



CA FINAL (May 2025)

GROUP II - PAPER 5

INDIRECT TAX LAWS AND CUSTOMS (Series 4)

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.

Division A - Multiple Choice Questions (2 Marks Each)

1. ABC Ltd. filed its GSTR-1 for January 2025 on 10th February 2025. Later on 19th February 2025, it realized that an invoice was missed and needs to be added.
ABC Ltd. had already filed its GSTR-3B for January 2025 on 18th February 2025 but due date of GSTR-3B is 20th February 2025. How should ABC Ltd. correct this mistake?
 - a) Add the missed invoice through GSTR-1A for January 2025
 - b) Add the missed invoice in amendment table of GSTR-1 of February 2025
 - c) Add the missed invoice through IFF of February 2025
 - d) Correction is not possible now

2. XYZ Travels LLP provides passenger transportation services by Omnibus (having seating capacity of 15 persons) through an E-commerce Operator (ECO) – "BookMyRide". Who will be liable to pay GST on this service?
 - a) XYZ Travels LLP
 - b) BookMyRide (ECO)
 - c) Both XYZ Travels LLP and BookMyRide jointly
 - d) No GST is payable

3. BDK Warehousing Pvt. Ltd. constructed a customized warehouse in FY 2024 specifically designed with climate-controlled chambers, robotic storage systems, and automated handling equipment integrated within its structure. The entire building is used exclusively for providing *renting of warehouse services* (covered under Schedule II as supply of service). In light of the above, which of the following is the most appropriate conclusion?
 - a) The building is a capital asset and its construction is a supply of goods.
 - b) The building is a capital asset and its construction is a supply of service.
 - c) The building is not a capital asset and its construction is a supply of goods.
 - d) The building is not a capital asset and its construction is a supply of service.

A) ITC shall be disallowed because warehouse is an immovable property and construction of immovable property is covered by restriction u/s 17(5)(d).

B) ITC shall be allowed only on machinery and equipment installed inside the warehouse, but not on the building structure.

C) ITC shall be allowed on the entire warehouse building because it forms an integral part of business operations of providing renting services, qualifying as "plant or machinery".

D) ITC shall be allowed only if specific notification is issued by Government permitting such credit on warehouse buildings.

Case Scenario I [MCQ 4-8]

BRS Automobiles Pvt. Ltd., an authorized dealer of *X Motors Ltd.*, purchased 5 demo vehicles in April 2024 (each having seating capacity of 5 persons including driver). The details are as follows (GST applicable @ 18%):

Vehicle No.	Purchase Price (₹)	Usage Details
DV-01	12,00,000	Used exclusively for test drives to potential customers for promoting sales. Capitalized in books without claiming depreciation on GST portion.
DV-02	14,00,000	Used for transportation of senior management for business meetings. Capitalized in books without claiming depreciation on GST portion.
DV-03	13,00,000	Used for test drives but the dealer acts merely as agent of manufacturer (<i>X Motors Ltd.</i>), without directly selling vehicles. Capitalized in books without claiming depreciation on GST portion.
DV-04	15,00,000	Used for test drives with intention of further sale by <i>BRS Automobiles</i> . Capitalized in books without claiming depreciation on GST portion.
DV-05	11,00,000	Used for staff transportation. Capitalized in books. Depreciation claimed on full value including GST.

Based on above facts, answer the following MCQs

4. Which of the following vehicles are eligible for full Input Tax Credit (ITC) as per GST Law?
- A) DV-01 and DV-04 only
- B) DV-01, DV-03 and DV-04
- C) DV-01, DV-04, and DV-05
- D) DV-01, DV-02 and DV-04

5. What is the total amount of Ineligible ITC in the hands of BRS Automobiles Pvt. Ltd.?
- A) ₹4,50,000
 - B) ₹7,56,000
 - C) ₹6,84,000
 - D) ₹5,76,000
6. What is the total amount of Eligible ITC in the hands of BRS Automobiles Pvt. Ltd.?
- A) ₹4,86,000
 - B) ₹6,66,000
 - C) ₹3,84,000
 - D) ₹5,64,000

Case Scenario II [MCQ 7-9]

Megha, a travel blogger, visited Madurai for content creation and checked-in at *Tranquil Stay Lodge* on 15th March, 2024. The lodge charged her Rs. 900 per day for a single room. She stayed till 17th March, 2024, and made the payment via cheque at the time of check-out on 17th March, 2024.

As per the lodge's policy, the cheque was deposited on the same day, but the amount got credited into the lodge's bank account only on 20th March, 2024. The lodge also decided to issue the invoice only after the amount gets credited in its bank account i.e., on 20th March, 2024.

Interestingly, under GST law, the exemption on hotel room rent upto Rs. 1,000 per day was withdrawn from 18th March, 2024 — making such services taxable thereafter.

7. Determine the time of supply for the lodging service provided by *Tranquil Stay Lodge*:
- A) 15th March, 2024 (Date of Check-in)
 - B) 17th March, 2024 (Earlier of payment entry in books or bank credit)
 - C) 20th March, 2024 (Date of bank credit and invoice issue)
 - D) 18th March, 2024 (Date of rate change)
8. Based on GST provisions relating to a change in rate of tax, the taxability of the lodging service provided by *Tranquil Stay Lodge* in this case will be:
- A) Entirely taxable since invoice is issued post 18th March, 2024

- B) Not taxable since both service supply and payment receipt occurred before 18th March, 2024
- C) Taxable only for one day (17th March, 2024)
- D) Taxable only if cheque is dishonoured after 20th March, 2024

9. Assuming Tranquil Stay Lodge had issued the invoice on 17th March, 2024 itself (instead of 20th March), what would have been the impact on GST liability?

- A) Service would still be taxable since bank credit happened post 18th March, 2024
- B) Service would be taxable only if invoice and payment both were after 18th March, 2024
- C) No GST liability since both invoice and payment were before the change in rate
- D) GST would apply only from the date of cheque credit regardless of invoice date

Case Scenario III [MCQ 10-13]

Daksh Digital Platforms Pvt. Ltd. (DDPPL) is a company registered under GST in the State of Karnataka, working as an Electronic Commerce Operator (ECO). It owns and operates a popular web portal called QuickKart which facilitates online supply of goods and services on behalf of various registered suppliers across India to their customers.

During the month of October 2024, the following transactions took place on the QuickKart platform:

(i) Inter-State Sale of Goods:

Classic Traders Pvt. Ltd., a registered supplier of Rajasthan, sold goods worth Rs. 1,47,500 (including GST) to Vijay Electronics Ltd., a registered buyer from Gujarat through QuickKart.

Further, Classic Traders Pvt. Ltd. had sold goods worth Rs. 1,40,000 (taxable value) to the same buyer in September 2024, which were returned by the buyer in October 2024.

(ii) Passenger Transportation Services:

From 21st October to 30th October 2024, Swift Rides Ltd., a registered service provider from Karnataka, provided passenger transportation services by motor vehicles to Zenith Corporates Ltd., a registered recipient in Karnataka. The total value of services was Rs. 5,50,000 — which included Rs. 1,50,000 towards transportation services provided by omnibus.

(iii) Hotel Accommodation Booking:

Miss Reema, a resident of Mumbai, booked a luxury suite for 3 days and 2 nights in Royal Heritage Palace, Jodhpur, Rajasthan through Palace Hospitality Ltd. (PHL), an ECO registered in Karnataka.

PHL is integrated with DDPPL (QuickKart), and has an agreement with Royal Heritage Palace (registered under GST in Rajasthan). Royal Heritage Palace issued an invoice of Rs. 1,50,000 to Miss Reema, but received Rs. 1,45,000 from DDPPL after commission deduction.

Assume the rate of CGST and SGST at 9% each, and IGST at 18% for all applicable supplies.

10. What shall be the amount of taxable supplies on which TCS is required to be collected by DDPPL (ECO) in respect of the sale of goods by Classic Traders Pvt. Ltd. in October month?
- A) Rs. 1,47,500
 B) Rs. 1,25,000
 C) Rs. 7,500
 D) Nil
11. On Passenger transportation services by Swift Rides Ltd. provided by omnibus, the requirement of TCS shall be:
- A) No TCS applicable
 B) TCS applicable on full value of Rs. 5,50,000
 C) TCS applicable on full value of Rs. 4,00,000
 D) TCS applicable on full value of Rs. 1,50,000
12. In respect of the hotel accommodation booking by Miss Reema, the amount on which TCS will be collected by DDPPL will be:
- A) Rs. 1,50,000 (Invoice value)
 B) Rs. 1,45,000 (Amount remitted to hotel)
 C) Rs. 1,47,500 (Average of above values)
 D) Nil — Since hotel booking through ECO is exempt from TCS

13. The total amount of TCS (rounded off) to be collected by Daksh Digital Platforms Pvt. Ltd. (DDPPL) for the month of October 2024 would be:
- A) Rs. 1,475
 - B) Rs. 1,538
 - C) Rs. 3,538
 - D) Rs. 1,500
14. ABC Pvt Ltd. imported machinery and paid Customs Duty of ₹10 lakh. Later, it was held that duty was wrongly collected, and ABC Pvt Ltd. applied for refund.
- During the refund proceedings, the Department rejected the refund stating –
- "You have not submitted any documentary evidence to prove that you have not recovered this duty amount from your customers."
- ABC Pvt Ltd. contended –
- "Since this is a government-collected tax, the burden of proof that duty incidence has not been passed on to customers lies on the Department and not on us."
- As per Customs Law, who holds the burden of proof in this case?
- A) Department – Since they collected the wrong duty
 - B) ABC Pvt Ltd. – Since they are claiming refund
 - C) No burden of proof is required in refund cases
 - D) Both assessee and department jointly
15. Which of the following statements is correct regarding exemption notifications issued under Customs Act, 1962?
- a) Once an exemption notification is issued, it cannot be withdrawn or modified to protect the interests of the importers relying on it.
 - b) Exemption notifications can be withdrawn or modified anytime by the Government if public interest so demands.
 - c) Exemption notifications cannot be modified unless specifically provided in the notification itself.
 - d) Exemption notifications are permanent in nature and cannot be rescinded.

DIV. -B DESCRIPTIVE QUESTIONS

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

Question 1 (14 Marks)

Mr. Rohan, a registered supplier under GST in the State of Maharashtra, provides the following information for the month of January 20XX:

S.N	Particulars	Amt (Rs)
	OUTWARD SUPPLY:	
(i)	Replaced parts during the warranty period free of cost for goods sold in last year July	Open Market Value 50,000
(ii)	Received insurance claim on truck destroyed	3,00,000
(iii)	Supplied computers (which were purchased from an unregistered supplier) without any consideration to his brother-in-law in Ranchi (market value of supply was Rs. 62,000)	Nil
(iv)	Supplied a consignment of 10 laptops to M/ s NK & Co. in the State of Maharashtra at the instruction of third person being M/ s ZX Computers of Tamil Nadu.	6,00,000
(v)	Provided stock counting service to M/ s XY Impex registered with GST in the State of Gujarat, whereas the place where the stock counting was carried out was at the godown located in Mumbai	80,000
(vi)	Provides commercial space in his mall on rent to a tenant. In addition to rent, it also recovers electricity charges to tenants (as per meter reading on actual basis) amounting Rs.25,000	55,000
(vii)	Recovery agent services provided to Apex Finance Ltd., an NBFC located in Delhi	2,00,000
(viii)	Advance received during the month for future intra-State supply	9,00,000
(ix)	Providing free of cost training to agents on effective use of products of entity	Open Market Value 2,00,000
	INWARD SUPPLY:	
(i)	Imported computer accessories from Korea and the goods landed in Mumbai Port in December last year and reached at his registered premises on 31.01.20XX. IGST was paid in December only.	5,00,000
(ii)	Apart from the above, received 15 invoices involving IGST of Rs. 1,05,000 during the current month	--

Mr. Rohan provided the following additional information:

- Turnover for the previous financial year was Rs. 21 lakhs.
- Out of the 15 invoices as per above, 12 invoices involving IGST of Rs. 1,00,000 were uploaded by the suppliers in their GSTR-1 Return. All the invoices are eligible for claiming as ITC.
- He had sent goods valued Rs. 1,00,000 to his job worker, in the State of Kerala, who further processed the said goods and made direct supply on 31.01.20XX from Kerala to a buyer in the State of Maharashtra.
- Out of advance received for future supply, Rs. 5,00,000 related to supply of goods, Rs. 1,00,000 related to casinos and the rest related to service. It's exclusive of GST value.
- Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services. Same rate is also applicable for inward supplies received, except where otherwise provided.
- All the amounts given are exclusive of taxes wherever applicable.

From the information given above, you are required to compute the net GST liability payable in cash (CGST and SGST or IGST, as the case may be) for the month of January, 20XX. Assessee wants to make the cash payment of GST under SGST head as far as possible.

Question 2A (4 Marks)

ABC Ltd. had insured its motor vehicle with XYZ Insurance Co. The vehicle met with an accident on 1st Jan 2025.

The insurance claim was settled as under:

Particulars	Amount (₹)
Repair Expenses as per Surveyor Report	3,50,000
Less: Deductible under Policy Terms	50,000
Less: Salvage Value considered	60,000
Net Claim Payable by Insurer	2,40,000

Scrap is sold by respective person for Rs. 65,000+ GST@18%

Required:

- Examine the applicability of GST on salvage sale and responsibility of GST compliance.
- Would your answer change if the insurer had not deducted salvage value in claim settlement but had taken possession of salvage?

Question 2B (5 marks)

Determine the Place of Supply in the following independent cases, giving appropriate reasons in support of your answer:

- Mr. X, a supplier registered in Gujarat, makes over-the-counter (OTC) sales of electronic goods to an unregistered customer. The customer's address (Maharashtra) is recorded in the tax invoice.

(b) A registered supplier in Karnataka supplies home décor products through an e-commerce platform to an unregistered customer. The billing address of the customer is in Kerala, but the delivery address is in Tamil Nadu.

(c) ABC Ltd., a courier company in India, transports goods from Mumbai to London on behalf of a foreign client located outside India.

(d) An advertising agency based in Delhi procures space for a billboard located in Mumbai (Maharashtra) for display of an advertisement for its client registered in Rajasthan.

(e) A registered advertising agency in Gujarat is responsible for the display of advertisements on digital screens in Kerala, without procuring any specific space for display. The recipient of service is registered in Rajasthan.

Question 2C (5 marks)

Rasika Ltd., Bombay imported a drill machine from USA (by air). Machinery reached Delhi airport from where it was transshipped to Mumbai airport. Contracted CIF price of machine was US \$ 20,000 which was to be delivered in February 2024. But on request of Rasika Ltd., supplier agreed to deliver the machine in January 2024 for which US \$ 2000 was charged over and above the contracted CIF price. Other information is given below:-

S. No.	Particulars	Amount
(i)	Air freight	\$5000
(ii)	Insurance charges paid	\$1200
(iii)	Inspection charges of drill machine paid by the supplier (The same was neither mentioned in the terms of contract nor required for making the goods ready for shipment).	\$500
(iv)	Transport charges from Delhi airport to Mumbai Airport	50,000

You are required to determine the assessable value of imported machine (rounded off to nearest one rupee) under the Customs Act, 1962 from the particulars given above.

Notes:-

- Rate of exchange to be taken as Rs. 83 for one \$
- Brief reasoning for treatment of each item should form part of your answer.

Question 3A (5 Marks)

Rahul and Karan, both registered dealers under GST in Delhi, were discussing the applicability of interest on delayed payment of tax for the return period of January 2025.

Case of Rahul:

Rahul was required to file GSTR-3B by 20th February 2025. He deposited ₹5,00,000 (entire tax liability) into his Electronic Cash Ledger (ECL) on 18th February 2025. However, due to some technical issues in his office, he filed his GSTR-3B on 25th February 2025 and debited the amount from the ECL on that day for tax payment.

Case of Karan:

Karan was also required to file GSTR-3B by 20th February 2025. He neither deposited the tax in his ECL nor filed the return on time. He deposited the entire tax liability and filed the return only on 28th February 2025. His gross GST liability was ₹7,50,000 and ITC availed by him ₹1,50,000 thereby paying net liability of ₹6,00,000 in cash.

Calculate the amount of interest payable by Rahul and Karan separately.

Question 3B (5 Marks)

Determine whether GST is applicable or exempt in the following independent cases with reasons:

- A registered firm, Bharat Enterprises, takes a residential flat on rent and provides it to its employees for residential use.
- XYZ Hostel provides accommodation services to students at ₹18,000 per month per student for 4 continuous months.
- State Education Board provides affiliation services to a Government School in Rajasthan.
- A reinsurance transaction takes place between two Indian insurers for risk cover under an IRDAI-approved insurance scheme.
- District Mineral Foundation Trust (DMFT) provides drinking water free of cost in mining-affected areas.

Question 3C (4 Marks)

Shine & Star India Ltd. imported a consignment from U.S.A (by sea). The value of consignment was ₹ 7,50,000 and total duty payable was ₹ 1,50,000. Company filed bill of entry for home consumption but before inspection and clearance for home consumption, it found that the goods were damaged. On filing a representation to the Customs Department, proper officer refused the claim for abatement because goods were already unloaded. The proper officer is in agreement with the claim that the value of goods has come down to only ₹ 1,50,000. Examine the issue with reference to the relevant statutory provisions and calculate the amount of total duty payable: Would your answer be different in the above case, if the goods get deteriorated after unloading and examination but before clearance for home consumption, and value comes down to ₹ 7,00,000?

Question 4A (6 Marks)

Bali Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section

51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, respectively as under:

S. No.	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in November (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located & registered in Uttarakhand	5,90,000	25,000

- (a) You are required to explain provision of TDS under GST law. 3
- (b) Also, determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%, 9% and 18% respectively. 3

Question 4B (4 Marks)

Holistic Cosmetics Ltd. has multiple wholesale outlets of cosmetic products in Mumbai, Maharashtra. It receives an order for cosmetics worth ` 1,20,000 (inclusive of GST leviable @ 18%) from Raman, owner of a retail cosmetic store in Delhi. While checking the stock, it is found that order worth ` 55,000 can be fulfilled from the company's Dadar (Mumbai) store and remaining goods worth ` 65,000 can be sent from its Malad (Mumbai) store. Both the stores are instructed to issue separate invoices for the goods sent to Raman. The goods are transported to Raman in Delhi, in a single conveyance owned by Teja Transporters. You are required to advise Holistic Cosmetics Ltd. with regard to issuance of e-way bill(s).

Question 4C (4 Marks)

With reference to the Customs Act, 1962, decide the validity of the following independent cases with proper legal provisions:

- (i) Smooth Rubber Limited is a 100% EOU located in a Special Economic Zone. It imported certain items from China for its production process. Customs officer proposed to impose anti-dumping duty on such imports. The importer contends that no anti-dumping duty can be imposed on imports by a 100% EOU under any circumstances.
- (ii) Customs Department proposed to impose anti-dumping duty retrospectively in respect of certain items. Importer's association claimed that anti-dumping duty cannot be levied with retrospective effect under any circumstances.

Question 5A (5 Marks)

Compute the minimum and maximum ne payable if he opts for compounding of offence:

- a) Ramesh wrongly availed Input Tax Credit (ITC) of ₹12 Crores without having any valid tax invoice or document during the period April 2024 to September 2024.
- b) Suresh supplied taxable goods without issuing any invoice with an intention to evade tax. The total tax evaded by him was ₹45 Lakhs.
- c) Mahesh wilfully submits false information/records etc. to the Proper Officer with an intention to evade tax under the GST Law. The tax involved in the related matter was ₹7 Crores.
- d) Rohit attempted to abet his friend in availing ineligible ITC of ₹9 Crores fraudulently.
- e) Rajesh, a registered dealer, was found guilty of issuing invoices without actual supply of goods or services, involving GST of ₹2 Crores.

Question 5B (4 Marks)

Mr. RG is aggrieved by the order of the Revisional Authority (RA) and wants to make an appeal to the First Appellate Authority.

While commenting on the decision of Mr. Pappu, you are also required to state the powers of the Revisional Authority to revise the orders passed by the subordinate officers under section 108 of the CGST Act, 2017.

What is the time period for the Revisional Authority to exercise the power of revision?

Question 5C (5 Marks)

Rohit imported certain medical equipment for his hospital. At the time of filing the Bill of Entry, he did not claim exemption benefit available under a specific Customs exemption notification, which would have reduced the Basic Customs Duty (BCD) substantially.

Later, during the assessment proceedings before the customs authorities, he realised the omission and requested for the exemption benefit, producing all necessary documents to prove eligibility.

The Department contended that since Rohit did not claim the exemption at the time of filing the Bill of Entry, he is debarred from claiming the benefit now.

Examine, with reasons, whether Rohit's claim for exemption at this later stage is valid under Customs Law.

(You are not mandatorily required to quote case law name to support your answer)

Question 6A (5 Marks)

Briefly explain whether an appeal could be filed before the Appellate Authority against order of Authority for Advance Ruling (AAR), with reference to sections 100 and 101 of the CGST Act, 2017

Question 6B (5 Marks)

State the various modes of service of a notice, decision, order, summons, or any other communication under the CGST Act, 2017 on the taxable person or any other person to whom it is intended.

Question 6C (4 Marks)

State the conditions under which inputs imported under Advance Authorisation are exempted from compliance with Quality Control Orders (QCOs) issued under BIS Act, 2016.