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

PART - I (MCQs)

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

PART - II (Descriptive Answers)

Answer 1

Computation of gross GST liability on outward supply of Adityanath Private Limited for the month of August

Particulars	Value (₹)	GST (₹)
Supply of Product Alpha [Liable to GST @ 5%]	50,00,000	2,50,000
Supply of Product Gamma [Exempt from GST]	1,00,00,000	Nil
Supply of management consultancy services [Liable to GST @18%]	50,00,000	9,00,000
Renting of commercial complex to local traders of electronic goods [Services by way of renting of residential dwelling for use as residence to an unregistered person are exempt from GST. Thus, renting of commercial complex is taxable and GST is payable on the same @ 18%.]	50,00,000	9,00,000
Export of Product Beta [Export of goods is a zero-rated supply in terms of section 16(1)(a) of the IGST Act, 2017. A zero-rated supply can be made without payment of tax under a LUT in terms of section 16(3)(a) of that Act.]	1,00,00,000	Nil
Export of consultancy services [As per section 2(6) of the IGST Act, 2017, an activity is treated as export of service if, inter alia, payment for the service is received in convertible foreign exchange or in Indian rupees wherever permitted by the RBI. Since in case of exports to Nepal, RBI regulations allow receipt of payment in Indian rupees, exports of service to Nepal are treated as 'normal export'. Export of services is a zero-rated supply in terms of section 16(1)(a) of the IGST Act, 2017. A zero-rated supply can be made without payment of tax under a LUT in terms of section 16(3)(a) of that Act.]	20,00,000	Nil
Sale of building	2,50,00,000	Nil

[Sale of building is neither a supply of goods nor a supply of services in terms of para 5 of Schedule III to the CGST Act, 2017, provided the entire consideration has been received after issue of completion certificate by the competent authority or after its occupation, whichever is earlier. Hence, the same is not liable to GST.]		
Interest received on investment in fixed deposits with Manimani Bank [Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest are exempt]	10,50,000	Nil
Sale of shares [Shares are neither goods nor services in terms of section 2(52) and 2(102) of the CGST Act, 2017. Hence, sale of shares is neither a supply of goods nor a supply of services and hence, is not liable to GST.]	2,50,00,000	Nil
Supply of cigarettes [Liable to GST @ 40%] [Excise duty is included in value since as per section 15(2)(a) of the CGST Act, 2017, value of supply includes all taxes, duties, cesses other than GST.]	1,00,00,000	40,00,000
Supply of petrol and diesel [Supply of petrol and diesel is not leviable to GST as per section 9 of the CGST Act, 2017.]	80,00,000	Nil
Amount received from ICICI Bank for providing recovery agent services to the Bank [Tax on services provided by any recovery agent to any banking company, financial institution or NBFC located in taxable territory is payable by the recipient (ICICI bank) under reverse charge. Thus, tax on such services is not payable by Adityanath Private Limited.]	6,00,000	Nil
Total GST liability on outward supply		60,50,000

Computation of net GST payable by Adityanath Private Limited for the month of August

Particulars	(₹)
Gross GST liability on outward supply [as computed in Answer 9 above]	60,50,000
Less: Input tax credit (ITC) [Refer Working Note 2] [Since the value of taxable supply other than exempt supply and zero-rated supply of Adityanath Private Limited in August exceeds ₹ 50 lakh, amount available in electronic credit ledger which it can use to discharge its output tax liability of said month cannot exceed 99% of such tax liability in terms of rule 86B of the CGST Rules, 2017.]	2,41,441
GST payable from Electronic Cash Ledger [A]	58,08,559
Add: GST payable on inward supplies under reverse charge	
Legal services [₹ 3,50,000 × 18%] [Tax on legal services provided by advocate to business entity, is payable under reverse charge by business entity in terms of Notification No. 13/2017 CT (R) dated 28.06.2017]	63,000
Services received from GTA [₹ 4,00,000 × 5%] [Tax on services provided by a GTA (who has not opted to pay tax under forward charge) to a body corporate, is payable under reverse charge by the body corporate]	20,000
Tax payable under reverse charge [B]	83,000
Total GST paid from Electronic Cash Ledger [A] + [B]	58,91,559

[As per section 49(4) amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax in terms of section 2(82). So, input tax credit cannot be used to pay tax payable under RCM and thus, tax payable under RCM will have to be paid in cash.]	
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Working Note - 1

Computation of common credit attributable to exempt supplies during August

Particulars	Amount (₹)	ITC (₹)
Repair of machinery by George Inc. of USA [In case where either supplier or recipient is located outside India, place of supply of services supplied in respect of goods required to be made physically available by recipient to supplier is location where services are actually performed in terms of section 13(3)(a) of IGST Act, 2017. Hence, place of supply of repair services received in the given case is outside India. Since the location of supplier and place of supply are outside India, said repair services are not liable to GST.]	5,20,000	Nil
Life insurance premium paid by company for life insurance of employees [ITC on life insurance service is available only when it is obligatory for an employer to provide said services to its employees under any law for time being in force. Since it is not obligatory for employer in instant case and thus, ITC thereon is blocked in terms of second proviso to section 17(5)(b).]	48,50,000	Nil
Audit fees [6,50,000 × 18%] [Credit of tax paid on input services used in the course or furtherance of business is available in terms of section 16(1) of the CGST Act, 2017]	6,50,000	1,17,000
Raw material [₹ (10,00,000 – 1,50,000) × 5% + ₹ 29,970] [Credit of tax paid on inputs used in the course or furtherance of business is available in terms of section 16(1) of the CGST Act, 2017. Further, IGST charged on raw material imported from China is also available because input tax, inter alia, includes IGST charged on import of goods.]	10,00,000	72,470
Transportation charges for transporting the goods [₹ 4,00,000 × 5%] [Services by way of transportation of goods by road are exempt from GST except the services of a GTA. Hence, GST is not payable on transportation charges paid for horse pulled carts.]	4,00,000	20,000
Telephone expenses [₹ 4,25,000 × 18%] [Credit of tax paid on input services used in the course or furtherance of business is available in terms of section 16(1) of the CGST Act, 2017.]	4,25,000	76,500
Bank charges paid towards company's current account maintained with bank [₹ 2,00,000 × 18%] [Credit of tax paid on input services used in the course or furtherance of business is available in terms of section 16(1) of the CGST Act, 2017.]	2,00,000	36,000
Common credit on inputs and input services		3,21,970
Common credit attributable to exempt supplies (rounded off) = Common credit on inputs and input services x (Exempt turnover during the period/Total turnover in State during the period)		1,43,529

= ₹ 3,21,970 x ₹ 2,96,00,000/₹ 6,64,00,000 Exempt turnover = ₹ 2,96,00,000 and total turnover in State = ₹ 6,64,00,000 [Refer note below]		
Legal services received from advocate [₹ 3,50,000 × 18%] [Legal services are not eligible for exemption as the turnover of the business entity (Adityanath Private Limited) in the preceding financial year exceeds ₹ 20 lakh. Further, credit of tax paid on input services used in the course or furtherance of business is available in terms of section 16(1) of the CGST Act, 2017. Full credit is available as these services are exclusively used for effecting taxable supply.]	3,50,000	63,000

Note:

As per section 17(3) of the CGST Act, 2017, value of exempt supply includes supplies on which recipient is liable to pay tax on reverse charge basis, transactions in securities, sale of land, subject to clause (b) of paragraph 5 of Schedule II, sale of building and activities specified in clause (a) of paragraph 8 of Schedule III. As per explanation to Chapter V (ITC) of the CGST Rules, value of exempt supply in respect of land and building is the value adopted for paying stamp duty and for security is 1% of sale value of such security.

Further, as per explanation to rule 42 of the CGST Rules, 2017, the aggregate value of exempt supplies, inter alia, excludes the value of services by way of accepting deposits, extending loans or advances in so far as the consideration is represented by way of interest or discount, except in case of a banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances. Aggregate value of exempt supplies and total turnover excludes the central excise duty, State excise duty, central sales tax and VAT.

Therefore, **value of exempt supply** in the given case will be the sum of value of output supply on which tax is payable under reverse charge (₹ 6,00,000), value of sale of building (₹ 2,50,000/2 x 100 = ₹ 1,25,00,000), value of sale of shares (1% of ₹ 2,50,00,000 = ₹ 2,50,000), supply of Product Gamma (₹1,00,00,000) and supply of petrol and diesel (₹ 80,00,000 - ₹ 5,00,000 - ₹ 12,50,000 = ₹ 62,50,000), which comes out to be **₹ 2,96,00,000**.

Total turnover in State = ₹ 6,64,00,000 [₹ 50,00,000 + ₹ 1,00,00,000 + ₹ 50,00,000+ ₹ 50,00,000 + ₹ 1,00,00,000 + ₹ 20,00,000 + (₹ 2,50,000/2 x 100 = ₹ 1,25,00,000) + ₹ 10,50,000 + (1% of ₹ 2,50,00,000 = ₹ 2,50,000) + (₹ 1,00,00,000 - 12,50,000 = ₹ 87,50,000) + (₹ 80,00,000 - ₹ 5,00,000 - ₹ 12,50,000= ₹ 62,50,000) + ₹ 6,00,000]

Working Note 2: Computation of ITC available in the Electronic Credit Ledger of Adityanath Private Limited for the month of August

Particulars	(₹)
Common credit on inputs and input services [Refer W.N. 1]	3,21,970
Legal services used in the manufacture of taxable Product 'Beta' [Refer W.N. 1]	63,000
ITC available in the Electronic Credit Ledger	3,84,970
Less: Common credit attributable to exempt supplies during August [Refer W.N. 1]	1,43,529
Net ITC available	2,41,441

Answer 2A

S.N.	Particulars	ITC (₹)
(i)	Amount of ITC credited to Electronic Credit Ledger, for the month of July Machinery 1 - 'A' [Note 1]	72,000

	Machinery 2 [Note 2]	36,000
	Machinery 3 [Note 3]	-
	Machinery 4 – ‘A’ [Note 4]	1,44,000
	Machinery 5 [Note 5]	-
	Machinery 6 – ‘A’ [Note 6]	-
	ITC credited to Electronic Credit Ledger, for the month of July	2,52,000
(ii)	Amount of ineligible credit (Tie) for the month of July [Note 7]	21,600
(iii)	Aggregate value of common credit (Tc) [Note 8]	
	Value of ‘A’ for Machinery 1 purchased on 1 st July and used for effecting both taxable and exempt supplies	72,000
	Value of ‘A’ for Machinery 4 purchased on 1 st October last year for being used for effecting exclusively exempt supplies and used for effecting both taxable and exempt supplies from 1 st July	1,44,000
	Value of ‘A’ for Machinery 6 purchased on 1 st July two years ago and used for effecting both taxable and exempt supplies	1,08,000
	Input tax claimed on Machinery 5 purchased on 1 st January for being used for effecting exclusively taxable supplies and used for effecting both taxable and exempt supplies from 1 st July [Note 9]	<u>18,000</u>
	Aggregate value of common credit (Tc) for the month of July – Tc [Note 9]	3,42,000
(iv)	Common credit for the month of July (Tm) [Note 10]	5,700

Answer 2B

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

Answer 2C

Computation of assessable value of the imported machine under customs law

Particulars	(₹)
Cost of machine [Note-1]	1,50,000
Add: Commission paid to local agent appointed by exporter [Note-4]	1,000
Add: Cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation - 20% of FOB [Note-2 & 5]	35,200
Add: Insurance @ 1.125 % of FOB [Note-3 & 5]	<u>1,980</u>
Assessable value	1,88,180

Notes:

- As per section 14 of the Customs Act, 1962, the value of the imported goods is the transaction value, i.e. the price actually paid or payable for the goods, which in this case is negotiated and agreed price.
- The cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation are includible in the assessable value. Further, where such cost is not ascertainable, it shall be 20% of the free on board (FOB) value of the goods [Rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].
- Where insurance cost is not ascertainable, it shall be 1.125% of the free on board (FOB) value of the goods [Rule 10(2) of Customs Valuation (Determination of Value of Imported Goods) Rules,].
- Buying commission is not includible in the assessable value. However, commission paid to local agent appointed by exporter is includible since it's not a buying commission [Rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].
- FOB value will be sum total of cost of machine, freight from factory of exporter to port for shipment, handling charges paid for loading the machine in the ship and commission paid to local agent appointed by exporter, which will be ₹ 1,76,000 [(₹ 1,50,000 + ₹ 20,000 + ₹ 5000 + ₹ 1,000)].
- Freight incurred from port of entry to Inland Container depot is not includible in assessable value [Rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].
- Only the payments actually made as a condition of sale of the imported goods by the buyer to the seller are includible in the assessable value. Vendor inspection charges not required under contract are thus, not includible in the assessable value [Rule 10(1) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007].

Answer 3A

- (i) In case of transfer of goods between two registered units of the same person (having the same PAN), the transaction will be **treated as a supply even if the transfer is made without consideration**, as such persons will be **treated as 'distinct persons'** under the GST law.

Furthermore, value of supply of goods between **distinct persons'** is determined as per rule 28(1) as follows:

- the **open market value** of such supply;
- if open market value is not available, the **value of supply of goods or services of like kind and quality**;
- if value cannot be determined under the above methods, it must be worked out based on the **cost of the supply plus 10% mark-up** or by other reasonable means, in that sequence.

However, where the **goods are intended for further supply as such by the recipient**, the value shall, at the option of the supplier, be an **amount equivalent to 90% of the price charged for the supply of goods of like kind and quality** by the recipient to his unrelated customer.

Further, where the **recipient is eligible for full input tax credit**, the **value declared in the invoice** shall be **deemed to be the open market value** of the goods.

In this case, although goods of like kind and quality are available, the same may not be accepted as the 'like goods' in this case would be less expensive given that the transportation costs would be lower. Therefore, the **value of the supply would be taken at 110% of the cost, i.e., ₹ 11,00,000 (i.e., 110% * 10,00,000).**

However, **Since Nagpur branch is eligible for full input tax credit**, the **value declared in the invoice will be deemed to be the OMV** of the goods in terms of second proviso of Rule 28(1) **Hence the Value of Supply shall be ₹ 6,00,000.**

- (ii) An activity/transaction qualifies as supply under GST only if it is undertaken for a consideration and is in course/furtherance of business. However, supply of goods by a principal to his agent where agent undertakes to supply such goods on behalf of principal is considered as supply even if made without consideration provided the invoice for further supply is issued by the agent in his own name. **since M/s. The agent sells the goods under the invoice issued in its own name, it falls within the purview of an agent in terms of Schedule I**

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

Thus, **the value of the supply by Prestige to its agent would be either ₹ 2,80,000, or 2,70,000 (i.e., 90%*10,000 * 30), based on the option chosen by Prestige. Being most beneficial, ₹ 2,70,000 shall be taken as Value of Supply.**

Answer 3B

Computation of Gross GST Payable by Nootan Limited

S.N.	Particulars	CGST (₹)	SGST (₹)
1.	Amount charged from Madhya Pradesh Government [Exempt since composite supply of service of milling of wheat into flour and fortification for distribution by State Governments under PDS is exempt from GST if value of goods supplied in said supply does not exceed/is upto 25% of the total value of composite supply.]	-	-
2.	Paid rent to Indian Railways [Tax on renting of immovable property services provided by Indian Railways is not payable under reverse charge.]	Nil	Nil
3.	Security services received [Tax on security services is not payable under reverse charge since supplier is a body corporate.]	Nil	Nil
4.	Paid fee to Local Municipal Corporation [Exempt since the consideration for the services provided by local authority does not exceed ₹ 5,000.]	Nil	Nil
5.	Compensation from Sunil Construction Ltd. [Service of agreeing to the obligation to refrain from an act is being provided. Further, it's an intra- State supply since place of supply is location of recipient, i.e., Bengaluru.]	2,34,000	2,34,000
	Gross GST payable by Nootan Ltd.	2,34,000	2,34,000

Answer 3C

The **graphic design system is not an integral part of the electronic flat knitting machine**. It is an accessory to the machine.

Hence, electronic flat knitting machine and graphic design system **cannot be treated as one single unit and should be classified and assessed separately**.

In the given case, the **exemption had been granted under the customs law specifically in respect of the electronic flat knitting machine** falling under Chapter 85 of the First Schedule to the Customs Tariff Act, 1975 and **not to its accessory – the graphic design system**.

Therefore, benefit of the **exemption** notification available in respect of **electronic flat knitting machine will not be available to graphic design system**. The Department's action is sustainable in law.

Answer 4A

In case of zero-rated supply of goods and services without payment of tax under bond/LUT, refund of ITC relating to goods and services exported is granted as per the following formula:

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

Accordingly, the amount of refund shall be computed as follows:

Particulars	₹
Net ITC (ITC on inputs and input services during the tax period)	9,60,000
Turnover of zero-rated supply of goods	6,00,000
Turnover of zero rated supply of services [Aggregate of payments received during the relevant period and services where supply has been completed for which payment had been received in advance in any prior period reduced by advances received for which the supply of services has not been completed during the relevant period] [₹ 48 lakh + 14 lakh – ₹ 12 lakh]	50,00,000
Adjusted total turnover = Turnover in a State excluding turnover of services + Turnover of zero-rated supply of services determined as above + non-zero-rated supply of services – Exempt supplies other than zero-rated supplies + Export of Goods "X" [₹ 54 lakh – ₹ 2 lakh + ₹ 50 lakh + ₹ 10 lakh – ₹ 8 lakh + ₹ 10 lakh]	1,14,00,000
Refund of ITC for zero rated supply of goods and zero rated supply of services [₹ 9,60,000 x (₹ 56,00,000/₹ 1,14,00,000)]	4,71,579 (rounded off)

Answer 4B

Section 2(13) defines "**intermediary**" to mean a **broker, an agent** or any other person, by whatever name called, **who arranges or facilitates** the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account.

In this case, **since ABC Pvt. Ltd. is arranging or facilitating** supply of goods between the foreign customer and the Indian vendor, the said services can be **classified as intermediary services**.

If the location of the supplier of services or the location of the recipient of service is outside India, place

of supply is determined in terms of section 13. **Since**, in the given case, the **recipient** of supply is located **outside India**, provisions of supply of intermediary services will be determined in terms of **section 13**.

As per section 13(8)(b), the **place of supply** in case of intermediary services **is the location of the supplier, i.e.** the location of ABC Pvt. Ltd. which is **New Delhi**.

As per section 2(6) of the IGST Act, 2017, **export of services means** the supply of any service when:

- (a) the **supplier** of service is located **in India**;
- (b) the **recipient** of service is located **outside India**;
- (c) the **place of supply** of service is **outside India**;
- (d) the **payment** for such service has been received by the supplier of service **in convertible foreign exchange** or in Indian rupees wherever permitted by the Reserve Bank of India; and
- (e) the supplier of service and the recipient of service are **not merely establishments of a distinct person** in accordance with Explanation 1 in section 8.

In given case, place of supply is in India, this transaction does **not** tantamount to **export** of service.

Answer 4C

The advice of the accountant is not correct. The importer- M/s DMP Overseas Ltd. is permitted to send the imported goods to a job worker provided following conditions as laid down by the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 are being fulfilled:

1. The importer shall **maintain a record of goods sent for job work** during the month and mention the same in the **quarterly statement**.
2. The goods shall be **sent to job worker under invoice or through an e- way bill**, mentioning their description and quantity.
3. The **maximum period for which the goods can be sent to the job worker is one year** from the date of invoice/e-way bill.
4. In case the importer is **unable to establish that the goods sent for job work have been used as per the specified particulars**, the jurisdictional customs officer shall **take necessary action** against the importer.

Conditions for job worker

1. Job worker **shall maintain account of goods received, manufacturing process undertaken** and waste generated, if any.
2. Job worker shall **produce account details before jurisdictional customs officer** on demand.
3. Job worker shall, **after completion of job work return processed goods to importer or send them to another job worker as directed** by importer for remaining process, under invoice or e-way bill.

Answer 5A

In the given case, Swastik Tours and Travel has committed the following offences:

- **Availing of ITC using the fake invoices received without receipt of goods/services**
- **Falsification or substitution of financial records** with an intention to evade payment of tax due or evasion of tax

Here, the **amount of tax evaded/ITC wrongly availed is Rs. 9.4 crore** (₹ 9 crore + ₹ 0.4 crore), i.e. it **exceeds ₹ 5 crore**.

Further, where the **offence committed by the person falls under more than one category**, the **compounding amount shall be the amount** determined for the offence **for which higher compounding amount has been prescribed**. Thus, the **compounding amount will be as follows**:

- For the offence of availing of **ITC using the fake invoices** received without receipt of goods/services, **compounding amount is 50% of the amount of ITC** wrongly availed.
- For the offence of **falsification or substitution of financial records** with an intention to evade payment of tax due or evasion of tax, **compounding amount is 50% [higher of 25% or 50%]** of the amount of tax evaded].

Thus, Swastik Tours and Travel should have deposited the following amount of tax evaded/ITC wrongly availed as the compounding amount:

= 50% of ₹ 9.4 crore

= ₹ 4.7 crore

Since **Swastik Tours and Travel has deposited lesser compounding amount than required**, the **rejection** of its request for compounding **by the Commissioner is justified**.

Answer 5B

The **statement is correct**.

Generally, the appellant is **not allowed** to produce any additional evidence at the appeal stage. However, production of additional evidence at appeal stage is **allowed**:

- (i) where adjudicating authority/Appellate Authority (hereinafter referred as AA) **refused to admit evidence ought to be admitted**
- (ii) where appellant was **prevented by sufficient cause from producing evidence**:
 - (a) **called upon** to produce by adjudicating authority/AA
 - (b) **relevant to any ground of appeal**
- (iii) where the order appealed against was made **without giving sufficient opportunity to the appellant** to adduce evidence relevant to any ground of appeal.

Any additional evidence shall **not be admitted unless**:

- (i) **reasons** for admitting such evidence are **recorded in writing**.
- (ii) a **reasonable opportunity** is allowed:
 - (a) **to examine the evidence**/document or to **cross-examine** any witness produced.
 - (b) **to produce any evidence**/witness **in rebuttal** of additional evidence produced.

This rule **does not affect the power of AA/Tribunal to direct production** of any document or examination of witness, to enable it to dispose of the appeal

Answer 5C

Where Assistant/Deputy Commissioner of Customs is satisfied on an application of the importer that the imported goods, entered for home consumption/warehousing cannot be cleared within a reasonable time, such goods may, pending clearance/removal, be **permitted to be stored in a public warehouse for a period not exceeding 30 days**.

Such goods shall **not be deemed to be warehoused goods** for the purpose of the Customs Act, 1962 and accordingly **warehousing provisions shall not apply to such goods**. This is popularly **known as warehousing without warehousing**.

Thus, goods imported by Mr. Pandya **can be stored in the public warehouse for a period of 30 days.** However, the **stand taken by the Customs officer to insist him to execute an indemnity bond** for goods to be deposited in warehousing **is not valid in law since warehousing provisions are not applicable to such goods**

Answer 6A

(i) The given statement is **partially valid.**

An e-way bill is **valid for movement of goods by road only when the information in Part-B** – which includes details of conveyance - **is furnished.**

However, the details of conveyance **may not be furnished in Part-B** of the e-way bill where the goods are **transported for a distance of upto 50 km within the State/Union territory:**

- (a) **from the place of business of the consignor to the place of business of the transporter** for further transportation or
- (b) **from the place of business of the transporter finally to the place of business of the consignee**

(ii) The statement is **partially valid/not valid**

Physical verification of business premises for grant of registration under GST law is not required.

However, if the **proper officer is satisfied that physical verification** is necessary after grant of registration, he **may get verification of place of business** done.

In case of failure to undergo/opt for aadhaar authentication, where identified on the common portal **based on data analysis and risk parameters**, or where proper officer deems it necessary, **physical verification is required to be conducted** before the grant of registration.

After verification, proper officer shall upload verification report along with other documents, including photographs, in the prescribed form within specified time.

(iii) The statement is **valid/partially valid.**

After grant of registration, the registered person is **allowed to furnish his bank account details:**

- (i) **within 30 days from date of grant of registration,**
or
- (ii) **before furnishing** the details of outward supplies under section 37 in **GSTR-1/using IFF** whichever is **earlier.**

However, this relaxation is not available to those granted registration as TDS deductor/TCS collector or suo-motu registration.

Answer 6B

As per section 87, when **two or more companies are merged** in pursuance of an order of court or of Tribunal or otherwise and the **order is to take effect from a date earlier to the date of the order** and any two or more of such companies have **supplied or received any goods or services** or both to or from **each other during the period commencing on the date from which the order takes effect till the date of the order**, then such transactions of supply and receipt shall be **included in the turnover** of supply or receipt of the respective companies and they **shall be liable to pay tax.**

For the purposes of this Act, the said two or more companies **shall be treated as distinct companies for the period up to the date of the said order.** The **registration certificates of the said companies shall be cancelled with effect from the date of the said order.**

Thus, in the given case, then such **transactions of supply and receipt shall be included in the turnover of supply and receipt of PrimeAxis Ltd. and BluePeak Ltd.** respectively and they shall be liable to pay tax accordingly.

Answer 6C

Status holders are granted certain **benefits like:**

- (a) **Authorisation and custom clearances** for both imports and exports **on self- declaration basis.**
- (b) **Fixation** of Input Output Norms (**SION**) **on priority i.e. within 60 days** by Norms Committee.
- (c) **Exemption from compulsory negotiation** of documents through banks. The remittance/receipts, however, would continue to be received through banking channels.
- (d) **Exemption from furnishing of Bank Guarantee** in Schemes under FTP.
- (e) **Two Star Export Houses and above are permitted to establish export warehouses.**
- (f) Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to **self-certify their manufactured goods** (as per their IEM/IL/LOI) as originating from India with a view **to qualify for preferential treatment** under specified agreements.
- (g) Status holders shall be **entitled to export freely exportable items on free of cost basis** for export promotion subject to a specified annual limit.
- (h) The status holders would be **entitled to preferential treatment and priority in handling of their consignments** by the concerned agencies