

PAPER – 5: INDIRECT TAX LAWS

PART I – Multiple Choice Questions

1. M/s TRV Ltd., having its Head Office at Delhi, is registered as Input Service Distributor (ISD) only under GST. It has three units in different cities namely 'Jodhpur', 'Indore' and 'Delhi' which are operational in the current financial year.

It has to distribute total input tax credit amounting to ₹ 18,00,000 for the month of January, 2025. Out of this amount, an invoice involving tax amount of ₹ 3,00,000 pertains to Delhi unit only.

Total turnover of the units (excluding tax, if any) for the preceding financial year are as follows:

Particular	Turnover (₹)
Turnover of Jodhpur unit (Registered)	10,00,000
Turnover of Indore unit (Registered)	5,00,000
Total Turnover of all three units	30,00,000

Note: Delhi unit is unregistered and provides only exempted services.

Amount of the credit to be distributed by M/s TRV Ltd. to each of the eligible units will be:

- (A) ₹ 6,00,000 to Jodhpur Unit, ₹ 3,00,000 to Indore Unit and ₹ 9,00,000 to Delhi Unit.
- (B) ₹ 5,00,000 to Jodhpur Unit, ₹ 2,50,000 to Indore Unit and ₹ 10,50,000 to Delhi Unit.
- (C) ₹ 10,00,000 to Jodhpur Unit, ₹ 5,00,000 to Indore Unit and Nil to Delhi Unit.
- (D) ₹ 12,00,000 to Jodhpur Unit, ₹ 6,00,000 to Indore Unit and Nil to Delhi Unit.

(2 Marks)

2. *M/s Vinit Overseas Ltd. exported some goods (which are leviable to export duty) to USA by air for an FOB price of US \$ 3,00,000. Other relevant details are as follows:*

Particulars	Date	Rate of duty	Assume rate of exchange notified by CBIC	Assume rate of exchange prescribed by RBI
<i>Presentation of Shipping Bill</i>	<i>09.02.2025</i>	<i>10%</i>	<i>1 US\$ = 84</i>	<i>1 US\$ = 83</i>
<i>Let export order</i>	<i>11.02.2025</i>	<i>12%</i>	<i>1 US\$ = 82</i>	<i>1 US\$ = 81</i>

The Export duty payable by M/s Vinit Overseas Ltd. will be:

- (A) ₹ 30,24,000
 (B) ₹ 29,52,000
 (C) ₹ 29,88,000
 (D) ₹ 24,60,000

(2 Marks)

3. *Ajay and Co. imported certain goods into India by land mode and vehicle importing the goods reached the land customs station on 12.01.2025 at 16:00 hrs. The timeline by which the person in charge of the vehicle should deliver the Import Report to proper officer will be:*

- (A) *at any time prior to arrival of the vehicle*
 (B) *by 12.01.2025 - 20:00 hrs.*
 (C) *by 13.01.2025 - 04:00 hrs.*
 (D) *by 13.01.2025 - 16:00 hrs.*

(2 Marks)

Integrated case scenario - I

Mr. Suraj Rao of Bhilwara (Rajasthan) is a registered person under GST and is filing monthly returns. His turnover for the financial year 2023-24 was ₹ 1.25 crores. He is engaged in the business of various goods and services. He provided the details of following transactions/supplies undertaken by him during the month of February 2025:

- (i) *He executed a hedging contract for a commodity with NCDEX at a price of ₹ 1,100 per unit for 600 units. Original contract of purchase of the commodity was made @ ₹ 1,000 per unit. On the date of expiry of future contract i.e. 28th February 2025, the rate of commodity was ₹ 900 per unit. He squared off the contract without physical delivery of the commodity. He paid ₹ 2,000 each at the time of entry and exit off the future contract.*
- (ii) *He provided repair and maintenance service related to generator to Mr. Rajendra on 05th February, 2025 involving both supply of goods being spare parts and supply of service being labour charges. He disclosed the value of goods at ₹ 10,800 and value of service at ₹ 25,000 separately in the invoice issued in this regard.*

Details of inward supplies during the month:

- (i) *Purchase of goods for ₹ 20,00,000 from a registered person (it includes ₹ 5,00,000 towards purchase of goods which are exempted).*
- (ii) *Purchased a truck for ₹ 8,00,000 for transportation of goods for delivery to customers. No depreciation was claimed on GST portion.*
- (iii) *Incurred ₹ 3,50,000 on renovation of office building and debited the expenses (excluding the GST portion) in the Profit and Loss account under repair and maintenance head.*
- (iv) *Mr. Suraj Rao went to Surat, Gujarat for a business meeting which was mandatory under a law for the time being in force in February 2025 and stayed in a GST registered hotel named "A One Hotel" for few days. Room accommodation charges for ₹ 50,000 (taxable value) was paid for the stay.*

Other information

- (i) *Due to the accountant on leave, GSTR-3B for the month of February, 2025 could not be filed on due date prescribed i.e. 20th March, 2025. It was filed on 31st March, 2025.*
- (ii) *Suraj Rao collected an advance payment of ₹ 2,00,000 plus applicable GST for provision of service in the month of September, 2024. However, no tax was deposited on such advance money to the Government even though 5 months has elapsed.*

All amounts given above are exclusive of taxes, wherever applicable.

All supplies are intra-State except otherwise mentioned. All the supplies of goods and services are chargeable to GST @ 9% each under CGST & SGST and @ 18% under IGST except spare parts which are chargeable @ 2.5% each under CGST & SGST and @ 5% under IGST.

Examine the above case scenario and based on the information given above, choose the correct and most appropriate answer to Questions Nos. 4 to 9 below:

4. *Value of outward supply of the contract executed with NCDEX will be:*
- (A) ₹ 6,00,000
 - (B) ₹ 5,40,000
 - (C) ₹ 6,60,000
 - (D) Nil
- (2 Marks)**
5. *The amount of input tax credit that can be availed for stay in 'A One Hotel', Surat will be:*
- (A) ₹ 9,000-CGST & ₹ 9,000-SGST
 - (B) ₹ 9,000-IGST
 - (C) No input tax credit available
 - (D) ₹ 4,500-CGST & ₹ 4,500-SGST
- (2 Marks)**
6. *The amount of total eligible input tax credit (ITC) for the month of February, 2025, will be:*
- (A) ₹ 4,86,000
 - (B) ₹ 4,77,000
 - (C) ₹ 4,23,000
 - (D) ₹ 4,14,000
- (2 Marks)**
7. *The nature of supply and rate applicable for service provided to Mr. Rajendra will be:*
- (A) mixed supply and chargeable at the highest rate.
 - (B) composite supply and chargeable at the rate of principal supply.

(C) individual supply and chargeable at total of CGST and SGST at 5% for supply of spare parts and at 18% for supply of service.

(D) neither supply of goods nor supply of service. **(2 Marks)**

8. The amount of late fee to be paid while filing GSTR-3B for the month February, 2025 under the GST Law (Total of CGST and SGST) will be:

(A) ₹ 2,000

(B) ₹ 500

(C) ₹ 550

(D) ₹ 1,100 **(2 Marks)**

9. The amount of penalty which may be levied under section 122 of the CGST Act, 2017 for failure to deposit the tax on advance payment received (Total of CGST and SGST) will be:

(A) ₹ 50,000

(B) ₹ 36,000

(C) ₹ 20,000

(D) ₹ 25,000 **(2 Marks)**

Integrated case scenario - II

M/s Jose & Co. (Firm) is a partnership firm registered under GST regular scheme in the State of Kerala. Firm is an original equipment manufacturer of motor pumps and engaged in supply of related goods and services all over India and having its agents network also.

During the month of August 2024, the firm made following outward transactions:

- (i) Supplied moulds and dies owned by it to unrelated component manufacturers free of cost; market value of the same was ₹ 65,000.
- (ii) Provided free training on e-invoice and e-way bill to all its agents free of cost; value of such training was ₹ 1,00,000.

Provided the following services during the month of September 2024, and received payment subject to deduction of GST TDS, as applicable:

- (a) *Water supply services provided to Kerala Water Resources Management Board, a Government Authority in which 85% of control was held by Kerala Government; total consideration was ₹ 2,50,000*
- (b) *Composite supply of goods and services provided to Kerala Government, in respect of an activity entrusted to a municipality under Article 243W of the Constitution, in which value of service constituted 25% of the value of said composite supply; total consideration was ₹ 3,00,000*
- (c) *Conducted training program for rain water harvesting for a consideration of ₹ 4,00,000. This service was provided to Central Government and 76% of the total expenditure of this program was borne by the Central Government.*

During the month of October 2024, the firm made a supply to its related concern valued under invoice at ₹ 5,00,000; whereas the market value was ₹ 8,00,000 and the recipient was eligible for full ITC. Value of like kind of supply was ₹ 7,00,000. Recipient intended to consume the supply for production purposes.

The firm entered into a contract for service of 100 pump motors on 15.11.2024 for an amount of ₹ 5,00,000. Deadline for completing the contract was 15.01.2025. However, due to some misunderstanding the contract was terminated on 20.12.2024 when only 50% of the work was completed.

The firm received a show-cause notice under section 74A of the CGST Act, 2017 on 31.01.2025 for short payment tax due to clerical error. IGST demanded in the said notice was ₹ 20,000. Since the owner was hospitalized, the payment for demand was made belatedly on 25.03.2025 for tax and interest, but before any order was passed.

All the amounts given above are exclusive of taxes wherever applicable. All the supply referred above is intra-State unless specified otherwise.

Based on the information given above, choose the correct and most appropriate answer to Questions Nos. 10 to 15 below:

10. *In respect of outward transactions made during the month of August 2024, which of the following value will be treated as supply?*

(A) ₹ 65,000

(B) ₹ 1,00,000

(C) ₹ 1,65,000

(D) Nil

(2 Marks)

11. In respect of services provided during the month of September 2024, the value of exempt supply will be:

(A) ₹ 2,50,000

(B) ₹ 3,00,000

(C) ₹ 4,00,000

(D) ₹ 7,00,000

(2 Marks)

12. The amount of GST TDS that will be deducted each under CGST and SGST against the supply made during the month of September 2024 will be:

(A) ₹ 7,000

(B) ₹ 5,500

(C) ₹ 3,000

(D) ₹ 2,500

(2 Marks)

13. The value of supply made to related concern during the month of October 2024 will be:

(A) ₹ 5,00,000

(B) ₹ 6,30,000

(C) ₹ 7,00,000

(D) ₹ 8,00,000

(2 Marks)

14. Due date for issue of invoice against pump motors service contract which was terminated on 20.12.2024 will be:

(A) 15.12.2024

(B) 20.12.2024

(C) 20.01.2025

(D) 15.02.2025

(2 Marks)

15. Penalty which could be levied in respect of SCN issued under section 74A will be:

(A) Nil

(B) ₹ 2,000

(C) ₹ 10,000

(D) ₹ 20,000

(2 Marks)

Answer Key

MCQ No.	Correct Option
1.	B
2.	A
3.	C
4.	D
5.	C
6.	B
7.	C
8.	C
9.	B
10.	D
11.	C
12.	C
13.	A
14.	B
15	A

Part II - Descriptive Questions

- (i) Question paper comprises of **6** questions. Answer Question No. 1 which is compulsory and any **4** questions out of the remaining **5** questions.
- (ii) Working notes should form part of the answer.
- (iii) All questions should be answered on the basis of position of (i) GST law as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars and other legislative amendments made, which have become effective up to 28.02.2025 and (ii) Customs law as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars and other legislative amendments made, which have become effective up to 28.02.2025.

Question 1

Sakura Impex Limited (SIL), a registered supplier in the State of Andhra Pradesh, provides the following details of transactions undertaken in the month of January 2025:

Sl. No.	Particulars	Amount in ₹
	Outward transactions:	
(i)	Received an order for printing books from a publisher who owned the content. Paper, ink and printing activities were undertaken by SIL and books were supplied as ordered.	7,00,000
(ii)	Received rent from a GST registered limited company for use of SIL's commercial building at Andhra Pradesh, used for the purpose of residential quarters for the employees of the tenant company.	1,20,000
(iii)	Provided printing related consultancy services to M/s. Tay Hung & Co, a resident of South Korea, for the new market potential for South Korea, for the new market potential for its lasts Hi-teach printing machine. Market study involving demo of machine working was conducted in Japan, Indonesia and State of Andhra Pradesh, India. Out of consideration of	20,00,000

	₹ 20 lakhs, ₹ 14 lakhs were apportioned to study done abroad.	
(iv)	Provided a corporate guarantee to a related person located in India, who was not eligible for full ITC.	70,000
(v)	Received an advance for supply of services related to footwear sector.	1,00,000
(vi)	Supplied an old machinery used in manufacture of taxable goods to Mr. Prasad of Karnataka on the instruction of Mr. Subba Rao registered in Vizag, Andhra Pradesh.	4,00,000
	Inward transactions:	
(vii)	Paid consideration to Andhra Pradesh Government towards grant of certification relating to safety of workers at the workplace as required by the local laws.	60,000

The following additional information be taken into consideration:

- (a) Wherever details for determination of place of supply are not given in the question, it shall be taken as inter-State transaction.
- (b) Out of total consideration received for printing of books, ₹ 3,00,000 was related to paper and ink.
- (c) SIL had filed Letter of Undertaking for zero-rated supplies to make exports without payment of tax.
- (d) Corporate guarantee was given for grant of term loan by a PSU Bank for solar panel installation amounting to ₹ 20 Lakhs with a term of 5 years. The related party availed only ₹ 15 lakhs since it could manage the balance funds through its internal sources.
- (e) Supply of service as well as invoice for footwear sector supply was made on 14th February 2025. There was a change in rate of tax from 12% (by a notification issued in January 2025) to 18%, with effect from 1st February 2025.
- (f) SIL had purchased the machine referred in Sl. No (vi) above in the month of January 2024 at a cost of ₹ 6,00,000 excluding GST. Since invoice was also issued in January 2024, ITC was eligible and claimed during the same month.

- (g) Except as otherwise stated, rates of CGST, SGST and IGST are 6%, 6% and 12% respectively for paper and ink and 9%, 9% and 18% respectively for all other inward and outward supply of goods and/or services.
- (h) All the amounts given above are exclusive of taxes wherever applicable.
- (i) All the conditions applicable for availing ITC have been complied with, subject to the information given above and the said ITC were exclusively used for taxable outward supply only.

From the information given above, you are required to compute the net GST liability payable in cash (CGST, SGST or IGST as the case may be) for the month of January 2025. Brief reason for the treatment of each item should form part of the answer. **(14 Marks)**

Answer

Computation of minimum net GST liability payable in cash for the month of January 2025

S. No.	Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
(i)	Order for printing of books [Printing of books with only content being supplied by the publisher is a composite supply wherein supply of printing service is the principal supply.]	7,00,000			1,26,000 ¹ [7,00,000 x 18%]
(ii)	Renting of commercial building [Since renting of only residential dwelling for use as residence is exempt, renting of commercial buildings for use as residence is not exempt and is thus, taxable. Further, tax is payable under forward charge and not under reverse	1,20,000	10,800 [1,20,000 x 9%]	10,800 [1,20,000 x 9%]	-

¹ It is specifically mentioned in the question that wherever details of place of supply are not given in the question, it shall be treated as inter-State transaction.

	charge since supplier - SIL – is registered. It is an intra-State supply since place of supply of services in relation to immovable property is the location of such property, i.e. Andhra Pradesh.]				
(iii)	Consultancy services provided to a resident of South Korea [Intra-State supply since where services supplied in respect of goods required to be made physically available by the recipient to supplier are supplied at more than one location, including a location in the taxable territory, place of supply is the location in the taxable territory, i.e., Andhra Pradesh.]	20,00,000	1,80,000 [20,00,000 x 9%]	1,80,000 [20,00,000 x 9%]	-
(iv)	Corporate guarantee on behalf of a related person in India [Value of supply of corporate guarantee service for 5 years is higher of the following:- (a) 1% per annum of amount of such guarantee offered [and not amount of loan actually disbursed to the recipient] multiplied by 5 years [1% x ₹ 20,00,000 x 5 years = ₹ 1,00,000]	1,00,000			18,000 ² [1,00,000 x 18%]

² It is specifically mentioned in the question that wherever details of place of supply are not given in the question, it shall be treated as inter-State transaction.

	or (b) Actual consideration i.e. ₹ 70,000 i.e. ₹ 1,00,000.]				
(v)	Supply of services related to footwear sector [In case of change in rate of tax, if supply and issue of invoice (14 th February, 2025) are after the change in such rate (1 st February, 2025), payment is received before change in rate, date of issue of invoice [14 th February, 2025] is the time of supply. Therefore, advance is not taxable in the month of January, 2025.]		-	-	-
(vi)	Supply of old machinery [Intra-State supply since in case of "Bill to Ship to" supply, where goods are delivered by the supplier to the recipient at the instruction of a third person, place of supply is principal place of business of third person i.e. Andhra Pradesh. Further, refer working note 2 below for computation of amount to be paid on supply of old machinery on which ITC has been taken.]		40,500	40,500	-
	Total output tax liability		2,31,300	2,31,300	1,44,000
	Less: Input tax credit [Refer working note 1 below.]		-	-	-
	Minimum net GST payable in cash		2,31,300	2,31,300	1,44,000

Working note 1- Computation of eligible ITC available for set off

S. No.	Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
(vii)	Grant of certification relating to safety of workers [Services provided by State Government by way of certification relating to safety of workers required under any law is exempt under GST. Since no tax is payable, no ITC is available on the same.]		-	-	-
	Total ITC available		-	-	-

Working note 2- Computation of amount to be paid on sale of old machinery

Particulars	Amount (₹)	Amount (₹)
If capital goods/plant and machinery on which ITC has been taken are supplied by a registered person, higher of the following amounts is to be paid:		
(a) ITC taken on machinery (₹ 6,00,000 x 18%) <i>Less:</i> 5% per quarter or part thereof from the date of issue of invoice for machinery [(₹ 6,00,000 x 18% x 5% x 5 quarters)]	1,08,000 <u>(27,000)</u> 81,000	40,500**
OR		OR
(b) Tax on transaction value [₹ 4,00,000 x 9%]		36,000
Amount to be paid (each under CGST & SGST)		40,500

**₹ 40,500 [each under CGST & SGST (₹ 81,000/2)]

Question 2

- (a) Mr. Viswas is registered under GST in the State of Karnataka. He is engaged in providing multiple types of services and provides the following information related to his business for the month of February 2025:

Particulars	Amount in ₹
(a) Provided security services to various concerns (Out of ₹ 5,00,000, services provided to unregistered persons were ₹ 1,00,000)	5,00,000
(b) Provided services for organizing an entertainment event to Wonderful Fims Limited, registered in the State of Telangana, for launch of their new movie. Event was held in the State of Karnataka.	15,00,000
(c) Provided training services in a program organized by National Skill Development Corporation, even through Mr. Viswas was a not a training partner.	2,00,000
(d) Availed tax consultation services from his CA (Registered)	30,000
(e) Availed various input services in relation to organizing entertainment event as in point (b) above from registered persons.	4,00,000
(f) Sold his old godown used for the purposes of his business (stamp value was ₹ 14,00,000)	20,00,000

Following additional information is also provided by Mr. Viswas:

- (i) Wherever details for determination of place of supply are not given in the question, it shall be taken as intra-State transaction.
- (ii) Imported consultation services in the course of his business from his father-in-law in Australia, without a consideration and valued at ₹ 1,20,000.
- (iii) All the amounts given above are exclusive of tax, wherever applicable.
- (iv) Assume the rate of tax for CGST/SGST/IGST as 9%/9%/18% respectively for both inward and outward supplies.

(v) Subject to the information given above, Mr. Viswas fulfilled all the conditions required for availing ITC.

You are required to determine the value of taxable supply and net GST liability payable in cash by Mr. Viswas for the month of February 2025.

Reason for treatment of each items needs to be given in the answer.

(10 Marks)

(b) ABT Ltd. provided the following details of the one of its recent transaction of import of a machine through vessel from Japan in the month of January, 2025:

S. No.	Particulars	Amount in Japanese Yen (¥)
(i)	Cost upto port of exportation incurred by exporter	5,00,000
(ii)	Loading charges at the port of exportation	15,000
(iii)	Freight charges from port of export to port of import in India	1,15,000
(iv)	Actual insurance charge paid to the place of importation	20,000

Following additional amount was also paid by ABT Ltd.:

S. No	Particulars	Amount in Indian (₹)
(i)	Designing charges paid to consultancy firm in New Delhi, which was necessary for such machine	6,00,000
(ii)	Commission paid (not buying commission) to local agent of exporter	1,20,000

Other Information:

1	Bill of entry:	Dated 20.01.2025 On that day:
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		<p>(a) Basic custom duty (BCD) rate was 10%</p> <p>(b) Exchange rate as notified by CBIC 1 Yen = ₹ 0.65</p> <p>(c) The inter – bank rate was 1 Yen = ₹ 0.67</p>
2	Entry inward:	<p>Dated 25.01.2025</p> <p>On that day:</p> <p>(a) Basic custom duty (BCD) rate was 15%</p> <p>(b) Exchange rate as notified by CBIC 1 Yen = ₹ 0.66</p> <p>(c) The inter-bank rate was 1 Yen = ₹ 0.68</p>

From the above particulars, company wants you to calculate the assessable value and basic custom duty (BCD) payable with appropriate working notes under the Customs Act, 1962. **(4 Marks)**

Answer

(a) Computation of value of taxable supply and net GST liability payable in cash by Mr. Vishwas

S. No.	Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
(a)	Security services to unregistered persons [On ₹ 1,00,000, tax is payable under forward charge and not under reverse charge since security services are provided to unregistered persons.]	1,00,000	9,000 ³ [₹ 1,00,000 x 9%]	9,000 [₹ 1,00,000 x 9%]	-

³ It is specifically mentioned in the question that wherever details of place of supply are not given in the question, it shall be treated as intra-State transaction.

	Security services to registered persons [On ₹ 4,00,000, tax is payable under reverse charge by the recipient since security services are provided by a non-body corporate or by an individual to registered persons.]		-	-	-
(b)	Organisation of entertainment event [Inter-State supply, since place of supply of services provided by way of organisation of entertainment event to a registered recipient is the location of recipient, i.e. Telangana.]	15,00,000			2,70,000 [₹ 15,00,000 x 18%]
(c)	Training services in a program organized by National Skill Development Corporation (NSDC) [Taxable, since services provided by only a training partner approved by NSDC, in relation to the National Skill Development	2,00,000	18,000 ⁴ [₹ 2,00,000 x 9%]	18,000 [₹ 2,00,000 x 9%]	-

⁴ It is specifically mentioned in the question that wherever details of place of supply are not given in the question, it shall be treated as intra-State transaction.

	Programme are exempt.]				
(d)	Sale of old godown [Since sale of building (godown) is neither supply of goods nor supply of services as it is covered in Schedule III of the CGST Act, 2017. Thus, sale of godown is not a supply]	-	-	-	-
(e)	Import of consultation services from father-in law [Since father-in-law is not a related person, import of services from him, though in the course of business shall not be deemed as supply since it is made without consideration.]	-	-	-	-
	Value of taxable supply⁵	22,00,000			
	Total output tax		27,000	27,000	2,70,000
	Less: Input tax credit [Refer working note below.]		(27,000) CGST	(27,000) SGST	(10,350) CGST (10,350)

⁵ Since the question simply mentions the value of taxable supply, it includes (i) value on which tax is payable by Mr. Vishwas as well as (ii) value on which tax is payable by the recipient of supply. However, alternatively, it is also possible to compute value of supply as only the value on which tax is payable by Mr. Vishwas only and not value on which tax is payable by the recipient of supply.

	[ITC of CGST is being used to pay CGST liability first and then remaining for payment of IGST. ITC of SGST is being used to pay SGST liability first and then remaining for payment of IGST.]				SGST
	Minimum net GST payable in cash		Nil	Nil	2,49,300

Working note - Computation of eligible ITC available for set off

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Input services availed in relation to organizing entertainment event [Since used exclusively for taxable supply, ITC is fully available.]	4,00,000	36,000 ⁶ [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Tax consultation services received from CA [ITC is available since used in course or furtherance of business. Further, it is commonly used for making taxable and exempt supplies.]	30,000	2,700 [₹ 30,000 × 9%]	2,700 [₹ 30,000 × 9%]	
Less: Common credit attributable to exempt supplies = Common credit x (Exempt turnover / Total turnover)		(1,350)	(1,350)	

⁶ It is specifically mentioned in the question that wherever details of place of supply are not given in the question, it shall be treated as intra-State transaction.

$= ₹ 2,700 \times ₹ 18,00,000 / ₹ 36,00,000$ <p>Exempt turnover = ₹ 18,00,000</p> <p>Total turnover = ₹ 36,00,000</p> <p>[Refer Notes 1 and 2 below]</p>				
Total ITC eligible for set-off		37,350	37,350	
Note 1: Exempt turnover includes- (i) security services taxable under reverse charge (₹ 4,00,000), and (ii) sale of godown [₹ 14,00,000 [value adopted for paying stamp duty] = ₹ 18,00,000				
Note 2: Total turnover $= ₹ (5,00,000 + 15,00,000 + 2,00,000 + 14,00,000)$ $= ₹ 36,00,000$				

(b) Computation of assessable value and basic customs duty (BCD)

Particulars	Amount in Japanese Yen
Cost upto port of exportation	5,00,000
Add: Loading charges at the port of exportation [Includible in assessable value]	<u>15,000</u>
Total	5,15,000
Rate of exchange [Converted @ ₹ 0.65 per Japanese Yen]	0.65

Rate of exchange notified by CBIC as prevalent on the date of filing of bill of entry is the applicable rate.]	
Particulars	Amount in (₹)
Total (₹)	3,34,750
Add: Commission paid to local agent of exporter [Includible in assessable value since it's not a buying commission.]	<u>1,20,000</u>
FOB value as per customs	4,54,750
Add: Freight charges from port of export to port of import in India [1,15,000 × 0.65] [Includible in assessable value]	74,750
Add: Actual Insurance charges [20,000 × 0.65] [Includible in assessable value]	<u>13,000</u>
Assessable Value	<u>5,42,500</u>
Add: Basic customs duty @ 15% of ₹ 5,42,500 [Rate of duty would be the rate as prevalent on the date of filing of bill of entry or entry inwards, whichever is later.]	81,375

Note-Design and engineering work is includible in the assessable value only when the same is undertaken elsewhere than in India and necessary for the production of the imported goods. Thus, design and engineering work in New Delhi (or India) is not includible in assessable value.

Question 3

- (a) Examine the following independent scenarios and answer the questions given thereon:
- (i) M/s Sea Foods Limited, registered in the State of Tamilnadu, made a supply of goods to M/s Eat Well Limited, registered in State of Maharashtra. The supply was made in the territorial waters, where appropriate baseline was situated within 4 nautical miles from the State

of Kerala and 12 nautical miles from the State of Tamilnadu. Determine the place of supply with proper reasoning.

- (ii) M/s Speed Logistics gave on hire its tipper lorries to M/s ABC, a mining firm for transporting minerals from mining pit head to railway siding. Vehicle was given with driver but fuel cost was to be borne by the recipient. M/s Speed Logistics considered this transaction as exempt supply since it was covered under the entry of transportation of goods by road except by GTA in the exemption notification. Examine the correctness of this treatment. **(5 Marks)**

- (b) M/s Murty and Sons Ltd (MSL) is dealing in property business and is registered under GST since 2021 in Bengaluru, Karnataka having turnover of ₹2 crores in Financial Year 2023-24. MSL has taken legal service from Mr. Sachin, a junior advocate on 10th December, 2024. MSL paid ₹80,000 for this service on 18th February, 2025 through NEFT and the whole transaction was entered in the books on this day only.

In this case you are required to determine time of supply of service provided by Mr. Sachin to MSL in the following independent situations for the purpose of payment of tax under GST law along with explanations for the same:

S. No.	If Mr. Sachin is:	Invoice issued by:	Invoice issued on:
1.	An unregistered person	M/s Murty and Sons	8 th January, 2025
2.	An unregistered person	M/s Murty and Sons	13 th January, 2025
3.	An unregistered person	No invoice Issued	No invoice Issued
4.	A registered person	Mr. Sachin	6 th January, 2025

Ignore the panel provision for late or non-issuance of invoices. **(5 Marks)**

- (c) M/s DMP Overseas Ltd. imports goods from USA and intends to avail the benefit of an exemption notification issued under section 25(1) of the Customs Act, 1962 with regard to said goods. However, since it does not have a manufacturing facility at all, it needs to send the goods so imported for job work to a third party job worker Mr. Raju.

The accountant of M/s DMP Overseas Ltd. advised it that as per the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, M/s DMP Overseas Ltd. is not permitted to send such goods to third party for job work.

You are required to advise M/s DMP Overseas Ltd. on the said issue elaborating the relevant legal provisions under the customs law. (4 Marks)

Answer

- (a) (i)** Where the place of supply is in the territorial waters, the place of supply shall be deemed to be in the coastal State or Union territory where the nearest point of the appropriate baseline is located.

Since in the given case, appropriate baseline is located within 4 nautical miles from Kerala and 12 nautical miles from Tamil Nadu, place of supply is Kerala.

- (ii)** In case of hiring of vehicle, the person taking vehicle on rent defines how and when the vehicles will be operated, determines schedules, routes and other operational considerations. Therefore, the person giving the vehicles on rent with operator for a specified period of time cannot be considered to be supplying the service by way of transport of goods by road; he is supplying service of renting of transport vehicles with operator, which is not exempt.

Thus, in the given case, treatment done by M/s Speed Logistics is not correct since services provided by M/s Speed Logistics are not exempt; they are taxable.

- (b)** Tax on legal services provided by individual advocate - Mr. Sachin - to business entity -MSL - is payable under reverse charge.

The time of supply of service on which GST is payable on reverse charge basis is earlier of:

- (a) Date of payment, as entered in the books of account of the recipient or the date on which the payment is debited in his bank account, whichever is earlier or
- (b) Date immediately following 60 days (or 61st day) from the date of issue of invoice by the supplier, in cases where invoice is to be issued by the supplier or

- (c) Date of issue of invoice by the recipient in cases where invoice is to be issued by the recipient

However, where it is not possible to determine the time of supply under clause (a) or clause (b) or clause (c), the time of supply shall be the date of entry in the books of account of the recipient of supply.

In accordance with above provisions, time of supply in the given cases would be:

1. 8th January, 2025

Since supplier is unregistered, recipient - MSL issued the self-invoice. Thus, time of supply will be date of issue of invoice since it is earlier than date of payment (18th February)

2. 13th January, 2025

Since supplier is unregistered, MSL issued the self-invoice. Thus, time of supply will be date of issue of invoice since it is earlier than date of payment (18th February).

Alternatively, it is also possible to take following view:

Since supplier is unregistered, MSL issued the self-invoice. Time of supply will be earlier of date of issue of invoice (13th January) or last date on which invoice should have been issued, i.e., 30th day of receipt of service, i.e. 9th January). Thus, time of supply is 9th January, 2025

3. 18th February, 2025

Since supplier is unregistered and MSL has not issued self-invoice at all, hence it is not possible to determine the time of supply from the normal provisions, so the time of supply will be the date of entry in books of accounts of the recipient of supply.

4. 18th February, 2025

Since it is earlier of:

- (i) the date of payment (18th February)

Or

- (ii) 61st day (or date immediately following 60 days) from the date of issue of invoice by the supplier (8th March).

(c) The advice of the accountant is not correct. The importer- M/s DMP Overseas Ltd. is permitted to send the imported goods to a job worker provided following conditions as laid down by the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 are being fulfilled:

1. The importer shall maintain a record of goods sent for job work during the month and mention the same in the quarterly statement.
2. The goods shall be sent to job worker under invoice or through an e-way bill, mentioning their description and quantity.
3. The maximum period for which the goods can be sent to the job worker is one year from the date of invoice/ e-way bill.
4. In case the importer is unable to establish that the goods sent for job work have been used as per the specified particulars, the jurisdictional customs officer shall take necessary action against the importer.

Conditions for job worker

1. Job worker shall maintain account of goods received, manufacturing process undertaken and waste generated, if any.
2. Job worker shall produce account details before jurisdictional customs officer on demand.
3. Job worker shall, after completion of job work return processed goods to importer or send them to another job worker as directed by importer for remaining process, under invoice or e-way bill.

Question 4

(a) *M/s Seagull and Co. filed the GST return under section 39 for the month of December 2024 with a delay of 73 days. Total tax paid in the said return was ₹ 60,000. Out of which ₹ 40,000 was set off from e-credit ledger and the balance ₹ 20,000 was set off from e-cash ledger. E-cash ledger had a balance of ₹ 6,000 since 1st December 2024.*

You are required to determine with explanations:

- (i) *Interest, if any, payable under section 50(1) of the CGST Act, 2017 in respect of delayed payment of tax by Seagull and Co.*

- (ii) Suppose if, all facts remaining the same, except that the said return was filed after the issue of notice under section 74A, determine the interest, if any, payable under section 50(1) of the CGST Act, 2017. **(5 Marks)**
- (b) Comment and discuss with explanations the validity of the below statements with reference to provisions related to registration under GST law:
- (i) "There is no need of registration at all if a person is engaged in supply services (intra-State and/or inter-State) only through an E-Commerce Operator (ECO)."
- (ii) "There is no requirement of the physical verification of business premises."
- (iii) "There is no requirement to provide the details of bank account at the time of application of registration." **(5 Marks)**
- (c) Ms. Veronica, a UK Citizen, aged 17 years, visited India on tourist visa on 01.02.2025. She brought with her the following items on her visit,
- (A) Travel souvenir worth ₹ 60,000
- (B) Laptop computer valued ₹ 40,000
- (C) Other articles carried on in person worth ₹ 75,000
- With reference to the Baggage Rules, 2016, determine the value of baggage liable to customs duty. **(4 Marks)**

Answer

- (a) (i)** The interest on delayed payment under section 50 payable in respect of supplies made and declared in the return for a tax period furnished after the due date is levied only on that portion of tax which is paid by debiting electronic cash ledger.

Further, any amount credited to Electronic Cash Ledger on/before the due date of return and is later used/debited to pay tax while filing return after due date will not be considered (i.e. interest not to be paid on that amount) while calculating above interest provided said amount remained in the ledger from the due date until its debit while filing return.

Accordingly, in the given case, interest payable under section 50 is:

on ₹ 14,000 (₹ 60,000 – ₹ 40,000 – ₹ 6,000)

Applicable rate of interest will be **18%**

Number of days of delay = 73 days

= ₹ 14000 × 18% × 73/365

= ₹ 504 (₹ 252 CGST + ₹ 252 SGST)

- (ii) In case where return is filed after issue of notice under section 74A, the interest would be payable on total amount of tax of ₹ 60,000 that is paid from electronic cash ledger as well as from electronic credit ledger.

However, amount lying in e-cash ledger on or before the due date of filing said return i.e. ₹ 6,000 shall not be considered while calculating such interest (i.e. interest not to be paid on that amount).

Accordingly, in the given case, interest payable under section 50 is:

on ₹ 54,000 (₹ 60,000 – ₹ 6,000)

= 54000 × 18% × 73 /365

= ₹ 1,944 (₹ 972 CGST and ₹ 972 SGST)

- (b) (i) The statement is partially valid/not valid.

Person who is engaged in supply of services only through ECO who is required to collect TCS under section 52 is required to obtain registration compulsorily.

Exceptions:

- (i) Such persons having an aggregate turnover not exceeding ₹ 20 lakh (₹ 10 lakh in case of specified Special Category States) in a FY, are exempt from obtaining compulsory registration.

- (ii) Persons making notified supplies through an ECO.

- (ii) The statement is partially valid/not valid

Physical verification of business premises for grant of registration under GST law is not required.

However, if the proper officer is satisfied that physical verification is necessary after grant of registration, he may get verification of place of business done.

In case of failure to undergo/opt for aadhaar authentication, where identified on the common portal based on data analysis and risk parameters, or where proper officer deems it necessary, physical verification is required to be conducted before the grant of registration.

After verification, proper officer shall upload verification report along with other documents, including photographs, in the prescribed form within specified time.

(iii) The statement is valid/partially valid.

After the grant of registration, the registered person is allowed to furnish his bank account details:

(i) within 30 days from date of grant of registration,

or

(ii) before furnishing

(a) the details of outward supplies under section 37

OR

(b) GSTR-1/using IFF

whichever is earlier.

However, this relaxation is not available to those granted registration as TDS deductor/TCS collector or *suo-motu* registration.

(c) Computation of value of baggage liable to customs duty

Particulars	₹
Travel Souvenir [Allowed to be brought free of duty.]	Nil
Laptop computer [Not exempt, since one laptop computer is exempt only when imported into India by a passenger ≥ 18 years of age.]	40,000
Other articles carried on in person	<u>75,000</u>
Baggage that can be accommodated in GFA	1,15,000
Less: General Duty free baggage allowance in case of tourist of foreign origin	<u>(15,000)</u>
Value of baggage liable to customs duty	<u>1,00,000</u>

Question 5

- (a) *M/s Balaji Electronics Pvt. Ltd. of Chennai, Tamilnadu, handed over certain goods to transporter M/s Super Fast Roadways on 15th December, 2024 to be delivered to M/s Anna Electronics in Vellore, Tamilnadu amounting to ₹ 3,00,000. The said goods were chargeable to tax @ 18% GST (9% CGST & 9% SGST). The proper officer intercepted the vehicle under section 68 of the CGST Act, in transit and seized the goods on 16th December, 2024.*

No one came forward to release the consignment till 31st December, 2024, so the proper officer issued a penalty order under section 129(3) of the CGST Act. M/s Balaji Electronics Pvt. Ltd. did not admit to the entire penalty amount specified in the order and hence filed an appeal to the Appellate Authority (AA) against the said order.

From the above information given above, calculate:

- (i) The amount of pre-deposit required to be deposited for filing appeal to AA under section 107(6) of the CGST Act against the order passed under section 129(3) of the CGST Act.*
- (ii) The amount to be paid by M/s Super Fast Roadways for release of its conveyance under section 129 of the CGST Act.*

Your answer should include explanations with necessary provisions in brief.

(5 Marks)

- (b) *M/s True and Co. (Firm) filed its GST return for the month of January 2025 and in the said return, tax was short paid inadvertently due to a mistake committed in filing the return. Due date for filing of annual return for the financial year 2024-25 is 31.12.2025. The firm asks your opinion with brief legal provisions on the following issues:*

- (i) What is the latest date by which show cause notice (SCN) under section 74A can be issued by the proper officer in the above situation?*
- (ii) What is the timeline to pass order for the above said SCN?*
- (iii) What would be your answer for point (i) and (ii) in case the reason of short payment was as a result of wilful-misstatement?*

Assume that no extension of time will be provided by the appropriate authority for passing the order in the above situation.

(5 Marks)

- (c) *Section 26A of the Customs Act, 1962 provides that the import duty paid on clearance of imported goods for home consumption capable of being easily identified shall be refunded to the person by whom or on whose behalf such duty was paid subject to the fulfillment of certain conditions. You are required to list those conditions with explanation.* **(4 Marks)**

Answer

- (a) (i)** Since no one came forward to release the consignment, **penalty payable** under section 129(3) is as follows:

(a) 50% of value of goods [₹ 1,50,000 (₹ 3,00,000 × 50%)]

or

(b) 200% of tax payable on goods [₹ 54,000 (₹ 3,00,000 × 9% × 200%)]

whichever is higher,

i.e. penalty will be:

₹ 3,00,000 (₹ 1,50,000 each under CGST and SGST)

Pre-deposit required to be deposited for filing an appeal to AA against an order passed under section 129(3) is as follows:

= 25% of the penalty under section 129(3) [as above]

= 25% of ₹ 1,50,000

i.e. pre-deposit will be :

= ₹, 75,000 (₹ 37,500 each under CGST and SGST)

- (ii)** Amount to be paid by M/s Super Fast Roadways for release of its conveyance under section 129 is as follows:

(a) Penalty under section 129(3) (as computed in above) [₹ 1,50,000]

or

(b) ₹ 1,00,000

whichever is less,

i.e., pre-deposit will be :

₹ 2,00,000 (₹ 1,00,000 each under CGST and SGST)

- (b) (i)** The proper officer can issue a show cause notice within 42 months from the due date of furnishing the annual return (31.12.2025) for relevant

financial year to which short payment relates to, i.e. upto 30.06.2029 in the given case.

- (ii)** The time-limit to pass the order for the above SCN is upto 12 months from the date of issuance of said SCN. This can be extended by a maximum 6 months in special circumstances
- (iii)** Answers to (i) and (ii) above will remain same in case the reason of the short-payment was a result of willful mis-statement.
- (c)** Section 26A provides that the import duty paid on clearance of imported goods for home consumption capable of being easily identified shall be refunded to the person by whom or on whose behalf such duty was paid subject to the fulfillment of the following conditions:
 - (a) Goods are defective or not as per agreed specifications.
 - (b) Goods are not worked upon/repaired/used after import except to discover the defects/ non-conformity with specifications.
 - (c) Goods are identified as the goods which were imported.
 - (d) Importer does not claim drawback.
 - (e) Within 30 days (extendable up to 3 months) from order for the clearance of imported goods for home consumption, goods are either–
 - (i) exported,
 - (ii) title is relinquished and goods abandoned to customs, by importer, or
 - (iii) destroyed/rendered valueless in presence of customs officer.
 - (f) No offence has been committed with respect to such goods.
 - (g) Application for refund has been made upto 6 months from the relevant date.
 - (h) Goods are not perishable goods or goods which have exceeded their shelf life or their recommended storage-before-use period.
 - (i) Any other condition specified by the Board.

Question 6

- (a) 'Generally, appellant is not allowed to produce any additional evidence at the appeal stage.' Examine this statement with reference to rule 112 of the CGST Rules, 2017 and discuss in brief, the provisions related to production of additional evidence before the Appellate Authority or the Appellate Tribunal.

(6 Marks)

- (b) Section 160 of the CGST Act, 2017 provides that the assessment proceedings shall not be invalid on certain grounds. You are required to list such grounds along with type of proceedings covered with explanation.

(4 Marks)

OR

- (b) What is meant by 'commencement of audit' with reference to section 65 of the CGST Act, 2017? Also state the time limit for the completion of the audit in such cases.

(4 Marks)

- (c) Who has the authority to place an entity in Denied Entity List (DEL) and what are the restrictions imposed on the entity placed in DEL?

Also enumerate when can the name once placed under DEL be removed from DEL?

(4 Marks)

Answer

- (a) The statement is correct.

Generally, the appellant is not allowed to produce any additional evidence at the appeal stage.

However, production of additional evidence at appeal stage is allowed:

- (i) where adjudicating authority/ Appellate Authority (hereinafter referred as AA) refused to admit evidence ought to be admitted
- (ii) where appellant was prevented by sufficient cause from producing evidence:
 - (a) called upon to produce by adjudicating authority/AA
 - (b) relevant to any ground of appeal
- (iii) where the order appealed against was made without giving sufficient opportunity to the appellant to adduce evidence relevant to any ground of appeal.

Any additional evidence shall not be admitted unless:

- (i) reasons for admitting such evidence are recorded in writing.
- (ii) a reasonable opportunity is allowed:
 - (a) to examine the evidence/document or to cross-examine any witness produced.
 - (b) to produce any evidence/witness in rebuttal of additional evidence produced.

This rule do not affect the power of AA/Tribunal to direct production of any document or examination of witness, to enable it to dispose off the appeal.

(b) The type of proceedings covered are:

- assessment
- re-assessment
- adjudication
- review
- revision
- appeal
- rectification
- notice
- summons
- other proceedings

The assessment proceedings shall not be invalid or deemed to be invalid merely by reason of any:

- mistake
- defect
- omission therein,

if such assessment proceedings are in substance and effect in conformity with/according to the intents, purposes and requirements of GST law or any earlier law.

(b) Alternative

Commencement of audit means:

- (i) the date on which records and other documents, called for by tax authorities, are made available by the registered person

or

- (ii) the date of actual institution of audit at the place of business, whichever is later.

The audit is required to be completed within 3 months (further extendable by maximum 6 months) from the date of commencement of audit.

(c) An entity may be placed under DEL, by the concerned Regional Authority (or RA) of the DGFT.

In such a case:

- (i) firm may be refused grant or renewal of a licence/ authorization/ certificate/ scrip/ any instrument bestowing financial/ fiscal benefits, and
- (ii) all new licences, authorisations, scrips, certificates, instruments etc. will be blocked from printing/ issue/ renewal.

A firm's name can be removed from DEL, by the concerned RA for reasons if the firm completes Export Obligation/ pays penalty/fulfils requirement of demand notice(s) issued by the RA/submits documents required by the RA.