

## NEW SCHEME

### FINAL COURSE – GROUP I PAPER 8: INDIRECT TAX LAWS

*Syllabus 100%*

*Question 1 is compulsory.*

*The students may attempt any five of the remaining six questions.*

*Maximum Time : 3 hours*

*Maximum Marks : 100*

#### TYPE - 100 A

1. a) M/s XYZ, a registered supplier, supplies the following goods and services for construction of buildings and complexes -
- excavators for required period at a per hour rate
  - manpower for operation of the excavators at a per day rate
  - soil-testing and seismic evaluation at a per sample rate.

The excavators are invariably hired out along with operators. Similarly, excavator operators are supplied only when the excavator is hired out.

M/s XYZ receives the following services:

- Annual maintenance services for excavators;
- Health insurance for operators of the excavators;
- Scientific and technical consultancy for soil testing and seismic evaluation.

For a given month, the receipts (exclusive of GST) of M/s XYZ are as follows:

- Hire charges for excavators - ` 18,00,000
- Service charges for supply of manpower for operation of the excavator - ` 20,000
- Service charges for soil testing and seismic evaluation at three sites - ` 2,50,000

The GST paid during the said month on services received by M/s XYZ is as follows:

- Annual maintenance for excavators - ` 1,00,000
- Health insurance for excavator operators - ` 11,000
- Scientific and technical consultancy for soil testing and seismic evaluation - ` 1,00,000

Compute the net GST payable by M/s XYZ for the given month. Assume the rates of GST to be as under:

Hiring out of excavators – 12%

Supply of manpower services and soil-testing and seismic evaluation services – 18%

Note: - Opening balance of input tax credit of GST is nil.

*(10 marks)*

b) State person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

- (a) Services provided by an arbitral tribunal to any business entity.
- (b) Sponsorship services provided by a company to an individual.
- (c) Renting of immovable property service provided by the Central Government to a business entity.

*(5 marks)*

c) Unicalp Textile Industries imported a machine from Eureka Engineering Works Inc., New Jersey, for dyeing the fabric. The price of the machine was settled at US \$ 25,000. The machine was shipped on 10.02.20XX. Meanwhile, Unicalp Textile Industries negotiated for a reduction in the price.

As a result, Eureka Engineering Works Inc. agreed to reduce the price by \$ 4,250 and sent the revised price of \$ 20,750 on 15.02.20XX. The machine arrived in India on 18.02.20XX. The Commissioner of Customs decided to take the original price of \$ 25,000 as the transaction value of the goods on the ground that the price is reduced only after the goods have been shipped.

Do you agree to the stand taken by the Commissioner? Give reasons in support of your answer.

*(5 marks)*

2. a) What is the place of supply for mobile connection? Can it be the location of supplier?

*(4 marks)*

a) (ii) An order is placed on Jehangir & Co. on 18<sup>th</sup> August for supply of a consignment of customized shoes. Jehangir & Co. gets the consignment ready and informs the customer and issues the invoice on 2<sup>nd</sup> December. The customer collects the consignment from the premises of Jehangir & Co. on 7<sup>th</sup> December and hands over the payment on the same date, which is entered in the accounts on the next day, 8<sup>th</sup> December.

*(3 marks)*

b) (i) AB Pvt. Ltd., Pune provides house-keeping services. The company supplies its services exclusively through an e-commerce website owned and managed by Hi-Tech Indya Pvt. Ltd., Pune. The turnover of AB Pvt. Ltd. in the current financial year is ` 18 lakh.

Advise AB Pvt. Ltd. as to whether they are required to obtain GST registration. Will your advice be any different if AB Pvt. Ltd. sells readymade garments exclusively through the e-commerce website owned and managed by Hi-Tech Indya Pvt. Ltd.?

*(4 marks)*

b) (ii) In what cases, assessment order passed by proper officer may be withdrawn?

*(4 marks)*

c) Subharti Enterprises collected GST on the goods supplied by it from its customers on the belief that said supply is taxable. However, later it discovered that goods supplied by it are exempt from GST.

The accountant of Subharti Enterprises advised it that the amount mistakenly collected by Subharti Enterprises representing as tax was not required to be deposited with Government. Subharti Enterprises has approached you for seeking the advice on the same. You are required to advise it elaborating the relevant provisions.

*(5 marks)*

3. a) Rolex Forex Private Limited, registered in Delhi, is a money changer. It has undertaken the following purchase and sale of foreign currency:
- (i) 1,000 US \$ are purchased from Rajesh Enterprises at the rate of ` 68 per US \$. RBI reference rate for US \$ on that day is ` 68.60.
  - (ii) 2,000 US \$ are sold to Srinithi at the rate of ` 67.50 per US\$. RBI reference rate for US \$ for that day is not available.

Determine the value of supply in each of the above cases in terms of:

- (A) rule 32(2)(a) of the CGST Rules, 2017
- (B) rule 32(2)(b) of the CGST Rules, 2017.

*(10 marks)*

b) Who is liable to pay GST?

*(5 marks)*

c) Ishika started supply of goods in Jaipur, Rajasthan from 05.01.20XX. Her turnover exceeded Rs. 20 lakh on 23.01.20XX. However, she didn't apply for registration. Determine the amount of penalty, if any, that may be imposed on Ishika on 31.03.20XX, if the tax evaded by her, as on said date, on account of failure to obtain registration is Rs. 5,33,000.

*(5 marks)*

4. a) (i) Can the value of imported goods be increased if Department fails to provide to the importer, evidence of import of identical goods at higher prices?

*(6 marks)*

a) (ii) The aggregate turnover of Faith Services Ltd. exceeded `20 lakh on 12<sup>th</sup> August. He applied for registration on 3<sup>rd</sup> September and was granted the registration certificate on 6<sup>th</sup> September. You are required to advise Faith Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.

*(4 marks)*

b) Discuss the similarities and differences between Advance Authorization and DFIA (Duty Free Import Authorization) schemes.

*(5 marks)*

c) A hotel owner provided accommodation in Haryana, through an electronic commerce operator – Trivago. The hotel owner is not liable to get registered as per the provisions of section 22(1) of the CGST Act.

Who is the person liable to pay GST in this case?

Would your answer be different if the Electronic Commerce Operator Trivago does not have a physical presence in India?

*(5 marks)*

5. a) What are the main features of GST payment process?

*(6 marks)*

b) A person makes an unauthorized import of goods liable to confiscation. After adjudication, Assistant Commissioner provides an option to the importer to pay fine in lieu of confiscation. It is proposed to impose fine (in lieu of confiscation) equal to 50% of margin of profit. The following particulars are made available:

- Assessable value      ₹ 3,00,000
- Total duty payable    ₹ 1,20,000
- Market value        ₹ 5,00,000

You are required to calculate amount of fine and total payment to be made by importer to clear the consignment.

*(4 marks)*

c) What are the conditions required to be fulfilled by the importer to make the imported goods eligible for preferential rate of duty prescribed by the Central Government by notification under section 25 of the Customs Act, 1962?

*(5 marks)*

d) Max Industries, a registered person under GST, has sold whole of its business to Rolex Manufacturers. Determine the person liable to pay GST, interest or any penalty under GST law [determined before sale, but still unpaid] due from Max Industries up to the time of such transfer.

*(5 marks)*

6. a) (i) Discuss the provisions of return Form GSTR-3B as contained in sub rules (5) and (6) of rule 61 of CGST Rules, 2017.

*(6 marks)*

a) (ii) Whether the benefit of exemption meant for imported goods can also be given to the smuggled goods?

*(4 marks)*

b) Who can order for carrying out "Inspection" and under what circumstances?

*(5 marks)*

c) With reference to section 108, elaborate whether a CGST/SGST authority can revise an order passed by his subordinates.

*(5 marks)*