

TOPIC : FULL

Division A – Multiple Choice Questions

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

Case Scenario 1

‘Suraksha Travels Pvt. Ltd’ (STPL) is established on 3rd April in the city of Bangalore (Karnataka) and the primary objective of the company is to provide air – conditioned contract – based passenger transportation services at affordable fares. The company obtains the voluntary registration under GST from 1st May. On 1st July, the company purchased motor vehicles of various seating capacities as follows .

Seating capacity (Including driver)	No. of vehicles	Purchase price (per vehicle – exclusive of taxes)	Rate of GST
7 persons	4	10,00,000	CGST – 9%; SGST – 9%
9 persons	3	12,00,000	CGST – 9%; SGST – 9%
11 persons	2	14,00,000	CGST – 9%; SGST – 9%
13 persons	1	15,00,000	IGST – 18%

From the month of July, STPL associated with RUBA Ltd. for enhancing the business operations. RUBA Ltd. owns/ operates an electronic platform for supply of passenger transportation services in Bangalore. The company developed an application called ‘RUBA’ through which the customers can access the nearest available motor vehicles (cabs) and avail the services. RUBA Ltd. collects the consideration for the services from the customers and remits the same to the service provider (STPL) after retaining the commission charged by it for using its electronic platform.

The details of few bookings of STPL in the month of July are as follows :

(These bookings are obtained by STPL on its own account and not through RUBA Ltd.)

Order No.	Date of Travel	Starting city	Ending city	Residence of the customer	Date of payment/ booking	Status of customer
CA – 234	5 th July	Bangalore	Chennai	Bangalore	3 rd July	Registered
CA – 435	11 th July	Bangalore	Chennai	Chennai	9 th July	Unregistered
PH – 534	16 th July	Chennai	Bangalore	Hyderabad	14 th July	Registered
GK – 987	19 th July	Hyderabad	Bangalore	Delhi	17 th July	Unregistered
UV – 777	22 nd July	Bangalore	Hyderabad	Mumbai	20 th July	Registered
XE – 001	25 th July	Chennai	Bangalore	Kolkata	23 rd July	Unregistered

The invoice is issued electronically on the date of travel immediately after the completion of the journey.

The details of the passenger transportation services supplied by STPL through RUBA Ltd. & GST payable on the supply is as follows : -

Particulars	July (Rs.)	August (Rs.)	September (Rs.)
Value of services	1,30,00,000	1,25,00,000	1,40,00,000
CGST	9,00,000	8,00,000	8,50,000
SGST	9,00,000	8,00,000	8,50,000
IGST	4,00,000	3,50,000	4,50,000

Note :

- All amounts are exclusive of CGST / SGST or IGST, as the case may be.
- Booking will be confirmed only after paying total fare for the journey.
- There is no other inward or outward supply transaction for STPL in the relevant period apart from the aforementioned transactions.
- Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

Based on the case scenario given above, choose the most appropriate answer to Q. nos. 1.1. to 1.5 :-

- Amount of blocked credit in respect of motor vehicles purchased by STPL on 1st July is _____.
 - CGST = Rs. 9,36,000; SGST = Rs. 9,36,000 & IGST = Rs. 2,70,000
 - CGST = Rs. 3,24,000; SGST = Rs. 3,24,000 & IGST = Rs. 2,70,000
 - CGST = NIL; SGST = NIL & IGST = Rs. 2,70,000
 - CGST = NIL; SGST = NIL & IGST = NIL
- Amount of GST payable through electronic cash ledger by STPL on the service supplied by it through RUBA Ltd. during the month of July is _____.
 - CGST = Rs. 9,00,000; SGST = Rs. 9,00,000 & IGST = Rs. 4,00,000
 - CGST = NIL; SGST = NIL & IGST = Rs. 58,000
 - CGST = NIL; SGST = NIL & IGST = Rs. 1,30,000
 - CGST = NIL; SGST = NIL & IGST = NIL
- Amount of tax to be collected at source by RUBA Ltd. on the taxable supplies made through it during the months of (A) July, (B) August and (C) September, is _____.
 - (A) Rs. 65,000 ; (B) Rs. 62,500 (C) Rs. 70,000
 - (A) Rs. 1,30,000 ; (B) Rs. 1,25,000 (C) Rs. 1,40,000
 - (A) Rs. 1,30,000 ; (B) Nil and (C) Rs. 70,000
 - (A) NIL ; (B) NIL and (C) NIL

- 1.4. Place of supply for order numbers (1) CA – 435, (2) PH – 534 & (3) GK – 987 is _____.
- (a) (1) Bangalore, (2) Hyderabad & (3) Hyderabad
 - (b) (1) Chennai, (2) Hyderabad & (3) Hyderabad
 - (c) (1) Chennai, (2) Chennai & (3) Delhi
 - (d) (1) Bangalore, (2) Chennai & (3) Hyderabad
- 1.5 Time of supply for order numbers (1) CA – 234, (2) UV – 777 & (3) XE – 001 is _____.
- (a) (1) 5th July, (2) 20th July & (3) 23rd July
 - (b) (1) 5th July, (2) 22nd July & (3) 23rd July
 - (c) (1) 3rd July, (2) 20th July & (3) 23rd July
 - (d) (1) 4th July, (2) 20th July & (3) 23rd July

(5 × 2 = 10 Marks)

Case Scenario 2

Advance Traders is a partnership firm in Jaipur, Rajasthan. The firm has obtained GST registration at its Head Office (HO) in Jaipur. Further, the firm is having its depot for storage for goods in other districts in Rajasthan. The depot are added as additional place of business in the GST registration obtained at HO. Following details are provided about the firm for the month of July :

- (a) Advance Traders received goods worth Rs. 5,00,000 for which GST is payable on reverse charge basis. The goods were received on 25th July. The supplier issued an invoice dated 24th July and payment for the same was made by Advance Traders on 30th July. Due to the absence of accountant, the transaction was recorded in the books of accounts on 1st August.
- (b) In the month of July, Advance Traders issued vouchers worth Rs. 2,00,000 to its customers, which were eligible to be redeemed against identified goods. Also certain set of customers were issued vouchers worth Rs. 5,00,000. The said vouchers were eligible to be redeemed against any supply of goods in next 6 months.
- (c) Mr. X a partner in the firm, booked a Hotel in Udaipur, Rajasthan for the wedding of his daughter in the month of October. The advance amount of Rs. 5,00,000 for booking the hotel was paid by way of online payment from the current account of Advance Traders in July. The hotel charged GST on such booking at the rate of 28% (CGST @ 14% and SGST @ 14% or IGST @ 28%, as the case may be) on the amount received as advance and issued a receipt voucher.
- (d) Advance Traders made a supply of goods worth Rs. 25,00,000 during the month of July. Out of the aforesaid supply, goods worth Rs. 5,00,000 were not liable to GST. However, Advance Traders inadvertently charged GST on such goods and collected the same from the customers.
- (e) Due to clerical error, Advance Traders made a deposit in minor head penalty of the major head IGST for an amount of Rs. 3,00,000. There is no liability of interest on any IGST liability and the amount is lying as unutilized on GST portal.

The opening balance of input tax credit is nil for all the registrations. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. All the above transactions are exclusive of GST, wherever applicable.

GST is applicable on all inward and outward supplies at the following rates unless otherwise specified :

CGST – 9%, SGST – 9%, IGST – 18%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 2.1 to 2.5 as follows : -

- 2.1 Compute the GST liability to be discharged from electronic cash ledger for the month of July by Advance Traders. For computing this liability, consider that there is no adjustment regarding amount provided in point e. above :
- (a) Rs. 5,76,000
 - (b) Rs. 4,36,000
 - (c) Rs. 3,96,000
 - (d) Rs. 4,86,000
- 2.2 Amount of input tax credit available to Advance Traders against the hotel booking expense shall be _____. Would there be any change if the hotel is located outside Rajasthan ?
- (a) Nil. There will be no change even if hotel is located outside Rajasthan.
 - (b) Rs. 70,000 as CGST and Rs. 70,000 as SGST. No credit would be available, had the hotel been located outside Rajasthan.
 - (c) Rs. 70,000 as CGST and Rs. 70,000 as SGST. IGST of Rs. 1,40,000 would be available, had the hotel been located outside Rajasthan.
 - (d) Nil. IGST of Rs. 1,40,000 would be available, had the hotel been located outside Rajasthan.
- 2.3 What is the time limit for issuance of show cause notice where GST is collected on supplies which are not liable to GST ?
- (a) Within 2 years and 9 months from due date of filing annual return for the financial year
 - (b) Within 4 years and 6 months from due date of filing annual return for the financial year
 - (c) No time limit to issue the show cause notice
 - (d) No show cause notice to be issued. The tax amount shall be refunded to the customers if the customer demands the same.
- 2.4 Advance Traders claimed refund of amount paid erroneously in the minor head penalty of major head IGST. The authorities rejected the refund claim. Advance Traders filed a civil suit before the jurisdictional magistrate. Choose the correct answer :
- (a) The jurisdictional magistrate can direct the authorities to process the refund amount.
 - (b) The jurisdictional magistrate can redirect the matter for fresh assessment of refund claim.

- (c) The jurisdictional magistrate can order provisional refund and initiate the re – assessment proceedings.
- (d) The jurisdictional magistrate cannot pass any order regarding the refund claim.

2.5 Advance Traders wants to utilize the amount paid erroneously in the minor head penalty of the major head IGST against its tax liability to be discharged in cash. Please select the correct option assuming that all the procedural requirements for the same will also be duly complied with.

- (a) The amount can be utilized only for discharging penalty amount under any head.
- (b) The amount can be utilized only for discharging liability of IGST under any minor head.
- (c) The amount can be utilized for discharging liability under any minor head or major head.
- (d) The amount can be utilized for discharging penalty amount related to IGST.

(5 ×2 = 10 MARKS)

General MCQs :

1. M/s. Vishu Megamart, a store located and registered under GST in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Jeeraram’s Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Cournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Teal Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of Rs. 1,000. State the type of supply and the tax rate applicable on the same.

- (a) Composite supply; tax rate of the principal item, i.e. Namkeen @ 18%.
- (b) Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
- (c) Mixed supply; tax rate of principal item, i.e. Namkeen @ 18%.
- (d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates

(2 MARKS)

2. For which of the following acts done by a taxable person, inspection can be ordered under GST law ?

- (i) Suppression of any transaction of supply of goods or services.
- (ii) Suppression of stock of goods in hand
- (iii) Contravention of any of the provisions of the GST law to evade tax.

- (a) (i), (ii)
- (b) (i), (iii)
- (c) (ii), (iii)
- (d) (i), (ii), (iii)

(1 MARKS)

3. State which of the following statements is incorrect :

- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than Rs. 150,000 is exempt.
- (ii) Services of life insurance business under Life micro – insurance product as approved by the Insurance Regulatory and development Authority, having minimum amount of cover of Rs. 2,00,000 is exempt.
- (iii) Service by an acquiring bank, to any persons in relation to settlement of an amount upto Rs. 2,500 in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
- (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is Rs. 2,250, is exempt.

Your options are : -

- (a) (i)
- (b) (ii), (iii)
- (c) (ii), (iii), (iv)
- (d) (i), (ii), (iii), (iv)

(1 MARKS)

4. Shah Beedi Company (P) Ltd. is a manufacturer of cigarettes. It has been registered under GST in the State of West Bengal.

The turnover of the company from the current financial year is Rs. 90,000. The excise duty paid on the cigarettes removed is Rs. 10,00,000. CGST and SGST paid on the cigarettes is Rs. 18,00,000 each.

The company also recovered actual freight of Rs. 5,00,000 from the buyers on the supply of cigarettes so made during the current financial year and also charged CGST/ SGST thereon. The company paid tax @ 5% under reverse charge while availing the services of GTA of Rs. 5,00,000.

Compute the aggregate turnover of shah Beedi Company (P) Ltd. assuming that the amounts given above are exclusive of GST.

- (a) Rs. 90,00,000
- (b) Rs. 1,00,00,000
- (c) Rs. 1,18,00,000
- (d) Rs. 1,05,00,000

(2 MARKS)

5. In which of the following cases, importer can claim pilferage and choose not to pay duty under section 13 of the Customs Act, 1962 provided the goods are not restored to the importer after pilferage ?

- (i) Goods pilfered while on high seas
- (ii) Goods pilfered before unloading

- (iii) Goods pilfered after unloading but before order for home consumption given by proper officer.
 - (iv) Goods cleared for home consumption
 - (a) (i) and (ii)
 - (b) (i) and (iii)
 - (c) Only (ii)
 - (d) Only (iii)
- (1 MARKS)**

6. Under the customs law, electric shaving machine is classifiable under following :

8510 : Shavers and hair clippers with self – contained electric motors ;

8509 : Electro mechanical domestic appliances with self – contained electric motor

As per rules of classification, electric shaving machine should be classifiable under

- (a) 8510
- (b) 8509
- (c) More information is needed
- (d) Can be classified under both

(1 MARKS)

7. For determining the CIF price of the imported goods, certain additions have to be made to the value of imported goods under rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. If cost of insurance is not ascertainable from the documents submitted before the customs authorities, then such amount is determined as follows :

- (i) 20% of free on board value of goods
- (ii) 1.125% of free on board value of goods
- (iii) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available; then 1.125% of such sum
- (iv) Where free on board value is not ascertainable, but sum of free on board value and cost of transport, loading, unloading and handling charges up to place of importation are available ; then 20% of such sum
- (a) (i) or (iii)
- (b) (i) or (iv)
- (c) (ii) or (iii)
- (d) (ii) or (iv)

(1 MARKS)

8. Which of the following statements is / are incorrect in relation to refund provisions under the Customs Act, 1962 ?

- (i) Interest on delayed refund is payable to the applicant only if duty ordered to be refunded is not refunded within 3 months from the date of receipt of application.

- (ii) If imports were made by an individual for his personal use, the amount of duty found refundable, is paid to the applicant instead of being credited to the Consumer Welfare fund.
 - (iii) Application for refund has to be made within 1 year of payment of duty where duty is paid under protest.
 - (iv) Doctrine of unjust enrichment is applicable if refund of duty is relatable to drawback of duty payable under sections 74 and 75.
- (a) (i) and (iv)
 - (b) (i) and (ii)
 - (c) (iii) and (iv)
 - (d) (ii), (iii) and (iv)

(1 MARKS)

SECTION – B Descriptive Questions

Questions **No. 1** is compulsory

Attempt any five questions from the remaining **six** questions

QUESTION : 1

ABC Ltd. Noida (Uttar Pradesh) is a supplier of machinery used for making bottle caps. The supply of machinery is effected as under :

- (1) The wholesale price of the machinery (excluding all taxes and other expenses) at which it is supplied in the ordinary course of the business to various customers is Rs. 42,00,000. However, the actual price at which the machinery is supplied to an individual customer varies within a range of $\pm 10\%$ depending upon the terms of contract of supply with the particular customer.
- (2) Apart from the price of the machinery, ABC Ltd. charges from the customer the following incidental expenses:
 - (a) Associated handling and loading charges of Rs. 10,000.
 - (b) installation and commissioning charges of Rs. 1,00,000

The machinery can be dismantled and erected at another site, if required. The above charges are compulsorily levied in every case of supply of machinery.
- (3) Transportation of machinery to the customer's premises is arranged by ABC Ltd. through a third – party service provider [Goods Transport Agency (GTA)]. The customer enters into a separate service contract with the GTA and pays the freight directly to it.
- (4) The company provides one year free warranty for the machinery. However, the company also provides an extended two – year warranty on payment of additional charge of Rs. 3,00,000.

- (5) A cash discount of Rs. 2% on the price of the machinery is offered at the time of supply, if the customer agrees to make the payment within 15 days of the receipt of the machinery at his premises. In the event of failure to make the payment within the stipulated time, the company –
- (a) recovers the discount given ; and
- (b) charges interest @ 1% per month or part of the month on the total amount due from the customer (towards the machinery supplied) from the date of making the supply till the date to payment. However, no interest is charged on the tax dues.
- (6) For every machinery supplied, ABC Ltd. receives a grant of Rs. 2,00,000 from its holding company DEF Ltd.

ABC Ltd. has supplied a machinery to D Pvt. Ltd. on August 1, 2020 at a price of Rs. 40,00,000 (excluding all taxes). D Pvt. Ltd. has its corporate office in New Delhi. However, the machinery has been installed at its manufacturing unit located in Gurugram (Haryana). D Pvt. Ltd. has paid the freight directly to the GTA and opted for two year warranty. Discount @ 2% was given to D Pvt. Ltd. as it agreed to make the payment within 15 days. However, D Pvt. Ltd. paid the consideration on 31st October, 2020.

Assume the rates of taxes to be as under :

Goods Services supplied	CGST	SGST	IGST
(i) Bottle cap making machine	6%	6%	12%
(ii) Service of transportation of goods	2.5%	2.5%	5%
(iii) Other services involved in the above supply	9%	9%	18%

You are required to make suitable assumptions, whenever necessary.

Calculate the GST payable [CGST & SGST or IGST, as the case may be] on the machinery and support your conclusions with legal provisions in the form of explanatory notes.

Make suitable assumptions, wherever needed.

(14 MARKS)

QUESTION : 2

- (A) XYZ Ltd. a registered supplier of goods having Head Office at Delhi, also registered as Input Service Distributor (ISD), furnishes the following information for month of July, 2020 and asks you to distribute the credit to various units :

Input Service	Particulars	CGST	SGST	IGST	Total
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
"A"	Used exclusively in Unit - III	27,000	27,000	-	54,000
"B"	Used in Unit – I, II and III	-	-	36,000	36,000
"C"	Used in Unit – I, II, III and IV	12,600	12,600	-	25,200
"D"	Used in Unit – I (Input service "D" is availed for employee on vacation during the month not under Statutory obligation)	1,080	1,080	-	2,160

Total Turnover of the units for the year ending 31st March, 2020 are as under :

		(Rs.)
Unit – I	-	25,00,000
Unit – II	-	15,00,000
Unit – III	Not registered as exclusively engaged in supply of exempt goods	75,00,000
Unit – IV	-	50,00,000

All units are operational during the current year. Unit I is located in Delhi whereas units II, III and IV are located in Mumbai, Rajasthan and Gujarat respectively. Compute credit attributable to each of the units.

(5 MARKS)

- (B)** LMV Pvt. Ltd., Coimbatore exclusively manufactures and sells product 'X' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'X' only within Tamil Nadu. The turnover of the company in the previous year was Rs. 45 lakh. The company expects the sales to grow by 30% in the current year. The company purchased additional machinery for manufacturing 'X' on 01.07.2020. The purchase price of the capital goods was Rs. 30 lakh exclusive of GST @ 18%.

However, effective from 01.11.2020, exemption available on 'X' was withdrawn by the Central Government and GST @ 12% was imposed thereon. The turnover of the company for the half year ended on 30.09.2020 was Rs. 45 lakh.

- Examine the above scenario and advise LMN Pvt. Ltd. whether it needs to get registered under GST.
- If the answer to the above question is in affirmative, advise LMN Pvt. Ltd. whether it can avail input tax credit on the additional machinery purchased exclusively for manufacturing "X" ?

(4 MARKS)

- (C)** PQR Industrial Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 year (Japanese). The other expenses incurred by M/s. PQR Industries Ltd. in this connection are as follows :

(i)	Freight from Japan to Indian Port	Yen 20,000
(ii)	Insurance paid to insurer in India (for the importation of the machine)	Rs. 10,000
(iii)	Designing charges paid to consultant in Japan	Yen 30,000
(iv)	M/s. PQR Industries Ltd. had expended Rs. 1,00,000 in India for certain developmental activities with respect to the imported machine.	
(v)	PQR Industries Ltd. had incurred road transport cost from Mumbai port to their factory in Karnatak.	Rs. 30,000
(vi)	CBIC had notified for purposes of section 14 of the Customs Act exchange rate of 1 yen = Rs. 0.65. The inter bank exchange rate as announced by the authorized dealer was 1 yen = Rs. 0.66	
(vii)	M/s. PQR Industries Ltd. had effected payment based on exchange rate 1 yen = Rs. 0.6545.	
(viii)	The commission payable to be agent in India was 5% of the FOB cost of the equipment in Indian rupees	

Arrive at the assessable value for purposes of Valuation under the Customs Act, 1962 with brief notes wherever necessary for each of the adjustments at (i) to (viii) above. **(5 MARKS)**

QUESTION : 3

- (A) Explain the provisions relating to rectification of error apparent on the face of record under section 161 of the CGST Act, 2017.

(5 MARKS)

- (B) Synotex Pvt. Ltd. manufactures taxable goods, 'Q' and exempt goods 'S'. Product 'S' is sold in international markets without payment of tax under letter of understanding. The company is registered under GST in the State of Maharashtra.

The company provides the following information in relation to various supplies made by it during a tax period :

- (a) Product 'S' has been exported to UK for £ 12,000
- (b) product 'Q' has been supplied to Betty Enterprises within India for Rs. 20,00,000.

Note : The above amounts are exclusive of taxes, wherever applicable.

The company provides the following information in relation to tax paid on inward supplier received during the said tax period :

- (a) GST of Rs. 5,00,000 has been paid on inputs
- (b) GST of Rs. 2,40,000 has been paid on capital goods.
- (c) GST of Rs. 2,00,000 has paid on input services
- (d) All the above inputs , input services and capital goods are used in the manufacturing process

Following additional information is also provided :

- (i) Value of product 'S' exported to UK in Indian rupees is Rs. 12,00,000. However, value of such product when supplied domestically by the company in similar quantities is Rs. 10,00,000.
- (ii) Betty Enterprises is a 100% export – oriented undertaking. It has claimed the ITC on goods supplied to it by Synotex Pvt. Ltd.
- (iii) The balance in the electronic credit ledger of Synotex Pvt. Ltd. at the end of the tax period for which the refund claim is being filed after GSTR – 3B for the said period has been filed is Rs. 5,80,000.
- (iv) The balance in the electronic credit ledger of Synotex Pvt. Ltd. at the time of filing the refund application is Rs. 3,00,000.

Compute the amount refundable to Synotex Pvt. Ltd. for the tax period.

- (C) Briefly explain the term 'Export' for purpose of duty drawback u/s 75 of the Customs Act, 1962. Is duty drawback available if the goods do not reach the destination ?

(5 MARKS)

QUESTION : 4

(A) With reference to the provisions of CGST Act, 2017, examine whether GST is leviable in the following situations :

- (1) Government of Rajasthan has provided services to ABC Ltd. of Rajasthan in the month of November, 2020 for a consideration of Rs. 50,000. The turnover of ABC Ltd. in Financial Year 2019 – 20 was Rs. 18,00,000.
- (2) Government of Rajasthan has provided services to XYZ Ltd. in the month of November, 2020 for a consideration of Rs. 5,000. The turnover of XYZ Ltd. in Financial Year 2019 – 20 was Rs. 28,00,000.
- (3) Jaipur Municipal corporation has awarded a contract for construction of road to PQR Ltd. failed to perform the contract and paid liquidated damages amounting Rs. 50,00,000 in accordance with the terms of contract.
- (4) XYZ Ltd. has applied for registration under Companies Act, 2013 to Registrar of companies Rajasthan and has paid registration fees of Rs. 13,85,510.
- (5) Delhi Government has charged Rs. 50,00,000 from Agro Care Ltd. for allocation of natural resources for agricultural purposes in the month of November, 2020.
- (6) XYZ Ltd. has paid to Customs department Rs. 50,000 on account Merchant Overtime charges for deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo.
- (7) XYZ Ltd. has made an upfront payment of Rs. 80,00,000 to Bihar Government on account of assignment of right to use minerals in the State of Bihar.

(5 MARKS)

(B) From the following details, calculate the amount to be paid, for release of goods detained or seized under section 129 of the CGST Act, 2017, if owner of the goods does not come forward for payment of applicable tax and penalty. Details are as follows :

Particulars	Amount (Rs.)
Value of Goods	30,00,000
Applicable GST on such goods	5,40,000
GST already paid on such goods	3,60,000

Would your answer be different, if goods were exempted from GST and value remains the same namely Rs. 30,00,000?

(4 MARKS)

(C) Explain briefly with reference to the provisions of the Customs Act, 1962, clearance of goods for home consumption.

(5 MARKS)

QUESTION : 5

- (A) (i) Mr. X (an unregistered person) plans to pursue his higher education in US. He receives career consultancy services from a US based consultant for Rs. 5,00,000. Does it qualify as a supply ?
- (ii) ABC Motor Ltd. engages Sunshie Cars Ltd. as an agent to sell cars on its behalf. For the purpose, ABC Motors Ltd. has supplied 200 cars to the showroom of Sunshine Cars Ltd. located in Rajasthan. Does it qualify as supply ?
- (iii) ABC Associates received management consultancy services from its head office located in Malaysia. The head office has rendered such services free of cost to its branch office. Does it qualify as supply ?
- (iv) XYZ Ltd. was amalgamated with ABC Ltd. On account of amalgamation Mr. X a shareholder received 10,000 shares of ABC Ltd. in exchange of 5,000 shares of XYZ Ltd. Does it qualify as supply ?
- (v) Sahara Ltd. an NBFC transfers bad loans (unsecured) to Vasooli Capital Advisors Ltd. Does it qualify as supply ?

(5 MARKS)

- (B) Chanchal started providing beauty and grooming services and inaugurated "Care & Care Beauty Centre" in Janak Puri, Delhi on 01st April, 2021. She opted to pay tax under Section 10(2A) of the CGST Act, 2017 in the said financial year. The aggregate, turnover of Care & Care Beauty Centre for the quarter ending 30th June, 2021 was Rs. 20 lakh. Further, for the half year ending 30th September, 2021, the turnover reached Rs. 50 lakh. Care & Care Beauty Centre recorded a rapid growth and the turnover reached Rs. 70 lakh by the end of October, 2021. Determine the total tax liability of Care & Care Beauty Centre by the end of October, 2021.

Care & Care Beauty Centre wishes to opt for composition scheme under Section 10(1) from the next financial year. You are required to advise it whether it can do so?

Note : Rate of GST applicable on such services is 18%.

(4 MARKS)

- (C) Mr. Fang a tourist of Chinese origin aged 22 years came to India on tourist visa for a period of one month on 1.4.2020 along with his wife aged 20 years and child Jing aged 2 years. He brought the following items along with him :
- (1) Personal effects like clothes of Mr. Fang valued at Rs. 40,000, of Mrs. Fang valued at Rs. 50,000 and of the Jing worth Rs. 25,000.
 - (2) 2 laptop computers worth Rs. 36,000 each.
 - (3) 3 bottles of wine of 1 litre each of total value of Rs. 6,000.
 - (4) Digital camera worth Rs. 11,000
 - (5) Mobile worth Rs. 15,000

What is customs duty payable ?

(5 MARKS)

QUESTION : 6

- (A) XYZ Pvt. Ltd., New Delhi, provides support services to PQR Inc of US in relation to procuring goods from China. The company identifies the prospective vendor, reviews product quality and pricing and then shares the vendor details with the PQR Inc.

PQR Inc. then directly places purchase order on the Chinese Vendor for purchase of the specified goods. XYZ Pvt. Ltd. charges PQR Inc. cost plus 10% mark up for services provided by it.

For the month of December, 2020, the company has charged US \$ 1,00,000 (exclusive of GST) to PQR Inc. The company is of the opinion the said services are exempt from GST. With reference to the provisions of GST law, examine whether the company is liable to pay IGST or CGST and SGST.

Note : GST @ 18% is applicable on supply of the support services provided by XYZ Pvt. Ltd. Rate of exchange is Rs. 75 per US \$.

(5 MARKS)

- (B) M/s. Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of Rs. 30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its monthly statement of outward supplies – GSTR – 1 on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s. Cavenon Enterprises on the same. During a given tax period in the current financial year, owing to an off – season, M/s Cavenon Enterprises has not made any taxable supply. Therefore, M/s Cavenon Enterprises opines that no return under GST is required to be filed for the said period. You are required to examine the technical veracity of the opinion of M/s Cavenon Enterprises.

(4 MARKS)

OR

- (B) Power Electricals Ltd. a registered supplier of air – conditioners, is required to send from Mumbai (Maharashtra), a consignment of parts of air – conditioner to be replaced under warranty at various client locations in Gujarat. The value of consignment declared in delivery challan accompanying the goods is Rs. 70,000. Power Electricals Ltd. claims that since movement of goods to Gujarat is caused due to reasons other than supply, e – way bill is not mandatorily required to be generated in this case. You are required to examine the technical veracity of the claim made by Power Electricals Ltd.

(4 MARKS)

- (C) Indicated five benefits available to “Status Holders” under the reward scheme of Foreign Trade Policy 2015 – 2020. There is no need to define the term “Status holders”.

(5 MARKS)