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CA FINAL (Nov 2024)
GROUP II - PAPER 5
INDIRECT TAX LAWS
SUGGESTED ANSWERS
(Series 3)

PART - I (MCQs)

MCQ - 2 marks each														
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
D	B	B	C	D	A	D	C	A	C	D	A	C	D	C

PART - II (Descriptive Answers)

1

Computation of admissible ITC for February, 20XX				
Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance		20,000	20,000	
Goods purchased as merchant exporter [Merchant exporter is eligible to take ITC of IGST paid @ 0.1%.] [In the absence of the value of supply of goods purchased as a merchant exporter, FOB value of export of such goods has been taken as their purchase price for computing the ITC amount.]	7,00,000	--	--	700
Goods imported from China [No ITC since tax is not payable. In case of high sea sales, IGST is paid by the last high sea sales buyer who files the bill of entry for home consumption.]	Nil	--	--	--
Goods purchased from Taiwan [No ITC since tax is not payable as goods do not become part of the landmass of the country.]	Nil	--	--	--
Sales commission paid to agent - Mrs. T [Since service provider - Mrs. T is an intermediary in the given transaction, place of supply is location of Mrs. T, i.e. outside India.]	50,000	--	--	--

Thus, tax is not payable under reverse charge on said services.]				
Imported raw material from China [Input tax, inter alia, includes IGST charged on import of goods.]	6,00,000			1,08,000 [6,00,000 × 18%]
Raw material spoiled [ITC is blocked under section 17(5) on destroyed goods.] [Insurance amount received is an actionable claim. Thus, it is treated neither as supply of goods nor as supply of services.]	--	--	--	--
Three-wheeler purchased [ITC on a three-wheeler with engine capacity of 20cc is allowed as it is not a motor vehicle and is used in course or furtherance of business.] [It has been assumed that the depreciation has not been claimed on GST paid on said capital goods, under the Income-tax Act, 1961.]	2,50,000	22,500 [2,50,000 × 9%]	22,500 [2,50,000 × 9%]	--
Inward transportation from Mr. Z [Services of transportation of goods without issue of consignment note is not covered under services of GTA and hence exempt. Thus, no ITC is available.]	--	--	--	--
Raw material purchased from X Impex Ltd., Gujarat [ITC on goods used in course or furtherance of business is allowed.]	30,00,000	2,70,000 [30,00,000 × 9%]	2,70,000 [30,00,000 × 9%]	
Manpower security services from Y Ltd. [Since security services are provided by a body corporate, tax on the same is not payable under reverse charge.]	1,00,000	9,000 [1,00,000 × 9%]	9,000 [1,00,000 × 9%]	
Total ITC available		3,21,500	3,21,500	1,08,700
Computation of GST liability payable in cash, by J Ltd.				
GST payable on outward supplies				
Export of goods to Spain under LUT [No IGST is payable.]	7,00,000			Nil
High sea sales of goods imported from China [Neither treated as supply for goods nor as supply of services.]	Nil	--	--	--
Goods purchased from Taiwan sold in Turkey without bringing into India [Neither treated as supply for goods nor as supply of services.]	Nil	--	--	--

Advance received for the technical services to be provided to Mr. K [Tax on the services to be provided is payable at the time of receipt of advance.]	1,00,000	9,000 [1,00,000 × 9%]	9,000 [1,00,000 × 9%]	
Goods supplied to SEZ unit of V Ltd. [Supply to SEZ unit is a zero-rated supply.]	10,00,000			Nil
Supply of goods to V Ltd., Gujarat	40,00,000	3,60,000 [40,00,000 × 9%]	3,60,000 [40,00,000 × 9%]	
Total output tax		3,69,000	3,69,000	Nil
Less: ITC* [Credit of IGST can be utilized towards payment of CGST and SGST liability in any order and in any proportion. Credit of CGST and SGST can be utilized only after IGST credit has been fully utilized. Thereafter, credit of CGST and SGST is utilised for payment of CGST and SGST liability respectively. CGST credit cannot be utilized for payment of SGST and vice versa.]		54,350 (IGST)	54,350 (IGST)	
		3,14,650 (CGST)		
			3,14,650 (SGST)	
Net GST payable		Nil	Nil	Nil
Add: GST payable on inward supplies				
Imported raw material from China	6,00,000			1,08,000 [6,00,000 × 18%]
Total net GST payable in cash		Nil	Nil	1,08,000

***Note:** ITC of IGST can be utilised towards payment of CGST and SGST in any proportion and in any order. Therefore, there can be multiple ways of setting off of IGST credit against CGST and SGST. However, total amount of net GST payable in cash will be same in each case.

2 (a) Computation of GST Liability of Kaushal Manufacturers Ltd. for month of January

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Supply of electronic home appliances to consignment agents - Cardinal Electricals Pvt. Ltd. and Rochester Technos of Punjab and Madhya Pradesh [Note 1]			4,95,000 [99,00,000 × 5%]
Supply of electronic home appliances to Ronn Technomart of Noida, Uttar			1,50,000 [30,00,000 ×

Pradesh [Note 2]			5%]
Supply of electronic home appliances to wholesale dealers of such appliances in Delhi [Note 3]	2,10,000 [84,00,000 × 2.5%]	2,10,000 [84,00,000 × 2.5%]	
Electronic home appliances supplied to Anchor Electricals Inc., USA under LUT [Note 4]			Nil
Supply of repair and maintenance services to Unitech Ltd., an electronic appliance manufacturer, located in Delhi [Note 5]	75,600 [8,40,000 × 9%]	75,600 [8,40,000 × 9%]	
Advance received for repair and maintenance services supplied to Orelec Ltd., a electronic appliances manufacturer, located in Delhi [Note 6]	63,000 [7,00,000 × 9%]	63,000 [7,00,000 × 9%]	
Advance received for electronic home appliances to be supplied to Novick Electricals, a wholesale dealer of electronic appliances in Gurgaon, Haryana [Note 7]			Nil
Total GST liability	3,48,600	3,48,600	6,45,000

Notes:

- Value of supply of goods made through an agent is determined as per rule 29 of the CGST Rules, 2017. Accordingly, the value of supply of goods between the principal and his agent is the open market value of the goods being supplied, or at the option of the supplier, is 90% of the price charged for the supply of goods of like kind and quality by the recipient to his unrelated customer, where the goods are intended for further supply by the said recipient.

In the given case, since open market value is not available, value of electronic home appliances supplied to consignment agents - Cardinal Electricals Pvt. Ltd. and Rochester Technos - will be ₹ 99,00,000 [90% of (40,00,000 + 70,00,000)]. Further, being an inter-State supply of goods, supply of electronic home appliances to the consignment agents is subject to IGST @ 5%.

- If any person directly or indirectly controls another person, such persons are deemed as related persons. [Clause (a)(v) of explanation to section 15 of the CGST Act]. In the given case, since Kaushal Manufacturers Ltd. owns 75% shares of Ronn Technomart, both are related persons.

Value of supply of goods between related persons (other than through an agent) is determined as per rule 28 of the CGST Rules, 2017. Accordingly, the value of supply of goods between related persons is the open market value of such goods and not the invoice value. Furthermore, since Ronn Technomart is not eligible for full input tax credit, value declared in the invoice cannot be deemed to be the open market value of the goods.

Thus, open market value of the electronic home appliances supplied to Ronn Technomart, i.e. ₹ 30,00,000 is the value of supply of such goods. Further, being an inter-State supply of goods, supply of electronic home appliances to Ronn Technomart is subject to IGST @ 5%.

3. Being an intra-State supply of goods, supply of electronic home appliances to wholesale dealers of said appliances in Delhi is subject to CGST and SGST @ 2.5 % each.
4. Section 2(5) of the IGST Act defines export of goods as taking goods out of India to a place outside India. In view of the said definition, supply of the electronic home appliances to Anchor Electricals Inc. of USA under LUT is export of goods.

Export of goods is a zero-rated supply [Section 16(1) of the IGST Act]. A zero-rated supply under LUT is made without payment of integrated tax [Section 16(3)(a) of IGST Act].

5. Being an intra-State supply of services, supply of repair and maintenance services to Unitech Ltd. of Delhi is subject to CGST and SGST @ 9% each.
6. Being an intra-State supply of services, supply of repair and maintenance services to Orelec Ltd. of Delhi is subject to CGST and SGST @ 9% each. Further, in terms of section 13(2) of the CGST Act, the time of supply of services is the earlier of the date of invoice or date of receipt of payment, if the invoice is issued within 30 days of the supply of service. In the given case, invoice is issued within 30 days of the supply of service. Therefore, time of supply of services will be date of receipt of advance and hence, GST is payable on the advance received in January.
7. Being an inter-State supply of goods, supply of electronic home appliances to Novick Electricals of Gurgaon, Haryana is subject to IGST @ 5%. Further, in terms of section 12(2) of the CGST Act, the time of supply of goods is the earlier of the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment.

However, Notification No. 66/2017 CT dated 15.11.2017 specifies that time of supply of goods for the purpose of payment of tax is the date of issue of invoice/last date when the invoice ought to have been issued under section 31.

Thus, GST is not payable at the time of receipt of advance against supply of goods. The time of supply of advance received for electronic home appliances to be supplied to Novick Electricals is the time of issue of invoice, which is in March. Thus, said advance will be taxed in March and not in January.

2 (b) The quantum of anti-dumping duty is:

(i) margin of dumping or (ii) injury margin, whichever is lower.

Margin of dumping is the difference between export price and normal value of the imported article and injury margin is the difference between the fair selling price [non-injurious price (NIP)] due to the domestic industry and the landed value of the dumped imports.

In the given case, anti-dumping duty per piece is:

(i) Margin of dumping is USD 100 [USD 200* – USD 100**]

or

(ii) Injury margin is USD 50 [USD 175*** – USD 125****]

whichever is lower i.e. **USD 50**

Anti-dumping duty for 1,000 pieces (in rupees) = USD 50 × 1,000 pieces × ₹ 75 = ₹ 37,50,000

*When there are no sales of the like article in the domestic market of the exporting country, normal value is taken as the comparable representative price of the like article when

exported from the exporting country to an appropriate third country.

**Export price is price of the article exported from the exporting country.

***Fair Selling Price/Non-Injurious Price is that level of price, which the industry is, expected to have charged under normal circumstances in the Indian market. It has been most logically assumed that the “domestic industry” referred to in point (ii) of the question refers to the domestic Indian market.

****Landed value

3 (a) Health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. In light of the same, eligibility to exemption in respect of each service offered by Swasthya Nursing Home is examined below:

(i) Not Exempt. Exemption available to health care services provided by a clinical establishment shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services.

(ii) Exempt. Health care service does not include, inter alia, cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

Therefore, plastic surgeries will not be entitled to the said exemption, but the plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip).

(iii) Exempt. Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance service to transport critically ill patients to Swasthya Nursing Home would be eligible for exemption under the said notification.

(iv) Exempt. Circular No. 32/06/2018 GST dated 12.02.2018 has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of health care services and is not separately taxable. Thus, it is exempt from GST.

(v) Exempt. Since Homeopathy is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption under the said notification.

Further, exemption available to **services provided by cord blood banks** by way of preservation of stem cells or any other service in relation to such preservation has been withdrawn and thus, said services are no longer exempt from GST. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Swasthya Nursing Home **will be liable to GST.**

3 (b) As per section 51 of the CGST Act, 2017, Government departments, agencies, local authority and notified persons are **required to deduct tax @ 2%** (1% CGST + 1% SGST/UTGST) or IGST @ 2% from payment made to the supplier of taxable goods and/or services where the total value of such supply [excluding tax and compensation cess indicated in the invoice],

under a contract, exceeds ₹ 2,50,000.

Since in given case, Yash Shoppe is supplying goods and services exclusively to Government departments, agencies, local authority and persons notified u/s 51 of CGST Act, 2017, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

S.N.	Particulars	Total contract value due to be received [excluding GST] (₹)	Tax to be deducted		
			CGST @ 1% (₹)	SGST @ 1% (₹)	IGST @2% (₹)
1	Supply of computer stationery to PSU in Mumbai [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] does not exceed ₹ 2,50,000, tax is not required to be deducted.]	2,42,857 [2,72,000 × 100/112]	-	-	-
2	Supply of air conditioner to GST Department in Delhi [Since the total value of supply under the contract [excluding IGST (being inter-State supply)] exceeds ₹ 2,50,000, tax is required to be deducted.]	2,55,000	-	-	5,100
3	Supply of a generator renting service to Municipal Corporation of Jaipur [Since the total value of supply under the contract [excluding CGST and SGST (being intra-State supply)] exceeds ₹ 2,50,000, tax is required to be deducted.]	3,12,500 [3,50,000 × 100/112]	3,125	3,125	-
	Total		3,125	3,125	5,100

3 (c) As per section 61(2) of the Customs Act, 1962, if goods (not meant for being used in an 100% EOU, STP unit, EHTP unit) **remain in a warehouse beyond a period of 90 days** from the date on which the order permitting deposit in a warehouse is made, **interest is payable @ 15% p.a.**, on the amount of duty payable at the time of clearance of the goods, for the period **from the expiry of the said 90 days till** the date of **payment of duty** on the warehoused goods.

Therefore, in the given case, interest payable will be computed as under:

- Period of 90 days commencing from the date of order permitting deposit in a warehouse expires on – **19th August.**
- No. of days for which interest shall be payable= **56 days** [12 days of August + 30 days of September + 14 days of October]
- Interest payable = ₹ 8, 28,000 × 15/100 × 56/365 = **₹ 19,055** (rounded off)

4 (a)

Computation of aggregate turnover of proprietary firm of Z

Particulars	₹ (in lakh)
Supplies of taxable goods [Taxable supplies are included in aggregate turnover.]	31.50
Supplies of taxable goods to a 100% EOU [Deemed exports being taxable supplies are included in aggregate turnover.]	1.50
Exports of taxable goods [Included in aggregate turnover.]	2.60
Exempt supplies [Included in aggregate turnover.]	2.40
Supplies of non-taxable goods [Exempt supplies are included in aggregate turnover. Exempt supplies include non-taxable supplies also.]	3.00
Supplies of taxable goods by one-man company set up in Z's name [Not included as one person company is a separate entity with separate PAN.]	-
Value of supplies on which Z is liable to pay tax under RCM [Value of inward supplies on which tax is payable on reverse charge basis are excluded from the aggregate turnover.]	-
Aggregate turnover of proprietorship firm of Z	41.00
Computation of aggregate turnover of Z Ltd. – one man company of Z	
Supplies of taxable goods by one-man company set up in Z's name [Taxable supplies are included in aggregate turnover.]	2.70
Aggregate turnover of Z Ltd.	2.70

4 (b) Assessment order passed by the proper officer may be withdrawn in following cases:

- (i) **Assessment of non-filers of returns-** The best judgement order passed by the proper officer under section 62 of the CGST Act shall automatically stand withdrawn **where a registered person files a valid return within 60 days** of the service of the best judgment assessment order [Further 60 days on payment of late fees]. **However, liability for payment of interest** under section 50(1) of CGST Act, 2017 or **for payment of late fee** under section 47 of CGST Act, 2017 **shall continue**.
- (ii) **Summary Assessment-** As per section 64(2) of the CGST Act, 2017, a **taxable person** against whom a summary assessment order has been passed **can apply for its withdrawal to the jurisdictional Additional/Joint Commissioner within 30 days of the date of receipt of the order**.

If the said **officer finds** the order **erroneous**, he can **withdraw it and direct** the proper officer to carry out **determination of tax liability** in terms of **section 73 or 74** of the CGST Act. The Additional/ Joint Commissioner can follow a similar course of action on his own motion if he finds the summary assessment order to be erroneous.

4 (c) As per Notification No. 45/2017 Cus. dated 30.06.2017, duty payable on re-importation of goods which had been exported for repairs abroad is the duty of customs which would be leviable if the value of re-imported goods after repairs were made up of the fair cost of repairs carried out including cost of materials used in repairs (whether such costs are actually incurred or not), insurance and freight charges, both ways. However, following

conditions need to be satisfied for availing this concession:

- (a) goods must be re-imported within 3 years, extendable by further 2 years, after their exportation;
- (b) exported goods and the re-imported goods must be the same;
- (c) ownership of the goods should not change.

However, above special provisions relating to payment of concessional duty in case of re-importation of goods exported for repairs are not applicable in the given case as the goods exported for repairs and the re-imported goods are not the same. Therefore, full customs duty will be payable on the machine received as replacement.

Computation of assessable value and total duty payable

Particulars	Amount (₹)
Value of new machine (FOB)	49,50,000
Add: Freight charges	1,80,000
Insurance charges @ 1.125% of FOB [₹ 49,50,000 × 1.125%] [Insurance charges have been included @ 1.125% of FOB value since actual charges are not ascertainable]	<u>55,687.50</u>
Assessable Value (rounded off)	51,85,688
Add: Basic customs duty @ 10% of ₹ 51,85,688 (rounded off) (A)	5,18,569
Social welfare surcharge @ 10% of ₹ 5,18,569 (rounded off) (B)	<u>51,857</u>
Total	57,56,114
Add: Integrated tax @ 12% of ₹ 57,56,114 (rounded off) (C)	<u>6,90,734</u>
Total duty payable [(A) + (B) + (C)]	12,61,160

- 5 (a)** Section 54(3)(ii) allows refund of unutilized input tax credit (ITC) at end of any tax period to a registered person where credit has accumulated on account of inverted duty structure i.e. rate of tax on inputs being higher than rate of tax on output supplies (other than nil rated or fully exempt supplies), except supplies of goods or services or both as may be notified by Government on the recommendations of the Council.

In the given case, the rates of tax on inputs used in Products A and B (18% each) are higher than rates of tax on output supplies of Products A and B (5% each). However, Product B is notified as a product, in respect of which no refund of unutilised ITC shall be allowed under section 54(3)(ii). Therefore, only Product A is eligible for refund under section 54(3)(ii).

Further, rule 89(5) stipulates that in the case of refund on account of inverted duty structure, refund of ITC shall be granted as per the following formula –

$$\text{Maximum Refund Amount} = \frac{\text{Turnover of inverted rated supply of goods and services} \times \text{Net ITC}}{\text{Adjusted Total Turnover}} - \frac{\text{Tax payable on such inverted rate supply of goods and services} \times \text{Net ITC}}{\text{ITC availed on inputs and input servi}}$$

where,-

- A. "Net ITC" means input tax credit availed on inputs during the relevant period;
- B. Adjusted Total Turnover means the sum total of the value of-
 - (a) the turnover in a State or a Union territory, as defined under section 2(112), excluding the turnover of services; and

- (b) the turnover of zero-rated supply of services determined in specified manner and non zero-rated supply of services, excluding-
- (i) the value of exempt supplies other than zero-rated supplies; and
 - (ii) the turnover of supplies in respect of which refund is claimed under rule 89(4A) or rule 89(4B) or both, if any,
- during the relevant period.

C. Relevant period means the period for which the claim has been filed.

In accordance with the aforesaid provisions, the maximum refund amount which Super Engineering Works is eligible to claim shall be computed as follows:

Tax payable on inverted rated supply of Product A = ₹ 5,00,000 × 5% = **₹ 25,000**

Net ITC = **₹ 1,18,000** (₹ 54,000 + ₹ 54,000 + ₹ 10,000) [Net ITC availed during the relevant period needs to be considered irrespective of whether the ITC pertains to inputs eligible for refund of inverted rated supply of goods or not as clarified vide Circular No. 79/53/2018-GST dated 31.12.2018]

Adjusted Total Turnover = **₹ 9,50,000** (₹ 5,00,000 + ₹ 3,50,000 + ₹ 1,00,000)

Turnover of inverted rated supply of Product A = **₹ 5,00,000**

Maximum refund amount for Super Engineering Works is as follows:

= $[(₹ 5,00,000 \times ₹ 1,18,000) / ₹ 9,50,000] - [(₹ 25,000 \times ₹ 1,18,000) / ₹ 1,18,000] = \mathbf{₹ 37,105}$

- 5 (b)** Section 107(6) read with section 20 of the IGST Act provides that **no appeal shall be filed** with the Appellate Authority **unless** the applicant has **paid in full, such part of the amount of tax, interest, fine, fee and penalty** arising from the impugned order, as is admitted by him **and a sum equal to 10% of the remaining amount of tax** in dispute arising from the said order **subject to a maximum of ₹ 50 crore**. Thus, the amount of pre-deposit for filing an appeal with Appellate Authority cannot exceed ₹ 50 crore (for tax in dispute) where IGST demand is involved.

In the given case, the amount of **pre-deposit for filing an appeal** with the Appellate Authority against the order of Joint Commissioner, where entire amount of tax is in dispute, is:

- (i) **₹ 28 crore** [10% of the amount of tax in dispute, viz. ₹ 280 crore] or
- (ii) **₹ 50 crore, whichever is less. = ₹ 28 crore.**

Further, section 112(8) provides that **no appeal** shall be filed **with the Appellate Tribunal unless** the applicant has **paid in full, such part of the amount of tax, interest, fine, fee and penalty** arising from the impugned order, as is admitted by him **and a sum equal to 20% of the remaining amount of tax in dispute**, in addition to the amount paid as pre-deposit while filing appeal to the Appellate Authority, arising from the said order subject to a maximum of ₹ 100 crores.

Thus, in the given case, the **amount of pre-deposit** for filing an appeal with the Appellate Tribunal against the order of the Appellate Authority, where entire amount of tax is in dispute, is:

- (i) **₹ 56 crores** [20% of the amount of tax in dispute, viz. 280 crores] or
- (ii) **₹ 100 crores, whichever is less = ₹ 56 crores.**

- 5 (c) Status Holders are business leaders who have excelled in international trade and have successfully contributed to country's foreign trade. **All exporters of goods, services and technology having an import-export code (IEC) number shall be eligible for recognition as a status holder.** Status recognition **depends upon export performance.**

In order to be categorized as **One Star Export House**, an exporter needs to achieve the **export performance of 3 million US \$ million [FOB/FOR (as converted)] during current and previous three financial years.** Thus, export performance of Red Sky Pvt. Ltd. and Black Night Pvt. Ltd. would have been at least 3 million US \$ million [FOB/FOR (as converted)] during current and previous three financial years. For granting status, export performance is necessary in all the 3 preceding financial years.

Further, Two Star Export Houses and above are permitted to establish export warehouses. Therefore, Red Sky Pvt. Ltd. and Black Night Pvt. Ltd. **can establish export warehouses in India only if they achieve the status of Two Star Export House and above.** In order to achieve said status, export performance of the exporters during current and previous three financial years should be as indicated below:

Status Category	Export Performance [FOB/FOR (As converted value on US\$ million)]
Two Star Export House	15
Three Star Export House	50
Four Star Export House	200
Five Star Export House	800

- 6 (a)

Person	Offence	Prosecution	Arrest	Bail
'Ashuram'	Non-cognizable offence [Section 132(1)(c) read with section 132(4)]	Upto 1 year [Section 132(1)(c)(iii)]	No arrest	Bailable Offence [Section 132(4)]
'Bahubali'	Non-cognizable offence [Section 132(1)(e) read with section 132(4)]	Upto 5 years [Section 132(1)(e)(i)]	No arrest	Bailable Offence [Section 132(4)]
'Chintamani'	Non-cognizable offence [Section 132(1)(f) read with section 132(4)]	Upto 3 years [Section 132(1)(f)(ii)]	No arrest	Bailable Offence [Section 132(4)]
'Deendayal'	Cognizable offence [Section 132(1)(d) read with section 132(5)]	Upto 5 year [Section 132(1)(d)(i)]	Arrest can be ordered by Commissioner without arrest warrant	Non-Bailable [Section 132(5)]

6 (b)

S.N .	Date on which credit was taken wrongly	Amount of ITC taken wrongly (₹ in lakh)	Tax & penalty under section 74
1	31 st January 2021	200	Adjudication order is passed on 26 th July, 2023 and payment is made on 20.09.2023 i.e., after 30 days of the communication of the adjudication order (Refer Note). Therefore, entire amount of ITC wrongly availed which is ₹ 200 lakh and equal amount of penalty i.e., ₹ 200 lakh shall be payable.
2	30 th June 2021	250	Adjudication order is passed on 26 th August, 2023 and payment is made on 20.09.2023 i.e., within 30 days of the communication of the adjudication order (Refer Note). Therefore, entire amount of ITC wrongly availed which is ₹ 250 lakh and 50% of the penalty imposed i.e., ₹ 125 lakh shall be payable.
3	30 th October 2021	120	Show cause notice is issued on 5 th September 2023 and payment is made on 20.09.2023 i.e., within 30 days of issue of show cause notice. Therefore, entire amount of ITC wrongly availed which is ₹ 120 lakh and 25% of the penalty imposed i.e., ₹ 30 lakh shall be payable.
4	30 th January 2022	50	Payment made on 20.09.2023 is before issuance of show cause notice. Therefore, amount of ITC admitted to be taken wrongfully which is ₹ 50 lakh and penalty equal to 15% of such ITC i.e., ₹ 7.5 lakh shall be payable.

Note: It is assumed that adjudication order is communicated the same day on which it is passed.

6 (c)

- (i) **GST on import of goods is levied at the time when customs duty is levied** on the said goods under the Customs Act, 1962, i.e., on importation. Importation gets completed when the goods become part of the mass of goods within the country.
Thus, **GST is not leviable** on import of goods from GER Ltd. by IND Ltd. **since the import of goods is not complete.**
- (ii) **GST is not leviable** on supply of goods by IND Ltd. to T1 Ltd. as **supply** of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but **before clearance for home consumption is treated neither as a supply of goods nor a supply of services.**
- (iii) **GST is not leviable** on supply of goods by T1 Ltd. to T2 Ltd. since **supply of warehoused goods to any person before clearance for home consumption is treated neither as a supply of goods nor a supply of services.**

- (iv) Yes, **GST is leviable** on clearance of goods by T2 Ltd. from the customs bonded warehouse **as customs duty is levied on warehoused goods at the time of clearance** thereof from the warehouse and as mentioned in point (i), GST on import of goods is levied at the time when customs duty is levied thereon.