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CA FINAL (May 2026)
GROUP II – PAPER 5
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

Case Study 1

XYZ Logistics Limited (XLL) is into warehousing and logistics business. It has two Container Freight Stations (CFS): one at Inland Container Depot (ICD) Dadri, Uttar Pradesh and other at ICD Tughlakabad, Delhi. XLL is also engaged in the business of freight forwarding and multimodal transportation. Intermittently, XLL also deals in trading of goods, primarily in export to countries outside India.

XLL started its operations on 30th June by setting up head/corporate office in Gurgaon, Haryana and two CFS at U.P. and Delhi. Services as well as invoicing to customers was done from Delhi and U.P. unit only. Top management was placed at the head office for the management of the company. Further, trading of goods was also carried out from the head office only.

The aggregate turnover of the XLL's Delhi unit crossed ₹ 20 lakh on 31st October. It applied for GST registration for Delhi on 25th November. Registration was granted on 7th December. GST component involved in stock of goods at Delhi as on 30th October was ₹ 50 lakh, on 25th November was ₹ 40 lakh and on 7th December was ₹ 20 lakh. Such stock was procured approximately 3 to 5 months before the respective dates.

The primary business of XLL is container handling service of import/export containers. In July next year, a shipper placed a work order on XLL for handling of an export container from ICD Tughlakabad to Dubai UAE, through Nhava Sheva seaport in Mumbai. XLL was responsible for stuffing goods in containers at ICD, assisting in obtaining customs clearance, and transportation of goods from ICD to seaport.

XLL requested the customer to issue e-way bill for the movement of customs sealed containers from ICD to seaport under customs bond as the value of goods in container exceeded ₹ 50,000. However, the customer denied issuing e-way bill stating that the responsibility to issue the same is on the person who arranges the transport of goods. Consequently, the management of XLL issued e-way bill with the assistance of a consultant.

There is a green cess applicable on the goods handled through CFS for exports outside India. XLL as a policy deposits green cess with the Government in the name of the customer and recovers such cess on actual basis from the customer by charging it separately in the invoice.

Few customers of XLL are based in Nepal & Bhutan. It provides container handling services for their containers/cargo which are in transit to Nepal or Bhutan. It receives consideration from Nepal/Bhutan customers in INR (₹).

All the above amounts are exclusive of GST, wherever applicable.

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

- 1. Which of the following statements is correct regarding eligibility of ITC on opening stock at the time of new registration?**
 - (a) XLL can avail credit of ₹ 50 lakh.
 - (b) XLL can avail credit of ₹ 40 lakh.
 - (c) XLL can avail credit of ₹ 20 lakh.
 - (d) XLL cannot avail credit on opening stock.

- 2. Which of the following statements is correct regarding GST registration by XLL?**
 - (a) XLL was liable for registration of only Delhi unit.
 - (b) XLL was liable for registration of units at Delhi and UP.
 - (c) XLL was liable for registration of units at Delhi, UP and Haryana.
 - (d) XLL was liable for normal registration at Delhi and UP unit, and ISD registration at Haryana unit.

- 3. Which of the following statements is correct regarding generation of e-way bill for movement from ICD Tughlakabad to Nhava Sheva seaport in Mumbai?**
 - (a) E-way bill was not required to be generated since goods were being transported from ICD to seaport.
 - (b) E-way bill was mandatorily required to be generated irrespective of the value of the goods being transported as such goods were being transported from ICD to seaport.
 - (c) E-way bill was required to be generated since the value of goods being transported exceeded ₹ 50,000.
 - (d) E-way bill was rightfully issued by XYZ Logistics Limited being the transporter of goods.

- 4. Which of the following statements is correct regarding value of container handling services provided by the company?**
 - (a) Value of the taxable container handling services should exclude transportation cost and green cess.
 - (b) Value of the taxable container handling services should exclude green cess but include transportation cost.
 - (c) Value of the taxable container handling services should exclude transportation cost but include green cess.
 - (d) Value of the taxable container handling services should include transportation cost and green cess.

- 5. Which of the following statements is correct regarding invoicing to Nepal/Bhutan customers?**
 - (a) GST is not chargeable on container handling services provided to Nepal/Bhutan customers as the place of supply of such services is outside India.
 - (b) GST is not chargeable on container handling services provided to Nepal/Bhutan customers

as the same qualifies as export of service.

- (c) GST is not payable on container handling services provided to Nepal/Bhutan customers as the supply of services associated with transit cargo to Nepal and Bhutan are exempt services.
- (d) GST is chargeable on container handling services provided to Nepal/Bhutan customers.

Case Study 2

Vardhmaan Limited [hereinafter referred to as 'company'], registered in Delhi, has operations across multiple States in India. The company has taken separate GST registration in all the States where it operates. During the month of January, the tax team presented following information in its report to the management:

- (i) The company sold goods valuing ₹ 5 crore from its warehouse located at Kandla Port, Gujarat to a buyer located in Ahmedabad by way of transfer of title in goods. The responsibility of clearance of goods shall be on the buyer. The goods were imported by the company from Vietnam and were not cleared for home consumption since then.
- (ii) The company got a favourable advance ruling order on a particular issue from the Authority for Advance Ruling, Rajasthan. The application was filed by the company through its registered place of business in Rajasthan.
- (iii) The company received an order from the Adjudicating Authority in Maharashtra, wherein a demand of tax amounting to ₹ 1 crore and penalty amounting to ₹ 10 lakh and interest amounting to ₹ 25 lakh was confirmed by the adjudicating authority. Company has accepted the 20 lakh of tax demand along with 1 lakh of penalty and 4 lakh of interest amount in one of the matters and wants to file appeal against another matter before the Appellate Authority as on similar issue a favourable order from Advance Ruling Authority was received by the company in the State of Rajasthan as discussed in para 2 above. The company feels that it has a strong case in the matter before the Appellate Authority.
- (iv) The company has issued tax invoice in relation to certain supplies wherein the total tax collected from the recipients amounted to ₹ 3 crore. Subsequently, it was noticed that the supplies were not liable to GST and the amount has been wrongly collected by the company from the recipients of supply.
- (v) A special audit was initiated by the Chartered Accountant nominated by the State Tax authorities of Madhya Pradesh against the company in the State of Madhya Pradesh.
- (vi) The company received long term lease of an industrial plot from Maharashtra Industrial Development Corporation (MIDC) in auction against payment of an upfront amount as lease premium of ₹ 20 crores for a period of 50 years. The company paid location charges of ₹ 5 crores in addition to the said premium

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6 to 11 below:

You are required to answer the following:

- 6. In relation to the goods sold from its warehouse in Kandla, Gujarat, the company shall_:**
- (a) be liable to pay customs duty and IGST as applicable.
 - (b) be liable to pay customs duty only.
 - (c) be liable to pay IGST only.
 - (d) not be liable to pay any tax or duty.

7. **In relation to the advance ruling order received by the company in Rajasthan,**
- the order is binding on the company only in Rajasthan but on jurisdictional officers across all registration of the company in India.
 - the order is binding on the company across all States in India.
 - the order is binding on the company and the jurisdictional officer, in Rajasthan.
 - the order is binding on the company and the jurisdictional officers across all registrations of the company in India.
8. **In case the company prefers an appeal before the Appellate Authority against the order passed by Adjudicating Authority in Maharashtra, the amount of pre-deposit to be made by the company is .**
- ₹ 35,00,000
 - ₹ 33,00,000
 - ₹ 27,00,000
 - ₹ Nil
9. **In case where the tax has been wrongly collected by the company from the recipients,**
- the company shall pay such amount to the Government.
 - the company shall refund back the amount to the recipients.
 - the company shall deposit such amount with the consumer welfare fund.
 - the company can retain such amount with itself.
10. **In case of special audit being conducted in the State of Madhya Pradesh,**
- the remuneration of Chartered Accountant is payable by company as per agreed terms.
 - the remuneration of Chartered Accountant is payable by the company as directed by the Commissioner of State Tax.
 - the remuneration of the Chartered Accountant is payable by the Commissioner, but the expenses of the examination and audit of records shall be reimbursed by the company.
 - expenses of the examination and audit of records, including the remuneration of Chartered Accountant, shall be paid by the Commissioner.
11. **In respect of the long-term lease of the industrial plot received from Maharashtra Industrial Development Corporation (MIDC)**
- upfront lease premium of ₹ 20 crores is exempt. However, the location charges of ₹ 5 crore are liable to GST.
 - GST is payable on the upfront lease premium of ₹ 20 crores. No GST is payable on the location charges.
 - GST is exempt on the entire premium of ₹ 25 crores including location charges.
 - GST is payable on the entire upfront premium of ₹ 25 crores including location charges.

Case Study 3

Mr. X is engaged in the business of supplying FMCG (Fast-moving consumer goods) to the customers on retail as well as wholesale basis. X has its head office located in Delhi and branches in Rajasthan and Madhya Pradesh. It is registered under GST in all the three States.

During the month of January, following transactions were undertaken:

- X supplied goods to its agent A from its factory located in Rajasthan. A sold them to the unrelated

wholesalers in the State of Rajasthan by issuing an invoice in his own name. The goods of like kind and quality were sold by A to an unrelated customer for ₹ 1,00,000. A also purchased goods of like kind and quality from another independent supplier for ₹ 80,000 on the same day.

- (ii) X appointed a consultancy firm – Rudra Consultancy registered in Rajasthan- to incorporate a new company and to undertake all the legal formalities for incorporation of said company, for an agreed consideration of ₹ 35,000. Rudra Consultancy paid the legal fee of ₹ 15,000 to the relevant Government Department during the process of incorporation of the company. The GST invoice was issued by Rudra Consultancy on X's branch in Rajasthan for an amount of ₹ 35,000 without any breakup of its own service charges and other legal expenses or fees.
- (iii) X imported certain digital data warehousing services from Mazon Inc. located in USA. The amount charged by Mazon Inc. was ₹ 5,00,000. The services were for personal consumption of X and were not used in course or furtherance of business of X. The transaction was billed to X on the GST registration number of Rajasthan.
- (iv) X imported certain online gaming services from Balibaba Inc. located in China. The services were provided to X on free of cost basis. The open market value of such services was ₹ 1,00,000. These services were also for personal consumption of X and were received on a device whose internet protocol address was registered in India. The transaction was billed to X on the GST registration number of Rajasthan.
- (v) Madhya Pradesh branch of X purchased goods worth ₹ 15,00,000 (liable to GST @ 5%) from a Madhya Pradesh dealer and procured certain input services worth ₹ 5,00,000 (liable to GST @ 18%) in Madhya Pradesh. In the later part of the month, X sold these goods for ₹ 18,00,000 (liable to GST @ 5%).
- (vi) Rajasthan branch paid the sponsorship fee of ₹ 5,00,000 to Ganga Solutions Ltd., registered in Rajasthan, for an entertainment event organised by Ganga Solutions in Haryana.

The opening balance of input tax credit of X in the States of Delhi, Rajasthan and Madhya Pradesh is nil. Further, there is no other inward or outward supply transaction for X in the months of January apart from the aforementioned transactions. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

All the above transactions are exclusive of GST, wherever applicable. 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. 12 to 15 below:

- 12. In respect of the goods supplied by X to its agent A in Rajasthan, the value of supply shall be**
- (a) ₹ 1,10,000
 - (b) ₹ 72,000
 - (c) Nil, since the supply between agent and principal without consideration is not a supply.
 - (d) ₹ 80,000 or at the option of X - ₹ 90,000
- 13. Which of the following statements is true in respect of import of digital data warehousing services and online gaming services?**
- (a) IGST of ₹ 1,08,000 is payable by X under reverse charge mechanism and full input tax credit of the same is available to X.
 - (b) Service providers i.e. Mazon Inc. and Balibaba Inc. need to obtain registration as OIDAR

(Online Information Database Access and Retrieval) service providers and pay IGST of ₹ 1,08,000 and no input tax credit is available to X.

- (c) IGST of ₹ 90,000 is payable by X under reverse charge mechanism and no input tax credit of the same is available to X.
- (d) No GST is payable since import of services by individuals for personal use is specifically exempt under GST.

14. Which of the following statements is true in respect of the sponsorship fee paid by Rajasthan branch of X to Ganga Solutions?

- (a) X is liable to pay IGST of ₹ 90,000.
- (b) Ganga Solutions is liable to pay IGST of ₹ 90,000.
- (c) X is liable to pay CGST and SGST of ₹ 45,000 each.
- (d) Ganga Solutions is liable to pay CGST and SGST of ₹ 45,000 each.

15. Compute the net GST liability of X in Madhya Pradesh and amount of input tax credit refund, if any, available to X.

- (a) Net GST liability is ₹ 15,000 and eligible refund amount under inverted duty structure is ₹ 1,40,000.
- (b) Net GST payable is nil and eligible refund amount under inverted duty structure is ₹ 1,25,000.
- (c) Net GST payable is nil and no refund is available.
- (d) Net GST payable is nil and eligible refund amount under inverted duty structure is ₹ 75,000.

PART - II (Descriptive Questions)

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

Question 1**(14 Marks)**

The details of transactions of J Ltd., Vadodara (Gujarat), a registered taxable person, during the month of February, 20XX, are as under:

S.N.	Particulars
1.	Purchased goods from a manufacturer in Maharashtra as a merchant exporter (on payment of 0.1% IGST) and exported the same directly to an importer of Spain under LUT. FOB value is ₹ 7,00,000. Invoice for the supply to J Ltd. was received on 5.2.20XX and payment was made on 8.2.20XX.
2.	Imported goods from China with CIF value of ₹ 5,00,000. The goods were sold for ₹ 5,10,000 as high sea sales to an Indian party on 21.2.20XX.
3.	Purchased goods from a party in Taiwan. Sold the goods to a party in Turkey without bringing the goods to India. Purchase value was ₹ 5,00,000 and the sale price was ₹ 7,00,000. J Ltd paid sales commission of ₹ 50,000 to Mrs. T (located in Turkey), their agent in connection with this transaction. The transaction was completed in the third week of February. (The figures in rupees have been given after conversion though transaction was in convertible foreign currency).
4.	J Ltd. has agreed to provide technical services to Mr. K of Ahmedabad who is an unregistered person in connection with the manufacturing operations to be undertaken by him for a consideration of ₹ 5,00,000 and has received an advance of ₹ 1,00,000 for the same on 2.2.20XX.
5.	It has imported raw materials from China. CIF value of the goods for the purpose of Customs included ₹ 1,00,000 as ocean freight paid by J Ltd. The value for the purpose of levy of IGST worked out by Customs was ₹ 6,00,000. Clearance of the goods took place on 4.2.20XX.
6.	Locally purchased taxable raw material stored in the factory got spoiled due to rain water in the factory and became unusable. J Ltd. claimed and received on insurance amount of ₹ 60,000 for the same. Value of the raw material at the time of receipt was ₹ 70,000. Raw material was purchased from a party in Gujarat on 3.2.20XX and payment was made on 7.2.20XX.
7.	Company purchased a three-wheeler having capacity of 2 persons including driver (engine capacity 20CC) at a cost of ₹ 2,50,000 from a dealer in Gujarat which is being used for transportation of staff of company from residence to factory and back. The vehicle was received on 5.2.20XX and payment was made on the same date.
8.	It has paid inward transportation expense of ₹ 30,000 to Mr. Z, a tempo owner who has not issued any consignment notes. He has issued a consolidated bill only on 3.2.20XX and payment was made on 4.2.20XX.
9.	It has supplied goods of value of ₹ 50,00,000 to V Ltd. Padra, Gujarat (includes ₹ 10,00,000 supplied to SEZ unit of V Ltd under LUT).
10.	It has purchased goods from X Impex Ltd. Kadi, Gujarat for use as raw materials in its factory. The value of the goods ₹ 30,00,000. Invoice is dated 2.2.20XX.
11.	It has availed supply of manpower security services from Y Ltd. Vadodara, Gujarat, a registered taxable person. The amount paid is ₹ 1,00,000. The invoice was received on 1.2.20XX and payment was made on the same day.
12.	Purchased raw cotton for manufacture of garments for ₹ 1,20,000 from Mr. Poonawala, an agriculturist of Kuchch, Gujarat.

Assume the CGST and SGST rates to be 9% each and IGST rate to be 18% except the supply received as a merchant exporter. J Ltd. had an opening balance of ITC of CGST of ₹ 20,000 and SGST of ₹ 20,000 as on 1.2.20XX. In respect of all the inward supplies, suppliers have uploaded their invoices in respective Form GSTR-1 and the supplies are reflected in GSTR-2B. All figures given above are exclusive of GST.

Work out the admissible ITC and GST liability [CGST, SGST or IGST, as the case may be] payable in cash, by J Ltd, Vadodara (Gujarat), for February, 20XX.

Question 2A (5 Marks)

M/s. JLM & Sons, a partnership firm, is registered under GST at Bengaluru in the State of Karnataka. It has provided the following information related to the month of October, 20XX:

S.N.	Particulars	Amount (₹)
(i)	Amount charged for composite supply of goods and services by way of milling of wheat into wheat flour, along with fortification to Tamil Nadu Government for distribution of such wheat flour under Public Distribution System (PDS) in Tamil Nadu. (The value of supply of goods in the above supply constitutes 49% of the value of composite supply).	8,50,000
(ii)	Taxable supply of direct selling agent services to a local branch of a public sector Bank.	4,00,000
(iii)	Supply of tobacco leaves as agriculturist to M/s Ram & Sons; a sole proprietorship firm registered at Hubli (Karnataka).	1,05,000
(iv)	Amount received for services provided to State Government in relation to training of drivers at Karnataka during the road safety week celebration of the Karnataka Government. (79.50% of total expenditure is borne by Government)	1,05,000
(v)	JLM & Sons got the permission from the municipal authorities to build 8 floors building in the Bengaluru. But it agreed to build only 4 floors building and received ₹ 26,00,000 as compensation from Sunil Constructions Ltd., a neighbouring housing project which wants to protect its sunlight.	26,00,000

Based on the information given above, calculate the taxable value of supply under GST law on which tax to be paid by M/s JLM & Sons and also calculate tax payable for each item separately for the month of October, 20XX. All the above amounts are exclusive of GST, if any.

Assume rate of CGST and SGST @ 9% each and IGST @ 18% for all the supplies covered including services of obligation to refrain from an act or to tolerate an act.

Question 2B

(5 Marks)

M/s Murty and Sons Ltd (MSL) is dealing in property business and is registered under GST since 2021 in Bengaluru, Karnataka having turnover of ₹ 2 crores in Financial Year 2023-24. MSL has taken legal service from Mr. Sachin, a junior advocate on 10th December, 2024. MSL paid ₹ 80,000 for this service on 18th February, 2025 through NEFT and the whole transaction was entered in the books on this day only.

In this case you are required to determine time of supply of service provided by Mr. Sachin to MSL in the following independent situations for the purpose of payment of tax under GST law along with explanations for the same:

S.No.	If Mr. Sachin is:	Invoice issued by:	Invoice issued on:
1.	An unregistered person	M/s Murty and Sons	8 th January, 2025
2.	An unregistered person	M/s Murty and Sons	13 th January, 2025

3.	An unregistered person	No invoice Issued	No invoice Issued
4.	A registered person	Mr. Sachin	6 th January, 2025

Ignore the panel provision for late or non-issuance of invoices.

Question 2C**(4 Marks)**

Sneha International Ltd., Bombay imported a drill machine from USA (by air). Machinery reached Delhi airport from where it was transhipped to Mumbai airport. Contracted CIF price of machine was US \$ 20,000 which was to be delivered in February. But on request of Sneha International Ltd. supplier agreed to deliver the machine in January for which US \$ 2000 was charged over and above contracted CIF price. Other information is given below:

S.N.	Particulars	Amount
(i)	Air freight	\$ 5000
(ii)	Insurance charges paid	\$1200
(iii)	Inspection charges of drill machine paid by supplier (Same was neither mentioned in the terms of contract nor required for making the goods ready for shipment).	\$500
(iv)	Transport charges from Delhi airport to Mumbai Airport	₹ 50000

You are required to determine the assessable value of imported machine (rounded off to nearest one rupee) under the Customs Act, 1962 from the particulars given above.

Note: Rate of exchange to be taken as ₹ 83 for one \$

Question 3A**(5 Marks)**

Mr. Broker wrongly availed ₹ 1,25,000 as input tax credit (CGST + SGST) at the time of furnishing return under section 39 of the CGST Act, 2017 for the month of October 2026. This ITC was not utilized against the output tax liability for the month of October 2026. Mr. Broker utilised ITC of ₹ 75,000 from the above wrongly availed ITC of ₹ 1,25,000 against output tax liability for the month of November 2026.

Mr. Broker paid the amount of ITC wrongly utilised of ₹ 75,000 on 10th March, 2027 and reversed the unutilized amount of ₹ 50,000 on 20th March 2027. Calculate the total interest payable (CGST + SGST) rounded off to nearest rupee under GST law if Mr. Broker files:

- (i) Form GSTR-3B for the month of October on 18th November 2026, and
- (ii) Form GSTR-3B for the month of November on 25th December 2026.

What would be your answer if GSTR-3B for the month of November is filed on 18th December 2026

Question 3B**(5 Marks)**

Sudama Industries Ltd., registered in the State of Jammu & Kashmir, manufactures plastic pipes for other suppliers on job-work basis.

On 10th January, Plasto Manufacturers (registered in the State of Himachal Pradesh) sent plastic worth ₹ 4 lakh and moulds worth ₹ 50,000, free of cost, to Sudama Industries Ltd. to make plastic pipes. Sudama Industries Ltd. also used its own material - a special type of lamination material for coating the pipes - worth ₹ 1 lakh in the manufacture of pipes. It raised an invoice of ₹ 2 lakh as job charges for making pipes and returned the manufactured pipes through delivery challan to Plasto Manufacturers on 20th October in the same financial year.

The same quality and quantity of plastic pipes, as was made for Plasto Manufacturers, were made by Sudama Industries Ltd. from its own raw material and sold to Solid Pipes (registered in Jammu and Kashmir) for ₹ 7.5 lakh on 20th October.

Examine the scenario and offer your views on the following issues with reference to the provisions relating to job work under the GST laws:

- (i) Is there any difference between the manufacture of plastic pipes by Sudama Industries Ltd. for Plasto Manufacturers and for Solid Pipes?
- (ii) Whether Sudama Industries can use its own material even when it is manufacturing the plastic pipes on job-work basis?
- (iii) Whether sending the plastic and moulds to Sudama Industries Ltd. by Plasto Manufacturers is a supply and a taxable invoice needs to be issued for the same?
- (iv) Whether Sudama Industries should include the value of free of cost plastic and moulds supplied by Plasto Manufacturers in its job charges?

Question 3C

(4 Marks)

Mr. Cliff Paul, a resident and citizen of USA, visits India on a business tour. He made declaration to the proper officer about his baggage under section 77 of the Customs Act, 1962 for the purpose of clearance. During the scrutiny of the declaration, proper officer found that some of the articles declared in baggage brought with him were prohibited to be entered in India and were detained by the officer.

Although Mr. Paul did not insist to clear those articles, value of those articles was very high and it was a difficult situation for him. You are required to advise any procedure prescribed under customs law to overcome the situation. Give your advice on the basis of relevant statutory provisions.

Question 4A

(5 Marks)

Agora Ltd. exported certain goods to its customer located in Germany against which a refund of IGST amounting to ₹ 50 lakh was claimed and received by Agora Ltd. The sale proceeds covering 50% of the value of exports were immediately received by Agora Ltd. However, due to financial constraints, the customer failed to pay the balance amount of sale proceeds within the permissible time limits under regulatory provisions prevailing in India.

In view of the aforesaid scenario:

- (a) Determine the amount of refund, if any, which Agora Ltd. is required to deposit back. Also, discuss the time limit which is permissible under law within which the sale proceeds in respect of exported goods should have been realized by Agora Ltd.
- (b) Will your answer to sub-part (a) differ if the Reserve Bank of India writes off the requirement of realisation of sale proceeds on merits?
- (c) Whether Agora Ltd. can claim the refund back in case sale proceeds are realised at a later date?

Question 4B

(5 Marks)

Sunita Industries, registered in the State of Gujarat, receives machinery for repair in its workshop located in Surat, Gujarat from Titen Ltd., an automobile manufacturing company based in China. Titen Ltd. is not registered in India. The repair work was carried out by Sunita Industries for which it was paid in convertible foreign exchange and machinery were returned to Titen Ltd. without being used in India. The aggregate turnover of Sunita Industries was ₹ 450 crore in the preceding financial year but for the financial year 2023-2024 the turnover was ₹ 562 crore.

While raising the invoice for the said consideration, the accountant of Sunita Industries approaches you as to whether the Dynamic Quick Response (QR) code is mandatorily required on said invoice?

You are required to advise him on the same by explaining the relevant provisions of GST law with reference to Dynamic Quick Response code along with applicable provision of place of supply.

Question 4C**(4 Marks)**

M/s. Lotus Auto Weaves imported 10 automated looms from Germany for a price of US \$ 70,000. The price was settled and machines were shipped on 20th March, 20XX. Meanwhile, the importer made further negotiations with the exporter for reduction of price of looms based on the leads given by them so far and also in future. Due to this negotiation, the exporter further reduced the price of 10 automated looms to US \$ 60,000 and confirmed the same by email dated 30th March, 20XX. However, consignment arrived in India on 29th March, 20XX. Proper officer of customs ignored the revised price confirmed by email and assessed the value based on original price of US \$ 70,000. This was contested by the importer as unfair action by the Department. Importer seeks your advice on the correctness of action of the proper officer. Give reason in support of your answer.

Question 5A**(5 Marks)**

M/s Balaji Electronics Pvt. Ltd. of Chennai, Tamilnadu, handed over certain goods to transporter M/s Super-Fast Roadways on 15th December, 20XX to be delivered to M/s Anna Electronics in Vellore, Tamilnadu amounting to ₹ 3,00,000. The said goods were chargeable to tax @ 18% GST (9% CGST & 9% SGST). The proper officer intercepted the vehicle under section 68 of the CGST Act, in transit and seized the goods on 16th December, 20XX.

No one came forward to release the consignment till 31st December, 20XX, so the proper officer issued a penalty order under section 129(3) of the CGST Act. M/s Balaji Electronics Pvt. Ltd. did not admit to the entire penalty amount specified in the order and hence filed an appeal to the Appellate Authority (AA) against the said order. From the above information given above, calculate:

- (i) The amount of pre-deposit required to be deposited for filing appeal to AA under section 107(6) of the CGST Act against the order passed under section 129(3) of the CGST Act.
- (ii) The amount to be paid by M/s Super-Fast Roadways for release of its conveyance under section 129 of the CGST Act.

Your answer should include explanations with necessary provisions in brief.

Question 5B**(5 Marks)**

Mr. X, a registered person under GST, issued invoice without actual supply of goods for taxable value amounting to ₹ 20 crore. Central GST authority issued a show cause notice under section 74A by demanding following:

CGST & SGST 18%	- ₹ 3.60 crore
Penalty u/s 74A amounting to 100% of tax due	- ₹ 3.60 crore Interest @ 18% per annum

You are required to answer the following:

- (i) Can the amount of tax be demanded in such cases?
- (ii) Is it a cognizable offence?
- (iii) Quantum of punishment if Mr. X has been convicted.
- (iv) Amount of penalty leviable on Mr. X, if any.
- (v) Amount of penalty leviable on the person who aids or abets the above offence.

Question 5C**(4 Marks)**

What are the circumstances under which assessment is done provisionally under section 18?

Question 6A**(6 Marks)**

Arnav Enterprises, a registered supplier located in Madhya Pradesh, has duly filed its monthly GST returns for the financial year 2025–26. During the scrutiny of its returns for the said financial year in August 2026, the proper officer noticed an inadvertent short payment of CGST and SGST totaling ₹ 4,60,000 in the month of October 2025, on account of a bonafide error. Before issuance of the show cause notice by the proper officer, Arnav Enterprises paid the tax of ₹ 1,00,000 (₹ 50,000 CGST and ₹ 50,000 SGST) on the basis of its own ascertainment along with applicable interest and with penalty, if any, on 15th September 2026 and informed the proper officer in writing of such payment.

Based on the facts above, answer the following:

- (1) Ascertain the last date by which show cause notice can be issued by the proper officer for the amount of tax short paid by Arnav Enterprises.
- (2) Determine amount of penalty, if any, payable on payment of tax of ₹ 1,00,000 by Arnav Enterprises on the basis of its own ascertainment along with applicable interest on 15th September 2026.
- (3) Assuming that the proper officer decides to issue a show cause notice under section 74A on 10th October 2026, determine the maximum amount of tax for which he can issue the show cause notice. Ascertain the last date by which the proper officer should issue order under section 74A assuming that show cause notice is issued by proper officer on said date.
- (4) In continuation of sub-part (3) above, if proper officer issues a show cause notice under section 74A on 10th October, 2026 for the amount of tax so allowed and Arnav Enterprises decides to pay said tax along with applicable interest, on 5th December, 2026, you are required to determine penalty, if any, payable by Arnav Enterprises.

In each of the above cases, will your answer be different if the short payment of tax is on account of fraud, other facts remain the same?

Note - Assume that the due date for furnishing annual return has not been extended and limitation period for issuance of order under section 74A has not been extended by the Commissioner. Ignore computation of interest in the above question.

Question 6B

(4 Marks)

Explain in what cases, assessment order passed by proper officer may be withdrawn under CGST Act, 2017?

Question 6C

(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.