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CA FINAL (May 2026)
GROUP II - PAPER 5
INDIRECT TAX LAWS
SUGGESTED ANSWERS
(Series 4)

PART - I (MCQs)

MCQ - 2 marks each														
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
(d)	(a)	(c)	(d)	(c)	(c)	(d)	(a)	(a)	(b)	(c)	(a)	(d)	(a)	(c)

PART - II (Descriptive Answers)

Answer 1

Computation of minimum net GST liability of M/s BBV to be paid in cash for the month of October, 2026

S.N.	Particulars	Amount (₹)	IGST (₹)
	Output tax payable under forward charge		
(i)	Export of product 'D' with payment of tax [Since exports are inter-State supplies, IGST is payable on them']	16,50,000	1,98,000 [16,50,000 x 12%]
(ii)	Product 'D' supplied to SEZ under LUT [Supply to a SEZ unit is a zero- rated supply. Further, no tax is payable since goods are supplied under LUT.]		-
(iii)	Export of product 'D' under LUT [Export is a zero-rated supply. Further, no tax is payable since goods are supplied under LUT.]		-
(iv)	Domestic outward supply of Product 'D'	46,00,000	5,52,000 [46,00,000 x 12%]
(v)	Outward services taxable under reverse charge [No tax is payable since recipient is liable to pay tax.]		-
(vi)	Sale of securities [Since securities are neither good nor services, sale of securities is not a supply.]		-
(vii)	Supply of hiring of trucks to GTA [Exempt, since services by way of giving on hire to a GTA, a means of transportation of goods, are exempt.]		-
(viii)	Sale of land		-

	[Sale of land is neither supply of goods nor supply of services, as it is covered in Schedule III. Thus, it is not a supply.]		
(ix)	Interest received on investments [Services by way of extending deposits in so far as the consideration is represented by way of interest are exempt.]		-
	Total output tax		7,50,000
	Less: Input tax credit [Refer working note below.] [ITC of IGST is being utilized for set-off of IGST liability.]		(1,39,523)
	Net GST payable Since the value of supply in October month exceeds ₹ 50 lakh, at least 1% of output tax liability is to be paid in cash, in terms of rule 86B. However, since in the given question, ITC available is much less than 99% of the output tax liability, there is no need for any adjustment of amount utilized from electronic credit ledger.		6,10,477
	Add: Tax on services received by the registered recipient from unregistered GTA is payable under reverse charge	75,000	3,750
	Minimum net GST payable in cash		6,14,227

Working note - Computation of eligible ITC available for set off

Particulars			IGST (₹)
Common credit on inputs	20,00,000	2,40,000 [20,00,000 × 12%]	3,84,000
Common credit on input services	8,00,000	1,44,000 [8,00,000 × 18%]	
Freight paid [Since used exclusively for taxable supply, ITC is fully available.]			3,750 [75,000 × 5%]
Less: Common credit attributable to exempt supplies (rounded off) = Common credit on inputs and input services x (Exempt turnover during the period / Total turnover during the period) = ₹ 3,84,000 x ₹ 1,55,42,000 / ₹ 2,40,43,000 Exempt turnover = ₹ 1,55,42,000 and Total turnover = ₹ 2,40,43,000 [Refer Notes 1 and 2]			(2,48,227)
Total ITC eligible for set-off			1,39,523

Notes:

1. Computation of Exempt turnover

Particulars	Amount (₹)
Exempt turnover includes-	
(i) supply of hiring of trucks to GTA	7,00,000
(ii) services taxable under reverse charge	8,00,000
(iii) sale of securities (Value of exempt supply in respect of security is 1% of the sale value of such security) and	42,000

(iv) sale of land (Value of exempt supply in respect of land is the value adopted for paying stamp duty)	1,40,00,000
Excludes interest received on investments (₹ 2,51,000)	
Exempt Turnover	1,55,42,000

2. Computation of Total turnover = ₹ (16,50,000 + 9,00,000 + 11,00,000 + 46,00,000 + 8,00,000 + 42,000 + 7,00,000 + 1,40,00,000 + 2,51,000) = ₹ 2,40,43,000

Answer 2A

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

Particulars	Amount (₹)
Purchase of raw material from the market [Tax is payable under forward charge.]	Nil
Transportation charges paid to an unregistered goods transport operator for transportation of raw material from mandi to factory [Services by way of transportation of goods by road are exempt except the services of GTA and courier agency <i>Notification No. 12/2017 Central Tax (Rate)</i> . Therefore, tax on transportation of goods services provided by a goods transport operator is not payable under reverse charge since said services are exempt from GST.]	Nil
Transportation charges paid to a local truck owner (not a GTA) for transportation of finished products from factory to distributors [Services by way of transportation of goods by road are exempt except the services of GTA and courier agency <i>Notification No. 12/2017 Central Tax (Rate) dated 28.06.2017</i> . Therefore, tax on transportation of goods services provided by a local truck owner is not payable under reverse charge since said services are exempt from GST.]	Nil
Security services provided by M/s Suraksha Security, Kolkata (a partnership firm registered under GST) [Tax on security service provided by a person other than body corporate to a registered person is payable under reverse charge under section 9(3) vide <i>Notification No. 13/2017 CT (R) dated 28.06.2017</i>]	1,00,000
Payment to Kolkata Chamber of Commerce (registered under GST) towards sponsorship for Investor Summit at Kolkata [Tax on sponsorship services provided by any person other than a body corporate to any body-corporate is payable under reverse charge under section 9(3) vide <i>Notification No. 13/2017 CT (R) dated 28.06.2017</i>]	25,000
License fee paid to Food & Safety standard Authority (FSSAI) [Taxable, it is not specifically exempt. Further, tax is payable under forward charge.]	Nil
Electricity charges paid to West Bengal State Electricity Board [Supply of electricity is exempt from GST.]	Nil
Legal fee paid to advocate, Mr. Dhruv Banerjee [Tax on legal services provided by an individual advocate to any business entity with an aggregate turnover exceeding such amount in the preceding FY as makes it eligible for exemption from registration under the CGST Act, 2017 is payable under reverse charge vide <i>Notification No. 13/2017 CT (R) dated 28.06.2017</i> .]	30,000
Total	1,55,000

Answer 2B

Computation of gross GST Liability of Kaushal Manufacturers Ltd. for the month of January

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Supply of electronic home appliances to consignment agents - Cardinal Electricals Pvt. Ltd. and Rochester Technos of Punjab and Madhya Pradesh [Note 1]			4,95,000 [99,00,000 × 5%]
Supply of electronic home appliances to Ronn Technomart of Noida, Uttar Pradesh [Note 2]			1,50,000 [30,00,000 × 5%]
Supply of electronic home appliances to wholesale dealers of such appliances in Delhi [Note 3]	2,10,000 [84,00,000 × 2.5%]	2,10,000 [84,00,000 × 2.5%]	
Supply of repair and maintenance services to Unitech Ltd., an electronic appliance manufacturer, located in Delhi [Note 5]	75,600 [8,40,000 × 9%]	75,600 [8,40,000 × 9%]	
Advance received for repair and maintenance services supplied to Orelec Ltd., a electronic appliances manufacturer, located in Delhi [Note 6]	63,000 [7,00,000 × 9%]	63,000 [7,00,000 × 9%]	
Total GST liability	3,48,600	3,48,600	6,45,000

Answer 2C

In case of re-importation of goods exported for repairs, duty is payable on fair cost of repairs carried out, insurance and freight charges, both ways, subject to fulfillment of specified conditions.

Following conditions are to be satisfied in this regard:

- The time limit for re-importation is 5 years
- The exported goods and the re-imported goods must be the same.
- The ownership of the goods should not have changed.

Since all specified conditions are fulfilled in the given case, total duty payable will be computed as under:

Computation of total duty payable by Maxiline Corp.

Particulars	
Fair cost of repairs (in dollars) = \$ 15,000/50%	\$ 30,000
	₹
Fair cost of repairs (in rupees) = \$ 30,000 x ₹ 62 [Note-1]	18,60,000
Add: Inward and outward insurance [₹ 20,000 + ₹ 30,000]	50,000
Add: Inward and outward air freight [₹ 80,000 + ₹ 1,20,000]	<u>2,00,000</u>
Assessable Value	21,10,000
Add: Basic customs duty (BCD) @15% [Note-2]	3,16,500
Add: SWS @ 10% of BCD	<u>31,650</u>
Value for computing IGST	24,58,150

IGST @ 18%	4,42,467
Total duty and tax payable [3,16,500 + 31,650 + 4,42,467]	7,90,617

Notes:

1. Rate of exchange notified by the CBIC on date of presentation of bill of entry would be the applicable rate in terms of third proviso to section 14(1) of the Customs Act, 1962.
2. Rate of duty is the rate in force on date of presentation of bill of entry or arrival of aircraft, whichever is later in terms of proviso to section 15(1) of the Customs Act, 1962.

Answer 3A

- (i) (a) **Advertisement services** provided by Shine Ltd. to Zebrex is **not covered in any of the sub-sections** of section 12 of the IGST Act, 2017. Therefore, the **place of supply shall be determined by the default provision** under section 12(2)(a) of the IGST Act, 2017, viz. the **location of the recipient**.

Thus, the place of supply, in the given case, is the location of Zebrex, i.e. **Delhi**.

(b) In case where there is supply (sale) of space or supply (sale) of rights to use the space on the hoarding/structure (immovable property) belonging to vendor to the client/advertising company for display of their advertisement on the said hoarding/structure, the hoarding/structure erected on the land should be **considered as immovable structure or fixture** as it has been embedded in earth. Further, place of supply of any service provided by way of supply (sale) of space on an immovable property or grant of rights to use an immovable property shall be governed by the provisions of section 12(3)(a) of the IGST Act. Therefore, the place of supply of service provided by way of grant of rights to use the hoarding/structure for advertising in this case would be the **location where such hoarding/structure is located**.

Thus, the place of supply, in the given case, is location of hotel where the hoarding is located, viz. **Marine Drive-Mumbai, Maharashtra**

- (ii) In the given case, services provided by GAA to CCWL are **advertisement services**.

The **place of supply** of such services made to a registered person is **location of such person**.

Thus, place of supply for tax invoice to be raised by GAA to CCWL is location of CCWL, i.e.

Mumbai, Maharashtra.

- (iii) In case of **hiring of vehicle**, the person taking vehicle on rent defines how and when the vehicles will be operated, **determines schedules, routes** and other operational considerations. Therefore, the person giving the vehicles on rent with operator for a specified period of time **cannot be considered to be supplying the service by way of transport of goods** by road; he is **supplying service of renting of transport vehicles with operator, which is not exempt**.

Thus, in the given case, treatment done by M/s Speed Logistics is not correct since services provided by M/s Speed Logistics are **not exempt; they are taxable**

Answer 3B

As per section 10(3), the option availed by a registered person to pay tax under composition scheme under sub-sections (1) and (2) of section 10 shall **lapse with effect from the day on which his aggregate turnover during a financial year exceeds ₹ 1.5 crore** [₹ 75 lakh in case of Special Category States except Assam, Himachal Pradesh and Jammu and Kashmir].

As per section 2(6), **aggregate turnover means the aggregate value of all taxable supplies** (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis),

exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same PAN, to be computed on all India basis **but excludes CGST, SGST/UTGST, IGST and GST Compensation Cess.**

In the given case, firm is registered under composition scheme in the State of Maharashtra. The aggregate turnover of firm exceeds ₹ 1.5 crore on 3rd October [aggregate of both taxable and exempt turnover from 1st April to 3rd October, i.e. ₹ 1,50,05,000 (1,44,65,000 + ₹ 2,03,000 + ₹ 1,38,250 + ₹ 1,06,250 + ₹92,500)]

The inward supplies of goods transportation services in respect of which the firm has to pay tax under reverse charge have not been included in the aggregate turnover in terms of section 2(6). The tax is payable under reverse charge on such services as the GTA has not opted to pay tax under forward charge.

Thus, the firm will have to pay tax under regular scheme (Section 9) from 3rd October.

Output tax liability of B & D Company under composition scheme

During the period when the firm pays tax under composition scheme, i.e. from 1st April to 2nd October, tax will be payable on quarterly basis and no ITC will be available [Section 10(4) read with sub-sections (2) and (7) of section 39]. Further, since the firm is trading in goods, tax will be payable @ 1% (½% CGST + ½% SGST) of the turnover of taxable supplies of goods and services (i.e. 'P') in the State [Section 10(1) read with rule 7].

The tax liability for the quarters ended June, September and December under composition scheme will be computed as under

Particulars	Quarter ended 30 th June (₹)	Quarter ended 30 th September (₹)	Quarter ended 31 st December (₹)
Turnover of 'P' (Taxable supplies)	60,00,000	50,00,000	4,03,000 [2,00,000 + 1,36,000 + 67,000]
CGST @ 0.5% [A1]	30,000	25,000	2,015
SGST @ 0.5% [B1]	30,000	25,000	2,015
CGST @ 2.5% [A2]	1,500	1,500	-
SGST @ 2.5% [B2]	1,500	1,500	-
Total CGST [A1 + A2]	31,500	26,500	2,015
Total SGST [B1 + B2]	31,500	26,500	2,015
Total CGST liability for period from 1st April to 2nd October	60,015 [31,500 + 26,500 + 2015]		
Total SGST liability for period from 1st April to 2nd October	60,015 [31,500 + 26,500 + 2015]		

Answer 3C

Computation of customs duty payable

	₹
Cigarettes [100 sticks can be accommodated in General Free Allowance (GFA)]	12,000
Travel souvenir [Allowed duty free]	Nil
Articles carried on in person	1,25,500
Laptop	Nil
Used personal effects of his infant child	10,000
Firearms cartridge [50 cartridges can be accommodated in GFA]	<u>25,500</u>
Baggage that can be accommodated in GFA	1,73,000

Less: GFA	<u>15,000</u>
Baggage on which duty is payable	<u>1,58,000</u>
Duty payable @ 35%	55,300

Fire arms, cartridges of firearms exceeding 50 and cigarettes exceeding 100 sticks are not chargeable to rate applicable to baggage. Fire arms and cartridges of firearms exceeding 50 are chargeable to duty @ 70% while cigarettes exceeding 100 sticks are chargeable to duty at the rates applicable on cigarettes.

Answer 4A

Computation of maximum amount of refund admissible to Kailash Global (p) Ltd.

Particulars	(₹)
Exports of product 'A' to UK [Note (i)]	Nil
Domestic supplies of taxable product 'B' during the period [Note (ii)]	90,000
Supply of goods to Export Oriented Unit [Note (iii)]	Nil
Export of exempt supplies [Note (iv)]	<u>1,07,143</u>
Total refund claim admissible	1,97,143

Notes:

- (i) Export of goods is a zero rated supply in terms of section 16(1)(a) of the IGST Act, 2017. Further, Kailash Global (P) Ltd. 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. Therefore, as per clause (i) of first proviso to section 54(3), a registered person may claim refund, of any unutilised ITC in the case of zero rated supply made without payment of tax at the end of any tax period. However, second proviso to section 54(3) lays down that refund of unutilized ITC is not allowed if the goods exported out of India are subjected to export duty.
- (ii) Refund of unutilised ITC is allowed in case of inverted duty structure, i.e. where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies) except supplies of goods or services or both as may be notified by the Government on the recommendations of the GST Council [Clause (ii) of the first proviso to section 54(3)].

Rule 89(5) stipulates that in the case of refund on account of inverted duty structure, refund of ITC is granted as per the following formula:

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

where:

“Net ITC” means ITC availed on inputs during the relevant period.

“Adjusted total turnover” means the sum total of the value of:

- (a) turnover in a State/Union territory, as defined u/s 2(112), excluding turnover of services; &
- (b) turnover of zero-rated supply of services determined in terms of specified manner and non-zero-rated supply of services,

Excluding the value of exempt supplies other than zero-rated supplies during the relevant period.

“Relevant period” means the period for which the claim has been filed.

Tax payable on inverted rated supply of goods = ₹ 10,00,000 × 5% = ₹ 50,000

Here, Net ITC = ₹ 3,50,000, Adjusted Total Turnover = ₹ 28,00,000 [₹ 7,00,000 + ₹ 10,00,000 + ₹ 5,00,000 + ₹ 6,00,000] and Turnover of inverted rated supply of goods = ₹ 10,00,000

Thus, maximum refund amount under rule 89(5) = ₹ 3,50,000 x 10,00,000/₹ 28,00,000 - (₹ 5,00,000 x ₹ 3,50,000/₹ 5,00,000) = ₹ 1,25,000 - ₹ 35,000 = ₹ 90,000

- (iii) As per section 2(39), deemed exports means such supplies of goods as may be notified under section 147. Supplies to EOU is notified as deemed export under section 147. In respect of supplies regarded as deemed exports, the application of refund can be filed by the supplier of deemed export supplies only in cases where the recipient does not avail of ITC on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund [Third proviso to rule 89(1)]. Therefore, since in the given case, the recipient is claiming ITC, Kailash Global (P) Ltd. (supplier of deemed exports) cannot claim refund of ITC.
- (iv) Section 16(2) of the IGST Act, 2017 stipulates that subject to the provisions of section 17(5) of the CGST Act, ITC may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply. Section 54(3) of the CGST Act, 2017 allows refund of ITC in the case of zero rated supply made without payment of tax.

Rule 89(4) stipulates that in the case of zero-rated supply of goods or services or both without payment of tax under bond/LUT in accordance with the provisions of section 16(3) of the IGST Act, 2017, refund of ITC shall be granted as per the following formula:

$$\text{Refund Amount} = \frac{(\text{Turnover of zero-rated supply of goods} + \text{Turnover of zero-rated supply of services})}{\text{Adjusted Total Turnover}} \times \text{Net ITC}$$

where:

“Net ITC” means ITC availed on inputs and input services during the relevant period.

“Turnover of zero-rated supply of goods” means the value of zero-rated supply of goods made during the relevant period without payment of tax under bond/LUT, or the value which is 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier, as declared by the supplier, whichever is less.

“Adjusted total turnover” means the same as explained in point ii above.

Here, Turnover of zero rated supply of goods = ₹ 6,00,000 (Lower of ₹ 6,00,000 or 1.5 times of ₹ 5,00,000 i.e. 7,50,000 whichever is lower), Net ITC = ₹ 5,00,000 and Adjusted Total Turnover = ₹ 28,00,000 (as computed in point ii above)

Thus, **maximum refund** amount under rule 89(4) = ₹ 5,00,000 x ₹ 6,00,000/₹ 28,00,000 = ₹ 1,07,143

Answer 4B

Interest is payable in case of delayed payment of tax @ **18% per annum from the date following the due date of payment to the actual date of payment of tax.**

Above interest is payable on the net tax liability paid in cash only if return in Form GSTR-3B for a tax period has been filed after the due date to furnish such return. Otherwise, interest is payable on gross tax liability.

- (i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable **on the gross tax liability** deposited with a **delay of 29 days** [21.02.20XX - 20.03.20XX (both inclusive)] as under: = ₹ 16,000 x 18% x 29/366 = ₹ 228 (rounded off)
- (ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, i.e. on 20.03.20XX,

interest is payable **on the net tax liability** paid through Electronic Cash Ledger only, for a **delay of 29 days**, as under: = ₹ 12,000 × 18% × 29/366 = ₹ 171 (rounded off)

Answer 4C

In the given case, **since Product XYZ is being imported into the country in increased quantity, Central Government should consider levying safeguard Duty and not anti-dumping duty.**

Anti-dumping duty is imposed when any article is exported from any country to India at less than its normal value, which is not the case here.

However, **safeguard duty can be imposed only** when Central Government is satisfied that such **increased importation is causing/threatening to cause serious injury to the domestic industry.**

Exemptions/reliefs:

- Safeguard duty shall **not be imposed** on articles originating **from developing country** if the share of **imports of that article from that country $\leq 3\%$ of the total imports** of that article into India.
- Safeguard duty shall **not be imposed** on articles originating from more than one developing country if the **aggregate of imports from developing countries** each with less than 3% import share taken together **$\leq 9\%$ of the total imports of that article** into India.
- Safeguard duty **shall not be applicable on** articles imported by a **100% EOU/SEZ unit** unless specifically made applicable;
- Safeguard duty shall not be applicable on articles imported by a 100% EOU/SEZ unit **unless article imported is either cleared/used in the manufacture of any goods that are cleared, into DTA.**
- Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard duty.

Answer 5A

As per explanation to section 74A of the CGST Act, 2017, the expression “suppression” means non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.

As the suppression activity has taken place in relation to supplies made in January, the same has to be reported in the return/statement/report filed in the month of February (interest would become payable from 21st February in this case).

Tax, interest and penalty payable before the issue of the SCN:

In case of short payment of tax by reason of suppression of facts, if the taxpayer pays such short-paid tax and applicable interest before issuance of show cause notice, penalty equal to 15% of such tax is payable.

Tax payable = ₹ 12,00,000

Interest = ₹ 12,00,000 × 18% × 59/365 = ₹ 34,915 (rounded off) [From 21st February to 20th April]

Penalty = ₹ 12,00,000 × 15% = ₹ 1,80,000

Tax, interest and penalty payable after the adjudication order:

In case of short payment of tax by reason of suppression of facts, if the taxpayer pays such short-paid tax and applicable interest after 60 days of communication of the adjudication order penalty equal to

100% of such tax is payable.

Tax payable = ₹ 2,00,000

Interest = ₹ 2,00,000 × 18% × 157/365 = ₹ 15,485 (rounded off) [From 21st February to 27th July]

Penalty = ₹ 2,00,000

Answer 5B

(a) (i) In case of **goods liable for confiscation, maximum** amount of **fine leviable** in lieu of confiscation in terms of first proviso to section 130(2) of the CGST Act, 2017 is the **market value of the goods confiscated, less the tax chargeable thereon**. Therefore, in the given case, **maximum fine leviable: = ₹ 40,00,000 - ₹ 4,80,000 = ₹ 35,20,000**

(ii) In case where **conveyance used for carriage** of such goods is liable for confiscation, the **maximum amount of fine** leviable in lieu of confiscation in terms of third proviso to section 130(2) of the CGST Act, 2017 **is equal to tax payable** on the goods being transported thereon.

Therefore, in the given case, **maximum fine leviable = ₹ 4,80,000**

(b) **No**, Raghuraman's claim is **not tenable** in law. Section 126(1) of the CGST Act, 2017 provides that **no officer shall impose any penalty** under CGST Act, 2017, inter alia, **for minor breaches** of tax regulations or procedural requirements. Further, explanation to section 126(1) of the CGST Act, 2017 stipulates that a **breach shall be considered a 'minor breach' if the amount of tax involved is less than ₹ 5,000**.

In the given case, breach made by Raghuraman is **not a 'minor breach' since the amount involved is not less than ₹ 5,000**. So, **penalty is imposable** under the CGST Act, 2017.

Answer 5C

Computation of import duty payable by Niryaat Exporters

Assessable value (US \$)	10,000
	Amount (₹)
Value in Indian currency (US \$ 10,000 x ₹ 66) [Note 1]	6,60,000
Customs duty @ 12% [Note 2]	79,200
Add: Social welfare surcharge @ 10% on ₹ 79,200	7,920
Total customs duty payable	87,120

Notes:

- As per third proviso to section 14(1) of the Customs Act, 1962, assessable value has to be calculated with reference to the rate of exchange prevalent on the date on which the into bond bill of entry is presented for warehousing under section 46 of the Customs Act, 1962.
- Goods which are not removed from warehouse within the permissible period are deemed to be improperly removed in terms of section 72 of the Customs Act, 1962 on the day they should have been removed. The **applicable rate of duty** in such a case **is the rate of duty prevalent on the last date on which the goods should have been removed**.

Computation of interest payable by Niryaat Exporters

As per section 61 of the Customs Act, 1962, if goods (not meant for being used in an 100% EOU, STP unit, EHTP unit) **remain in a warehouse beyond a period of 90 days** from the date on which the order permitting deposit of goods in warehouse under section 60 of the Customs Act, 1962 is made, **interest is payable [@ 15% p.a.]**, on the amount of duty payable at the time of clearance of the goods,

for the period **from the expiry of said 90 days till** the date of **payment of duty** on the warehoused goods.

Therefore, interest payable will be computed as under:

Period of 90 days commencing from the date of order made under section 60 expires on	15 th April
No. of days for which interest shall be payable [15 days of April + 31 days of May]	46 days
Interest payable = ₹ 87,120 x 15/100 x 46/365 (rounded off)	₹ 1,647

Answer 6A

Section 120 of the CGST Act, 2017 provides that **the Board may**, on the recommendations of the Council, from time to time, **issue orders or instructions or directions fixing such monetary limits**, as it may deem fit, **for the purposes of regulating the filing of appeal** or application **by the officer** of the central tax under the provisions of this Chapter. CBIC vide Circular No. 207/1/2024 GST dated 26.06.2024 has **fixed the following monetary limits** for filing appeals/applications/Special Leave Petition by the Department before GSTAT, High Courts and Supreme Court subject to specified exclusions:

Appellate forum	Monetary limit (Amount involved in ₹)
GSTAT	20 lakhs
High Court	1 crore
Supreme Court	2 crores

Further, **where the dispute pertains to demand of tax** (with or without penalty and/or interest), the **aggregate of the amount of tax in dispute** (including CGST, SGST/UTGST, IGST and Compensation Cess) only **shall be considered** while applying the monetary limit for filing appeal, viz. ₹ 1.2 crore (amount of tax only) in the given case. Thus, **appeal cannot be filed** by Department **to Supreme Court** in given case **as amount involved** as per the circular **does not exceed the monetary limit of ₹ 2 crore**.

However, the circular further provides that **the monetary limits** specified above for filing appeal or application by the Department before GSTAT or High Court and for filing Special Leave Petition or appeal before the Supreme Court **shall not be applicable in the following circumstances** where the decision to file appeal shall be taken on merits irrespective of the said monetary limits:

- i. Where any **provision of the CGST Act** or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act has been **held to be ultra vires to the Constitution** of India; or
- ii. Where any **rules or regulations made under the CGST Act** or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act have been **held to be ultra vires the parent Act**; or
- iii. Where any **order, notification, instruction, or circular issued by the Government or the Board has been held to be ultra vires** of the CGST Act or SGST/UTGST Act or IGST Act or GST (Compensation to States) Act or the rules made thereunder; or
- iv. Where the matter is related to –
 - a. **valuation** of goods or services; or
 - b. **classification** of goods or services; or
 - c. **refunds; or**
 - d. **place of supply; or**
 - e. any other issue,

which is **recurring in nature** and/or involves interpretation of the provisions of the GST law/the

Rules/notification/circular/order/instruction etc.; or

- v. Where **strictures/adverse comments have been passed** and/or **cost has been imposed** against the Government/Department or their officers; or
- vi. Any other case or class of cases, where in the opinion of the Board, it is necessary to contest in the interest of justice or revenue.

In view of the above, **if in given case the matter is related to valuation of services, appeal can be filed** by the Department to the Supreme Court **based on the merits** irrespective of the monetary limits.

Answer 6B

- (a) Following **documents** are covered under section 161:
 - **Decision**
 - **Order**
 - **Any notice**
 - **Certificate** or Any other document
- (b) Any **authority** who has passed or issued any decision or order or notice or certificate or any other document **may rectify any error** which is **apparent on the face of record** in such documents.
- (c) Errors or mistakes which are apparent on the face of record may be rectified. Rectification can only be of error apparent from record. It is a settled law that a **decision on a debatable point of law is not a mistake apparent from the record.**
- (d) **No rectification** can be made **after a period of 6 months** from the date of issue of such decision, order, notice, certificate or any other document.

However, such time limit does not apply in cases **where the rectification is purely** in the nature of correction of a **clerical or arithmetical error or mistake**, arising from any **accidental slip or omission**

Answer 6C

- (a) **Central Government is not obliged or mandated** to disclose reasons **for not incorporating views** etc., that **No legal right is conferred on any person to seek reasons** for his views, comments, opinions or feedback, not being incorporated in the FTP thereof. Disclosure is at the discretion of the Government.

Thus, FFEF cannot demand the Government to legally disclose the reasons for not accepting its feedback.

Government is not required to provide reasons for rejection in case of stakeholder views:-

- (i) **adversely affect trade relations** with any foreign country.
- (ii) **adversely affect food, economic** or national security of India;
- (iii) **is in conflict with any government policies**, strategic programs, international obligations or commitments or long- term plans and would undermine the objectives of such policies or programs;
- (iv) **addresses matters unrelated to trade or serve narrow**, private or special interests to the detriment of or contrary to the broader public interest, good; or
- (v) **would require the disclosure of confidential or classified information** Nothing shall confer any legal right whatsoever on any person to seek reasons for his views comments, opinions or feedback, not being incorporated in the FTP thereof.