

Paper 11- Indirect Taxation

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Full Marks: 100

Time allowed: 3 hours

The figures in the margin on the right side indicate full marks.
Working notes should form part of the answer.

Section – A

Answer question No. 1 which is compulsory and any four from rest of this section.

1. Answer the following questions: [5×1=5]

(A) Multiple choice questions:

- (i) Reverse charge means
- (a) The reversal of tax liability in case of return of goods
 - (b) The liability to pay tax by the recipient of supply of goods and services
 - (c) Reversal of tax due to mistake detected later
 - (d) The liability to pay tax where only services provided .
- (ii) The item which will be taxable both under Central Excise law and new GST:
- (a) Motor spirit
 - (b) Alcoholic liquor for human consumption
 - (c) Tobacco and tobacco products
 - (d) Natural gas
- (iii) Business u/s 2(17) includes :
- (a) commerce
 - (b) vacation
 - (c) manufacture
 - (d) all of the above.
- (iv) Which of the following is not exempted from GST :
- (a) Charitable trust
 - (b) Advocate services
 - (c) Veterinary services
 - (d) Manufacturing of motor car.
- (v) The threshold limit of turnover in the preceding financial year for opting to pay tax under composite scheme in states other than specified states is-----?
- (a) ₹ 20 lakhs
 - (b) ₹10 lakhs
 - (c) ₹75 lakhs
 - (d) ₹150 lakhs

(B) Say True or False for the following question: [5×1=5]

- (i) Activity of funeral , burial, crematorium or mortuary including transportation of the deceased is supply of services.
- (ii) Tour conducted through luxury trains are covered as Tour Operators Service.
- (iii) In case of intra-state transactions, CGST and SGST will be levied.
- (iv) GSTIN is a 15 digit number which does not include state code.
- (v) Input tax credit is not available on goods used for personal use .

(C) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Intra –state supply liable to	A.	Product naming and coding system.
2.	Chairperson of GST council	B.	CGST nad SGST/UTGST
3.	Distribution of electricity	C.	Supply of service.
4.	Renting of immovable property.	D.	Exempted from GST
5.	HSN	E.	Union Finance Minister

(D) Fill in the blanks:

[5×1=5]

- (i) Supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration is_____.
- (ii) _____was first country to adopt GST as indirect system of taxation.
- (iii) A casual taxable person or a non–resident taxable person shall apply for registration at least _____ days prior to the commencement of business.
- (iv) The calculation of the aggregate turnover to decide the registration limit will be based on _____.
- (v) _____ supply means the supply of goods or services, which constitute the predominant element of a composite supply and to which another supply is ancillary/secondary.

2.(a) State the differences between direct taxes and indirect taxes.

[7]

(b)(i) Bharat Gas sells cooking gas cylinders. Subsidy directly transferred to the account of the customer. Selling price per cylinder is ₹800. Customer received subsidy ₹ 200 directly from Government to his bank account. Net outflow of the buyer is ₹600. Find the value of supply of goods (per cylinder) in the hands of Bharat Gas?

[2]

(ii) Discuss whether the following are supply of goods or supply of services-

1. Renting of vacant land to a stud farm for ₹1,50,000.
2. Sale of office computer.
3. M/s X Ltd. provided car to one of its director for his personal use and charge fee ₹30,000.
4. A director takes a computer home for his private use .This computer is the company's business asset.
5. Salary paid to partners by partnership firm.
6. Restaurant and catering .

[6]

3.(a) Determine the time of supply in the following cases assuming that GST on goods is payable under reverse charge:

s.no.	Date of receipt of goods	Date of payment by receipt of goods	Date of invoice by supplier of goods
1	July 2	August 10	June 29
2	July 2	June 25	June 29
3	July 2	Part payment made on June 30 & balance amount paid on July 20	June 29
4	July 6	Payment is entered in books of account on June 28 and debited in recipient 's bank account on June 26	June 1
5	July 2	Payment is entered in books of account on June 30 and debited	June 29

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		in recipient 's bank account on June 26	
6	August 2	August 10	June 29

[6]

(b)(i) Mr. Ranjan , a money changer has exchanged US\$ 10,000 to Indian rupees@ ₹64 per US\$. Mr. Ranjan wants to value supply in accordance with the rule 32(2)(b) of CGST Rules. Determine value of supply made by Mr. Ranjan. [5]

(ii) Miss Shalvee , partner of M/s. Finex , a firm registered in Delhi , went to Mumbai for audit purpose. She purchased from Jaipur Airlines (registered in Rajasthan)air ticket from Jaipur to Mumbai disclosing name of organization and its GST Registration number. Determine place of supply of service .What would your answer if Miss Shalvee does not disclose particulars of organization? [4]

4.(a) State the salient features of composite supply. Give an example of composite supply. [7]

(b) ABC India Ltd. is engaged in the manufacture of some taxable goods. It purchased the following goods in the month of October, 2018

ITEMS	GST paid in ₹
Raw material used for the production of the final product	1,00,000
Goods used for generation of electricity for captive consumption	20,000
Goods used for providing free warranty – Value of such free warranty provided by ABC India Ltd. is included in the price of the final product and is not charged separately from the customers	10,000
Light diesel oil	5000

Note: ABC India Ltd. is also purchased High Speed Diesel oil by paying central excise duty of Rs 12,000, which is also used in the manufacture of taxable output. Compute the amount of input tax credit available to ABC India Ltd. [8]

5.(a) Describe the procedure for application of registration by casual taxable person. [7]

(b) M/s Martin Pvt. Ltd. is a distributor or selling agent of lottery tickets, authorized by the State of Kerala. Who is liable to pay GST and also find GST liability from the following:

Particulars	Maha Lakshmi (Printed) (Lottery run by State Govt.)	Bhaghya Lakshmi (Online) (Lottery authorized by State Govt.)
No. of tickets proposed	2,50,000	3,00,000
Face value of ticket	₹10 each	₹500
Guaranteed prize payout	@ 60 %	@ 90 %
No. of tickets sold	2,00,000	2,35,000

[8]

6.(a) From the following information , determine place of supply of goods as per section 10(1)(b) of IGST Act ,2017, where goods are delivered by supplier to a recipient on direction of a third person during course of movement of goods. Also determine nature of supply : whether inter –state supply or intra- state supply? The information is as follow :

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Supplier and his location	Location of a buyer (third person)	Recipient and his location	Place of delivery of the goods
Amar LTD. Jaipur	Z LTD. Jaipur	X LTD. Mumbai	Mumbai
Amar LTD. Jaipur	X LTD. Mumbai	Z LTD. Jaipur	Jaipur
Amar LTD. Jaipur	S LTD. Surat	X LTD. Mumbai	Mumbai
Amar LTD. Jaipur	X LTD. Mumbai	P LTD. Mumbai	Mumbai

[8+4]

(b) Compute of taxable supply from the following :

- (i)** Renting of bus to state transport undertaking: ₹25lakhs.
- (ii)** Renting of cars designed to carry passenger to a goods transport agency, being a partnership firm : ₹40 lakhs.
- (iii)** Hiring of pandal or shamiana for organizing functions /events : ₹30 lakhs.

[3]

7. Short note: (any three)

[5×3]

- (a) GST Council
- (b) Related party as per CGST Act 2017
- (c) Distinct person under GST Act
- (d) Distribution of credit by input service distributor.

Section – B

Answer question No. 8 which is compulsory and any one from rest of this section.

8. Answer the following questions:

[5×1=5]

- (i)** Beneficial owner means any person :
 - (a)** On whose behalf the goods are being imported or exported
 - (b)** who exercises effective control over the goods being imported or exported
 - (c)** Both (a) & (b)
 - (d)** None of the above
- (ii)** Value of imported goods ₹800. Custom Duty leviable @10%. Duty payable is:
 - (a)** ₹88
 - (b)** ₹90
 - (c)** ₹180
 - (d)** None of the above.
- (iii)** Determine the value (before insurance/ freight) : Cost of material ₹1,00,000 ; commissions and brokerage (inclusive buying commission)of ₹5000; Buying commissions ₹3000; cost of packing ₹15,000.
 - (a)** ₹ 1,17,000
 - (b)** ₹ 1,20,000
 - (c)** ₹ 1,15,000
 - (d)** ₹ 1,00,000
- (iv)** Which of the following is NOT a condition to apply Preferential rate of duty-
 - (a)** a preferential rate duty is specified in the First schedule, or is admissible by virtue of exemption;
 - (b)** owner of article claims at time of importation that it is chargeable with preferential rate of duty ;
 - (c)** such article is the produce or manufacture of notified preferential area;
 - (d)** commissioner has approved the import with that area.
- (v)** In case, the goods are re-exported out of India without being put to use, the drawback is allowed equal to:

- (a) 98% of import duty
- (b) 90% of import duty
- (c) 100% of import duty
- (d) 15% of import duty.

9.(a) List major differences between drawback u/s 74 and 75.

[6]

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

1. Cost of material incurred by Mr. Om	\$600
2. Making charges incurred by Mr. Om	\$100
3. Other direct expenses incurred by Mr. Om	\$400
4. Overhead incurred by Mr. Om	\$150
5. Freight from Mr. Om's factory to US port	\$120
6. Loading charges at US port	\$30
7. Normal net profit margin of Mr. Om	20% of FOB
8. Air freight from US port to Indian port	\$500
9. Insurance from US port to Indian port	\$50
10. Exchange rate	₹60 per \$

The Customs Authorities are of the opinion that since value as per Rule 7 can be determined at ₹ 1,45,000, there is no need to apply Rule 8.

[9]

10.(a) A machine was originally imported from Japan at ₹ 250 lakh in August 2017 on payment of all duties of customs. The said machine was exported (sent-back) to supplier for repairs in January 2018 and re-imported without any re-manufacturing or re-processing in October, 2018 after repairs. Since the machine was under warranty period, the repairs were carried out free of cost.

However, the fair cost of repairs carried out (including cost of material ₹6 lakh) would have been ₹9 lakh. Actual insurance and freight charges (to and fro) were ₹3 lakh. The rate of basic customs duty is 10% and rate of IGST in India on like article is 12%.

Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

[6]

(b) Enlist differences between Safeguard Duty and Anti – dumping duty. What do you mean by deemed export ?

[6+3]