



## CA FINAL (May 2025)

## GROUP II - PAPER 5

## INDIRECT TAX LAWS (Series 2)

Time Allowed: - 3 Hours

Maximum Marks: 100 Marks

This question paper comprises two parts, Div A and Div B. Div A comprises MCQ & Div B comprises questions which require descriptive answers. All questions relate to A.Y. 2025-26 unless stated otherwise in the question.

## Division A - Multiple Choice Questions (2 Marks Each)

## Case Scenario I

Mr. RG, proprietor of M/s RG Learning Hub, is engaged in trading of office stationery items in its stationery store located at Jaipur. The said store is taken on lease from Jaipur Municipal Corporation (JMC). During the previous financial year, the turnover of M/s RG Learning Hub was ₹ 7 lakh. Mr. RG supplies goods within the State of Rajasthan only, but purchases stationery items mostly from Delhi & Mumbai. He owns a duplex house in Sanganer, Jaipur. He stays on the ground floor & has let out the first floor to an employee of SIDCI Bank, registered in Delhi for residential purposes. The rent for the same is paid by SIDCI Bank to Mr. RG.

During the current financial year, he applied for GST registration on voluntary basis on 2nd April, 2024 and the registration was granted to him w.e.f. 29th April, 2024.

The details of his stock position during current financial year is as under:

Particulars	2 <sup>nd</sup> April, 2024	28 <sup>th</sup> April, 2024
Office stationery items purchased from a registered dealer	₹ 2 lakh	₹ 2 lakh
Books, periodicals, journals, newspaper, maps etc.	₹ 0.40 lakh	₹ 0.60 lakh

The details of transactions carried out by Mr. RG during the current financial year is furnished hereunder:

Particulars	1 <sup>st</sup> April, 2024 to 28 <sup>th</sup> April, 2024 (₹ in lakh)	29 <sup>th</sup> April, 2024 to 31 <sup>st</sup> March, 2025 (₹ in lakh)
Sale of office stationery items (Intra-State supply to registered person)	6	168
Sale of office stationery items (Intra-State supply to unregistered person)	4	28
Legal fees paid to advocate	-	0.20
Purchase of stationery items (Intra-State supply received from registered person)	6	148
Purchase of furniture for use in own office (from an unregistered dealer of Jaipur)	-	2
Purchase of stationery items from a registered dealer of Delhi	2	36
Lease rent of the stationery store paid to Jaipur Municipal Corporation (JMC)	-	2.40
Transportation charges paid to M/s Ghoda Transporters, a GTA who has not exercised the option to pay tax itself (tax is payable @ 5%)	0.20	3
Interest paid on borrowings from BBI Bank	0.40	3.60
Accrued interest on Fixed deposit with BBI Bank	-	0.32
Rent received from SIDCI Bank for its employee	-	4.80

Mr. RG went to Mumbai, Maharashtra for a business meeting in February, 2024 and stayed in Hotel Blue Pines for a week. Hotel charged ₹ 2,00,000 (taxable value) for the stay.

All the amounts given above are exclusive of GST, wherever applicable, unless otherwise provided. Assume that there is no other outward or inward supply transaction apart from aforesaid transactions in the current financial year.

GST is applicable on all inward and outward supplies, except on services of transportation of goods, at the following rates:

- I. Intra-State supply - 6% CGST and 6% SGST
- II. Inter-State supply - 12% IGST

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

1. The value of outward supply tax on which is payable by Mr. RG for the current financial year is \_\_\_\_\_.
  - (a) ₹ 196 lakh
  - (b) ₹ 200.80 lakh
  - (c) ₹ 204.80 lakh
  - (d) ₹ 216 lakh
  
2. Which of the following statements is correct in terms of the facts of the case scenario given above?
  - (a) Mr. RG cannot opt to pay tax in the FY - 2025-26 under composition scheme under section 10(1) and 10(2) of the CGST Act, 2017.
  - (b) Mr. RG is entitled to take the ITC of inputs held in stock on 1<sup>st</sup> April, 2024.
  - (c) Mr. RG shall be liable to pay GST under reverse charge under section 9(4) of the CGST Act during the current financial year in respect of purchases made from unregistered persons.
  - (d) Mr. RG is entitled to take the ITC of inputs held in stock on 28<sup>th</sup> April, 2024.
  
3. The value of supply on which Mr. RG is liable to pay GST under reverse charge for the current financial year is \_\_\_\_\_.
  - (a) ₹ 3,20,000
  - (b) ₹ 5,60,000
  - (c) ₹ 2,60,000
  - (d) ₹ 5,40,000

4. Which of the following inward supply is not subject to payment of tax under reverse charge mechanism?

- (i) Shop rent paid to JMC
- (ii) Legal fee paid to advocate
- (iii) Purchase of stationery items from unregistered person
- (iv) Transportation charges paid to M/s Ghoda Transporters

Choose the most appropriate option.

- (a) (i) and (ii)
- (b) (iii)
- (c) (ii) and (iii)
- (d) (i) and (iii)

5. Whether input tax credit is available on the GST paid by Mr. RG on the taxable value of ₹ 2,00,000 charged by Hotel Blue Pines located in Mumbai, Maharashtra, for his stay? If yes, please specify the amount of input tax credit available.

- (a) Yes, ₹ 6,000 - CGST and ₹ 6,000 - SGST
- (b) Yes, ₹ 24,000 - IGST
- (c) Yes, ₹ 12,000 - CGST and ₹ 12,000 - SGST
- (d) No input tax credit is available.

#### Case Scenario-II

(5 \*2= 10 Marks)

Rohan Private Limited, registered under GST in the State of Maharashtra, is engaged in manufacturing of goods which are used for further production in automobile industry. The company sends some semi-finished inputs to job workers, M/s Srishti Enterprises and M/s Drishti Enterprises, for necessary processing. The processed goods are sent back by the job workers to the company where they are used for manufacturing the finished products.

M/s Srishti Enterprises has its place of business in Maharashtra. M/s Drishti Enterprises has its place of business in the State of Madhya Pradesh viz. 35 km away from the place of business of Rohan Private Limited.

The company imports some raw material and stores the same for few months in the warehouse operated by M/s S Enterprises in the State of Tamil Nadu. Later on, it is transported to the company's factory in Maharashtra. M/s S Enterprises is not registered under GST. The aggregate turnover of M/s S Enterprises for the current financial year is ₹ 14,25,000.

The company maintains all the records, documents and books of accounts at its place of business in Maharashtra.

Following are the relevant details of Rohan Private Limited for the month of August.

Particulars	Amount (Rs.)
Total turnover	36,00,000
Total inputs received during the month	21,12,000
Total input services received during the month	8,99,000
Goods sent to M/s Srishti Enterprises during the month for job work purpose by motor vehicle	75,000
Goods sent to M/s Drishti Enterprises during the month for job work purpose by motor vehicle	46,800

**Note:** All aforementioned amounts are exclusive of GST, wherever applicable

Rohan Private Limited procures the service of M/s RJ Enterprises, a goods transport agency, having its places of business in Maharashtra, Gujarat and Kerela. M/s RJ Enterprises is registered in all these States with same PAN. Rohan Private Limited transports its finished goods to different customers located within Maharashtra through M/s RJ Enterprises. M/s RJ Enterprises prepares a consignment note containing the details of consignor and consignee, value of consignment, vehicle number, details of party paying the taxes etc.

In the month of Sept., Rohan Private Limited sent a team of 25 employees to New York for receiving the training in emerging information technologies. The training was given by Rohan Inc., USA, at its office located in New York. The expenses related to such training were paid by Rohan Private Limited to Rohan Inc., USA.

**Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6 to 9 below:**

6. M/s S Enterprises, owner of warehouse in Tamil Nadu, wishes to know as whether it is required to obtain registration under GST to conduct its business. Which of the following statements is true in this regard?
- Yes, being a warehouse operator, M/s S Enterprises has to compulsorily take GST registration to conduct the business irrespective of the quantum of aggregate turnover.
  - No, M/s S Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.

- (c) M/s S Enterprises is neither required to obtain registration nor unique enrolment number under GST to conduct business.
- (d) Yes, M/s S Enterprises is required to take registration compulsorily under GST. Further, it is also required to obtain a unique enrolment number under GST as its aggregate turnover is more than Rs. 10 lakh.
7. M/s RJ Enterprises wishes to obtain a unique common enrolment number (referred hereafter as CEN) for generating e-way bills. Which of the following statements is true in this regard?
- (a) M/s RJ Enterprises is not eligible for obtaining CEN as a transporter registered only in a single State is eligible for the same.
- (b) M/s RJ Enterprises is eligible for obtaining CEN as a transporter registered in multiple States with same PAN is eligible for the same. After obtaining CEN, it can use either CEN or its GSTIN for generating e-way bills throughout the country.
- (c) M/s RJ Enterprises is not eligible obtaining the CEN as only unregistered transporters are eligible for the same.
- (d) M/s RJ Enterprises is eligible for obtaining the CEN as it is registered in multiple States with same PAN. After obtaining CEN, it can use it for generating e-way bills and updating Part-B throughout the country.
8. Whether Rohan Private Limited is required to generate e-way bill in case of transfer of goods to M/s Drishti Enterprises?
- a. No, as the value of the consignment is within the prescribed limit of 50,000.
- b. No, as the movement of goods is within the distance limit of 50 kms.
- c. Yes, e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker of value of consignment.
- d. Yes, a registered person has to generate e-way bill mandatorily for every inter-State movement of goods irrespective of the value of the consignment.

9. M/s S Enterprises, owner of warehouse in Tamil Nadu, wishes to know as whether it is required to obtain registration under GST to conduct its business. Which of the following statements is true in this regard?
- Yes, being a warehouse operator, M/s S Enterprises has to compulsorily take GST registration to conduct the business irrespective of the quantum of aggregate turnover.
  - No, M/s S Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.
  - M/s S Enterprises is neither required to obtain registration nor unique enrolment number under GST to conduct business.
  - Yes, M/s S Enterprises is required to take registration compulsorily under GST. Further, it is also required to obtain a unique enrolment number under GST as its aggregate turnover is more than
10. How shall the amount paid towards the training expenses of employees of Rohan Private Limited be treated under the GST law?
- No GST is applicable on the transaction since training was imparted in New York, i.e., a place outside India.
  - GST is applicable on the training expenses and is payable as IGST by Rohan Private Limited since the place of supply for training services in case of registered person is location of such registered person.
  - Rohan Inc., USA, is required to obtain registration as casual taxable person in India and discharge the GST liability on training expenses in India.
  - Rohan Inc., USA, is required to obtain registration as - online information and database access or retrieval service provider in India and discharge the tax liability on training service
11. Which of the following persons can opt for the composition scheme under sub-sections (1) and (2) of section 10 of the CGST Act, 2017, in the State of Delhi?
- Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 75 lakh.
  - Registered person whose aggregate turnover in the preceding financial year did not exceed ₹ 1.5 crore.

- 3 A person engaged in manufacture of pan masala, tobacco and manufactured tobacco substitutes.
- 4 A person engaged in the manufacture of ice cream, other edible ice, whether or not containing cocoa.
- 5 A person engaged exclusively in providing restaurant service.
- 6 A person engaged exclusively in supply of medicines.
- (a) 1, 2, 3, 5
- (b) 1, 2, 5, 6
- (c) 2, 3, 4, 5
- (d) 3, 4, 5, 6

(2 Marks)

12. Mr. Hari, a registered person under GST, was the proprietor of M/s Vaishnav. He died and left behind his wife and son, on 15th August. His son - Mr. Giridhari - wants to continue the business of the deceased father. The GST consultant of M/s Vaishnav gives advice to Mr. Giridhari as to how he can continue the business of his deceased father. Which of the following options is correct in accordance with the provisions of GST law?

- (a) Mr. Giridhari should apply for a new registration under GST in the name M/s Vaishnav under his own PAN w.e.f. the date of succession and file Form GST ITC O2 for transfer of ITC to the new entity.
- (b) Mr. Giridhari can get the authorized signatory changed by approaching to the Proper Officer and can continue the same business.
- (c) Mr. Giridhari should close the old firm and start new business under different name.
- (d) Mr. Giridhari should do the business with his mother as the new proprietor of the M/s Vaishnav, and Mr. Giridhari should act as a Manager.

(2 Marks)

13. For which of the following acts done by a taxable person, inspection can be ordered under GST law?

- (i) Suppression of any transaction of supply of goods or services
- (ii) Suppression of stock of goods in hand
- (iii) Contravention of any of the provisions of the GST law to evade tax
- Choose the most appropriate option.

- (a) (i), (ii)
- (b) (i), (iii)
- (c) (ii), (iii)
- (d) (i), (ii), (iii)

(2 Marks)

14. Which of the following transactions does not qualify as supply under GST law?
- (a) Disposal of car without consideration and the supplier has not claimed input tax credit on such car.
  - (b) A principal makes supplies to his agent who is also registered under GST and is situated within the same State and the invoice for further supply is issued by the agent in his name.
  - (c) Head Office makes a supply of services to its own branch outside the State.
  - (d) A person imports services without consideration for the purposes of his business from his elder son living outside India.

(2 Marks)

15. State whether following statements are true or false:
- i. Any person aggrieved by any decision or order passed by an adjudicating authority under the CGST Act, 2017 may appeal to such Appellate Authority as may be prescribed within 3 months from the date on which the said decision or order is communicated to him.
  - ii. No appeal shall be filed to Appellate Authority unless the appellant has paid sum equal to twenty five percent of the remaining amount of tax in dispute arising from the said order, in relation to which appeal has been filed.
  - iii. Adjournment of appeal shall not be granted more than three times to a party during hearing of the appeal.
  - iv. The Appellate Authority shall have the power to refer back the case to adjudicating authority that passed the said decision or order.

Choose the most appropriate option.

- (a) True, True, True, False
- (b) False, True, True, False
- (c) True, False, True, False
- (d) False, False, False, True

**PART-II DESCRIPTIVE QUESTIONS**

**Question No. 1 is compulsory. Candidates are required to answer any four questions from the remaining five questions.**

**Question 1A**

RG Private Limited is registered under GST in State of Uttar Pradesh. It is engaged in supplying 3 products - Product A, Product B and Product C, from its factory located in Rampur, Uttar Pradesh. Product A and Product B are taxable whereas Product C is exempt from GST. Besides, it also supplies cigarettes from its factory located in Kanpur and owns a petrol pump in Lucknow. It is also engaged in supply of certain services.

It has furnished the following information with regard to the supplies made by it in the month of August:

<b>Particulars</b>	<b>₹(excl. GST)</b>
Supply of Product A	1,00,00,000
Supply of Product C	2,00,00,000
Supply of management consultancy services	1,00,00,000
Renting of commercial complex to local traders of electronic goods	1,00,00,000
Export of Product B	2,00,00,000
Export of Consultancy Services [including exports made to a Nepal based company of ₹ 10 lakh (payment is received in Indian currency in said case)]	40,00,000
Sale of building (excluding stamp duty of 5 lakh being 2% of value adopted for paying stamp duty) [Entire consideration is received post issuance of completion certificate; building was occupied thereafter]	5,00,00,000
Interest received on investment in fixed deposits with Mimic bank	21,00,000
Sale of shares of a public company (Purchase price of such shares is ₹ 6,00,00,000)	5,00,00,000
Supply of cigarettes [GST being levied @ 28%.] (including excise duty of 25,00,000)	2,00,00,000
Supply of petrol and diesel (including VAT of 10,00,000 and excise duty of 25,00,000)	1,60,00,000
Amount received from Shakti Private Limited of Lucknow, Uttar Pradesh. It has sponsored the business exhibition organized in Delhi by RG Private Limited.	12,00,000

RG Private Limited furnishes the following additional information with regard to payments made by it in the month of August:

Particulars	₹(excl. GST)
Consideration paid for repair of machinery used for manufacturing Product A by George Inc. of USA [Said machinery was sent to George Inc. in August for carrying out repair work on the same.]	10,40,000
Life insurance premium paid by the company for the life insurance of employees as per the policy of the company. There is no legal obligation for such insurance for employees.	97,00,000
Audit fees paid	13,00,000
Raw material purchased [including raw material of 3,00,000 imported from China. Basic customs duty of 30,000, social welfare surcharge of 3,000 and integrated tax of 59,940 are separately paid on the imported raw material]	20,00,000
Transportation charges paid for transporting the goods [8,00,000 is paid to Goods Transport Agency (GTA) registered in Uttar Pradesh and 2,00,000 is paid for transport of goods by horse pulled carts. GTA has not opted to pay tax under forward charge. GST applicable on the services of GTA is 5%.]	10,00,000
Telephone expenses paid [Such expenses pertain to bills for landline phone installed at the factory and mobile phones given to employees for official use.]	8,50,000
Bank charges paid towards company's current account maintained with Mimic bank	4,00,000
Legal services received from an advocate during the period only in relation to Product B	7,00,000

With the help of the above-mentioned information, compute the gross GST liability of RG Private Limited for the month of August on the outward supplies made by it during said period. Also compute the net GST payable from Electronic Cash Ledger.

**Note:** Assume that rates of GST on all inward/outward supply of goods and services are 12% and 18% respectively unless otherwise specified (Ignore CGST, SGST or IGST, for the sake of simplicity). Exports made by RG Private Limited, if any, have been made to persons other than distinct/related persons and are made by furnishing LUT without payment of IGST. Subject to the information given above, assume that all other conditions necessary for availing ITC have been fulfilled. Turnover of RG Private Limited was 45 crores in the preceding financial year. The inputs and input services received during August are commonly used for making all the outward supplies unless otherwise specified. The opening balance of Electronic Credit Ledger for the relevant tax period is Nil.

(14 Marks)

**Question 2A**

Determine whether GST is payable in respect of each of the following independent services provided by the registered persons:

- (1) Service provided to a Governmental Authority by way of slum improvement and upgradation.
- (2) Fees of ₹ 40,000 charged from office staff for in-house personality development course conducted by Anarsidas College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.
- (3) Bus fees of ₹ 2,000 per month collected from students by RPSD College providing education as part of a curriculum for obtaining a qualification recognised by Indian law.
- (4) Housekeeping service provided by M/s. RG Ltd. to BM school, a play school, for cleaning its playground and classrooms for ₹ 30,000 per month.
- (5) GB supplied 'Gratitude Ocean', an online educational journal, to students of UKG class of SM School for ₹ 12,000.

**(5 Marks)****Question 2B**

Rohan imported certain goods in July. An 'into bond' bill of entry was presented on 14th July and goods were cleared from the port for warehousing. Assessable value on that date was US \$ 2,00,000. The order permitting deposit of goods in warehouse for 4 months was issued on 21<sup>st</sup> July. Rohan deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 22nd November.

A notice was issued u/s 72 of the Customs Act, 1962, demanding duty and interest. Rohan cleared the goods on 14<sup>th</sup> December. Compute the amount of duty and interest payable by Rohan while removing the goods on the basis of the following information:

Particulars	14 <sup>th</sup> July	22 <sup>nd</sup> Nov.	14 <sup>th</sup> Dec.
Rate of exchange per US \$ (as notified by central Board of Indirect taxes & Customs)	₹ 32.60	₹ 32.70	₹ 32.75
Basic Customs Duty	10%	20%	15%

Integrated Tax leviable under section 3(7) of the Customs Tariff Act is exempt. Ignore agriculture and infrastructure development cess.

**(5 Marks)**

**Question 2C**

Murari and Shridha started a partnership firm of Chartered Accountants in Jaipur (Rajasthan) on 1<sup>st</sup> July. The firm specializes in providing audit services to banks in Rajasthan. It provided the following details of its turnover:

Quarter	Amount (in ₹)
Jul-Sep	10 lakh
Oct-Dec	20 lakh

It crossed the threshold limit of ₹20 lakh on 1 Nov. Murari and Shridha wishes to opt to pay tax at concessional rate under section 10(2A). Examine whether the firm is eligible for this scheme? If yes, then determine the tax payable by it in quarters (i) Jul-Sep & (ii) Oct-Dec?

**(4 Marks)****Question 3A**

RG Enterprises, Goa, a registered supplier, has made the following supplies in the month of February 20XX:

- (i) Supply of guest house accommodation with facilities of cooling, heating, internet and parking to customers on daily rentals of ₹ 1,500. RG Enterprises has 20 guest suites. During the month, there was 50% occupancy. Catering and food service were supplied separately to those who opted for it at a cost of ₹ 500 per day of occupancy. Total amount collected for catering and food service was ₹ 70,000.
- (ii) Supplied monthly air-conditioner maintenance services (intra-State) to a software company under a contract effective 1st February, 20XX for six months. According to the terms of service in the contract, the software company is liable to pay service charges of ₹12,000 for the entire period plus cost of spares and replacements at actuals. Taxes are separate and payable in accordance with statute. RG Enterprises is yet to raise an invoice, though service was provided for February, 20XX. During the month, the company has not provided any spares or replacements as part of maintenance service. Further, the concern has not received any amount towards above services.

Assume rates of GST as under (total of CGST+SGST):

Air conditioner maintenance- 18%

Food catering service- 5%

Renting of guest house service -18%

Parking service -18%

With the help of the above information, examine each of the above supplies made by RG Enterprises for the month of February, 20XX and determine the rate and the amount of GST applicable on the supplies made. **(5 Marks)**

**Question 3B**

Mr. T imported certain goods from a related person Mr. R of US and transaction value has been rejected. Rules 4 and 5 of the Valuation (Determination of value of Imported Goods) Rules, 2007 are found inapplicable as no similar/ identical goods are imported in India. Mr. T furnishes cost related data of imports and requests customs authorities to determine value accordingly as per rule 8 of the Customs Valuation (Determination of value of Imported Goods) Rules, 2007. The relevant data are

Particulars	\$
Cost of materials incurred by Mr. R	1000
Fabrication charges incurred by Mr. R	500
Other chargeable expenses incurred by Mr. R	200
Other indirect costs incurred by Mr. R	125
Freight from Mr. R 's factory to US port	125
Loading charges at US port	50
Normal net profit margin of Mr. R is 20% of FOB	
Air freight from US port to Indian port	750
Insurance from US port to Indian port	25

Exchange rate ₹ 70 per \$

The customs authorities are of the opinion that since value as per rule 7 of the Customs Valuation (Determination of value of Imported Goods) Rules, 2007 can be determined at ₹ 2,00,000, there is no need to apply rule 8 of the Customs Valuation (Determination of value of Imported Goods) Rules, 2007.

Can the request of Mr. T be legally acceptable? If so, compute the assessable value under the Customs Act, 1962.

(5 marks)

**Question 3C**

Fraud & Co. self-assessed its CGST liability as ₹ 450,000 for the month of April, but failed to make the payment.

Subsequently the Department initiated penal proceedings against Fraud & Co. for recovery of penalty under section 73 for failure to pay GST and issued show cause notice on 10th August which was received by Fraud & Co. on 14th August.

Fraud & Co. deposited the tax along with interest on 25th August and informed the department on the same day.

Department is contending that he is liable to pay a penalty of ₹ 225,000 (i.e. 50% of ₹ 450,000) under the CGST Act.

Examine the correctness of the stand taken by the Department with reference to the provisions of the CGST Act. Explain the relevant provisions in brief.

(4 marks)

**Question 4A**

Madhvi Enterprises - a sole proprietorship firm - started an air-conditioned restaurant in Jaipur, Rajasthan in the month of June wherein the customers are served cooked food as well as cold drinks/non-alcoholic beverages. In July, the firm opened a liquor shop in Raipur, Uttarakhand for trading of alcoholic liquor for human consumption. Determine whether Madhvi Enterprises is liable to be registered under GST law with the help of the following information:

Particulars	June	July
	₹	₹
Serving of cooked food and cold drinks/non-alcoholic beverages in restaurant in Rajasthan	5,50,000	6,50,000
Sale of alcoholic liquor for human consumption in Uttarakhand		5,00,000
Supply of packed food items from restaurant in Rajasthan	1,50,000	2,00,000

\* excluding GST

You are required to provide reasons for treatment of various items given above.

**(4 marks)**

**Question 4B**

Shri Nath & Co., a registered supplier under GST, is engaged in weaving yarn into fabrics and has provided the following information:

Nature of various intra-State supplies during April 20XX	Value of supply (excluding GST)(₹)
Outward supply of textiles (Tax rate of CGST and SGST is 2.5% each)	15,00,000
Inward supply of cotton yarn (Tax rate of CGST and SGST is 6% each)	12,00,000
Inward supply of services for processing cotton yarn (Tax rate of CGST and SGST is 2.5% each)	2,00,000
Inward supply of machineries for weaving processed yarn into textiles (Tax rate of CGST and SGST is 9% each)	22,50,000

The concern has not provided any supply other than the outward supply referred above. ITC in respect of all types of inward supplies as given above was claimed in the relevant GSTR 3B as well reflected in GSTR 2B.

Other applicable conditions for claiming the refund are duly complied with.  
You are required to compute the 'maximum refund amount' eligible under rule 89(5) of CGST Rules, 2017 for inverted duty structure.

(5 Marks)

**Question 4C**

Saraswati Company imported goods valued at ₹50,00,000 vide a Bill of Entry presented before the proper officer on 16th October, 2024, on which date the rate of customs duty was 20%. The proper officer decided that the goods should be subject to chemical or other test and therefore, the same were provisionally assessed at a value of 50,00,000 and Laxmi company paid provisional duty of ₹10,00,000 on the same date. Laxmi Company wants to voluntarily pay duty of ₹7,50,000 on 21<sup>st</sup> November, 2024.

- (1) Can Saraswati Company provisionally pay the duty and what are the conditions which are to be complied before such payment is made?
- (2) Determine the amount of interest payable, if any, under section 18 of the Customs Act, 1962 assuming that the payment of ₹7,50,000 as stated above is made on 21<sup>st</sup> November, 2024 and that the final duty is assessed on 1<sup>st</sup> Dec., 2024 at ₹20,00,000 and the balance duty is paid on the same day.

(5 Marks)

**Question 5A**

M/s Garg India Ltd. a manufacturer of heavy machines registered at Jaipur (Rajasthan) supplied one machine to M/s. Agarwal Ltd. of Udaipur (Rajasthan) on 05-02-20XX under an invoice of the same date. Using the information given below, compute the value of the machine and the GST payable (CGST & SGST or IGST as the case may be) in cash for the month of February, 20XX by M/s Garg India Ltd. with appropriate working notes.

Assume Rate of CGST, SGST and IGST on the machine to be 9%, 9% and 18% respectively.

S.N.	Particulars	Amount in ₹
i	The Basic price of the machine (exclusive of taxes and discount).	42,75,000
ii	Trade discount is allowed at 3% on the basic price and is shown in the invoice.	1,28,250
iii	Secondary packing (in iron sheets) charges for safe transportation of the machine on the request of buyer.	45,000
iv	Design and engineering charges of the machine	1,35,000
v	Tax levied by Municipal Authority on the sale of the machine.	37,500
vi	Subsidy received by the supplier from the State	1,20,000

	Government to encourage manufacture of the machine.	
vii	Pre-delivery inspection charges paid to an independent agency in terms of the agreement for supply. The amount was paid by M/s. Agarwal Ltd.	33,000
viii	Interest amount paid by M/s. Agarwal Ltd. for delay in payment for machine.	18,000
	Inward Supplies	
i	IGST paid on food items for consumption by employees working in the factory.	12,000
ii	SGST and CGST ( 15,000 each) paid on Electrical transformer used in the manufacturing process.	45,000

**Note:**

(i) M/s Garg India Ltd. has no input tax credit balance at the beginning of February, 20XX. All the other conditions necessary for availing the eligible input tax credit have been fulfilled.

(ii) There are no other transactions of supplies during the month of February, 20XX.

(iii) M/s Garg India Ltd. and M/s. Agarwal Ltd. are not related persons.

**(5 Marks)****Question 5B**

NK has imported inputs, having CIF value of 50,00,000 without payment of duty under Advance Authorisation. NK Solutions wants to know whether it is entitled to Advance Authorisation scheme and what should be the minimum value addition. And you are required to compute FOR value of supplies to SEZ. Inputs are supplied free of cost valued at 10,00,000 to meet eventualities of quality issues arising during manufacture. On manufacturing, the products are supplied to SEZ units and realisation is in Indian currency through regular current account. NK Solutions has manufactured and supplied goods against EPCG authorisation to their customer. NK Corporation who are setting up a new unit for exports. The payment for such supply is received in Indian currency. Can Advance Authorization be denied as payment has not been received in free foreign exchange?

**(5 Marks)****Question 5C**

On 25th August, M/s Garg & Garg, a registered supplier of taxable goods located in Bengaluru (Karnataka), purchased one machine for 6,19,500 (including IGST) from one supplier of Maharashtra who issued the invoice on the same date. M/s Garg & Garg put the machinery to use on the same day and availed ITC for the eligible amount. M/s Garg & Garg used the machine in the process of manufacture of taxable goods. However, M/s

Garg & Garg sold this machine to Mr. Suresh Kumar of Andhra Pradesh on 20th August of next year for 3,75,000 (excluding IGST).

With reference to section 18(6), determine the amount payable, if any, by M/s Garg & Garg at the time of sale of the machine.

Note: The applicable rate of IGST is 18%.

(4 Marks)

**Question 6A**

An importer filed a bill of entry 60 days after the Import General Manifest was filed. The Deputy Commissioner of Customs imposed a penalty of ₹10,000 for the delay in filing the bill of entry, which the importer paid due to the urgency of clearing the goods.

Can such a penalty be imposed for late filing of the bill of entry? Additionally, is it possible to file a bill of entry in advance to prevent such delays in the future? Discuss the statutory time period available for filing the bill of entry under the Customs Act, 1962.

Also tell which class of importers is required to pay customs duty electronically? Name the dedicated payment gateway set up by the Board (CBIC) to use e-payment facility easily by an importer.

(5 Marks)

**Question 6B**

RG Ltd. engages Raghupati & Sons as an agent to sell goods on its behalf. For the purpose, RG Ltd. has supplied the goods to Raghupati & Sons located in UP. Enumerate the accounts required to be maintained by Raghupati & Sons as per rule 56(11).

(5 Marks)

**Question 6C**

From the details given below, determine the maximum amount of fine in lieu of confiscation leviable under section 130 of CGST, Act, 2017 on:

- (i) The goods liable for confiscation.
- (ii) On the conveyance used for carriage of such goods.

Details are as follows:

Cost of the goods for owner excluding GST	75,00,000
Market Value of Goods	1,00,00,000
GST on such goods	18,00,000

You are also required to explain relevant legal provisions in brief.

(4 Marks)