

Roll No. ....

Total No. of Questions – 7

Total No. of Printed Pages – 11

Time Allowed – 3 Hours

Maximum Marks – 100

## **MKL**

Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Candidates are also required to answer any **five** questions from the remaining **six** questions.

Working notes should form part of the respective answers.

All questions should be answered on the basis of position of (i) GST law as amended by significant notifications / circulars issued till 30<sup>th</sup> April 2018 and (ii) Customs law as amended by the Finance Act 2017 and significant notifications / circulars issued till 30<sup>th</sup> April 2018.

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1. (a) Quanto Ltd. is not required to register under CGST Act, 2017 but it wishes to obtain voluntary registration, so it applied for voluntary registration on 17<sup>th</sup> September, 2017 and registration certificate has been granted to it on 25<sup>th</sup> September, 2017. The CGST and SGST liability for the month of September, 2017 is ₹ 24,000 each.
- Quanto Ltd. provides the following information of inputs and capital goods held in stock on 24<sup>th</sup> September, 2017. It is not engaged in making Interstate outward taxable supplies.

Particulars	Amount (₹)
Input procured on 02-09-2017 lying in stock	
– CGST @ 6%	4,500
– SGST @ 6%	4,500
Input received on 21-07-2017 contained in semi-finished goods held in stock :	
– CGST @ 6%	7,500
– SGST @ 6%	7,500
Value of inputs contained in finished goods held in stock ₹ 2,00,000 were procured on 19-09-2016	
– IGST @ 18%	36,000
Inputs valued at ₹ 50,000 procured on 13-09-2017 lying in stock :	
– IGST @ 18%	9,000
Capital goods procured on 12-09-2017	
– CGST @ 6%	12,000
– SGST @ 6%	12,000

You are required to compute the amount of tax to be paid in cash by Quanto Ltd. for the month of September, 2017.

You are also required to mention reasons for treatment of all above items.

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- (b) Sharma Carriers is a Good transport Agency engaged in transportation of goods by road. As per the general business practice, Sharma carriers also provides intermediary and ancillary services like loading/unloading, packing/unpacking, transshipment and temporary warehousing in relation to transportation of goods by road.

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With reference to the provisions of GST Law, analyse whether such services are to be treated as part of the GTA Services, being a composite supply or as mixed supply.

- (c) A Malaysian company donated 1,000 metric tons of palm oil to a charitable trust in India for free distribution to the poor and the needy citizens. The trust in India had to meet the expenditure towards freight and insurance only which came to US \$ 20 per metric ton. The Custom Department found that at or about the same time of importation of this consignment, there were following imports of palm oil of Malaysian origin into India.

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Sl. No.	Quantity imported in metric tons	Unit price in US Dollars (CIF)
1.	500	400
2.	900	350
3.	780	300

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The rate of exchange on the relevant date was 1 US \$ = ₹ 65 and the rate of customs duty was 20% ad valorem. Calculate the amount of customs duty payable on the consignment under the Customs Act, 1962 with appropriate assumptions and explanations. It would be sufficient if only basic customs duty is calculated.

2. (a) With the help of information given below in respect of a manufacturer for the month of September, 2017, calculate eligible input tax credit for the month and also calculate the amount of ITC to be reversed in September, 2017 and October, 2017. There is no carry forward credit or reversal requirement. Only the current month's information is to be considered for calculation purposes.

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Sl. No.	Particulars	Amount in ₹
1.	Outward supply of taxable goods	70,000
2.	Outward supply of exempted goods	40,000
	Total Turnover	1,10,000
3.	Inward supplies	GST paid (₹)
	Capital goods purchased which are exclusively used for taxable outward supply	2,000
	Capital goods purchased which are exclusively used for exempted outward supply	1,800
	Capital goods purchased which are used for both taxable and exempted outward supply	4,200

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- (b) A registered supplier of taxable goods supplied goods valued at ₹ 2,24,000 (inclusive of CGST ₹ 12,000 and SGST ₹ 12,000) to Mohan Ltd. under the forward charge on 15-08-2017 for which tax invoice was also issued on the same date. The inputs were received by Mohan Ltd. on 15-08-2017. Mohan Ltd. availed credit of ₹ 24,000 on 18-08-2017. But Mohan Ltd. did not make any payment towards such supply along with tax thereon to the supplier. Is Mohan Ltd. eligible to avail input tax credit on such supply ? What are the consequences of such non-payment by Mohan Ltd.  
Discuss Input Tax Credit provisions if Mohan Ltd. makes the payment of ₹ 2,24,000 to the supplier on 18-03-2018. 5
- (c) After visiting USA for a month, Mrs. and Mr. Iyer (Indian resident aged 35 and 40 years respectively) brought to India a laptop computer valued at ₹ 70,000, used personal effects valued ₹ 1,40,000 and a personal computer for ₹ 58,000. Calculate the custom duty payable by Mrs. & Mr. Iyer, if any. 4
3. (a) A makes intrastate supply of goods valued at ₹ 50,000 to B within State of Karnataka. B makes inter-state supply to X Ltd. (located in Telangana) after adding 10% as his margin. Thereafter X Ltd. sells it to Y in Telangana (Intrastate sale) after adding 10% as its margin. Assume that the rate of GST chargeable is 18% (CGST 9% plus SGST 9%) and IGST chargeable is 18%. Calculate tax payable at each stage of the transactions detailed above. Wherever input tax credit is available and can be utilized calculate the net tax payable in cash. At each stage of the transaction indicate which government will receive the tax paid and to what extent. 9

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- (b) MN Ltd. has two registered business verticals in the state of Haryana. **3**  
Its aggregate turnover during the previous financial year for both the business verticals was ₹ 62 lakhs. It wishes to opt for composition levy for one of the verticals in the current year and wants to continue with registration and pay taxes at the merit rate for the second vertical. Can MN Ltd. do so ? Explain with reason.
- (c) Abdul Overseas Pvt. Ltd. was erroneously refunded a sum of ₹ 30,000 **4**  
in excess of actual drawback on 16-6-2017. A demand for recovery of the same was issued by the Department on 24.08.2017. Abdul Overseas Private Limited returned the erroneous refund to the Department on 16-10-2017. You are required to calculate the amount of interest chargeable from Abdul Overseas Pvt. Ltd.  
Provide brief reasons for your answer.
4. (a) A company has entered into an agreement with a customer for the **4**  
manufacture and supply of cement pipes for their exclusive use. A company manufactured the product but before receiving the inspection certificate, their customer rejected some quantity of goods on the grounds of quality. As per agreement the rejected quantity will be destroyed in front of the customer and shall not be sold. Examine the issue in the light of statutory provisions and suggest future course of action to the assessee as to whether any liability arises as per the provisions of GST law.

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- (b) M/s. Ranveer Industries, registered in Himachal Pradesh, is engaged in making Interstate supplies of readymade garments. The aggregate turnover of M/s. Ranveer Industries in the financial year 2016-17 is ₹ 70 lakhs. It opted for composition levy in the year 2017-18 and paid tax for the quarter ending September 2017 under composition levy.

The proper officer has levied penalty for wrongly availing the scheme on M/s. Ranveer Industries in addition to the tax payable by it.

Examine the validity of the action taken by proper officer.

- (c) Y Ltd. exported service valued at US \$ 1,00,000. Supply of service was completed on 15<sup>th</sup> November 2017. Payment for this service was received on 30<sup>th</sup> December 2017. Refund claim was filed by Y Ltd. in respect of tax paid on inputs and input services for ₹ 6,00,000 on 31<sup>st</sup> January, 2018. The refund claim was sanctioned on 30<sup>th</sup> April, 2018. What is the amount of refund Y Ltd. will get in accordance with law ? What is the relevant date and rate of interest as per GST law ?
- (d) An offence case was registered against PQR Ltd. During the course of interrogation and investigation, the managing director of the company deposited ₹ 10 crores towards customs duty liability that may arise. After due process the Commissioner of Customs adjudicated the case and has confirmed demand for Customs duty of ₹ 156.48 crores with interest and has imposed penalty equal to the duty demanded. The company is disputing the entire demand of customs duty and penalty and wants to know how much pre-deposit it has to make for filing the appeal against the order of the commissioner, if any deposit is to be made.

5. (a) The original adjudicating authority confirmed a demand of GST of ₹ 42,50,000 with interest and imposed a penalty of ₹ 4,25,000 in its order dated 1<sup>st</sup> September, 2017. The assessee filed an appeal before appellate authority challenging the demand as well as penalty. The internal audit party after an audit of the records of the assessee, submitted a note to the Commissioner that actual amount demanded should have been ₹ 48,50,000. While the issue was pending before the appellate authority, based on the note, the Commissioner stayed the order of the original authority and issued a show cause notice on 15<sup>th</sup> March, 2018, proposing revision of the order of the original authority and revise the demand on the basis of the audit note. Examine the correctness of the action taken by the Commissioner in accordance with the provisions of GST law. 4
- (b) A show cause notice was issued demanding GST of ₹ 1,80,180 for the month of July, 2017 on 1<sup>st</sup> October, 2017. However adjudicating authority after the personal hearing found that there was a typographical error while mentioning the amount of GST and he confirmed the demand for ₹ 10,80,180. Assessee seeks your advice. 4

What would be your advice if : (a) assessee comes to you after issue of order or (b) a corrigendum revising the amount to ₹ 10,80,180 on 15<sup>th</sup> November, 2017, is issued.

- (c) Mr. X registered under GST Act, had made short payment of GST for the month of July 2017. 4

He does not want a Show Cause notice to be served on him by Proper Officer. Advice Mr. X, if :

- (i) Short payment of tax is on account of reasons other than fraud  
(ii) Short payment of tax is on account of fraud

- (d) On the ground that recovery of duty drawback does not involve levy, assessment and collection of customs duty, Department takes a stand that the Settlement Commission does not have jurisdiction to settle cases relating to the recovery of drawback erroneously paid by the Revenue under the Customs Act, 1962 ? Do you agree ? Explain with reason. 4

6. (a) Bedi Manufacturers, a registered person, instructs its supplier to send the capital goods directly to Rajesh Enterprises, who is a job worker, outside its factory premises for carrying out certain operations on the goods. The goods were sent by the supplier on 10-04-2018 and were received by the job worker on 15-04-2018. Rajesh Enterprises carried out the job work but did not return the capital goods to their Principal Bedi Manufacturers. Discuss whether Bedi manufactures are eligible to retain the input tax credit availed by them on the capital goods. What action under the GST Act is required to be taken by Bedi Manufacturers. 6

What would be your answer if in place of capital goods jigs and fixtures are supplied to the job worker and the same has not been returned to the Principal.

- (b) Where an offence under the GST law is committed by a taxable person being a trust, who are deemed to be guilty of the offence and under what circumstances ? When do the relevant provisions become inapplicable in respect of individuals concerned with the trust ? 4

**OR**

- Department initiated prosecution proceedings against a taxable person who had evaded GST of ₹ 4.2 crores. He has approached the Commissioner with a request for compounding the offence. After considering the request, the Commissioner has directed him to pay an amount of ₹ 2.5 crores as compounding amount. Indicate the minimum and maximum limits for compounding amount. Is the amount fixed by the Commissioner in this case within the limits prescribed under the law ? What is the consequence of the decision of the commissioner allowing the request for compounding the offence ? 4
- (c) Discuss the liability of the retiring partner of a firm to pay any tax, interest or penalty, if any, leviable on the firm under CGST / IGST / SGST Act. 2
- (d) Briefly explain the provisions of rule 2(a) of Rules of interpretation of the first schedule to the Customs Tariff Act, 1975 on classification of incomplete / unfinished articles. 4

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7. (a) How many types of Audit are prescribed under GST Act. Briefly explain each one of them. **5**
- (b) Discuss three supplies which have been notified as deemed exports under section 147 of CGST Act, 2017. **3**
- (c) What are the conditions applicable to Input Service Distributor to distribute the credit ? **4**
- (d) Which exporters are eligible for Export Promotion Capital Goods Scheme as per Foreign Trade Policy 2015-20 ? Also describe which capital goods are eligible for import under this scheme ? **4**

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