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**CA FINAL (May 2026)**  
**GROUP II – PAPER 5**  
**INDIRECT TAX LAWS**  
**(Series 4)**

**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**

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

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

- (i) Zoom Air sold air tickets worth ₹ 5,00,000 during the month from its head office and the breakup of air fare is as follows:  
Basic fare excluding GST – ₹ 4,00,000  
Passenger Service Fee (PSF) and User Development Fee (UDF) [inclusive of GST] – ₹ 1,00,000  
PSF and UDF are remitted by Zoom Air to the airport authority. Further, the amount of PSF and UDF is separately disclosed in the invoice issued to customers by Zoom Air along with applicable GST. The airport authority pays an amount of 5% of PSF and UDF (inclusive of GST amount) collected as collection charges to Zoom Air on which GST is applicable. There is no levy of PSF and UDF on the tickets booked by Zoom Air for its own crew or other employees.
- (ii) Zoom Air (Head Office) has collaborated with Supertrip India, an online travel portal, providing services to the customers by way of booking air tickets through its electronic commerce platform and registered under GST in the State of Maharashtra. During the month, Supertrip India booked tickets for ₹ 2,00,000 (base fare excluding GST, PSF and UDF) for the customers of Zoom Air. The amount was remitted by Supertrip India to Zoom Air after adjusting the amount of tax collected at source under section 52. In addition to the aforesaid amount, Supertrip India charged commission from Zoom Air at the rate of 5% of the base fare of air tickets booked.
- (iii) Zoom Air (Head Office) charged 100% cancellation fee from the customers for bookings made in prior months. The amount of cancellation fee charged was ₹ 1,00,000 inclusive of GST. Instead of actually collecting the cancellation fee from the customers, such amount was adjusted against the booking amount and GST discharged at the time of initial bookings. However, the PSF and UDF

amounting to ₹ 10,000 (inclusive of GST) charged from the customers against such bookings were refunded.

- (iv) Zoom Air (Head Office) provided gifts in the form of air tickets to 10 of its employees based at its head office for an amount equivalent to ₹ 60,000 each. No amount was recovered from the employees for such air tickets.
- (v) Zoom Air has a corporate tie-up with Welcome Hotel, located in Rajasthan, for stay of its crew members. For January, the hotel issued an invoice of ₹ 5,00,000 in the name of Zoom Air, Head office, Mumbai.
- (vi) Doodle Inc. owns online space for advertisement on internet. Doodle Inc. has agreed to sell such online advertising space to Haryana office of Zoom Air for an amount of ₹ 8,00,000 per month. Haryana office of Zoom Air sells such advertising space to its customers in India on its own.
- (vii) Haryana office of Zoom Air has provided services by way of sale of online advertisement space to Amazing Pvt. Ltd. (a company registered in the State of Haryana) for promotion of Amazing Pvt. Ltd.'s products. The amount charged for such service by Haryana office of Zoom Air is ₹ 5,00,000.
- (viii) All the amounts given above are exclusive of GST unless otherwise provided. The opening balance of Electronic Credit Ledger of Zoom Air and Supertrip India for the relevant tax period is nil. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions, in the month of January.
- (ix) GST is applicable on all inward and outward supplies unless otherwise specified @ 18%. (Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.)
- (x) In case of cancellation of tickets, the airport authority and Zoom Air had an agreement that PSF and UDF related adjustment shall be finalized at the end of financial year, i.e., during the month of March. Further, separate GST invoice shall be issued to carry out such adjustment in books of accounts.

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

**You are required to answer the following:**

1. **The gross GST liability of Mumbai Head Office of Zoom Air for the month of January is:**
  - (a) 1,08,000
  - (b) 72,000
  - (c) 1,80,000
  - (d) 2,16,900
2. **Determine all kinds of credits available to Mumbai Head Office of Zoom Air for setting off against its GST liability for the month of January is:**
  - (a) 2,800
  - (b) 93,800
  - (c) 3,800
  - (d) 96,800
3. **Assuming that the customers, in point (i) of the case scenario above, are registered customers and all other conditions for availment of input tax credit are complied with, the amount of input tax credit available to such customers would be:**
  - (a) 90,000

(b) 72,000

(c) 87,254

(d) 76,272

**4. Choose the most appropriate answer in relation to the transaction between Haryana office of Zoom Air and Amazing Pvt. Ltd.:**

(a) The service is in the nature of online information and database access or retrieval services and Amazing Pvt. Ltd. is liable to pay IGST of ₹ 90,000.

(b) The sale of advertisement space is deemed sale of services as per Schedule II of CGST Act, 2017 and liable to CGST of ₹ 45,000 and SGST of ₹ 45,000.

(c) Zoom Air is required to pay IGST of ₹ 90,000 and Amazing Pvt. Ltd. is required to collect tax at source on consideration paid to Zoom Air.

(d) Zoom Air is required to pay CGST of ₹ 45,000 and SGST of ₹ 45,000 and full credit shall be allowed to Amazing Pvt. Ltd.

**5. Supertrip India purchases 1,000 air tickets in bulk for an amount of ₹ 1,000 per ticket from Zoom Air and made these tickets available for sale at its electronic portal to the customers on its own account. Supertrip India was able to sell only 800 air tickets for which the total amount collected from customers was ₹ 15,00,000. As per the agreement, the remaining 200 air tickets purchased by Supertrip India from Zoom Air lapsed, and amount was forfeited by Zoom Air. Choose the most appropriate statement.**

(a) Supertrip India shall be liable to pay net GST of ₹ 90,000 and collect TCS of ₹ 10,000.

(b) Supertrip India is acting as an agent of Zoom Air and shall be liable to pay net GST of ₹ 1,26,000 and no GST will be payable by Zoom Air separately.

(c) Supertrip India shall be liable to pay net GST of ₹ 90,000 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

(d) Supertrip India shall be liable to pay net GST of ₹ 1,57,500 and Zoom Air shall be liable to pay GST of ₹ 1,80,000.

## Case Study 2

Super Lever Limited is engaged in manufacturing of taxable electronic goods. Its retail showroom located in Mumbai as well as two manufacturing units located in Mumbai and Nagpur are registered under same GSTIN under GST in the State of Maharashtra. The company has a manufacturing unit in Bangalore, registered under GST in the State of Karnataka and another retail showroom located in Ahmedabad, registered under GST in the State of Gujarat.

The company has provided the following details with regard for the month of October:

S. No.	Particulars	Retail Showroom at Mumbai (₹)	Mumbai Unit (₹)	Nagpur Unit (₹)
(i)	Sale of taxable goods	6,50,000	12,50,000	13,50,000
(ii)	Purchase of taxable raw material		12,70,000	11,80,000
(iii)	Payment made for security	-	1,50,000	1,10,000
(iv)	Interest received on fixed deposits with a nationalized bank			1,08,000
(v)	Sale of securities [Such securities were purchased for ₹ 2,75,000]		4,50,000	

(vi)	Sale of agricultural land in the vicinity of the manufacturing plant [Stamp duty was paid on ₹ 1,85,00,000]			1,85,00,000
(vii)	Sale of old factory building which was not used anymore [Stamp duty was paid on ₹ 75,00,000]		90,00,000	

Following additional information is provided by the company:

1. In case of Mumbai unit, payment for security services for the month of October has been made to Safe and Secure Solutions Pvt. Limited, a company not registered under GST. For Nagpur unit, the payment for security services for the month of October has been made to Vigilante Solutions, a partnership firm registered under GST.
2. October being Diwali month, the Retail Showroom at Mumbai has sold combo packs of food processors and electric irons at a discounted rate to boost its sales. Each combo pack has been sold at a price of ₹ 6,000. Out of the total sales of Retail Showroom reported in table above, ₹ 1,50,000 is on account of such combo packs. For this purpose, electric irons were specially procured by the Retail Showroom from the market since the company does not manufacture the same. Few electric irons have been sold individually as well. Total sales of such electric irons is ₹ 36,000, which is included in the sales reported in table above.
3. Nagpur unit issued credit notes for ₹ 1,80,000 to its buyers in the month of November towards discount on account of making timely payment. The buyers were aware of such discount at the time of sale in October. All the buyers reversed the proportionate input tax credit on receiving the discount except one buyer who received credit note for ₹ 23,000. Nagpur unit reported sales (taxable goods) of ₹ 16,00,000 in the month of November.
4. Further, in the month of December, Mumbai unit received ₹ 3,15,000 as interest on delayed payment of sale consideration from its buyers (GST is separately recovered on same, if applicable). The interest pertains to the sale made in the month of October. Mumbai unit reported sales (taxable goods) of ₹ 12,00,000 in the month of December.
5. Stock valued at ₹ 7,30,000 was transferred from Mumbai unit to Nagpur unit on October 16. Further, stock valued at ₹ 6,80,000 was also transferred from Bangalore unit to Retail Showroom at Ahmedabad on October 22. The same was billed to Ahmedabad Retail Showroom at ₹ 5,00,000.
6. On October 23, a truck carrying finished goods of the Mumbai unit was intercepted by the proper officer. The proper officer was of the view that the e-way bill was not prepared in accordance with the provisions of the GST law. The truck along with the goods was seized by the proper officer under section 129. The seizure order was passed on October 23 and the same was communicated to Mumbai unit on October 24.

For this case scenario, the applicable rate of GST on electric irons procured from the market is 18% and all other remaining goods is 12%. All the amounts mentioned in the case scenario are exclusive of taxes, wherever applicable

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

6. **The value of taxable supply made by Nagpur unit during the month of October and its gross tax liability (without considering input tax credit) for the month of November is**
  - (a) Value of taxable supply – ₹ 13,50,000; Gross tax liability - ₹ 1,70,400
  - (b) Value of taxable supply – ₹ 11,70,000; Gross tax liability – ₹ 1,92,000

- (c) Value of taxable supply – ₹ 13,50,000; Gross tax liability – ₹ 1,73,160
- (d) Value of taxable supply – ₹ 12,78,000; Gross tax liability – ₹ 1,73,160
7. **The value of taxable supply made by Mumbai unit during the month of October and its gross tax liability (without considering input tax credit) for the month of December is –**
- (a) Value of taxable supply – ₹ 1,07,00,000; Gross tax liability - ₹ 1,81,800
- (b) Value of taxable supply – ₹ 15,65,000; Gross tax liability – ₹ 1,44,000
- (c) Value of taxable supply – ₹ 17,00,000; Gross tax liability – ₹ 1,81,800
- (d) Value of taxable supply – ₹12,50,000; Gross tax liability – ₹ 1,81,800
8. **Which of the following statements is correct with regard to gross tax liability for outward supply made by Retail Showroom at Mumbai?**
- (a) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 89,160.
- (b) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 80,160.
- (c) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 78,000
- (d) The gross tax liability of Retail Showroom (without considering input tax credit) for the month of October is ₹ 73,680.
9. **Value of exempt supply provided by Nagpur unit and Mumbai unit during the month of October is-**
- (a) Nagpur unit - ₹ 1,08,000; Mumbai unit – Nil
- (b) Nagpur unit - ₹ 1,86,08,000; Mumbai unit – ₹ 94,50,000
- (c) Nagpur unit - ₹ 1,86,08,000; Mumbai unit - ₹ 4,50,000
- (d) Nagpur unit - ₹ 1,08,000; Mumbai unit - ₹ 4,50,000
10. **Value of exempt supply provided by Nagpur unit and Mumbai unit for the purpose of reversing input tax credit under rules 42 and 43 during the month of October is-**
- (a) Nagpur unit - ₹ 1,08,000; Mumbai unit – ₹ 4,50,000
- (b) Nagpur unit - ₹ 1,85,00,000; Mumbai unit – ₹ 75,04,500
- (c) Nagpur unit - ₹ 1,86,08,000; Mumbai unit - ₹ 94,50,000
- (d) Nagpur unit - ₹ 1,85,00,000; Mumbai unit – ₹ 79,50,000
11. **The Mumbai unit wishes to file an appeal against the order passed by the proper officer authorizing the seizure of the truck and the goods transported therein. Which of the following statements is correct in this context?**
- (a) There is no appellate remedy against the orders passed by the proper officer under section 129
- (b) The Mumbai unit can directly file an appeal before the High Court under the CGST Act, 2017 as the GST Appellate Tribunal is yet to be constituted.
- (c) The Mumbai unit can file an appeal with the Appellate Authority on or before January 24 of the next calendar year.
- (d) The Mumbai unit can file an appeal with the Revisional authority on or before January 23 of the next calendar year

## Case Study 3

Ecotech Solutions Private Limited is engaged in manufacturing and supply of energy products and solutions across multiple States in India. The Company manufactures solar panels and also imports certain category of solar panels as per the customer orders. The company also provides installation services and annual maintenance contracts for its products.

The Company received an advance payment for a bulk order of goods in March 2025, but the delivery was completed in May, 2025. The amount of advance received by the Company was ` 1 crore.

During the month of March 2025, the Company sold goods worth ` 5 crore and provided services amounting to ` 1 crore to its customers across India. The goods worth ` 1 crore sold under multiple invoices were returned by a customer due to defective quality in the month of March, 2025 which were originally sold by the Company in January, 2025. The Company issued a GST credit note against the returned goods in March, 2025.

The Company incurred an amount of ` 5 lakh on the repair of the returned goods to make them resalable in the market to customers other than a related party.

Further, the customers who returned the goods issued an invoice to Gujarat unit of the Company of ` 1 lakh for the expense related to return of goods. The goods were initially sold from the Gujarat unit of the Company but the same were returned to Maharashtra unit of the Company and subsequently moved by the Company from Maharashtra unit to Gujarat Unit i.e. the original place of supply. The Company is registered under GST in both the States i.e. Gujarat and Maharashtra. The Company does not have any blocked input tax credit for the period related to aforesaid transactions.

**Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 12 to 14 below:**

- 11. Which of the following options is correct in relation to the returned goods of value ` 1 crore ?**
- (a) Company has an option to issue single credit note against multiple invoices.
  - (b) Company has to mandatorily issue separate credit note against each invoice.
  - (c) The Company cannot issue credit note in any subsequent period after the supply is made.
  - (d) The Company can only issue a commercial credit note and GST adjustment cannot be made
- 12. In case returned goods are sold by the Company to customers other than the related parties, the value of supply of such goods under GST shall be**
- (a) equivalent to original value of supply only.
  - (b) equivalent to original value of supply plus the cost incurred on making the goods reusable
  - (c) 110% of original value of supply plus the cost incurred on making the goods reusable.
  - (d) transaction value subject to the conditions mentioned in Section 15(2) of the CGST Act, 2017.
- 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. Which of the following option(s) is correct in relation to the invoice of ` 1 lakh issued by the customer for the expenses relating to returned goods?**

- (a) The Company shall be eligible to avail full input tax credit.
- (b) The Company shall not be allowed to avail input tax credit.
- (c) The Company shall not be allowed to avail input tax credit in excess of 50% of the tax amount charged on such invoice.
- (d) The Company shall be allowed to claim input tax credit only if it has not issued any credit note to the customer against such returned goods.

## **Independent MCQ**

### **15. In which situation, facility of deferred payment of duty shall not apply to eligible importer:**

- (a) An eligible importer fails to pay duty in full by due date more than once in a period of six consecutive months.
- (b) An eligible importer fails to pay duty in full by due date more than once in a period of two consecutive months.
- (c) An eligible importer fails to pay duty in full by due date more than once in a period of three consecutive months.
- (d) An eligible importer fails to pay duty in full by due date even once anytime.

## 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)**

M/s BBV Ltd. of Nagpur, registered under GST in the State of Maharashtra, is engaged in providing following types of outward supplies:

- (i) Manufacture of taxable product 'D'
- (ii) Service of hiring of trucks
- (iii) Services on which tax payable under reverse charge
- (iv) Other supplies

M/s BBV Ltd. has provided the following details related to the outward supplies for the month of October 2026:

S.No.	Particulars	Amount (₹)
(i)	Export of product 'D' with payment of IGST	16,50,000
(ii)	Product 'D' supplied under a Letter of Undertaking (LUT) to M/s CFF Pvt. Ltd. located in a SEZ in the state of Maharashtra.	9,00,000
(iii)	Exprt of product 'D' under Letter of Undertaking (LUT)	11,00,000
(iv)	Domestic outward supply turnover of product 'D'	46,00,000
(v)	Domestic Turnover of other outward services on which tax is payable under reverse charge	8,00,000
(vi)	Sale of securities (Purchased at ₹ 36,00,000 in the month of January,2026)	42,00,000
(vii)	Outward supply of Hiring of trucks to M/s ABB, a Goods Transport Agency for transportation of goods.	7,00,000
(viii)	Sale of land (excluding stamp duty value of ₹ 2,80,000, being 2% of value considered for the purpose of stamp duty) (Land was purchased in the month of November,2025)	1,25,00,000
(ix)	Interest received on investment in fixed deposits with a public sector bank.	2,51,000

Details of inward supplies for the month of October, 2026:

S. No.	Particulars	Amount (₹)
(i)	Common inputs and input services used for outward supply of goods and services mentioned above: (a) Inputs - ₹ 20,00,000; (b) Inputs services - ₹ 8,00,000 Nothing has been used for any non-business purpose.	28,00,000
(ii)	Freight paid in relation to product 'D' to an unregistered Goods Transport Agency, used in relation to taxable supply only.	75,000

Note:

- (1) All the amounts given above are exclusive of GST, wherever applicable.

There is no opening balance of any input tax credit. Assume that all the conditions necessary for availing the input tax credit have been fulfilled including that details of GST paid on inward supplies are available in GSTR 2B.

- (2) Assume that all the domestic transactions of company are inter-State and that rate of IGST on goods and services are 12% and 18% respectively; however rate for goods transport agency service to be considered as 5%.
- (3) Company is not covered under any of the exception provided in rule 86B of the CGST Rules, 2017 regarding restriction on use of available input tax credit.

Compute the net minimum GST liability of M/s BBV Ltd., to be paid in cash if any, after utilizing Input tax credit if any, for the month of October, 2026.

**Note:** Legal explanations for each point should form part of your answer.

## Question 2A

(5 Marks)

Abhivyakti Pvt Ltd. is engaged in the supply of food products under the brand name "Super Foods". It has a plant at Howrah, West Bengal. It is a registered supplier under GST and is a monthly return filer. It has allotted residential quarters to its employees within the plant premises. The aggregate turnover of the company during the preceding financial year was ` 7.50 crore.

Following details are provided by the company for the month of September:

Particulars	Amount (₹)
Sale of 'Super Foods' food products (Note 1)	60,00,000
Purchase of raw material from the market	14,00,000
Rent received from its employees for residential quarters allotted to them for residence	10,000
Electricity charges paid to West Bengal State Electricity Board	1,60,000
Security services provided by M/s Suraksha Security, Kolkata (a partnership firm registered under GST)	1,00,000
Interest on delayed payment collected from customers	3,500
Interest received on fixed deposit in a bank	8,600
Payment to Kolkata Chamber of Commerce (a non-body corporate registered under GST) towards sponsorship for Investor Summit at Kolkata	25,000
Licence fee paid to Food & Safety Standard Authority of India (FSSAI)	25,000
Legal fee paid to advocate, Mr. Dhruv Banerjee	30,000
Transportation charges paid to an unregistered goods transport operator for transportation of raw material from mandi to factory	40,000
Transportation charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors	50,000

Note- All the above amounts are exclusive of GST, wherever applicable, unless specified otherwise. Applicable rate of GST is 18%.

Calculate the value of taxable supply received by Abhivyakti Pvt Ltd. in the month of September on which GST is payable under reverse charge.

## Question 2B

(5 Marks)

Kaushal Manufacturers Ltd., registered in Delhi, is a manufacturer and supplier of electronic home appliances. It is paying tax under regular scheme. It supplies the electronic home appliances in the domestic as well as overseas market. For supplies in other States of India, the company has appointed consignment agents in each such State, except Gurgaon, Haryana and Noida, Uttar Pradesh, where the goods are supplied directly from its Delhi warehouse.

In the month of January, consignments of electronic home appliances were sent to Cardinal Electricals Pvt. Ltd. and Rochester Technos – agents of Kaushal Manufacturers Ltd. in Punjab and Madhya Pradesh respectively. Cardinal Electricals Pvt. Ltd. and Rochester Technos supplied these electronic home appliances under their invoices to the stores located in their respective States for ₹ 40,00,000 and ₹ 70,00,000 respectively. Open market value of such appliances is not available.

Further, in January, electronic home appliances have been supplied to Ronn Technomart – a wholesale dealer of electronic home appliances in Noida, Uttar Pradesh for consideration of ₹ 23,00,000, from its Delhi warehouse. Kaushal Manufacturers Ltd. owns 75% shares of Ronn Technomart. Open market value of the electronic home appliances supplied to Ronn Technomart is ₹ 30,00,000. Further, Ronn Technomart is not eligible for full input tax credit.

Kaushal Manufacturers Ltd. also provides repair and maintenance services to electronic appliance manufacturers located in India.

The company has also furnished the following information for the month of January:

Particulars	₹
Supply of electronic home appliances to wholesale dealers of such appliances in Delhi	84,00,000
Repair and maintenance services provided to Unitech Ltd., an electronic appliance manufacturer, located in Delhi	8,40,000
Advance received towards repair and maintenance services to be provided to Orelec Ltd., an electronic appliance manufacturer, located in Delhi [Repair and maintenance services have been provided in February and invoice is issued on 28 <sup>th</sup> February]	7,00,000

You are required to determine the gross GST liability [CGST & SGST and/or IGST] of Kaushal Manufacturers Ltd. for the month of January.

**Note:**

- (i) All the given amounts are exclusive of GST, wherever applicable.
- (ii) Assume the rates of GST to be as under:

Goods/services supplied	CGST	SGST	IGST
Electronic home appliances	2.5%	2.5%	5%
Repair and maintenance services	9%	9%	18%

You are required to make suitable assumptions, wherever necessary

**Question 2C**

**(4 Marks)**

Maxiline Corp, not being an EOU, had imported technical instruments from USA for ₹ 180 lakh on payment of duty. It had to subsequently send back the same to the supplier for repair. The supplier has agreed to provide discount of 50% of fair cost of repairs, resulting in Maxiline Corp paying USD 15,000.

Following further particulars are available:

Particulars	Date	Rate of Duty	Inter Bank Exchange rate	Rate notified by CBIC
Bill of Entry	21-02-2022	20%	60	62
Aircraft arrival	26-02-2022	15%	62	61

IGST u/s 3(7) of Customs Tariff Act, 1975 -18%.

	Outwards (Amt. in ₹)	Inwards (Amt. in ₹)
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Insurance	20,000	30,000
Air Freight	80,000	1,20,000

Other details available on records:

- (a) Goods are reimported within 5 years of despatch for repair.
- (b) Both the exported and imported goods are the same.
- (c) There is no change in the ownership of technical instruments.
- (d) The export is not from a public/private warehouse and repairs does not amount to manufacture.

Determine total duty payable with appropriate notes for your computation.

### Question 3A

(5 Marks)

Examine the following independent scenarios and answer the questions given thereon:

- (i) Zebrex, registered in Delhi, enters into a contract with Shine Ltd., an advertising company, located and registered in Gurugram, Haryana, to arrange the display of an advertisement of Zebrex's newly launched product on a hoarding placed in Marine Drive-Mumbai, Maharashtra for initial 3 months of the launch of the product. Shine Ltd., in turn, enters into a contract with the owner of Seaside Hotel located and registered in Marine Drive-Mumbai, Maharashtra for display of the advertisement on a hoarding placed in the lawn of the hotel. What will be the place of supply of service(s) provided in the given case?
- (ii) Crystal Clear Water Ltd. (CCWL) is a manufacturer of mineral water and registered under GST in Mumbai, Maharashtra. CCWL enters into a contract with Global Advertising Agency (GAA) registered under GST in Ahmedabad, Gujarat for displaying its advertisement on hoardings at an awards event organized at Convention Centre Gandhinagar, Gujarat on 31.10.20XX. the structure on which the hoardings are to be displayed is taken on rent by GAA from Mr. Kapoor (unregistered person based in Delhi.). Determine the 'place of supply' for tax invoice to be raised by GAA to CCWL.
- (iii) M/s Speed Logistics gave on hire its tipper lorries to M/s ABC, a mining firm for transporting minerals from mining pit head to railway siding. Vehicle was given with driver but fuel cost was to be borne by the recipient. M/s Speed Logistics considered this transaction as exempt supply since it was covered under the entry of transportation of goods by road except by GTA in the exemption notification. Examine the correctness of this treatment.

### Question 3B

(5 Marks)

B & D Company, a partnership firm, in Nagpur, Maharashtra is a wholesaler of a taxable product 'P' and product 'Q' exempt by way of a notification. The firm supplies these products only in the eastern part of Maharashtra. All the procurements (both goods and services) of the firm are from suppliers registered under regular scheme in the State of Maharashtra. The firm pays tax under composition scheme.

B & D Company has furnished the following details with respect to its turnover (exclusive of taxes) and stock (exclusive of taxes):

Particulars	Turnover for the quarter ended 30 <sup>th</sup> June (₹)	Turnover for the quarter ended 30 <sup>th</sup> September (₹)
'P'	60,00,000	50,00,000
'Q'	17,65,000	17,00,000

The extract of the only bill book maintained by the firm showed the following details-

Bill No.	Date	Value of products (exclusive of taxes)
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		'P' (₹)	'Q' (₹)	Total (₹)
2306	1 <sup>st</sup> October	2,00,000	3,000	2,03,000
2307	1 <sup>st</sup> October	1,36,000	2,250	1,38,250
2308	2 <sup>nd</sup> October	67,000	39,250	1,06,250
2309	3 <sup>rd</sup> October	58,750	33,750	92,500
2310	5 <sup>th</sup> October	1,00,000	-	1,00,000
2311	6 <sup>th</sup> October	94,000	6,000	1,00,000
2312	6 <sup>th</sup> October	-	17,000	17,000
2313	8 <sup>th</sup> October	50,000	6,000	56,000
2314	9 <sup>th</sup> October	60,000	9,000	69,000
2315	.....	.....	.....	.....

Further, B & D Company paid freight of ₹ 1,40,000 to Goods Transport Agency during the period April to October. Assume equal amount of freight is paid each month on the 10<sup>th</sup> day of each month. Also, assume that the goods for which the freight is paid on 10<sup>th</sup> day of the month are transported between 11<sup>th</sup> to 20<sup>th</sup> day of the month. Also, assume that GTA has not opted to pay tax under forward charge.

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

Compute the GST liability (ignoring ITC provisions) of B & D Company for the period April to October under composition scheme under sub-sections (1) and (2) of section 10 showing calculations for each quarter separately.

Note: Make suitable assumptions wherever required. Rate of CGST and SGST on service of transportation of goods by GTA is 2.5% each. Stock is valued at cost price.

### Question 3C

(4 Marks)

Sarah of Germany, a person of foreign origin, has come to India on a solo trip on travel visa. She carries with her the following as part of baggage:

S. No.	Particulars	Value in (₹)
(i)	140 sticks of cigarettes of ₹ 120 each	16,800
(ii)	Travel souvenir	75,000
(iii)	Other articles carried on in person	1,25,500
(iv)	Fire arm with 110 cartridges (value includes the value of cartridges at @ ₹ 510 per cartridge).	1,10,000
(v)	Used personal effects of his own infant child for donation	10,000
(vi)	Laptop	90,000

With reference to the Baggage Rules, 2016, determine customs duty payable. Ignore agriculture infrastructure and development cess

### Question 4A

(5 Marks)

Kailash Global (P) Ltd. supplies various goods in domestic and international markets. It is engaged in both manufacturing and trading of goods. The company is registered under GST in the State of Karnataka. The company exports goods without payment of tax under letter of undertaking in accordance with the provisions of section 16(3)(a) of the IGST Act, 2017.

**The company has made the following supplies during a tax period:**

S.N.	Particulars	(₹)
(i)	Export of product 'A' to UK for \$ 10,000 (Assessable value under customs in Indian rupees.) [Export duty is levied on product 'A' at the time of exports. Further, value of like goods domestically supplied by the similarly placed supplier is ₹ 6,00,000]	7,00,000
(ii)	Domestic supplies of taxable product 'B'* during the period [excluding tax @ 5%] [Inputs used in manufacturing of such goods are taxable @18%] *not notified as a product, in respect of which refund of unutilised ITC shall not be allowed under section 54(3)(ii)	10,00,000
(iii)	Supply of goods to Export Oriented Unit [excluding tax @ 18%] [ITC has been claimed by the recipient]	5,00,000
(iv)	Export of exempt supplies of goods (Value of like goods domestically supplied by the similarly placed supplier is ₹ 5,00,000)	6,00,000

**The ITC available for the above tax period is as follows:**

S.N.	Particulars	(₹)
(i)	On inputs	3,50,000
(ii)	On input services	1,50,000
(iii)	On capital goods	1,20,000

Determine the maximum amount of refund admissible to Kailash Global (P) Ltd. for the given tax period.

#### Question 4B

**(5 Marks)**

GSTR 3B for the month of January 20XX has been filed by M/s Avisha Limited, a registered person, within the due date prescribed by the CGST Act 2017 which is on February 20<sup>th</sup>, 20XX. It came to the notice of the Co. that tax due for the month of January, 20XX has been paid short by ₹ 16,000. The short fall of ₹ 16,000 has been paid through cash ledger and credit ledger at the time of filing GSTR 3B for the month of February 20XX on March 20<sup>th</sup>, 20XX in the following manner:

Particulars	Cash Ledger	Credit Ledger
Shortfall	₹ 12,000	₹ 4,000

Assume that electronic cash ledger and credit ledger carry sufficient balance for the above short fall.

- You are required to calculate the amount of interest payable if any under section 50 of the CGST Act 2017 and rule 88B of the CGST rules 2017.
- Give the effect if GSTR3B for the month of January 20XX had been filed belatedly on March 20, 20XX and all other conditions remaining same.

Calculation should be rounded off to nearest rupee. Consider 20XX as leap year, give effect of same.

#### Question 4C

**(4 Marks)**

During the year 20XX, the customs authorities have noticed that there is an increased quantity of Product XYZ being imported into the country. Determine whether the Central Government should consider levying safeguard duty or anti-dumping duty with appropriate reasons. Also enumerate any exemptions/reliefs available from such duty

#### Question 5A

**(5 Marks)**

A taxpayer has suppressed certain facts resulting in short payment of tax. The mistake is pointed out by

the Department, but no show cause notice (SCN) has been issued. As per the taxpayer, suppression of tax amounting to ₹ 12,00,000 is accepted and he agrees that the suppression has taken place for supplies made in the month of January, 20XX. He clears the dues on 20<sup>th</sup> April, 20XX. However, the Department, on verification, identifies additional suppression of tax of ₹ 2,00,000 in the same month of January, 20XX. SCN is issued and the taxpayer represents before the proper officer, which results into an adverse order against the taxpayer. The order is passed on 25.05.20XX and the taxpayer complies with the adverse adjudication order on 27.07.20XX.

Determine the tax, interest and penalty payable at each stage

## Question 5B

(5 Marks)

Answer the following questions:

- (a) Radhaswamy owns and supplies certain goods costing ₹ 30,00,000 in a conveyance hired from Manikaran Transporters. Market value of said goods is ₹ 40,00,000 and tax chargeable thereon is ₹ 4,80,000.

The goods supplied by Radhaswamy and the conveyance [owned by Manikaran Transporters] used for carriage of such goods are confiscated since Radhaswamy has supplied said goods in contravention of the provisions of the CGST Act, 2017 with an intent to evade payment of tax.

However, the proper officer intends to give an option to Radhaswamy and Manikaran Transporters to pay in lieu of confiscation, a fine leviable under section 130 of the CGST, Act, 2017.

Determine the maximum amount of the fine in lieu of confiscation on:

- (i) the goods liable for confiscation.  
(ii) the conveyance used for carriage of such goods.
- (b) Raghuraman is a registered supplier in Madhya Pradesh. He failed to pay the GST amounting to ₹ 7,400 for the month of January, 20XX. The proper officer imposed a penalty on Raghuraman for failure to pay tax. Raghuraman believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. Examine the correctness of Raghuraman's claim.

## Question 5C

(4 Marks)

Niryaat Exporters imported some goods on 1<sup>st</sup> January. The goods were not meant for being used in an 100% EOU, STP unit, EHTP unit. The goods were cleared from the Mumbai port for warehousing on 8<sup>th</sup> January by presenting an 'into Bond' Bill of Entry. The assessable value of the goods was US\$ 10,000. On 8<sup>th</sup> January, the exchange rate was ₹ 66 per US\$ and the rate of basic customs duty was 15%. The order permitting the deposit of goods in warehouse for 4 months was issued under section 60 of the Customs Act, 1962 on 15<sup>th</sup> January. The goods were thereafter deposited in a warehouse at Pune and were cleared from Pune warehouse on 31<sup>st</sup> May. The rate of basic customs duty was 15% and exchange rate was ₹ 68.75 per 1 US\$ on 31<sup>st</sup> May. IGST @ 10% is applicable on said goods. Further, the rate of basic customs duty was 12% and exchange rate was ₹ 67 per 1 US\$ on 15<sup>th</sup> May. Ignore IGST and agriculture and infrastructure development cess.

You are required to compute: (a) total customs duty payable and (b) interest, if any, payable

## Question 6A

(6 Marks)

In an appeal filed with the High Court by Prateek Ltd., on the question whether activity undertaken by Prateek Ltd. amounts to supply, the appeal was decided in favour of Prateek Ltd. The amount of tax, interest and penalty involved were IGST of ₹ 1.2 crore, interest of ₹ 60 lakh and penalty of ₹ 50 lakh.

However, the Department does not agree with the order passed by the High Court and contends that the said activity amounts to supply under GST. The Department wants to file an appeal before the Supreme Court relating to the dispute pertaining to demand of tax, interest and penalty. You are required to examine whether appeal can be filed by Department in the given case. Will your answer change, in case matter is related to valuation of services instead of determining whether said activity amounts to supply?

## **Question 6B**

**(4 Marks)**

Briefly answer the following questions with reference to the provisions of rectification of mistakes/errors apparent on the face of record by any authority, under section 161?

- (a) Which documents are covered under section 161?
- (b) Who can rectify the errors apparent on the face of record?
- (c) What type of mistakes or errors can be rectified?
- (d) What is the time limit for rectification?

## **Question 6C**

**(4 Marks)**

The Central Government is in the process of drafting an amendment to the Foreign Trade Policy (FTP). During this process, it circulates a draft for stakeholder consultation and provides them 30 days for feedback. Global Exporters' Association (GEA) submits detailed suggestions, on the same. The Government acknowledges receipt of their suggestions but, in the final amendment, these recommendations are not accepted

Separately, another association, Fresh Food Exporters Forum (FFEF), also submitted views relating to said amendment. Their suggestions were not incorporated, and the Government did not provide any reasons for rejection.

Can FFEF demand the Government to legally disclose the reasons for not accepting its feedback? Also, list the situations where the Government is not required to provide reasons for rejecting stakeholder views