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CA FINAL (May 2026)
GROUP II - PAPER 5
INDIRECT TAX LAWS
(Series 3)

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

Vidhyut Corporation Ltd. is a Public Sector Undertaking (PSU) engaged in the business of generation of electricity from conventional & non-conventional sources. The Government of India holds 75% equity in the said company & balance equity is held by institutional and domestic investors. The company has taken separate registration under GST in each State where it has business operations. The company has its head office (HO) in Delhi & its power plants are located in the States of Bihar, Odisha & Chhattisgarh.

Following transactions were carried out by the company during the month of February:

Particulars	Delhi H.O. (₹)	Bihar plant (₹)	Odisha plant (₹)	Chhattisgarh plant (₹)
Sale of electrical energy to DISCOM	---	2,50,00,000	3,50,00,000	4,50,00,000
Interest received from loan given to foreign affiliates	18,00,000	3,00,000	5,00,000	8,00,000
House rent recovered from the employees for residential accommodation provided to them	55,000	30,000	25,000	40,000
Rent collected from bank, ATM, post office & shops located in office premises	48,000	15,000	12,000	16,000
Sale of metal scrap (covered under Chapter 72) (excluding TCS @ 1% as per the Income-tax Act, 1961) to Birla Scrappers, registered under GST	-	85,000	65,000	45,000
Other Income	2,50,000	-	-	45,000

In addition to above information, following transactions were also carried out during February month:

- 1) A supply order for stationery items was awarded by Delhi H.O. to M/s Stationery Mart, New Delhi for ₹ 3,54,000 (including GST @ 18%) in January.

The vendor supplied stationery items worth ₹ 44,800 (excluding GST@ 18%) & issued the tax invoice in February. Delhi H.O. had made the payment of the said bill in February by crediting the vendor's account for that amount on the same date in its books. The remaining amount was paid in April on supply of balance items.

- 2) Odisha plant purchased office furniture for ₹ 2,80,000 during February from an unregistered dealer. Rate of GST on said furniture item is 18%.
- 3) A Board meeting for raising term loan for project expansion was held in February. The Delhi H.O. paid ₹ 20,000 each as sitting fee to 4 independent directors who attended the meeting. Further, it paid ₹ 80,000 to one of the directors who had rented the office building to Delhi H.O.
- 4) For safety & security of its H.O. & power plants, the company engaged private security as well as CISF (Central Industrial Security Force). Following payments were made in February, in respect of said services:

Particulars	Delhi H.O. (₹)	Bihar plant (₹)	Odisha plant (₹)	Chhattisgarh plant (₹)
CISF	---	10,00,000 (paid on 7 th February)	8,00,000 (paid on 15 th February)	14,00,000 (paid on 5 th February)
ABS Co-operative Agency	5,00,000 (paid on 11 th February)	2,00,000	-	-

- 5) The Bihar plant purchased a machinery in February from M/s Sahoo Enterprises, Patna (not registered under GST) for ₹ 86,000. Full payment was made in February. Rate of GST on the said machinery is 18%.

All the amounts mentioned above are excluding GST, wherever applicable (unless otherwise specified).

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

1. **The value of taxable supply on which GST is payable by Delhi H.O. under forward charge, for the month of February is**
 - (a) ₹ 20,98,000
 - (b) ₹ 2,98,000
 - (c) ₹ 21,53,000
 - (d) ₹ 48,000
2. **The value of taxable inward supply on which GST shall be payable under reverse charge by Bihar power plant is**
 - (a) ₹ 11,80,000
 - (b) ₹ 10,00,000
 - (c) ₹ 10,86,000
 - (d) ₹ 12,00,000
3. **The value of supply on which TDS under section 51 shall be deducted by Delhi H.O. while making payment to M/s Stationery Mart in April is**
 - (a) ₹ 2,55,200
 - (b) ₹ 44,800
 - (c) ₹ 2,60,000
 - (d) TDS is not deductible since payment made in February is less than ₹ 2,50,000.

4. The value of taxable inward supply on which GST shall be payable under reverse charge by Delhi H.O. and Odisha plant is _____ and _____ respectively.:
- (a) ₹ 1,60,000 and ₹ 10,80,000
 - (b) ₹ 80,000 and ₹ 8,00,000
 - (c) ₹ 5,80,000 and ₹ 2,80,000
 - (d) ₹ 5,80,000 and ₹ 8,00,000
5. Which of the following statements is most appropriate with respect to sale of metal scrap by Chhattisgarh plant?
- (a) GST on value of supply of ₹ 45,000 of metal scrap is payable by Birla Scrappers under reverse charge.
 - (b) GST on value of supply of ₹ 45,000 of metal scrap is payable by Chhattisgarh plant under forward charge.
 - (c) GST on value of supply of ₹ 45,450 of metal scrap is payable by Chhattisgarh plant under forward charge.
 - (d) Sale of metal scrap, on which TCS is being collected under Income-tax Act, 1961, is an exempt supply under GST.

Case Study 2

Neha Chemical Pvt. Ltd. (hereinafter referred to as NCPL), a registered taxpayer in Surat, Gujarat, is engaged in manufacturing of chemical products. Poorva Fertilizers Pvt. Ltd. (hereinafter referred to as PFPL) of Dhule, Maharashtra approached NCPL for supply of chemical product.

NCPL supplied 20 tons of chemical product @ ₹ 1,00,000 per ton (taxable value) to PFPL on 1st October. The invoice for the supply has also been issued on the same date. Further, following additional amounts (in lump sum) are also charged from PFPL:

Particulars	Amount (₹)
Packing charges	25,000
Extra charges for removal of impurities from chemical product	50,000
Transit insurance for transportation	5,000
Taxes levied by Municipal Authority	4,500
Transportation charges	35,000

As per the terms of the contract of supply, NCPL is required to deliver the chemical at the premises of PFPL. Therefore, NCPL hires a transporter for transportation of chemical. The lorry receipt indicates that freight (ignoring taxes) is payable by the receiver of goods.

Also, Pre-delivery inspection charges paid by Poorva Ltd. to an independent agency "Inspection India" of ₹ 20,000. In terms of the agreement for supply, it was the discretion of the buyer ' Poorva Ltd.' to appoint, if it so desires, any agency for pre-delivery inspection, and also to itself pay to such agency.

On 4th October, NCPL has also received ₹ 2,00,000 as subsidy from the State Government for setting up chemical manufacturing plant in Surat, Gujarat.

As per contract, PFPL is required to make payment within 20 days of supply. However, PFPL delayed the payment of consideration and made the payment on 25th December alongwith ₹ 28,000 as interest.

On 5th October, NCPL hired a motor car from Mr. Mehul, an unregistered person residing in Surat, Gujarat for its management team at Mumbai, Maharashtra for a business meeting. Mr. Mehul issued bill of ₹ 10,000 (including cost of fuel) for the same.

On 9th December, NCPL received technical consultancy service from TikTak Inc., its subsidiary company located in Singapore, without consideration. TikTak Inc. provides similar consultancy service to other clients for ₹ 50,000 (converted into Indian rupees).

On 15th December, security office located at the entry gate of NCPL has been renovated for ₹ 1,50,000 and the same has been capitalized in the books of accounts.

Notes:

1. NCPL and PFPL are not related and price is the sole consideration for the supply.
2. All the amounts given above including interest on delayed payment of interest received from PFPL are exclusive of GST, wherever applicable.
3. Applicable rates of GST:

Particulars	CGST	SGST	IGST
Supply of chemical product	9%	9%	18%
Supply of service of hiring of motor car	2.5%	2.5%	5%
Supply of technical consultancy service	9%	9%	18%
Supply of construction services	9%	9%	9%

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

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

6. **What is the gross tax liability (total of CGST + SGST+ IGST) for the month of October?**
 - (a) ₹ 3,82,010
 - (b) ₹ 2,50,640
 - (c) ₹ 3,85,610
 - (d) ₹ 2,54,840
7. **Which of the following statements is/are not correct in the given case?**
 1. **Subsidy received from the State Government will be included in the transaction value of the chemical product.**
 2. **Service received from TikTak Inc. is not supply.**
 3. **Service received from TikTak Inc. is supply.**
 4. **GST is not payable on service received from Mr. Mehul.**
 - (a) Only 1, 2 and 3
 - (b) Only 2, 3 and 4
 - (c) Only 1, 2 and 4
 - (d) Only 4
8. **What is the time and place of supply for the interest paid on the delayed payment by PFPL?**
 - (a) 1st October and Surat, Gujarat
 - (b) 1st October and Dhule Maharashtra
 - (c) 25th December and Surat, Gujarat
 - (d) 25th December and Dhule, Maharashtra
9. **Assuming that there are no other transactions carried out by NCPL during October to December apart from the ones as mentioned in the case scenario, total ITC available**

during such period is....

- (a) ₹ 27,500
- (b) ₹ 9,500
- (c) ₹ 9,000
- (d) nil

10. In the given case scenario, if TikTak Inc. is not subsidiary of NCPL and has supplied the technical consultancy service to NCPL without consideration,

- (a) it will be an exempt supply.
- (b) it will be a zero-rated supply.
- (c) it will not be a supply.
- (d) it will be a taxable supply.

Case Study 3

Carbonlite Industries Ltd. (CIL) is supplier registered under GST in Ahmedabad, Gujarat. It is engaged in manufacture of smart watches and supply of various other goods and services. The smart watches are supplied with a standard warranty period of 1 year. In addition, CIL also offers an optional extended warranty for a further period of 6 months under separate agreement entered into with various customers for smart watches sold through its distributors. Extended warranty is effective after expiry of original warranty which has been provided at the time of actual sale of smart watches. It provides the details of various activities undertaken by it during the month of October as follows:

(A)	Details of outward supplies				Amount (₹)	
i	Outward supply of smart watches with standard warranty period of 1 year to various distributors during the month -				50,00,000	
	a.	Within Gujarat	15,00,000			
	b.	Outside Gujarat	35,00,000			
ii	Amount received by CIL for extended warranty provided by it -					
		Sr. No.	Particulars	For sales effected during the month of October		For sales effected during the month of September
	a.	Within Gujarat	1,50,000	50,000		
	b.	Outside Gujarat	3,00,000	1,00,000		
iii	Cost of spare parts replenished by CIL to its distributors through delivery challans, without separately charging any consideration, for replacement of parts by the distributor to the customers under warranty -				55,000	
	a.	Within Gujarat	25,000			
	b.	Outside Gujarat	30,000			
(B)	Details of inward supplies				Amount (₹)	
i	Raw material imported from Germany [Value of the goods was worked out by the Customs authorities as ₹ 10,00,000 for the purpose of levy of IGST.]				-	
ii	Debit note received from a distributor registered in the State of Karnataka for providing repair services on 2nd October as part of warranty to one of the customers on behalf of CIL. No consideration was charged from the customer for the same. Date of issue of				15,000	

	debit note for repairs undertaken was 25th October and payment was made by CIL on same day.	
iii	Purchase of goods on 21st September from M/s Patagonia LLP, registered in Tamilnadu and filing monthly GSTR-1. M/s Patagonia LLP has filed its Form GSTR-1 for the month of September on 15th October.	2,00,000
iv	Intra-State purchase of manufacturing machine sent directly to job worker's premises under delivery challan	4,00,000

The company provided the following additional information for the month of October:

- (i) CIL took delivery of the raw material imported Germany from Kandla Port, Gujarat on 13th October after payment of applicable customs duty and social welfare surcharge @ 10%.
- (ii) CIL supplied taxable goods in the territorial waters to InnoMek Builders for ₹ 6,00,000. Territorial waters is located at a distance of 12 nautical miles from the baseline of Kerala and 15 nautical miles from the baseline of Tamil nadu.
- (iii) CIL supplied solar panels (used for business purpose & on which no ITC has been taken yet) given free of cost to unrelated person based in Gujarat.
[Purchased 2 years' back at a price of ₹ 1,12,100 (including GST). Open market value is ₹ 75,000.]
- (iv) CIL supplied moulds and dies owned by it to unrelated component manufacturers free of cost in October; market value of the same was ₹ 3,30,000.
- (v) CIL provided free training on 'Sales & Customer Engagement Skills' to all its agents free of cost in October; cost of such training was ₹ 1,80,000.
- (vii) Opening balance of input tax credit at the beginning of October is ₹ 95,000 -CGST, ₹ 65,000 -SGST and ₹ 5,25,000 -IGST.
- (viii) All the figures given are exclusive of GST, wherever applicable, except stated otherwise.
- (ix) Subject to the information given above, all other conditions necessary for claiming ITC were complied with.
- (x) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services, except warranty services for which rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 11 to 15 below:

- 11. GST payable on smart watches supplied along with extended warranty offered for sales in October is ____.**
 - (a) CGST - ₹ 1,35,000, SGST - ₹ 1,35,000 and IGST- ₹ 6,30,000
 - (b) CGST - ₹ 1,48,500, SGST - ₹ 1,48,500 and IGST- ₹ 6,84,000
 - (c) CGST - ₹ 1,38,750, SGST - ₹ 1,38,750 and IGST- ₹ 6,45,000
 - (d) CGST - ₹ 1,35,000, SGST - ₹ 1,35,000 and IGST- ₹ 6,45,000
- 12. GST payable on extended warranty offered for sales effected in September is ____.**
 - (a) CGST - ₹ 4,500, SGST - ₹ 4,500 and IGST- ₹ 18,000
 - (b) CGST - ₹ 4,500, SGST - ₹ 4,500 and IGST- ₹ 5,000
 - (c) CGST - ₹ 1,250, SGST - ₹ 1,250 and IGST- ₹ 5,000
 - (d) CGST - ₹ 1,250, SGST - ₹ 1,250 and IGST- ₹ 18,000
- 13. GST payable on the spare parts replenished by CIL to its distributors for replacement of**

parts by the distributor to the customers under warranty is _____.

- (a) CGST - ₹ 625, SGST - ₹ 625 and IGST- ₹ 1,500
- (b) CGST - ₹ 2,250, SGST - ₹ 2,250 and IGST- ₹ 5,400
- (c) CGST - ₹ 2,875, SGST - ₹ 2,875 and IGST- ₹ 6,900
- (d) CGST - Nil, SGST - Nil and IGST - Nil

14. Amount of ITC admissible to CIL for the month of October is _____.

- (a) CGST - ₹ 1,31,000, SGST - ₹ 1,01,000 and IGST- ₹ 7,43,700
- (b) CGST - ₹ 1,33,500, SGST - ₹ 1,03,500 and IGST- ₹ 7,05,000
- (c) CGST - ₹ 95,000, SGST - ₹ 65,000 and IGST- ₹ 7,05,000
- (d) CGST - ₹ 95,000, SGST - ₹ 65,000 and IGST- ₹ 7,07,700

15. Place of supply of goods in territorial waters is ____ and tax payable on the same is ____

- (a) Gujarat, CGST - ₹ 54,000 and SGST - ₹ 54,000
- (b) Kerala, IGST- ₹ 1,08,000
- (c) Tamil Nadu, IGST- ₹ 1,08,000
- (d) Tamil Nadu, CGST - ₹ 54,000 and SGST - ₹ 54,000

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)

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:

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 @ 40%.] (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 ICICI Bank of Lucknow, Uttar Pradesh. It has provided the recovery agent service to the bank.	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 5% 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.

Question 2A (5 Marks)

KPI Ltd., registered in the State of Himachal Pradesh (HP), has a manufacturing unit at Baddi (HP). The company manufactures two products: 'Xt' and 'St'. While 'Xt' is taxable, 'St' is exempt from GST. KPI Ltd. has furnished the following details:

S.N.	Particulars	IGST (₹)
(a)	Machinery 1 purchased on 1 st July for being used in manufacturing Xt and St	72,000
(b)	Machinery 2 purchased on 1 st July for being exclusively used in manufacturing product Xt	36,000
(c)	Machinery 3 purchased on 1 st July for being exclusively used in manufacturing product St	1,08,000
(d)	Machinery 4 purchased on 1 st October last year for being exclusively used in manufacturing product St. From 1 st July, such machinery will also be used for manufacturing product Xt.	1,44,000
(e)	Machinery 5 purchased on 1 st January for being exclusively used in manufacturing product Xt. From 1 st July, such machinery will also be used for manufacturing product St.	18,000
(f)	Machinery 6 purchased on 1 st July two years ago for being used in manufacturing Xt and St	1,08,000

Compute the following:

- (i) Amount of input tax credit (ITC) credited to Electronic Credit Ledger for the month of July
- (ii) Amount of ineligible credit (Tie) for the month of July
- (iii) Amount of aggregate value of common credit (Tc)
- (iv) Common credit for the month of July (Tm)

Note: All the conditions necessary for availing the ITC have been complied with. Make suitable assumptions wherever required.

Question 2B

(5 Marks)

GER Ltd. of Germany supplies luxurious car worth ₹ 1 crore to IND Ltd. of India. Before the car reached Indian port but after crossing of the territorial waters of India, IND Ltd. sells it to T1 Ltd. by way of transfer of documents of title.

T1 Ltd. clears the said car for warehousing and stores said goods in customs bonded warehouse.

T1 Ltd. sells the said car from warehouse to T2 Ltd., and T2 Ltd. clears the said car from the customs bonded warehouse.

Answer the following with brief reasons:

- (i) Is GST leviable on import of goods from GER Ltd. by IND Ltd.?
- (ii) Is GST leviable on supply of goods by IND Ltd. to T1 Ltd.?
- (iii) Is GST leviable on supply of goods by T1 Ltd. to T2 Ltd.?
- (iv) Is GST leviable on clearance of goods by T2 Ltd. from the customs bonded warehouse?
- (v) What would be your answer if supply of goods by T1 Ltd. to T2 Ltd. Made while goods were in FTZ Warehousing Zone?

Question 2C

(4 Marks)

Determine the Assessable value under customs law of an imported machine based on following information:

(1) Cost of machine

(Contract price = ₹ 1,00,000, Revised price = ₹ 2,00,000, Negotiated & Agreed price = ₹ 1,50,000)

- | | |
|---|------------|
| (2) Freight from the factory of the exporter to the port for shipment | = ₹ 20,000 |
| (3) Freight incurred from port of entry to inland container depot | = ₹ 60,000 |
| (4) Handling charges paid for loading the machine in the ship | = ₹ 5,000 |
| (5) Demurrage charge paid at port of importation | = ₹ 30,000 |
| (6) Buying commission paid by importer | = ₹ 5,000 |
| (7) Commission paid to local agent appointed by exporter | = ₹ 1,000 |
| (8) Vendor inspection charges (not required under contract) | = ₹ 8,000 |

Question 3A

(5 Marks)

Compute the value of supply (most beneficial) in below independent cases based on the following information.

- (i) Rajguru Industries transfer stock of 1,00,000 units at the rate of ₹6 per unit (costing ₹ 10,00,000) requiring further processing before sale, from Bijapur in Karnataka to its Nagpur branch in Maharashtra. The Nagpur branch, apart from processing units of its own, engages in the processing of similar units by other persons who supply the same variety of goods, and thereafter

sells these processed goods to wholesalers. There are no other factories in the neighboring area which are engaged in the same business as that of its Nagpur unit. Goods of the same kind and quality are supplied in lots of 1,00,000 units each time, by another manufacturer located in Nagpur. The price of such goods is ₹ 9,70,000.

- (ii) Prestige Appliances Ltd. (Bengaluru) has 10 agents located across the State of Karnataka (except Bengaluru). The stock of chimneys is dispatched on just-in-time basis from Prestige Appliances Ltd. to the locations of the agents, based on receipt of orders from various dealers, on a weekly basis. Prestige Appliances Ltd. is also engaged in the wholesale supply of chimneys in Bengaluru. An agent places an order for dispatch of 30 chimneys on 22.09.2022. Prestige had sold 30 chimneys to a retailer in Bengaluru on 18.09.2022 for ₹ 2,80,000. The agent effects the sale of the 30 units to a dealer on his own invoice who would affect the sales on MRP basis (i.e., @ ₹10,000/unit).

Note: Assume ITC is fully available to the recipient.

Question 3B

(5 Marks)

Nootan Ltd., a registered person in Indore, Madhya Pradesh, provides details of the following transactions carried out during the month of June 20XX:

S.N.	Particulars	Amount (₹)
1.	Amount charged for composite supply of goods and services by way of milling of wheat into wheat flour, along with fortification to Madhya Pradesh Government for distribution of such wheat flour under Public Distribution System (PDS) in Madhya Pradesh. (The value of supply of goods in the above supply constitutes 25% of the value of composite supply).	20,00,000
2.	Paid rent to Indian Railways, registered in Madhya Pradesh, for its property located in the same State, which was taken on lease by the company.	1,25,000
3.	Paid to XYZ Security Private Limited, for providing security services to its warehouses across the State. Security agency is not registered under GST.	5,35,000
4.	Paid fee to Local Municipal corporation for renewal of the company's factory License for the current financial year.	4,800
5.	Nootan Ltd got the permission from the municipal authorities to build 8 floors building in the Indore. 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

Additional Information:

- (i) All above figures are exclusive of taxes, wherever applicable.
(ii) Assume the rate of GST as 18%, 9% and 9% for IGST, CGST/SGST respectively.
(iii) Turnover of Nootan Limited for the preceding financial year was ₹ 67 lakh.

You are required to compute the Gross GST payable by Nootan Limited for the month of June 20XX. Reason for the treatment of each item should form part of the answers.

Question 3C

(4 Marks)

Precise Finishing Ltd. imported consignment of graphic design system and one electronic flat knitting machine. The graphic design system is a computer system required to design the artwork which shall be knitted by the flat knitting machine. Graphic design system is not an integral part of electronic flat knitting machine.

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, an exemption had been granted in respect of electronic flat knitting machine and falling within Chapter 85 of the First Schedule to the Customs Tariff Act, 1975. The exemption does not include any specific mention of accessories to the machine. Precise Finishing Ltd. has claimed exemption of the said notification in respect of Graphic Design System also as accessory of Flat Knitting Machine.

The Customs Department rejected the importer's claim for exemption on Graphic Design System. Examine whether the Department's action is sustainable in law.

Question 4A

(5 Marks)

The following particulars are furnished by Delight Exporters, Karnataka, which is duly registered under the GST law. The entity has also filed bond/LUT in order to export goods without payment of any taxes. You are required to calculate the refund amount in respect of input tax credit on inputs and input services relating to goods exported in the relevant tax period.

S.N.	Particulars	Value of supply in ₹
1.	Turnover - excluding supply of services, but includes domestic exempt supplies of ₹ 8,00,000. and inward supplies of ₹ 2,00,000	54,00,000
2.	Zero-rated supply of goods under bond/LUT	6,00,000
3.	Export services under bond/LUT	48,00,000
4.	Non-zero-rated supply of services	10,00,000
5.	Payments received towards zero-rated supply, which includes ₹ 12,00,000 against which services are yet to be supplied.	48,00,000
6.	Advance received in the past, against which zero-rated supplies of services have been made in the current tax period	14,00,000
7.	ITC on inputs and input services during the tax period	9,60,000

Further export of goods 'X' is also made during the period for ₹ 10,00,000 [In addition to above information]. Goods "X" is liable for export duty @10%.

Question 4B

(5 Marks)

ABC Pvt. Ltd., New Delhi, provides support services to foreign customers in relation to procuring goods from India. The company identifies the prospective vendor, reviews product quality and pricing and then shares the vendor details with the foreign customer.

The foreign customer then directly places purchase order on the Indian vendor for purchase of specified goods. ABC Pvt. Ltd. charges its foreign customer cost plus 10% mark up for services provided by it.

The company has charged US \$ 1,00,000 (exclusive of GST) to its foreign customer for services provided by it. With reference to provisions of GST, examine whether said supply will amount to export of service?

Question 4C

(4 Marks)

M/s DMP Overseas Ltd. imports goods from USA and intends to avail the benefit of an exemption notification issued under section 25(1) of the Customs Act, 1962 with regard to said goods. However, since it does not have a manufacturing facility at all, it needs to send the goods so imported for job work to a third party job worker Mr. Raju.

The accountant of M/s DMP Overseas Ltd. advised it that as per the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, M/s DMP Overseas Ltd. is not permitted to send such goods to third party for job work.

You are required to advise M/s DMP Overseas Ltd. on the said issue elaborating the relevant legal provisions under the customs law

Question 5A

(5 Marks)

Swastik Tours and Travel is registered taxable person under GST in the State of Punjab. Its gross receipts from the overseas package tours for the month of February amounted to ₹ 80 crore. Out of this ₹ 80 crore, ₹ 10 crore were received from registered persons. While filing GSTR-1 for the month of February, it tampered the amount of invoices issued to unregistered persons and reported only ₹ 20 crore on account of B to C transactions (i. e, transaction with unregistered persons), thus, understating the tax liability by ₹ 9 crore (i.e. 18% of 50 crore). Moreover, while filing GSTR-3B for the same month, it availed ITC of ₹ 0.40 crore on account of fake invoices received without receipt of goods/services.

GST Department initiated prosecution proceedings against Swastik Tours and Travel for above offence.

Swastik Tours and travel deposited amount of tax due along with interest and penalty and ₹ 3.76 crore as compounding amount being amount equivalent to 40% of tax evaded and requested the commissioner for compounding of offence. Other conditions required for compounding the amount were duly complied.

Even then commissioner rejected the request of Swastik Tours and Travel on the plea that compounding amount deposited by Swastik Tours and Travel is less than the minimum amount to be deposited for compounding of offence.

You are required to examine the case and comment upon rejection of request of Swastik Tours and Travel as per the provisions of section 138 of the CGST Act, 2017 read with relevant rule of CGST Rules, 2017.

Also discuss the relevant legal provision in brief..

Question 5B

(5 Marks)

'Generally, appellant is not allowed to produce any additional evidence at the appeal stage.' Examine this statement with reference to rule 112 of the CGST Rules, 2017 and discuss in brief, the provisions related to production of additional evidence before the Appellate Authority or the Appellate Tribunal.

Question 5C

(4 Marks)

Mr. Pandya imported certain raw material from Japan. However, Mr. Pandya was not able to furnish certain supporting documents related to the said raw material imported along with the Bill of Entry for home consumption. Mr. Pandya requested the customs officials to deposit the said imported goods in a public bonded warehouse for a period of 20 days so that he obtains the required documents. The Customs officer initially denied for allowing warehousing and afterwards insisted Mr. Pandya to execute an indemnity bond for the goods to be deposited in the warehouse.

Examine the correctness of the stand taken by the Customs Officer

Question 6A

(6 Marks)

Comment and discuss with explanations the validity of below statement with reference to GST law.

- (i) "It is mandatory to furnish the details of conveyance in Part-B of E-way Bill."
- (ii) "There is no requirement of the physical verification of business premises."
- (iii) "There is no requirement to provide the details of bank account at the time of application of registration."

Question 6B**(4 Marks)**

PrimeAxis Ltd. and BluePeak Ltd., two well-established manufacturing companies registered under GST in the State of Maharashtra, decided to strengthen their market presence by merging their operations. After following due legal procedures, they filed an application for merger before the Court. On 22nd May, the Court passed an order approving the merger, stating that it would take effect retrospectively from 1st April. However, an important transaction had already taken place on 15th May, wherein PrimeAxis Ltd. supplied a consignment of taxable goods to BluePeak Ltd.

The accountant of PrimeAxis Ltd. took the view that no GST was payable on this transaction. According to him, since the merger was effective from 1st April (as per the Court's order), both companies were deemed to be one entity from that date. Therefore, the transfer of goods on 15th May does not qualify as "supply" under GST. You are required to assess the technical veracity of the claim of the accountant of PrimeAxis Ltd.

Question 6C**(4 Marks)**

Discuss the benefits granted under FTP to Status Holders.