

**OLD COURSE
FINAL COURSE- GROUP II**

**PAPER - 8: INDIRECT TAX LAWS
SYLLABUS: 50%**

Question paper

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

Maximum time: 3 hours

Maximum Marks: 100

1. (a) Merchanting trade- Goods never enter India - Whether liable to GST? Mr. Z, a supplier registered in Hyderabad (Telangana), procures goods from china and directly supplies same to a customer in US. With the reference to the provisions of the GST law, Examine whether the supply of goods by Mr. Z to customer in US is an inter-State supply?

(b) The supplies of commodity 'y' to the market are channelled through a State Marketing Corporation which conducts an auction each day to arrive at the price. Gupta and Co. supplies commodity 'y' through the state marketing corporation. How will this supply of commodity 'y' by Gupta and Co. be valued for paying tax?

(c) Mr. A located in Chennai places order on Mr. B of Chennai for installation of a machinery at his factory in Delhi. Mr.b procures the various parts of the machinery from different states and arranges for installation of the same in A's factory at Delhi. Determine the place of supply of machine.

(d) T Ltd. Imported some goods from LMP Inc. of United States by air. You are required to compute the value of purposes of customs duty under the Customs Act, 1962 from the following particulars:
CIF Value US \$ 6000; Freight & handling paid US \$ 2000; Insurance cost US \$ 700
The bank had received payment from the importer at the exchange rate of US \$ 1 = Rs. 46 while the CBIC notified exchange rate on the relevant date was US \$ 1 = Rs. 45.5 (Make suitable assumptions where required and provide brief explanations to your answer.)
(4 x 5 = 20 Marks)
2. (a) Determine GST payable on the following services provided by the central government of various persons for April, 2018 month -
 - (i) Services to A Ltd. (J&K), whose turnover of 2017-18 is Rs. 20 lakh : Rs. 50,000
 - (ii) Fee charges from B Ltd. for regulation of land use in Union Territories. Turnover for B Ltd. for 2017-18 is Rs. 19 lakh : Rs. 1,00,000
 - (iii) Services to state government of Bihar and to Municipal Corporation of Rajasthan in relation to some business activity of the service recipient: Rs. 2,00,000 each.
 - (iv) Fee for Passport and Visas : Rs. 4,00,000 (including Rs. 1,00,000 for individuals)
 - (v) Services of C Ltd, whose turnover of 2017-18 is Rs. 30 lakh : Rs. 5,000
 - (vi) Fines and damages collected from D Ltd. For non-performance of a contract: Rs. 8,00,000
 - (vii) Fee for safety check relating to protection/safety of workers working in factories : Rs. 16,00,000

- (viii) Fines and penalties for violation of various laws (collected from various business entities) : Rs. 15,00,000
- (ix) Assignment of natural resources to farmers for agricultural purposes : Rs. 5,00,000
- (x) Overtime charges collected by customs for clearance on holidays/during night : Rs. 6,00,000

(8 Marks)

(b) M/s P of Jaipur places an order on M/s Q of Jaipur for delivery of certain goods. M/s P directs M/s Q to deliver the goods to M/s R in Mumbai, and M/s Q arranges for the transportation of the goods to M/s R in Mumbai. What will be the place of supply of goods?

(4 Marks)

(c) Mr. X residing in Delhi traveling with the Indian Airlines is provided with the movie-on-demand service as on-board entertainment during the Kolkata - Delhi leg of a Bangkok - Delhi - Kolkata flight. Determine the place of supply of services provided to Mr. X

(4 Marks)

3. (a) Determine the time of supply in each of the following cases, in case supply does not involve movement of goods.

No.	Date of invoice	Date when goods made available to receipt	Date of receipt of payment
1	02-10-2018	03-10-2018	15-11-2018
2	04-10-2018	01-10-2018	25-11-2018
3	04-11-2018	06-11-2018	01-10-2018

(8 Marks)

(b) From the following information, determine the amount of input tax credit admissible to ABC Ltd. In respect to various inputs purchased during the month of September, 2017.

Purchases	CGST & SGST (Rs)
(1) Goods purchased without invoice	25,000
(2) Goods purchased from PQR Ltd. (Full payment is made by ABC Ltd. To PQR Ltd. Against such supply but tax has not been deposited by PQR Ltd.)	1,20,000
(3) Purchases of goods not to be used for business purposes	18,000
(4) Purchases of goods from IT Ltd. (Invoice of IT Ltd. Is received in month of September 2017, but goods were received in month of October 2017)	24,000
(5) Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC Ltd has made payment to FF Ltd. For such purchases in the month of October, 2017.	36,000

(4 Marks)

(c) CGST rate is 9% and SGST rate is also 9%. Mr.A of Rajasthan supplies goods or services to Mr. B of Rajasthan at Rs. 10,000. B makes value addition of 20% and supplies to Mr. C of Rajasthan at Rs. 12,000. Determine GST implications. Show detailed workings.

(4 Marks)

4. (a) From the following information determine the taxable supply as per the provisions of section 15 of the CGST Act, 2017? **(Amount in Rs.)**

Value of machine (including GST @ 12%)	15,00,000
The invoice value includes the following-	
(1) Taxes (other than CGST/SGST/IGST) charged separately by the supplier	15,000
(2) Weighment and loading charges	25,000
(3) Consultancy charges in relation to pre-installation planning	10,000
(4) Testing Charges	2,000
(5) Inspection Charges	4,500
Other information:	
(i) Subsidy received from Central government for setting up factory in backward region	51,000
(ii) Subsidy received from third party for timely supply of machine to recipient	50,000
(iii) Trade discount actually allowed shown separately in invoice	24,000

(8 Marks)

(b) XYZ & Co. a manufacturer of goods donated old computers to charitable schools on account of renovation of office. The company has taken input credits on computers so donated. It is supply?
(4 Marks)

(c) Happy Ltd. provides management consultancy services without any consideration to its subsidiary Joy Ltd. The said consultancy has been provided for benefit of entire group. Does it qualify as a supply?
(4 Marks)

5. (a) The assessee classified the mobile battery charger as an integral part of the main product i.e. Nokia mobile phone. It contended that cell phone could not be operated without the charger. Further, mobile battery chargers were provided free with the cell phone in a composite package. Therefore, it applied the concessional rate of tax on the mobile battery charger also, as applicable on the mobile phone. However, it also admitted that whenever it sold the chargers separately, tax was not charged at the concessional rate. Whether the mobile battery charger is classifiable as an accessory of the cell phone or as an integral part of the same?
(8 marks)

(b) Mr. Y, a registered person has filled its GSTR-1 for the month of September on 19th November. Determine the amount of late fee payable, if any, by Mr. Y. **(8 Marks)**

6. (a) The aggregate turnover of Sangri services Ltd. exceeded Rs. 20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advice Sangri Service 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.
(8 Marks)

(b) Mr. A, a regular tax payer, files his GSTR-1, GSTR-2, and GSTR-3 for the month of August, 2018 by the respective due dates. Mr. A receives a communication from the GST common portal on 28th September, 2018 that ITC of Rs. 15,000 claimed by him is in excess of the tax declared by Mr. B (supplier concerned) in his valid tax return. Mr. B has filed his Annual Return for financial year 2018-19 on 10th November, 2019.

(i) When is Mr. B required to rectify the discrepancy? Is there any maximum time limit to do so?

(ii) What will happen if Mr. B does not rectify the discrepancy? **(4 Marks)**

(c) Distinguish between Jetsam and Flotsam **(4 marks)**

7. (a) In what cases, assessment order passed by proper officer may be withdrawn?**(4 Marks)**

(b) M/s X Ltd. has not furnished any explanation for discrepancy in return found during scrutiny. What recourse may be taken by the officer in case proper explanation is not furnished for the discrepancy detected in the return filed, while conducting scrutiny u/s 61 of CGST ACT?**(4 Marks)**

(c) Miss Jeen imported certain goods from a related person Mr. Bhairav of US and transaction value has been rejected. Rules 4 and 5 of the Import Valuation Rules are found inapplicable, as no similar/identical goods are imported in India. Miss Jeen furnishes cost related data of imports and requests Customs Authorities to determine value as per Rule 8. The relevant data are-

(i) Cost of materials incurred by Mr. Bhairav	\$ 600
(ii) Making charges incurred by Mr. Bhairav	\$ 100
(iii) Other direct expenses incurred by Mr. Bhairav	\$ 300
(iv) Overheads incurred by Mr. Bhairav	\$ 250
(v) Freights from Mr. Bhairav's factory to US port.	\$ 120
(vi) Loading charges at US port	\$ 30
(vii) Normal net profit margin of Mr. Bhairav	20% of FoB
(viii) Air Freight from US port to Indian port	\$ 500
(ix) Insurance from US port to Indian port	\$ 50
(x) Exchange rate	Rs. 60 per \$

The Customs Authorities are of the opinion that since value as per rule 7 can be determined at Rs. 1,45,000, there is no need to apply rule 8. **(4 Marks)**

(d) Registration provisions: ABC Ltd. of Jaipur, Rajasthan has effected intra-State supplies of taxable goods amounting Rs. 12,00,000 till 31-12-2017. On 01-01-2018 it has effected inter-State supply of taxable goods amounting Rs. 1,00,000. ABC Ltd. is of the opinion that it is not required to get registered under GSST laws since its aggregate turnover is not likely to exceed Rs. 20,00,000 during financial year 2017-18. As a consultant to the company, you are required to advise the company relating to registration requirements. **(4 Marks)**

(e) Mr. A of Rajasthan has effected following supplies within the state of Rajasthan. You are required to determine whether he is required to obtain registration under GST law.

(1) Intra-State supply of agricultural produce grown out of cultivation of land by family members	15,00,000
(2) Intra-State supply of goods which are wholly exempt from GST u/s 11 of CGST Act, 2017	6,00,000
(3) Intra-State supply of goods chargeable with GST @ 5%	8,50,000
Total value of supplies	29,50,000

(4 Marks)