

LIABILITY TO PAY IN CERTAIN CASES

MULTIPLE CHOICE QUESTIONS

1. In case of amalgamation between two companies, such companies shall be treated as two distinct companies till –
 - (a) Till the date of the High Court order
 - (b) Till the effective date of merger
 - (c) Till the date of cancellation of registration
 - (d) None of the above
2. In which case, the taxable person and the person to whom the business is so transferred shall, jointly and severally, be liable to pay the tax, interest or any penalty due from the taxable person upto the time of such transfer?
 - (a) Where such tax, interest or penalty has been determined before such transfer.
 - (b) Where such tax, interest or penalty has been determined after such transfer.
 - (c) Whether such tax, interest or penalty has been determined before such transfer, but has remained unpaid or is determined thereafter.
 - (d) Where such tax, interest or penalty has been determined before such transfer but remained unpaid after such transfer.
3. Who shall be liable to pay tax on the supply of goods or services or both effected by transferee after transfer of business?
 - (a) Transferor
 - (b) Transferee
 - (c) Transferor and transferee both jointly and severally liable.
 - (d) Both jointly liable
4. If there is the difference between the effective date of amalgamation/ merger and the date of order for amalgamation/ merger of companies, such companies shall be treated as—
 - (a) Amalgamated/merged companies
 - (b) Successor companies
 - (c) Distinct companies
 - (d) None of the above
5. Directors shall, jointly and severally, be liable for the payment of tax, interest or penalty in case of—
 - (a) Amalgamated/merged companies
 - (b) Government Companies
 - (c) Public companies

- (d) Private companies
6. What is the effect of conversion of private company into public company on the liability of directors?
- (a) Liability of the directors shall be dispensed off
- (b) Personal penalty of director shall be dispensed off
- (c) Both (a) or (b)
- (d) Liability of the directors shall be continued.
7. Whether personal penalty imposed on directors can be dispensed off, in the case of conversion of private company into public company?
- (a) Yes
- (b) No
- (c) In exceptional cases
- (d) None of the above
8. What shall be the liability of retired partner, if intimation of retirement is given to the Commissioner within one month?
- (a) He shall be liable to pay tax, interest or penalty due up to the date of his retirement.
- (b) He shall be liable to pay tax, interest or penalty due up to the intimation of retirement to commissioner.
- (c) No liability of retiring partner, it shall be shifted to the new and existing partner.
- (d) None of the above
9. Who will be liable to pay tax, if business carried on behalf or for the benefit of minor and incapacitated person?
- (a) Guardian
- (b) Trustee
- (c) Agent
- (d) Either (a) or (b) or (c)
10. An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases:
- (i) By a person aggrieved against the order passed by the State bench or Area bench of the Appellate Tribunal.
- (ii) By a person aggrieved against the order passed by the Principal bench or Regional bench of the Appellate Tribunal.
- (iii) For matter involving substantial question of law.
- (iv) All of the above.
- Choose the correct option from the following:
- (a) (i) and (ii)
- (b) (i) and (iii)
- (c) (ii) and (iii)
- (d) (iv)
11. Who is liable to pay tax, if business of an individual is discontinued after his death?
- (a) Member of his family
- (b) His legal representative
- (c) Employees
- (d) Business partners
12. Who is liable to pay the tax in case of Principal and Agent?
- (a) Principal
- (b) Agent
- (c) Both jointly and severally
- (d) Jointly



13. When two or more companies are amalgamated, the liability to pay tax on supplies between the effective date of amalgamation order and date of amalgamation order would be on—
- Transferee;
 - Respective companies;
 - Any one of the companies;
 - None of the above.
14. Intimation regarding appointment of liquidator should be given to the Commissioner within _____ of appointment of liquidator.
- 15 days
 - 60 days
 - 30 days
 - 45 days
15. Commissioner will notify the amount of liability within how many days of intimation—
- 3 months
 - 30 days
 - 60 days
 - 6 months
16. When shall the Director of a private limited company be not liable to pay the tax dues if the company is not able to pay —
- In all cases
 - Company refuses to pay
 - If the non-recovery is not due to gross neglect misfeasance or breach of duty of the Director
 - None of the above
17. Retiring partner should intimate about his retirement to—
- Partnership firm
 - Existing partner
 - Commissioner
 - All of the above
18. The director of a private company shall not be held liable if he proves to the satisfaction of the _____ that such non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.
- Commissioner
 - Assistant Commissioner
 - Joint Commissioner
 - Additional Commissioner
19. In case of discontinuance of HUF business, the liability would arise till the date of —
- Of Discontinuance
 - Of Court verdict
 - As mutually agreed upon by the HUF members
 - Of Determination of liability by the Department.
20. Advance Ruling cannot be sought in respect of _____
- admissibility of input tax credit
 - classification of goods and/or services
 - whether applicant is required to be registered
 - whether applicant is entitled to refund



ANSWERS TO MCQ'S

Question No.	Answer
1.	(a) In case of amalgamation between two companies, the said two or more companies shall be treated as distinct companies for the period up to the date of the said order and the registration certificates of the said companies shall be cancelled with effect from the date of the said order.
2.	(c) Where a taxable person, liable to pay tax under this Act, transfers his business in whole or in part, by sale, gift, lease, leave and license, hire or in any other manner whatsoever, the taxable person and the person to whom the business is so transferred shall, jointly and severally, be liable wholly or to the extent of such transfer, to pay the tax, interest or any penalty due from the taxable person upto the time of such transfer, whether such tax, interest or penalty has been determined before such transfer, but has remained unpaid or is determined thereafter.
3.	(b) Where the transferee of a business carries on such business either in his own name or in some other name, he shall be liable to pay tax on the supply of goods or services or both effected by him with effect from the date of such transfer.
4.	(c) In case of amalgamation between two companies, the said two or more companies shall be treated as distinct companies for the period up to the date of the said order and the registration certificates of the said companies shall be cancelled with effect from the date of the said order.
5.	(d) When any private company is wound up and any tax, interest or penalty determined under this Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, then every person who was a director of such company at any time during the period for which the tax was due shall, jointly and severally, be liable for the payment of such tax, interest or penalty.
6.	(a) Liability of director shall be dispensed off on conversion of private company into a Public Company.
7.	(b) Personal penalty imposed on directors cannot be dispensed off, in the case of conversion of private company into public company.
8.	(a) Where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date.
9.	(d) In respect of business carried on behalf or for the benefit of a minor or incapacitated person then, Guardian or Trustee or Agent will be liable to tax.



10.	(b)	According to Section 117(1), any person aggrieved by any order passed by the State Bench or Area Benches of the Appellate Tribunal may file an appeal to the High Court and the High Court may admit such appeal, if it is satisfied that the case involves a substantial question of law. However, appeal against orders passed by the Principal Bench or Regional Benches of the Tribunal lies to the Supreme Court and not High Court.
11.	(b)	If the business carried on by the person is discontinued, whether before or after his death, his legal representative shall be liable to pay, out of the estate of the deceased, to the extent to which the estate is capable of meeting the charge, the tax, interest or penalty due from such person under this Act, whether such tax, interest or penalty has been determined before his death but has remained unpaid is determined after his death.
12.	(c)	As per Section 86, Where an agent supplies or receives any taxable goods on behalf of his principal, such agent and his principal shall, jointly and severally, be liable to pay the tax payable on such goods under this Act.
13.	(b)	When two or more companies are amalgamated, the liability to pay tax on supplies between the effective date of amalgamation order and date of amalgamation order would be on respective companies.
14.	(c)	When any company is being wound up whether under the orders of a court or Tribunal or otherwise, every person appointed as receiver of any assets of a company (hereafter in this section referred to as the "liquidator"), shall, within thirty days after his appointment, give intimation of his appointment to the Commissioner.
15.	(a)	The Commissioner shall after making such inquiry or calling for such information as he may deem fit, notify the liquidator within 3 months from the date on which he receives intimation of the appointment of the liquidator, the amount which in the opinion of the Commissioner would be sufficient to provide for any tax, interest or penalty which is then, or is likely thereafter to become, payable by the company.
16.	(c)	Director of a private limited company be not liable to pay the tax dues if the company is not able to pay if he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.
17.	(c)	Where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date.
18.	(a)	The director of a private company shall not be held liable if he proves to the satisfaction of the Commissioner that such non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in.

19.	(a)	In case of discontinuance of HUF business, the liability would arise till the date of discontinuance.
20.	(d)	Whether the applicant is entitled to refund or not is not specified as question in respect of which advance ruling is sought.

