

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) For an E-commerce operator registration threshold limit is _____
(a) ` 20 lakhs
(b) ` 50 lakhs
(c) ` 75 lakhs
(d) None of above.
- (ii) Based on Article Number _____ of the Constitution of India, GST Council formed.
(a) 269A
(b) 279A
(c) 289A
(d) 299A
- (iii) GST will be levied on_____.
(a) Manufacturers
(b) Retailers
(c) Consumers
(d) All of the above
- (iv) Which constitutional amendment is done to pass the GST bill?
(a) 101st
(b) 120th
(c) 122nd
(d) 115th
- (v) Balance in Electronic Credit Ledger can be utilised against which liability?
(a) Output tax payable
(b) Interest payable
(c) Penalty
(d) All of above
- (vi) In case of supply of goods, the tax invoice shall be prepared in the manner of:
(a) Only original
(b) Two copies
(c) Three copies
(d) Four copies
- (vii) The due date to file GSTR-4 is _____
(a) 10th of the month succeeding quarter
(b) 13th of the month succeeding quarter
(c) 18th of the month succeeding quarter
(d) 20th of the month succeeding quarter.

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2. (a) Arihant Life Insurance Company Ltd. (ALICL) has started its operations in the year 2017-18 (w.e.f. 1-7-2017). During the year 2017-18, Arihant Life Insurance Company Ltd. (ALICL) has charged gross premium of ` 180 lakh from policy holders with respect to life insurance policies; out of which ` 100 lakh have been allocated for investment on behalf of the policy holders.

Compute the GST liability of ALICL for the year 2017-18 under rule 32(4) of the CGST Rules, 2017

- (i) if the amount allocated for investment has been intimated by ALICL to policy holders at the time of providing service.
- (ii) if the amount allocated for investment has not been intimated by ALICL to policy holders at the time of providing of service.
- (iii) if the gross premium charged by ALICL from policy holders is only towards risk cover.

Applicable rate of GST 18%.

- (b) Compute value of taxable supply of services of Air Speed Airlines located in Chennai for transportation of passengers by air from the following data relating to sums received exclusive of GST –

- (i) Passengers embarking at Arunachal Pradesh: ` 5 lakhs;
- (ii) Amount for journey terminated at Assam: ` 4 lakhs;
- (iii) Amount charged from passenger for flights starting from USA to Chennai: ` 250 lakhs;
- (iv) Amount charged from passengers flying from Chennai to Sydney (Business class): ` 540 lakhs (including passenger taxes levied by government and shown separately on ticket: ` 100 lakhs). All passengers booked ticket from Delhi Office of Air Speed Airlines.
- (v) Passengers embarking from Chennai to Coimbatore (Economic class): ` 4 lakhs. Passengers booked tickets from Chennai office of Air Speed Airlines.

Applicable rate of GST 5% and 12%. Find the IGST, CGST & SGST if any. [6 + 8]

3. (a) What is Anti-profiteering Committee ? What are the duties and powers of the Anti-profiteering Committee?

- (b) Mr. A, a taxable service provider, provided taxable supply of services to Mr. B. The contract of service entered into between them stipulated that Mr. A will bear all the taxes, duties and other liabilities in connection with discharge of his obligations. While the service was being provided, an amendment in the law shifted the liability to pay GST in case of such taxable supply of services from service provider to service receiver retrospectively, i.e. reverse charge provisions were made applicable. You are required to answer the following questions with the help of the decided case law(s), if any:

- (i) Can Mr. B, who is the person liable to pay GST under reverse charge, shift the burden of such GST on Mr. A by deducting the same from the payment made against the bills raised by Mr. A?
- (ii) Can Mr. B ask the Revenue to recover GST from Mr. A since the contract of service stipulates that Mr. A will bear all the taxes, duties and other liabilities in connection with discharge of his obligations? [(4 + 6) + 4]

4. (a) What is Special Audit under section 66 of the CGST Act, 2017? Write down the procedures to be followed to conduct this audit.

- (b) Raja Ltd. manufactured and cleared taxable goods on 1st August 2017 for ` 20,00,000 plus GST 12%. After payment of GST on or before the due date, it is noticed that these

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goods are exempted from GST and applied for refund of GST on 15th November 2017. Department acknowledged the receipt on 15th November 2017. Department granted the refund on 23rd January 2018.

Find the interest if any on delay refund.

Note: Raja Ltd. not passed ITC to recipient of supply.

[10+ 4]

5. (a) Mr. Roy imported goods from USA on 28th June 2017 for ₹ 5,00,000. Customs duties like BCD ₹ 50,000, CVD ₹ 68,750, Cess ₹ 3,563 and Spl.CVD. of ₹ 24,893 also paid on 29th June 2017. The consignment received by Mr. Das into his factory on 20th July 2017. The services of Customs Broker and C&F are used for imported inputs. Service Tax ₹ 10,000, SBC of ₹ 500 and KKC of ₹ 500 has been paid on 30th June 2017 along with value of services to the provider of services.

Mr. Das is eligible for ITC if so what amount?

- (b) Compute taxable value for transport of goods by rail within India (all sums exclusive of all taxes) –

- (1) Transport of postal mails and postal bags : ₹ 55 lakhs;
- (2) Transportation of household effects: ₹ 50 lakhs
- (3) Transport of petroleum products: ₹ 25 lakhs;
- (4) Transport of relief materials to flood affected areas: ₹ 25 lakhs;
- (5) Transport of newspapers and magazines registered with registrar of newspapers: ₹ 15 lakhs
- (6) Transport of milk: ₹ 15 lakhs;
- (7) Transport of alcoholic beverages: ₹ 7 lakhs;
- (8) Transport of defence and military equipments: ₹ 40 lakhs;
- (9) Transport of chemical fertilizers: ₹ 90 lakhs;
- (10) Transport of other taxable goods: ₹ 200 lakh (including ₹ 20 lakhs demurrages).

[6 + 8]

6. (a) Briefly explain the concepts of composite supply and mixed supply under GST.

- (b) What is the difference between a taxpayer and a GST practitioner? What are the roles and responsibilities of a GST practitioner?

[4 + (4 + 6)]

7. (a) Priya Tours Co. has arranged four package tours during Oct 2018. The particulars of the services and charges are as under:

- (1) Tour 1: Charges received ₹ 35 lakhs. The package includes transportation, accommodation, food, and tourist guide, entry fees for monuments.
- (2) Tour 2: Charges received ₹ 65 lakhs. The package includes transportation and accommodation for stay.
- (3) Tour 3: Charges received ₹ 40 lakhs. The charges are solely for arranging accommodation for stay. However, the bills issued to the clients do not mention it clearly that the charges are solely for arranging the accommodation for stay.
- (4) Tour 4: Charges received ₹ 50 lakhs (inclusive of charges of stay). The bill issued to the client's mentions it clearly that the charges are solely for arranging the accommodation for stay. Compute the value of taxable supply of services and GST.

Note: Applicable rates of GST 5% and 18%. All transactions taken place at inter-state level.

- (b) M/s Ram Ltd. manufacture and cleared goods under provisional assessment, in the month of July, 2018, by paying tax of ₹ 50,000 on the 20th August, 2018 [i.e. due date of filing GSTR-3], a further tax of ₹ 90,000 is paid on the 15th November, 2018, and on the same day the documents for final assessment are submitted by the assessee. Final assessment order is issued on the 18th November, 2018, assessing the tax payable on

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goods as ` 1,50,000, and consequently the assessee paid a tax of ` 10,000 on the 30th November, 2018. Find the total interest payable by the assessee? [8 + 6]
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) If, any drawback amount payable to a claimant u/s 74 or 75 is not paid within the specified time period, then the rate of interest is payable to the claimant is _____.
- (a) 4% p.a.
(b) 5% p.a.
(c) 6% p.a.
(d) 7% p.a..
- (ii) There would be no recovery if the amount of customs duty involved is less than _____ [Section 28 (1) - w.e.f. 10.05.2013].
- (a) ` 100
(b) ` 200
(c) ` 300
(d) ` 500
- (i) Once goods are imported from a country outside India into India, such goods need to be cleared from the port within _____ from the date of import.
- (a) 3 working days
(b) 4 working days
(c) 5 working days
(d) 7 working days
9. (a) (i) What is deemed export under Customs?
- (ii) A Big Ship carrying merchandize and stores enters the territorial waters of India but it cannot enter the port. In order to unload the merchandize lighter ships are employed. Stores are consumed on board the ship as well as by the small ships. Examine whether such consumption of stores attracts customs duty. Quote relevant section and case law if any. Stores are supplied to the above ships. Will such supplies be treated as exports and be entitled to draw back? [4 + 4]
- (b) What are the features of Risk Management System? 4
10. (a) Mr. Amrit, an Indian entrepreneur, went to London to explore new business opportunities on 01.04.2017. His wife also joined him in London on 01.12.2017. The following details are submitted by them with the Customs authorities on their return to India on 30.04.2018.-
- (i) used personal effects worth ` 80,000
(ii) a music system worth ` 35,000
(iii) Gold bars (i.e. other than ornaments) brought by Mr. Amrit for ` 48,000 and the jewellery brought by his wife worth ` 20,000.
- Determine their eligibility with regard to duty free allowance.
- (b) A person makes an unauthorized export of goods liable to confiscation. The value of those goods as computed by the customs officer is ` 10 lakhs. You are required to compute penalty under Section 114 of the Customs Act, 1962,

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(A) If export goods are prohibited goods (declared as some other goods) for ` 5 lakhs. What is the penalty if the accepted his fraud before issuance of show cause notice? Whether your answer is different if accepted his fraud within 30 days from the date of receipt of show cause notice.
Rework the penalty in case of (i) if accepted his fraud within 30 days from the date of receipt of order.

(B) if export goods are non-prohibited goods (declared as some other goods) for ` 5 lakhs, applicable rate of duty @10%. What is the penalty if duty and interest paid within 30 days from the date of receipt of notice? Whether your answer is different if duty and interest paid within 30 days from the date of receipt of order?

(C) if export goods are non-prohibited goods (declared as some other goods) for ` 5 lakhs, exempt from export duty. [6 + 6]

11. (a) What are the features of Foreign Trade Policy?

(b) List out the benefits available to status holders under FTP 2015-20. [6 + 6]