



CA FINAL (May 2025)

GROUP II - PAPER 5

INDIRECT TAX LAWS & CUSTOMS (Series 1)

Time Allowed: - 3 Hours

Maximum Marks: 100 Marks

Part I - Multiple Choice Questions (2 Marks each)

Q.No.	Answer	Description
1	A	BOA has to be maintained till later of 72 months from due date of annual return or 1 year from end of investigation.
2	C	The laptop transfer qualifies as a supply under Schedule I because ITC was availed on it. The air conditioner transfer does not qualify as a supply since ITC was not availed. Similarly, the motor car also does not qualify as a supply due to blocked ITC under Section 17(5). Thus, the correct statements are 3 and 4.
3	C	Taxable turnover from April to February: Rs. 1,20,00,000 Outward supply for March: Rs. 15,00,000 Additional municipal charges included in taxable supply: Rs. 7,500 Total: Rs. 1,20,00,000 + Rs. 15,00,000 + Rs. 7,500 = Rs. 1,35,97,500
4	D	ITC on other inward supplies: Rs. 6,00,000 × 6% = Rs. 36,000 (CGST) + Rs. 36,000 (SGST). ITC on chairs: Rs. 30,000 × 6% = Rs. 1,800 (CGST) + Rs. 1,800 (SGST). Total ITC = CGST Rs. 37,800 and SGST Rs. 37,800.
5	A	Tax liability: Rs. 45,450 (Rs. 45,000 + Rs. 450). Less ITC: Rs. 37,800 (Rs. 36,000 + Rs. 1,800). Net CGST payable: Rs. 52,650.]

6	C	Supply between HIT and Vishakha Pvt. Ltd.: Place of supply is the recipient's location, Hyderabad (interstate). Supply between Vishakha Pvt. Ltd. and LIS: Since goods are delivered to Bhubaneswar as per the contract, the place of supply is Bhubaneswar.
7	A	Time of supply is 5th May.
8	B	Taxable value of iron bars = ₹1,20,00,000. Add freight charges and loading charges (₹3,00,000 + ₹10,000). Total = ₹1,23,10,000. Subtract applicable discount (₹16,000, since payment is made within 11-15 days).
9	D	Distance = 455 km. Validity = 1 day for every 200 km. Required days = 3 days (455/200 rounded up). E-way bill generated on 6th May at 00:15 hrs → valid until 12:00 midnight of 9th-10th May.
10	A	A) ₹1,23,50,000; B) ₹1,23,10,000; C) ₹1,25,90,000
11	D	GTA services (5% GST) under reverse charge mechanism (RCM) → GST is payable by the recipient of GTA services (HIT).

12	B	(1) Taxable Value and Total GST Payable (i) Value of Supply on Initial Deposit: Total deposit = ₹75,000 (inclusive of GST) Taxable value = ₹75,000 × (100 / 128) = ₹58,594 (rounded off) GST payable = ₹58,594 × 28% = ₹16,406 (rounded off) — [A]																
13	A	(ii) Value of Supply on Online Bet: Face value of the bet = ₹60,000 GST payable = ₹60,000 × 28% = ₹16,800 — [B]																
14	C	Total GST Payable: GST on initial deposit + GST on online bet = ₹16,406 + ₹16,800 = ₹33,206																
15	B	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>Initial deposit</td> <td>₹ 75,000</td> </tr> <tr> <td>Less: GST on deposit</td> <td>-₹ 16,406</td> </tr> <tr> <td>Less: Payment for virtual racing game</td> <td>-₹ 12,500</td> </tr> <tr> <td>Add: Winnings from virtual racing game</td> <td>₹ 55,000</td> </tr> <tr> <td>Less: Payment for bet placed on Success 100</td> <td>-₹ 60,000</td> </tr> <tr> <td>Less: GST on bet placed on Success 100</td> <td>-₹ 16,800</td> </tr> <tr> <td>Net balance transferred</td> <td>₹ 24,294</td> </tr> </tbody> </table>	Particulars	Amount (₹)	Initial deposit	₹ 75,000	Less: GST on deposit	-₹ 16,406	Less: Payment for virtual racing game	-₹ 12,500	Add: Winnings from virtual racing game	₹ 55,000	Less: Payment for bet placed on Success 100	-₹ 60,000	Less: GST on bet placed on Success 100	-₹ 16,800	Net balance transferred	₹ 24,294
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Part-II: Descriptive Questions

Answer 1

As per section 18(1)(c) of the CGST Act, 2017 read with rule 40 of CGST Rules, 2017, where any registered person ceases to pay tax under section 10, he shall be entitled to take credit of input tax in respect of inputs held in stock, inputs contained in semi-finished or finished goods held in stock and on capital goods on the day immediately preceding the date from which he becomes liable to pay tax under section 9. However, the credit on input services is not allowed and credit on capital goods shall be reduced by 5% per quarter of a year or part thereof from the date Of invoice.

Further, ITC on supplies Of inputs and capital goods shall not be available after the expiry of one year from the date Of issue of tax invoice [Section 18(2) of the CGST Act, 2017].

In the light Of the above-mentioned provisions, the ITC credited to the Electronic Credit Ledger Of the Ram & Company on inputs held in stock and capital goods on 02.10.20XX will be computed as under:

ITC on inputs

PARTICULARS	AMOUNT
Stock of taxable inputs as on 30.09.20XX [Since no tax is paid on exempt purchases, there does not arise any question Of availing ITC on the same. Hence, stock of only taxable inputs are considered]	20,00,000
Add: purchases [NO purchases are made in October, 20XX]	NIL
Less: cost of taxable goods sold from 01.10.20XX to 02.10,20XX	6,40,000
Stock of taxable inputs as on 02.10.20XX	13,60,000
[Since the bill numbers are in continuation, it can be concluded that no sales are missing from the extract]	
Less: More than one year old stock	6,00,000
Stock of inputs on which ITC can be claimed	7,60,000

ITC of CGST @ 9% [Since all purchases are intra-State and from the suppliers registered under regular scheme]	68,400
ITC of SGST @ 9% [Since all purchases are intra-State and from the suppliers registered under regular scheme)	68,400

ITC on capital goods

PARTICULARS	CGST @ 9%	SGST @ 9%
Computers [72,000 - (5% x 4 quarters)] 2	28800	28800
Printer [Being more than one year Old, no ITC is available]	-	-
Motor cycle [Section of CGST Act, 2017 allows ITC on motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons only When they are used for making the following taxable supplies, namely: (A) further supply of such motor vehicles; or (B) transportation Of passengers; or imparting training on driving such motor vehicles] Since Ram & Company is a trader and it does not use the motor Cycle for transportation of goods, ITC thereon Will not be available]	-	-
Furniture and Fixtures 144,000 - (5% x 3 quarters)] * 2	61200	61200
Air conditioner used in the office [Since purchased after 03.10.20XX, full ITC will be available and will be computed separately]	-	-
Exhaust fan used in the godown [18,000 - 5% x 4 quarters)/ 2	7200	7200
ITC to be claimed on capital goods	97200	97200

Total ITC on inputs and capital goods credited to Electronic creditLedger on 02.10.20XX	165600	165600
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Output tax liability Of Ram & Company under regular scheme

From 03.10.20XX firm Will pay tax under regular scheme on monthly basis in terms Of sub-sections (I) and (7) Of section 39 Of the CGST Act. 2017 and

Will be eligible to avail ITC on inputs held in stock and capital goods as on 02.10.20XX in terms of section 18 Of the CGST Act. 2017 as also on goods and services procured on or after 03.10.20XX and used in the course or furtherance of business in accordance With section 16 Of the CGST Act. 2017.

However, since common input services and capital goods are used in effecting taxable supplies as well as exempt supplies, ITC -attributable to the exempt supplies Will need to be added to the output tax liability Of the month Of October, 20XX in terms of section 17(2) read with rules 42 and 43 of the CGST Rules, 2017 respectively. Further. since all the sales are made Within the State (eastern pan Of Maharashtra), CGST and SGST @ 9% each will be payable on the outward supplies.

The tax liability for the month of October, 20XX under regular scheme will be computed as under:

Particulars	Value	Cgst	Sgst
Tax on outward supply Of A	12,00,000	108000	108000
Taxable supplies from 03.10.20XX to 31.10.20XX chargeable to CGST and SGST 9% each			
ITC reversal on capital goods [Refer WorkingNote 2 below)		250	250
Total Output Tax liability		108250	108250
Less: ITC (Refer Working Note 3 below		(108250)	(108250)
GST payable in cash		Nil	Nil

Tax on inward supplies attracting reverse charge GTA services availed chargeable to CGST and SGST @ 2.5% each (280000/7)	40,000	1000	1000
Total GST payable in cash As per section 49(4) of the CGST Act, 2017 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) of CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.		1000	1000
Working Note I: PARTICULARS	VALUE	CGST	SGST
CGST & SGST @ 2.5% Each paid under RCM on freight paid on GTA on 10.10.20xx (for the goods transported between 11.10.20xx & 20.10.20xx) will be available as ITC UNDER RCM	40,000	1000	1000
CGST & SGST @ 9% each paid to Packing Agency on 09.10. 20XX (for specialized packing to be carried out on 10.10.20XX on goods to be transported between 11.10.20XX & 10.11.20XX) will be available as ITC under regular scheme.	60000	5400	5400
Total common credit		6400	6400

<p>Common credit on input services attributable to exempt supplies (rounded off)</p> <p>Common credit on input services availed during the period under regular scheme x (Exempt turnover made during the period under regular scheme/Total turnover during the period under regular scheme) 6400 x152,500/13,52,500</p> <p>Turnover of B (exempt turnover) from 03.10.20XX 31.10.20XX is 152500 [Refer Working Note 4]</p> <p>Total turnover from 03.10.20XX to 31.10.20XX is 13,52,500 [Refer Working Note 4]</p>		722	722
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Working Note 2

PARTICULARS	CGST@9%	SGST@9%
ITC claimed on capital goods on 02.10.20XX [Refer	97200	97200
Air conditioner used in the once purchased on 15.10.20XX	36000	36000
Common ITC [Since all the capital goods are used for effecting both taxable and exempt supplies, the entire ITC on capital goods is common]	133200	133200
Common credit for a tax period (Common credit + 60)(rounded off)	2220	2220
Common credit on capital goods attributable to exempt supplies (rounded Of" Common credit on capital goods during the period under regular scheme x (Exempt turnover made during the period under regular scheme/Total turnover during the period under regular scheme) - 2220 x 152,500/1352500	250	250

Working Note 3

PARTICULARS	CGST	SGST
ITC on inputs and capital goods claimed on 02.10.20XX	165600	165600
ITC on air conditioner used in the office purchased on 15.10.20XX	36000	36000
ITC on freight paid to GTA	1000	1000
ITC on packing charges	5400	5400
Less: ITC reversal on input services [Refer Working Note II]	(722)	(722)
Total ITC available with the firm	207278	207278

Working Note 4

PARTICULARS	Total turnover for the month of October. 20XX	TURNOVER IN MONTH OF OCT UNDER RCM (03.10.20XX-31.10.20XX)
A	16,00,000 [20,00,000-720,000]X125%	12,00,000 [16,00,000-2,00,000-1,33,000-67,000]
B	2,00,000 {4,00,000-240,000}X125%	1,52,500 [2,00,000-3,000-5,250-39,250]
AGGREGATE TURNOVER	18,00,000	13,52,500

Note - Turnover for October. 20XX Will be computed as under:

Turnover = Cost Of goods sold" * 125% (20% margin on sales = 25% margin on cost)

COST Of goods sold = Stock as on 30.09.20XX less stock as on 31.10.20XX (since no purchases are made after September, 20XX)

Answer 2A

As per section 22, every supplier of goods or services or both is required to obtain registration in the State/ Union territory from where he makes the taxable supply if his aggregate turnover exceeds threshold limit in a financial year. However, section 24, inter alia, provides that persons who supply goods or services or both through an electronic commerce operator (hereinafter referred as ECO), who is required to collect tax at source under section 52, are required to obtain registration mandatorily. However, said mandatory registration is not applicable, inter alia, to the suppliers of the services which are notified under section 9(5) or section 5(5) of the IGST Act, 2017; such suppliers are entitled for threshold exemption.

In case where services are notified under section 5(5) of the IGST Act, 2017, the ECO is liable to pay the entire tax on behalf of the suppliers of services. Notification No. 14/2017 IT (R) dated 28.06.2017 issued under said section notifies services by way of providing accommodation in hotels, provided the person supplying such service through ECO is not liable for registration under section 22(1), as one such service where the ECO is liable to pay tax on behalf of the suppliers.

In the given case, RL provides services by way of providing accommodation in hotel through an ECO. Services by way of providing accommodation in hotels provided by a supplier RL which is not liable for registration under section 22(1) as its turnover is less than the threshold limit for registration, [viz. 20 lakh], is a service notified under section 5(5). Thus, RL will be entitled for threshold exemption for registration and will not be required to obtain registration even though it supplies services through ECO.

As per section 52, ECO is not required to collect tax at source (TCS) in cases where the service is notified under section 9(5) of the CGST Act, 2017/section 5(5) of the IGST Act, 2017. The applicable tax on such services is to be paid by the ECO as if he is the supplier liable to pay tax on the supply of such services.

Thus, in the given case, no tax is required to be collected at source under section 52. Further, the supply of accommodation services by RL to Mr. Jagdish is an intra-State supply liable to CGST and SGST since the place of supply of services by way of lodging accommodation by a hotel is the location at which the immovable property is located in terms of section 12(3) of the IGST Act, 2017. Accordingly, in the given case, place of supply is Uttarakhand and location of supplier RL is also Uttarakhand.

As discussed above, entire tax of 45,000 (each under CGST and SGST) on ₹ 5,00,000 will be paid by the ECO - MTL.

In case where RL is registered under GST, service by way of providing accommodation in hotels provided by it through ECO will no longer be a service notified under section 5(5). The reason for the same is that services by way of providing accommodation in hotels are notified under section 5(5) only where the person supplying such service through ECO is not liable for registration under section 22(1). Consequently, said services shall be subject to the TCS provisions under section 52.

Further, in a situation where multiple ECOs are involved in a single transaction of supply of goods or services or both through ECO platform and the supplier-side ECO is himself the supplier of the said supply, Circular No. 194/06/2023 GST dated 17.07.2023 clarifies that the buyer-side ECO will be required to collect TCS, as applicable, pay the same to the Government in accordance with section 52 and also make other compliances under said section.

As discussed above, the supply of accommodation services by RL to Mr. Jagdish is an intra-State supply liable to CGST and SGST.

Accordingly, in the given case, buyer side ECO - MTL - is required to collect TCS on Rs.5,00,000 @ 0.5% each under CGST and SGST as follows: =
 $\text{Rs.5,00,000} \times 0.5\% = \text{Rs.2500}$ each under CGST and SGST

Answer 2B

Notification No. 45/2017 Cus. dated 30.06.2017 stipulates that in case of re-importation of goods exported for repairs, duty is payable on fair cost of repairs carried out, insurance and freight charges both ways, subject to fulfillment of following conditions;

- (a) The time limit for re-importation is 3 years
- (b) The exported goods and the re-imported goods must be the same
- (c) The ownership of goods should not have changed

Computation of total duty payable by kankan Corp.

Particulars	Amount
Fair cost of repairs (in \$)=\$60,000/40%	\$150,000
	Rs.
Fair cost of repairs (in rs.)=\$150,000*rs62[note 1]	93,00,000
Add:inward & outward insurance	2,50,000
Add:inward & outward air freight	10,00,000
Assessable value	1,05,50,000
Add:basic custom duty @ 15%[note 2]	15,82,500
Add:social welfare surcharge @ 10% of bcd	158250
Value of computing igst	12290750
Igst @ 12%	14,74,890
Total duty and tax payable	32,15,640

Notes:

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

Answer 3A

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

PARTICULARS	CGST	SGST	IGST
Supply Of electronic home appliances to consignment agents • Cardinal Electricals Pvt. Ltd. and Rochester Technos Of Punjab And Madhya Pradesh [Note I]			9,90,000 [198,00,000*5 %]
Supply of electronic home appliances to Ronn Technomart of Noida, Uttar Pradesh [Note 2)			300000 6000000*5%
Supply Of electronic home appliances to wholesale dealers of such appliances in Delhi[Note 3)	4,20,000 [168,00,000*2.5 %]	4,20,000 [168,00,000*2.5 %]	
Electronic home appliances supplied to Anchor Electricals Inc., USA under LUT [Note 4)			Nil

Supply Of repair and maintenance services to Unitech Ltd., an electronic appliance manufacturer. located in Delhi (Note 5)	151200 [1680,000*9%]]	151200 [1680,000*9%]	
Advance received for repair and maintenance services supplied to Orelec Ltd. a electronic appliances manufacturer. located in Delhi (Note 6)	126000 [14,00,000*9%]]	126000 [14,00,000*9%]	
Advance received for electronic home appliances to be supplied to Novick Electricals. a wholesale dealer of electronic appliances in Gurgaon. Haryana (Note 7)			Nil
TOTAL GST LIABILITY	6,97,200	6,97,200	12,90,000

Notes:

- 1 Value of supply of goods made through an agent is determined as per rule 29 of the CGST Rules, 2017. 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 recipient. In the given Case, Since open market value is not available, value Of electronic home appliances supplied to consignment agents - Cardinal Electricals Pvt. Ltd. and Rochester Technos. Further, being an inter-State supply Of goods, supply Of electronic home appliances to the consignment agents is subject to IGST @ 5%.
2. If any person directly or indirectly controls another person, such persons are deemed as related persons. [Clause Of explanation to section 15 Of

the CGST Act]. In the given case, since Kaushal Manufacturers Ltd. owns 75% shares of Ronn Technomart, both are related persons. Value of supply of goods between related persons (other than through an agent) is determined as per rule 28 of the CGST Rules, 2017. Accordingly, the value of supply of goods between related persons is the Open market value Of such goods and not the invoice value. Furthermore, since Ronn Technomart is not eligible for full input tax credit, value declared in the invoice cannot be deemed to be the open market value of the goods. Thus, open market value of the electronic home appliances supplied to Ronn Technomart. i.e. is the value of supply of such goods. Further, being an inter-State supply of goods, supply of electronic home appliances to Ronn Technomart is subject to IGST @ 5%.

3. Being an intra-State supply of goods, supply of electronic home appliances to wholesale dealers of said appliances in Delhi is subject to CGST and SGST @ 2.5 % each.
4. Section 2(S) Of the IGST Act defines export Of goods as taking goods out Of India to a place outside India. In view of the said definition, supply of the electronic home appliances to Anchor Electricals Inc. of USA under LUT is export of goods. Export of goods is a zero-rated supply [Section 16(1) of the IGST Act]. A zero-rated supply under LUT is made Without payment Of integrated tax.
5. Being an intra-State supply of services, supply of repair and maintenance services to Unitech Ltd. of Delhi is subject to CGST and SGST @ 9% each.
6. 6. Being an intra-State supply of services, supply of repair and maintenance services to Orelec Ltd. of Delhi is subject to CGST and SGST @ 9% each. Further, in terms of section 13(2) of the CGST Act, the time of supply of services is the earlier of the date of invoice or date of receipt of payment, if the invoice is issued within 30 days of the supply of service. In the given case, invoice is issued within 30 days Of the supply Of service. Therefore, time of supply Of services Will be date Of receipt Of advance and hence, GST is payable on the advance received in January.

7. Being an inter-State supply of goods, supply of electronic home appliances to Novick Electricals of Gurgaon, Haryana is subject to IGST @ 5%. Further, in terms of section 12(2) of the CGST Act, the time of supply of goods is the earlier of the date of issue of invoice/last date on which the invoice is required to be issued or date of receipt of payment.
8. However, Notification No. 66/2017 CT dated 15.11.2017 specifies that time of supply of goods for the purpose of payment of tax is the date of issue of invoice/last date when the invoice ought to have been issued under section 31.

Answer 3B

The location of supplier of mobile services cannot be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state. The consumption principle will be broken if the location of supplier is taken as place of supply and all the revenue may go to a few states where the suppliers are located.

Place of supply for mobile connection would depend on whether the connection is on postpaid or prepaid basis. In case of postpaid connections, place of supply is location of billing address of recipient of services on the record of supplier of services. In case of pre-paid connections, if the service is supplied

- (i) through a selling agent or a re-seller or a distributor of SIM card or re-charge voucher, the place of supply is the place address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
- (ii) by any person to the final subscriber, the place of supply is the location where such prepayment is received or such vouchers are sold;
- (iii) in other cases, place of supply is the address of recipient as per the records of supplier of services and where such address is not available, place of supply shall be location of supplier of services.

However, if the recharge is done through internet/e-payment, the location of recipient of service on record of the supplier will be taken as the place of supply [Section 12(11)].

Answer 3C**1. Computation of net tax liability (including amount collected as TCS) of ShriMart Limited for January**

Particulars	Amount (₹)
TCS to be collected from HariOm Limited on supply of Laptop and a printer to Pundrik [ShriMart is an ECO since it owns and operates a web portal through which HariOm Limited supplies goods. Further, IGST is applicable on said inter-State transaction since supplier - HariOm Limited is located in the State of Uttar Pradesh and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, ShriMart will collect TCS @ 1% of [150,000 + 30,000]	1800
GST to be paid by ShriMart on supply of mobile phone made on its own account @ 18% (IGST) of 90,000. IGST is applicable on said inter-State transaction since supplier - ShriMart is located in Delhi and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Since supply has been made by ShriMart on its own account, no TCS needs to be collected.	16,200
TCS to be collected from Vrinda World on supply of CCTV camera system to Pundrik [ECO - ShriMart is liable to collect TCS on this transaction. Further, IGST is applicable on said inter-State transaction since supplier - Vrinda World is located in the State of Gujarat and place of supply is Rajasthan [i.e. where movement of goods terminates in terms of section 10(1)(a) of the IGST Act, 2017]. Thus, ShriMart will collect TCS @ 1% of 3,00,000]	3,000

Listing services provided by ShriMart to HariOm Limited and Secure Limited @ 10% of turnover for the month of January. Turnover of HariOm Limited and Secure Limited is 180,000 and 3,00,000 respectively.	8,640
IGST @ 18% on (4,80,000 × 10%) is applicable on said inter- State transaction since supplier - ShriMart is located in Delhi and place of supply is Uttar Pradesh and Gujarat respectively [i.e. location of recipient in terms of section 12(2) of the IGST Act, 2017]	
Total GST liability (including TCS) of ShriMart for January	29,640

2. Computation of net GST payable in cash by HariOm Limited for the month of January

Particulars	Amount (₹)
Gross GST liability [18% of turnover for January (150,000 + 30,000)]	32,400
Less: ITC of GST payable on listing services received [(10% of 180,000) × 18%]	(3,240)
Net GST payable from Electronic Cash Ledger	29,160
Less: TCS credited to Electronic Cash Credit Ledger	(1800)
Net GST payable in cash	27,360

3. Computation of net GST payable in cash by Vrinda World for the month of January

Particulars	Amount (₹)
Gross GST liability [18% of turnover for January 1,00,000]	54,000
Less: ITC of GST payable on listing services received from [(10% of 1,00,000) × 18%]	(5,400)
Net GST payable from Electronic Cash Ledger	48,600
Less: TCS credited to Electronic Cash Credit Ledger	(3,000)
Net GST payable in cash	45,600

Answer 4A

As per section 51 read with section 20 of the IGST Act, 2017, following persons are required to deduct CGST @ 1% [Effective tax 2% (1% CGST * 1% SGST/UTGST)] or IGST @ 2% from the payment made/credited to the supplier (deductee) Of taxable goods or services or both, where the total value Of such supply, under a contract. exceeds

- (a) a department or establishment of the Central Government or State Government; or
- (b) local authority; or
- (c) Governmental agencies; or
- (d) an authority or a board or a Other body, •
 - (i) setup by an Act of Parliament or a State Legislature; or
 - (ii) established by any Government, with 51% or more participation by way of equity or control, to carry out any function; or
- (e) Society established by the Central Government or the State Government or a Local Authority under the Societies Registration Act, 1860, or
- (f) Public sector undertakings.

Further, for the purpose Of deduction Of tax, the value Of supply Shall be taken as the amount excluding CGST. SGST/UTGST. IGST and GST compensation cess indicated in the invoice.

Since in the given case, Manihaar Enterprises is supplying goods and services exclusively to Government departments. agencies etc. and persons notified under section 51, applicability of TDS provisions on its various receivables is examined in accordance with the above-mentioned provisions as under:

Sn.	Particulars	Total contract value	Payment due	Cgst	Sgst	Igst
1	Supply of stationery to Fisheries Department, Kolkata (Note-I)	2,60,000	30,000			
2	Supply of car rental services to Municipal Corporation Of Delhi (Note2)	2,95,000	40,000			
3	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand (Note-3)	5,90,000	50,000			1000
4	Supply of taxable goods to Delhi office Of National Housing Bank, a society established by Government Of India under the Societies Registration Act, 1860 (Note-4)	6,49,000	100,000	1000	1000	
5	Interior decoration Of Andhra Bhawan located in Delhi (Note-5)	5,00,000	5,00,000			
6	Supply Of printed books and printed post cards to a West Delhi Post Office (Note-6)	9,72,000	-			
7	Maintenance Of street lights in Municipal area of East Delhi (Note-7)	3,50,000	3,50,000			

Notes:

1. Being an inter-State supply of goods, supply of stationery to Fisheries Department, Kolkata is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under contract is as follows:

$$= 260,000 * 100/118$$

$$= 2,20,339 \text{ (rounded off)}$$

Since the total value of supply under the contract does not exceed tax is not required to be deducted.

2. Being an intra-State supply of services, supply of car rental services to Municipal Corporation of Delhi is subject to CGST and SGST @ 9% each.

Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows: $295000 \times 100/118 = 250000$

Since the total value of supply under the contract does not exceed tax is not required to be deducted.

3. Being an inter-State supply of goods, supply of heavy machinery to PSU in Uttarakhand is subject to IGST @ 18%. Therefore, total value of taxable supply [excluding IGST] under contract is as follows: $590000 \times 100/118 = 500000$

Since the total value of supply under the contract exceeds PSU in Uttarakhand is required to deduct tax @ 2% of 50,000, i.e. 1000.

4. Being an intra-State supply of goods, supply of taxable goods to National Housing Bank, Delhi is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows: $649,000 \times 100/118 = 550000$

Since the total value of supply under the contract exceeds National Housing Bank, Delhi is required to deduct tax @ 2% (1% CGST * 1% SGST) of 50,000, i.e. 1,000.

5. Proviso to section 51 (I) Of the CGST Act, 2017 stipulates that no tax shall be deducted if the location Of the supplier and the place Of supply is in a State or Union territory which is different from the State or as the case may be, Union territory Of registration of the recipient

Section 12(3) of the IGST Act, 2017, inter alia, stipulates that the place of supply of services, directly in relation to an immovable property, including services provided by interior decorators, shall be the location at which the immovable property is located or intended to be located. Accordingly, the place of supply of the interior decoration of Andhra Bhawan shall be Delhi.

Since the location of the supplier (Manihar Enterprises) and the place Of supply is Delhi and the State of registration of the recipient i.e. Government of Andhra Pradesh is Andhra Pradesh, no tax is liable to be deducted in the given case.

6. If the contract is made for both taxable supply and exempted Supply. tax shall be deducted if the total value of taxable supply in the contract exceeds Being an intra-State supply of goods, supply of printed post cards to a West Delhi Post Office is subject to CGST and SGST @ 9% each. Therefore, total value of taxable supply [excluding CGST and SGST] under the contract is as follows: $2,72,000 \times 100/118 = 230,509$ (rounded off)

Since the total value of taxable supply under the contract does not exceed 250,000, tax is not required to be deducted.

7. Composite supply of goods and services in which the value Of supply Of goods constitutes not more than 25% Of the value Of the said composite supply provided to, inter alia, local authority by way Of any activity in relation to any function entrusted to a Municipality under article 243W Of the Constitution is exempt from GST. Thus. maintenance Of street lights (an activity in relation to a function entrusted to a Municipality) in Municipal area of East Delhi involving replacement of defunct lights and other spares where the value of supply Of goods is not more than 25% of the value Of composite supply is a service exempt from GST. Since tax is liable to be deducted from the payment made or credited to the supplier Of taxable goods or services or both. no tax is required to be deducted in the given case as the supply is exempt.

The answer Will remain unchanged even if Manihar Enterprises is registered under composition scheme. Tax Will be deducted in all cases Where it is required to be deducted under section 51 Of the CGST Act, 2017 including the scenarios when the supplier is registered under composition scheme.

Answer 4B

Notwithstanding anything to the contrary contained in section 73 or section 74 of the CGST Act, 2017 where a taxable person—

- fails to obtain registration even though liable to do so; or
- whose registration has been cancelled for any of the specified reasons, but who was liable to pay tax, the proper officer may proceed to assess the tax liability of said taxable person to the best Of his judgement for the relevant tax periods. Specified reasons for cancelation are as under:

- a. registered person has contravened such provisions Of the CGST Act or the rules made there under as may be prescribed; or
- b. a person paying tax under composition levy under section 10 Of the CGST Act has not furnished his return for a financial year beyond three months from due date of furnishing the said return; or
- c. any registered person who is required to furnish returns on monthly basis, has not furnished returns for a continuous period of 6 months•, or
- d. any registered person who is required to furnish returns on quarterly basis, has not furnished returns for a continuous period of 2 tax periods; or
- e. any person Who has taken voluntary registration under sub—section (3) Of section 25 of the CGST Act has not commenced business within six months from the date of registration; or
- f. registration has been obtained by means of fraud. willful misstatement or suppression Of facts:

The assessment order shall be issued by proper officer within a period of 5 years from the due date for furnishing the annual return the financial year to Which non-payment Of tax relates. However, no such assessment order shall be passed without giving person an opportunity of being heard.

Answer 4C

Computation Of Import Duty Payable By Rupal

PARTICULARS	AMOUNT
Assesseble value	4,00,000
Value in rs.[us \$4,00,000*rs.65.20][note 1]	2,60,80,000
Custom duty @ 10% [note 2]	26,08,000
Add: social welfare surcharge @ 10%	2,60,800
Total custom duty payable	28,68,800

1. As per third proviso to section 14(1) of the Customs Act, 1962, assessable value has to be calculated with reference to the rate of exchange prevalent on the date on which the into bond bill of entry is presented for warehousing under section 46 of the Customs Act, 1962.
2. Goods which are not removed within the permissible period are deemed to be improperly removed in terms of section 72 of the Customs Act, 1962 on the day they should have been removed [Kesoram Rayon v, CC 1996 (86) ELT 464 (SC)]. The applicable rate of duty in such a case is the rate of duty prevalent on the last date on which the goods should have been removed.

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

Period Of 90 days commencing from the date Of order made under 60 expires on	19 AUG
NO. Of days for which interest shall be payable [12 days Of August 30 days Of September + 14 days of October]	56 DAYS
Interest payable =RS 2868800 x 15/100 x 56/365 (rounded off)	RS 66,022

Answer 5A

In case of refund on account of inverted duty structure, refund of ITC is granted as per following formula:

Maximum Refund Amount =	Turnover of inverted rated supply of goods & services x Net ITC	-	Tax payable on such inverted rated supply of goods & services x Net ITC
	Adjusted Total Turnover		ITC availed on inputs & input services
<p>(i) Turnover of inverted rated supply of goods and services = 750,00,000 (product having rate less than 6% to be considered)</p> <p>(ii) Adjusted Total Turnover = 750,00,000 + 75,00,000 = 8,25,00,000</p> <p>(iii) Net ITC: means ITC available only on Inputs = 525,00,000 @ 12% = 63,00,000, ITC of Input service and Capital Goods not to be considered.</p> <p>(iv) Tax payable on such inverted rated supply of goods and services = 37,50,000 (750,00,000 × 5%) (v) ITC availed on inputs = (525,00,000 × 12%) = 63,00,000</p> <p>(v) ITC availed on input services = (75,00,000 × 5%) = 3,75,000</p>			
Maximum Refund Amount =	750,00,000 X 63,00,000		37,50,000 X 63,00,000
	8,25,00,000	(-)	66,75,000
<p>= ₹ 26,98,298 (rounded off) (Total under CGST and SGST) Or ₹ 13,49,149 + ₹ 13,49,149 each under CGST and SGST</p>			

Answer 5B

The proper officer may recover the dues in following manner:

- (a) Deduction of dues from the amount owned by the tax authorities payable to such person.
- (b) Recovery by Way Of detaining and selling any goods belonging to such person;
- (c) Recovery from other person. from whom money is due or may become due to such person or Who holds or may subsequently hold money for or on account of such person. to pay to the credit Of the Central or a State Government (Garnishee Proceedings);
- (d) Restrain any movable or immovable property belonging to such person, until the amount payable is paid. If the dues not paid within 30 days, the said property is to be sold and with the proceeds of such sale the amount payable and cost of sale shall be recovered.
- (e) Through the Collector Of the district in which such person owns any property or resides or carries on his business, as if it was an arrear of land revenue.
- (f) By way Of an application to the appropriate Magistrate Who in turn shall proceed to recover the amount as if it were a fine imposed by him.
- (g) By enforcing bond/instrument executed under this Act or any rules/regulations made thereunder.
- (h) CGST arrears can be recovered as an arrear Of SGST and Vice versa [Section 79].

Answer 5C

Authorised economic operators and those importers who are paying 10,000 or more per bill Of entry. They will pay through ICEGATE. The Central Government has notified the following classes of importers who have to pay customs duty namely:

- (i) Importers registered under Authorized Economic Operator;
- (ii) Importers paying customs duty of Rs. 10,000 or more per bill of entry.

The Board has set up a dedicated payment gateway named 'ICEGATE' through which the payments are to be made-The importer need not produce any proof of payment for the clearance of goods in case of e-payment.

Answer 6A

Person	Offence	Prosecution	Arrest	Bail
•B	Non-cognizable offence (Section readwith section 132(4))	No Prosecut ion	No arrest	Bailable Offence [Section
•A	Non-cognizable Offence [Section read With section132(4)]	Upto 5 years	NO arrest	Bailable Offence [Section
D	non-cognizableoffence section 132(1)(f) read with section 132(4)	upto 3 years section 132(!)(f) (ii)	no arrest	bailable offence section132(4)
•C	cognizable offence section 132(1)(d) read with section 132(5)	upto 5 years section 132(1)(d) (i)	arrest canbe orderedby commisioner without arrest warrant	non bailable section 132(5)

Answer 6B The statement is not correct

The Government has power to extend the time Limits under the CGST Act. However, such powers are not unbridled powers. Section 168A empowers the Government to extend the time limits only when the actions cannot be completed or complied with due to force majeure. Here, force majeure means war, epidemic, flood, drought. fire, cyclone. earthquake or any other calamity caused by nature affecting the implementations of provisions of the CGST Act. This power can also be exercised retrospectively.

Answer 6C

Export promotion Capital Goods Scheme (EPCG) permits exporters to import capital goods for preproduction, production and post-production at zero customs duty or procure them indigenously without paying duty in the prescribed manner. In return, exporter is under an obligation to fulfill the export obligation.

Capital goods imported under EPCG Authorisation for physical exports are also exempt from IGST and Compensation Cess.

Import under EPCG scheme shall be subject to an obligation equivalent to 6 times Of duties, taxes and cess saved on capital goods to be fulfilled in 6 years reckoned from the date Of issue Of authorization. Authorisation shan be valid for 24 months from the date Of issue Of Authorisation.

Import Of capital goods shall be subject to 'Actual User' condition till export Obligation is completed. After export obligation is completed, capital goods can be sold or transferred.

In case integrated tax and compensation cess are paid in cash on imports under EPCG, incidence Of the said integrated tax and compensation cess would not be taken for computation of net duty saved provided, input tax credit is not availed.

Export proceeds shall be realized in freely convertible except for deemed exports supplies. Export to SEZ Units shall be taken into account for discharge of export obligation provided payment is realised from Foreign Currency Account Of SEZ unit Export to SEZ Developers/co-developers Can also be taken into account for discharge of export obligation even if payment is realised in Indian Rupees.

Eligible capital goods under EPCG Scheme are:

1. Capital Goods including capital goods in CKD/SKD condition
2. Computer systems and software which are a part of the Capital Goods being imported
3. Spares, moulds, dies, jigs, fixtures, tools & refractories
4. Catalysts for initial charge plus one subsequent charge