of the Commissioner for special audit of X Ltd. Assume that the following events unfolded in relation to the appointment and audit procedure:

5

1. The appointment of special auditor was based on the undertaking furnished by the firm that the partners of the firm or any of their relatives are not directly or indirectly related to the auditee. However, while submitting the declaration in relation to such appointment, if ABC fails to disclose the fact that spouse of one of the partners of ABC is working under full time employment as a Head of Tax Department of the auditee i.e. X Ltd., what will be its implications?
2. Material discrepancies in the valuation of stock transfer to related parties by the auditee were noticed by ABC. If ABC fails to disclose these material discrepancies in the audit report submitted to the Office of Commissioner, what will be its implications?
3. The input tax credit claim by X Ltd. i.e. the auditee, under Form GST ITC- 01, was certified by one of the associate firms of ABC in favour of X Ltd. Such certificate was based on incorrect facts and against the eligibility criteria for input tax credit as per section 18. However, if ABC fails to exercise the due diligence and the certificate is taken on record by ABC as an audit procedure and is relied upon at the time of finalization of audit report and submission of findings, what will be its implications?
4. ABC receives a consideration of ₹ 5 lakh from X Ltd. in the name of special audit conducted, what will be its implications?

4 (a) Mutiservices Private Ltd., registered in Punjab, is engaged in supplying a variety of services. Its turnover was ₹ 35 lakh in the preceding financial year. It has provided the following information for the month of April:

5

Particulars	Amount (₹)
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Fee for the coaching provided to students for competitive exams. The coaching centre is run by Mutiservices Private Ltd. in Punjab (Intra-State transaction)	6,24,000
Receipts for services provided in relation to conduct of examination in Pureit University, Delhi (providing education recognized by Indian law), being an inter-State transaction	19,200
Amount received for transportation of students and faculty from their residence to Lotus Public School - a higher secondary school - and back (Intra-State transaction)	24,000
Amount received for providing the security and housekeeping services in Dhaani Public School - a pre-school (Intra-State transaction)	36,000

Note: Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively. All the amounts given above are exclusive of taxes.

Compute the total GST liability of Mutiservices Private Ltd. for the month of April.

- 4 (b)** Mr. Vicky Frankyn, an unregistered famous author, received ₹ 3 crore of consideration from Shiv Bhawan Publications (SBP) located in Indore for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. He finished his work & made available the book to the publisher, but has yet not raised the invoice. **4**

Mr. Vicky Frankyn is of the view that SBP is liable to pay tax under reverse charge on services provided by him. SBP does not concur with his view and is not ready to deposit the tax under any circumstances.

Examine whether the view of Mr. Vicky Frankyn is correct. Further, if the view of Mr. Vicky Frankyn is correct, what is the recourse available with Mr. Vicky Frankyn to comply with the requirements of GST law as SBP has completely refused to deposit the tax.

- 4 (c)** A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. **5**

Following particulars are made available:

CIF value of the consignment: US\$ 25,000

Quantity imported: 500 kgs

Exchange rate applicable: Rs. 60 = US \$ 1

Basic customs duty: 12%

Social Welfare Surcharge @ 10%

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US \$ 70 per kg. and the landed value of the commodity as imported.

Appraise the liability on account of normal duties, cess and the anti-dumping duty.

Assume that only 'Basic customs duty' (BCD) and education and secondary and higher education cess are payable. IGST @ 12% is also applicable.

Calculate the Customs Duty Payable.

- 5 (a)** (i) Babla & Bros. is exclusively engaged in making exempt supply of goods and is thus, not registered under GST. On 1st October, the exemption available on its goods gets withdrawn. On that day, the turnover of Babla & Bros. was ₹ 50 lakh. Examine the eligibility of Babla & Bros. for availing ITC, if any. **5**
- (ii) Mamta Sales trades in exempt goods and provides taxable services. It is registered under GST. On 1st October, the exemption available on its goods gets withdrawn.

Analyze the scenario and determine the eligibility of Mamta Sales for availing ITC, if any, on inputs and/or capital goods used in the supply of exempt goods.

- 5 (b)** In the following cases based on information given and the query, give your comments on the taxability under GST and the rate of GST applicable, if any: **4**
- (i) Space Bazar offers a free bucket with detergent purchased. It is composite supply or mixed supply? Assume rate of GST for detergent @ 28% and bucket @ 18%.
- (ii) Mr. Ravi being a dealer in laptops, sold a laptop bag along with the laptop to a customer, for Rs. 55,000. CGST and SGST for laptop @ 18% and for laptop bag @ 28%. What would be the rate of tax leviable? Also find the GST liability.
- (iii) A contract awarded by Kolkata Municipal Corporation (KMC) for repair of a particular road to M/s B Ltd., with terms and conditions that the entire work should be completed within 30 days. However, there is a delay of 10 days to complete the work. KMC charged liquidated damaged of Rs. 1,20,000 and the same recovered from M/s B Ltd. Applicable rate of CGST 9% and SGST 9%. Previous year turnover of M/s B Ltd. Rs. 2 crores.

Find the following:

- (a) Who is liable to pay GST on what amount?
- (b) Total tax liability if any.
- (iv) M/s M & Co. a sole proprietor, is in the business of selling furniture. Its owner took a set of furniture to furnish his house permanently. Will the transaction be a supply in terms of GST Act?

Note: ITC on such furniture not availed.

- 5 (c)** Compare between 'Rules' and 'Regulations' under the Customs Act, 1962. Bring out the differences and similarities, if any. **5**

- 6 (a)** Chanchal started providing beauty and grooming services and inaugurated "Care & Care Beauty Centre" in Janak Puri, Delhi on 01st April, 20XX. She opted to pay tax under Notification No. 2/2019 CT (R) dated 07.03.2019 in the said financial **5**

year. The aggregate turnover of Care & Care Beauty Centre for the quarter ending 30th June, 20XX was ₹ 20 lakh. Further, for the half year ending 30th September, 20XX, the turnover reached ₹ 50 lakh. Care & Care Beauty Centre recorded a rapid growth and the turnover reached ₹ 70 lakh by the end of October, 20XX.

(i) Determine the total tax liability of Care & Care Beauty Centre by the end of October, 20XX.

(ii) Care & Care Beauty Centre wishes to opt for composition scheme from the next financial year. You are required to advise it whether it can do so?

Note: Rate of GST applicable on such services is 18%.

6 (b) The due date for payment of tax by a person paying tax under section 10 of the CGST Act, 2017, i.e. a composition supplier is aligned with the due date of return to be filed by the said person. Discuss the correctness or otherwise of the statement. **4**

6 (c) M/s IES Ltd. (assessee) imported certain goods at US \$ 20 per unit from an exporter who was holding 30% equity in the share capital of the importer company. Subsequently, the assessee entered into an agreement with the same exporter to import the said goods in bulk at US \$ 14 per unit. When imports at the reduced price were effected pursuant to this agreement, the Department rejected the transaction value stating that the price was influenced by the relationship and completed the assessment on the basis of transaction value of the earlier imports i.e., at US \$ 20 per unit under rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules 2007. **5**

State briefly, whether the Department's action is sustainable in law?