

Paper 18- Indirect Tax Laws and Practice

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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 the rest of this section.

1. Choose the correct answer with justification/ workings wherever applicable: [7×2=14]

- (i) When can credit for tax paid under reverse charge mechanism be taken?
(a) Same month in which payment of tax has been made
(b) Same month in which liability of tax has occurred
(c) Either of the above
(d) No credit is available
- (ii) Mr. Ramesh sold goods to Mr. Suresh worth ₹ 9,00,000. The invoice was issued on 12th September. The payment was received on 28th September. The goods were supplied on 18th September. The time of supply of goods will be:—
(a) 12th September
(b) 18th September
(c) 28th September
(d) None of the above
- (iii) Rule 30 of the CGST Rules inter alia provides value of supply of goods or services or both based on cost shall be _____% of cost of production or manufacture or the cost of acquisition of such goods or the cost of provision of such services
(a) 100
(b) 110
(c) 125
(d) 150
- (iv) Who can take input tax credit?
(a) Registered dealer not opting for composition scheme
(b) Unregistered dealer
(c) Registered dealer opting for composition scheme
(d) None of the above
- (v) A registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than _____ subject to such conditions and in such manner as may be prescribed.
(a) ₹ 100
(b) ₹ 200
(c) ₹ 500
(d) ₹ 1,000
- (vi) What is the rate of TDS under GST?
(a) 1%
(b) 2%
(c) 12%
(d) 18%
- (vii) The e-commerce operator collecting tax u/s 52 shall file its monthly return in:
(a) Form GSTR 8 by 18th of the succeeding month

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- (b) Form GSTR 7 by 20th of the month succeeding the quarter
- (c) Form GSTR 8 by 17th of the succeeding month
- (d) Form GSTR 8 by 10th of the succeeding month

2.(a) What is the place of supply of online information and database access or retrieval service? [7]

(b) A Ltd., a corn chips manufacturing company based in USA, intends to launch its products in India. However, the company wishes to know the taste and sensibilities of Indians before launching its products in India. For this purpose, A Ltd has approached ABC Consultants, Mumbai, to carry out a survey in India to enable it to make changes, if any, in its products to suit Indian taste.

The survey is to be solely based on oral replies of the surveyees; they will not be provided any sample by A Ltd, to taste. ABC Consultants will be paid in convertible foreign exchange for the assignment.

With reference to the provision of GST Law, determine the place of supply of the service. Also, explain whether the said supply will amount to export of service? [7]

3.(a) What is GSTR-4A? What are the details that are required to be submitted in Form GSTR-4? [6]

(b) Active Bank Ltd. furnishes the following information relating to services provided and the gross amount received:

Particulars	₹ in Lakhs
Merchant Banking Services	10.00
Asset Management (including portfolio management)	5.00
Service charges for services to the Government of India	2.00
Interest on overdraft and cash credits	2.50
Banker to the issue	7.00
Locker rent	2.50

Repayment of financial lease made by the customer to the bank ₹ 80 lakhs which includes a principal amount of ₹ 50 lakhs.

Compute the value of taxable supply of services under "Banking and other financial services" as per the Central Goods and Services Tax Act, 2017 and also find the CGST and SGST where rate of GST is 9% each.

Note:

Input Tax Credit availed by the bank on the asset which is given on financial lease. [8]

4.(a) M/s. Kalyan Ltd., a registered person under GST, being a dealer dealing with second-hand goods. M/s. Kalyan Ltd. supplies a used camera to a consumer in Chennai for selling price of ₹ 20,000. The used camera (i.e. second hand) was purchased for ₹ 12,000 from a registered dealer in Mumbai, on which CGST + SGST of ₹ 1,680 each was charged (i.e. GST rate applicable to cameras is 28%).

M/s. Kalyan Ltd. charged IGST 28% on inter State supply.

Find the net GST liability in the following independent cases:

- (i) if input tax credit availed.
- (ii) if input tax credit not availed.

[6]

(b) X Ltd. has following tax liabilities under the provisions of Act-

Sl. No.	Particulars	Amount (₹)
1	Tax liability of CGST, SGST/UGST, IGST for supplies made during August 2017	1,00,000

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2	Interest & Penalty on delayed payment and filing of returns belonging to August 2017	20,000
3	Tax liability of CGST, SGST/UGST, IGST for supplies made during September 2017	1,20,000
4	Interest & Penalty on delayed payment and filing of returns belonging to September 2017	20,000
5	Demand raised as per section 73 or section 74 under CGST Act, 2017 belonging to July 2017	8,00,000
6	Demand raised as per the old provisions of Indirect Taxes	1,00,000

X Ltd. has ₹ 5,00,000 in Electronic cash ledger. Suggest X Ltd. in discharging the tax liability.

[8]

5.(a) Write a brief note in respect of Assessment of Unregistered Person (u/s 63).

[8]

(b) Under which circumstances, refund amount shall be paid to the applicant?

[6]

6.(a)(i) M/s. Kamal Ltd. reduced the amount of ₹ 2,25,000 from the output tax liability in contravention of the provisions of section 42(10) of the CGST Act, 2017 in the month of January 2018 (vide invoice date 12.01.2018), which is ineligible credit at invoice level. As a result a show cause notice issued Central Tax Department under section 74 of the CGST Act, 2017 along with interest. M/s. Kamal Ltd. paid the tax and interest on 5th March 2018. Find the interest liability if any? Note: ignore the penalty.

[4]

(ii) Mr. Rohit is a Customs Broker issues an invoice for reimbursement of a few expenses and for consideration towards agency service rendered to an importer. The amounts charged by the Customs Broker are as below:

Sl. No.	Component charges in invoice	Amount in ₹
1	Agency income	12,000
2	Travelling expenses	7,000
3	Hotel expenses	11,000
4	Customs duty	60,000
5	Dock dues	3,000

Find the value of taxable supply of service in the hands of Customs Broker.

[4]

(b) Distinguish between Section 65 (Audit by Tax Authorities) and Section 66 (Special Audit) of the CGST Act, 2017.

[6]

7. Answer the following:

[7+7=14]

(a) What is an E-way bill? Explain the circumstances under which E-way bill is not necessary to generate.

(b) Mr. A supplied goods to Mr. B for ₹ 2,00,000 plus GST 18%, vide Invoice No. 99 dated 5th November 2017. Mr. B availed the ITC of ₹ 36,000 and confirmed in GSTR-2. However, invoice no. 99 dated 5th November 2017 not reflected in GSTR-1, of Mr. A.

You are required to answer the following:

(i) When matching will takes through common portal of GSTN.

(ii) To whom discrepancy will be informed.

(iii) Time limit for rectification of discrepancy

(iv) Whether ITC is allowed to Mr. B, if Mr. A is not paid tax till 20th January 2018.

(v) Mr. B communicated the problem to Mr. A, who looks into the issue and rectified the discrepancy and included invoice no. 99 in his GSTR-3 for January 2018 accordingly he paid tax on 20th Feb 2018. If so Mr. B can reduce his liability?

Section – B

Answer Question No. 8 which is compulsory and any two from the rest of this section

8. Choose the correct answer with justification/ workings wherever applicable: [3×2=6]

- (i) As per sec. 61, where any warehoused goods specified in sec. 61(1)(c) remain in a warehouse beyond a period of ____ days from the date on which the proper officer has made an order u/s 60, interest shall be payable @ 15%
- (a) 60
(b) 90
(c) 45
(d) 30
- (ii) What is the capital punishment u/s 132 for false declaration, documents, etc?
- (a) Imprisonment for a term which may extend to 2 years
(b) Imprisonment for a term which may extend to 5 years
(c) Imprisonment for a term which may extend to 1 year
(d) Imprisonment for a term which may extend to 6 months
- (iii) Only projects having a minimum investment of ₹ _____ in plant & machinery shall be considered for establishment as EOUs
- (a) 10 Crore
(b) 50 lakhs
(c) 5 Crore
(d) 1 Crore.

9.(a) A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available:

CIF value of the consignment: US\$ 30,000

Quantity imported: 500 kgs.

Exchange rate applicable: Rs 70 = US\$1

Basic customs duty: 12 %

Social Welfare Surcharge @ 10%

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$80 per kg. and the landed value of the commodity as imported.

Appraise the liability on account of normal duties and the anti-dumping duty.

Assume that only 'Basic Customs Duty' (BCD) and Social Welfare Surcharge are payable.

IGST @12% is also be applicable. **[8]**

- (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 a fine (in lieu of confiscation) equal to 50% of margin of profit. From the following particulars calculate the amount of fine that can be imposed: Assessable value ₹ 50,000, Total duty payable ₹ 20,000, Market value ₹ 1,00,000. Also calculate the amount of fine and the total payment to be made by the importer to clear the consignment. **[4]**

10.(a) Prabin has made an unauthorised import of 1,200 pieces of a product. Other particulars are as under:

Total assessable value : ₹ 6,00,000

Total customs duty payable (all) : ₹ 1,44,000

Market price in India : ₹ 800 per piece

Customs authorities have confiscated the said goods and importer has been given an option to get the said goods released on payment of a fine equal to 50% of margin of profit. Compute –

- (i) amount of fine payable; and
- (ii) maximum amount of fine u/s 125 of the Customs Act, 1962. **[6]**

(b) In the context of foreign trade policy, what do you understand by the term “Standard Input Output Norms (SION)”? Mention the basic requirements for fixation/modification of Standard Input Output Norms (SION)? **[6]**

11.(a) Which conditions are to be satisfied for claiming refund of import duty? **[6]**

(b) Examine whether benefit of Service Exports from India Scheme (SEIS) can be availed with respect to notified services provided by service providers located in India in the current financial year in the following independent cases:

- (i) Net Foreign Exchange (NFE) earned by Mr. Raj, a service provider, in the preceding financial year is USD 4,500.
- (ii) X & Co., is a partnership firm, supplier of taxable services, has earned net foreign exchange to the tune of USD 17,500 in the preceding financial year.
- (iii) Mr. Roshan, a service provider, has earned net foreign exchange of USD 13,000 in the preceding financial year. Out of this, USD 4,000 has been paid to Mr. Roshan through the credit card of the foreign client.

Note: all the above services providers have an active IEC at the time of rendering services. **[6]**