

PART A : MULTIPLE CHOICE QUESTIONS

(30 MARKS)

QUESTION 1.

(2*10 = 20 MARKS)

1. M/s. Lex Corp. (P) Ltd. is a registered manufacturer of fruit juices. It purchases plastic bottles and cardboard and sends the same for affixing stickers on plastic bottles and manufacturing boxes from cardboard to a registered job worker, M/s. Hammer Industries (P) Ltd. These raw materials are sent directly from the place of business of supplier to the premises of job worker. M/s. Lex Corp. (P) Ltd. booked input tax credit on purchase of such items. The following transactions took place in this regard:

Value of goods sent to job worker	Input tax paid on such goods	Date of purchase of goods by M/s Lex Corp. (P) Ltd.	Date of Receipt of goods by M/s Hammer Industries (P) Ltd.	Date of goods received back from M/s Hammer Industries (P) Ltd.
Rs. 50,000	Rs. 6,000	10-07-2017	15-07-2017	12-07-2018
Rs. 2,00,000	Rs. 24,000	25-09-2017	27-09-2017	13-10-2018
Rs. 8,00,000	Rs. 96,000	22-12-2017	25-12-2017	16-08-2019
Rs. 10,00,000	Rs. 1,20,000	21-01-2018	25-01-2018	23-01-2019
Rs. 3,50,000	Rs. 42,000	24-02-2018	26-02-2018	28-02-2019

Determine the total amount to be added to the output tax liability of M/s. Lex Corp. (P) Ltd. in case of violation of section 143 of the CGST Act, 2017. Ignore the different point of times when the amount is added to the output tax liability.

- (a) Rs. 2,88,000/- + Interest @ 18%
 (b) Rs. 2,88,000/- + Interest @ 24%
 (c) 1,62,000/- + Interest @ 24%
 (d) 1,62,000/- + Interest @ 18%
2. Mr. Motilal, a trader registered in Delhi, receives an order from Mr. Chotilal, registered in Noida, Uttar Pradesh, for supply of goods of Rs. 1,00,000/- taxable @18%. Mr. Motilal, agrees to supply the goods ex-factory. Mr. Motilal, supplied goods on 3-Nov-2018 and issued a tax invoice of Rs. 1,18,000/- (Rs. 1,00,000/- + 18,000/- IGST) in the name of Mr. Chotilal. Mr. Chotilal, arranged his own vehicle for transportation of goods from Delhi to Noida. However, during transportation of goods, the vehicle of Mr. Chotilal, was stopped and checked by the Proper Officer. The Proper officers found that there was no e- way bill along with the tax invoice. The owner of the goods decided to pay the penalty and got the goods released himself. According to the provisions of section 129 of the CGST Act, 2017, what is the amount to be paid for release of goods and who shall make the payment,-

- (a) Payment of applicable tax and penalty equal to 100% of the tax payable by Mr. Motilal, i.e. Rs. 18,000/- tax + Rs. 18,000/- penalty
- (b) Payment of applicable tax and penalty equal to 100% of the tax payable by Mr. Chotilal i.e. Rs. 18,000/- tax + Rs. 18,000/- penalty
- (c) Payment of applicable tax and penalty equal to 100% of the value of goods by Mr. Motilal i.e. Rs. 18,000/- tax + Rs. 1,00,000/- penalty
- (d) Payment of applicable tax and penalty equal to 50% of the value of goods by Mr. Chotilal i.e. Rs. 18,000/- tax + Rs. 50,000/- penalty

3. An appeal to the High Court can be filed under the CGST Act, 2017 in the following cases:

- (i) By a person aggrieved against the order passed by the State bench or Area bench of the Appellate Tribunal.
- (ii) By a person aggrieved against the order passed by the National bench or Regional bench of the Appellate Tribunal.
- (iii) For matter involving substantial question of law.
- (iv) All of the above.

Choose the correct option from the following:

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

4. State whether following statements are true or false w.r.t. provisions relating to Advance Ruling.

- a. Questions on which the advance ruling can be sought under this Act, include rate of tax applicable to a particular supply and place of supply.
- b. Rectification of advance ruling is not possible once the Authority for Advance Ruling has passed the orders.
- c. The Authority for Advance Ruling shall pronounce its ruling within 90 days from the date of receipt of application.
- d. Authority for Advance Ruling may accept application even if the question raised in the application is already pending or decided in any proceedings under any of the provisions of the CGST Act, 2017 qua the applicant.
- e. Authority for Advance Ruling may, by order, declare such advance ruling void *ab- initio* if it finds out that such ruling is obtained by suppression of material facts, fraud or misrepresentation of facts.

Choose from following options:

- (a) False, False, True, False, True
- (b) False, True, True, False, True
- (c) True, True, False, False, True
- (d) False, False, False, False, True

5. Which of the following statements are true with reference to accounts and records?
- 1) All accounts and records are to be retained for 6 years.
 - 2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
 - 3) Stock record is to be maintained by all registered dealers including composition dealers.
 - 4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
 - 5) Monthly production records are to be maintained by all dealers including composition dealers
 - 6) Records are to be maintained at principal place of business. Which of the above are correct?
 - a) 1,2,5,6
 - b) 1,3,5
 - c) 1,3,4
 - d) 1,2,4,6
6. Which of the following statements are not correct in relation to drawback provisions under sections 74 and 75 of the Customs Act, 1962?
- a. While drawback under section 74 is payable when duty paid goods are re-exported, drawback under section 75 is payable when imported materials are used in the manufacture of export goods
 - b. While the rates for drawback under section 74 are fixed, a manufacturer may seek a special rate for drawback under section 75.
 - c. In case drawback is not paid to the applicant within one month of application, the interest has to be paid to the applicant in both the cases.
 - d. Drawback is not allowed in cases where market price of goods is less than the amount of drawback claimed.
- (a) All of above
 - (b) None of above
 - (c) (ii) and (iv)
 - (d) (ii) and (iii)
7. Mr. Rahul Roy, proprietor of M/s. Royal Shoe & Company is running a business of manufacturing shoes with the brand name of 'JUNOON'. The manufacturing unit is located in Delhi and registered under GST. However, due to low profitability in the business, he has decided to transfer his business to his friend Mr. Dilip Tijori. Mr. Dilip Tijori is already running the business of manufacturing shoes under a proprietorship firm named M/s Hawaii Shoes & Company which is located in Mumbai and registered under GST.
- Mr. Rahul Roy has approached you to help him with the issue of transfer of unutilized input tax credit in electronic credit ledger of M/s. Royal Shoe & Company to M/s Hawaii Shoes & Company.
- Advise Mr. Rahul Roy with the correct option in accordance with the provisions of the CGST Act, 2017:

- (a) M/s. Royal Shoe & Company cannot transfer unutilised input tax credit in its electronic credit ledger to M/s Hawaii Shoes & Company, as the proprietors are different.
- (b) M/s. Royal Shoe & Company can transfer unutilized input tax credit in its electronic credit ledger to M/s Hawaii Shoes & Company and it can further be utilized in setting off GST liability for succeeding period.
- (c) M/s. Royal Shoe & Company can transfer unutilized input tax credit in its electronic credit ledger to M/s Hawaii Shoes & Company and it can be further utilized in setting off GST liability for a period upto the month of September following the year in which ITC was transferred.
- (d) M/s. Royal Shoe & Company cannot transfer unutilized input tax credit in its electronic credit ledger to M/s Hawaii Shoes & Company but can claim refund of such unutilized input tax credit.

8. Ms. Reena Banerji is engaged in retail business of selling mobile phones in the State of West Bengal. She has effected supplies to the customers in the State of Uttar Pradesh and Haryana. Her total turnover during the financial year ending 31st March, 20XX is Rs. 18,00,000. Owing to low profit margins in the business, she has decided to shut down the business in April 20XX.

The proper officer has collected evidences of the inter-State sale of mobile phones effected by Ms. Reena Banerjee during the FY ending 31st March 20XX. Now, the proper officer wants to make the assessment as she was liable for registration but did not get herself registered.

You are required to assist the proper officer by determining which assessment can be done in this case under the CGST Act, 2017?

- (a) Self-assessment
 - (b) Provisional Assessment
 - (c) Assessment of un-registered persons
 - (d) Special assessment
9. Which of the following combinations is correct?

Situation	Consequence
1. Goods pilfered	1. Abatement of duty
2. Goods lost or destroyed	2. No liability pay customs duty
3. Goods damaged or deteriorated	3. Remission of duty

- (a) 1 and 1, 2 and 2, 3 and 3
 - (b) 1 and 3, 2 and 1, 3 and 2
 - (c) 1 and 2, 2 and 3, 3 and 1
 - (d) 1 and 2, 2 and 1, 3 and 3
10. Fury Ltd. has received an order for supply of services amounting to \$ 5,00,000/- from a US based client. Fury Ltd. is unable to supply the entire services from India and asks Neik Inc., Mexico (who is not an establishment of Fury Ltd.) to supply a part of the services, i.e. 40% of the total contract value to the US client. Fury Ltd. raised the invoice for entire value of \$ 5,00,000 but the US client paid \$ 3,00,000 to Fury Ltd. and \$ 2,00,000 directly to Neik Inc., Mexico which is approved by a special order of RBI. Fury Ltd. also paid IGST@ 18% on the services imported from Neik Inc. Mexico. Assuming all the conditions of section 2(6) of the IGST Act, 2017 are fulfilled, determine the value of export of services:
- (a) \$ 3,00,000
 - (b) \$ 5,00,000
 - (c) \$ 3,90,000
 - (d) \$ 5,90,000

QUESTION 2.**(1*10 = 10 MARKS)**

1. Input tax Credit is available on all supplies which are used or intended to be used in the course or furtherance of business. Input tax credit will be available under which of the following situations?
 - (a) GST paid on motor vehicle used in the course and furtherance of business.
 - (b) GST paid on club membership fees.
 - (c) GST paid on goods or services or both used for personnel consumption.
 - (d) IGST @18% paid on inputs purchased from a vendor in Bangalore where the supplier is registered in Rajasthan.

2. A special Audit under GST is conducted by :
 - (a) The CGST Officials
 - (b) The SGST Officials
 - (c) Chartered Accountant or Cost Accountant
 - (d) Any of the above

3. Which of the following legal services does not fall under RCM provisions as contained under section 9(3) of the CGST Act-
 - (a) Representation services provided by an individual advocate
 - (b) Representation services provided by a senior advocate
 - (c) Representation services provided by a firm of advocates
 - (d) Legal services provided by an advocate to an unregistered individual

4. M/s. Buildwell Engineering Consultants, located and registered in Gurugram, Haryana provided consultancy services to M/s. Taj India Ltd., (located and registered in Mumbai, Maharashtra) for its hotel to be constructed on land situated in Dubai.

Determine the place of supply of consultancy services provided by M/s. Buildwell Engineering Consultants to M/s. Taj India Ltd.:

 - (a) Gurugram, Haryana
 - (b) Mumbai, Maharashtra
 - (c) Dubai
 - (d) None of the above

5. Indigo Airlines sells various products like watches, artificial jewellery, packaged foods etc. to its passengers on board during the flight. The flight originates from Jaipur, halts at Mumbai and finally lands in Chennai. What would be the place of supply of such products?
 - (a) Jaipur
 - (b) Chennai
 - (c) Location where goods were taken on board
 - (d) Location where passengers buying goods disembark

6. What will be the rate of tax and nature of supply of a service, if the same is not determinable at the time of receipt of advance?
- (a) 12%, Inter-State supply
 - (b) 12%, Intra-State supply
 - (c) 18%, Inter-State supply
 - (d) 18%, Intra-State supply
7. The time-limit for issuance of order of Best Judgment assessment is:
- (a) 5 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 - (b) 4 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 - (c) 3 years from the date specified for furnishing of the annual return for the financial year to which the tax not paid relates.
 - (d) None of the above
8. Anti-Dumping duty is calculated as
- (a) Higher of margin of dumping or injury margin;
 - (b) Lower of margin of dumping or injury margin;
 - (c) Higher of export price or normal value;
 - (d) Lower of export price or normal value
9. Read the following and choose the correct option:
- i. Indian customs waters extend up to 12 nautical miles;
 - ii. Indian customs waters extend up to 24 nautical miles;
 - iii. Indian customs waters extend up to exclusive economic zone of India;
 - iv. Indian customs waters include territorial waters and extend up to 200 nautical miles.
- (a) Only (ii)
 - (b) (iii) and (iv)
 - (c) (ii) and (iv)
 - (d) Only (iv)
10. The integrated tax leviable on imported goods is levied-
- (a) as an additional duty of customs under section 3(7) of the Customs Tariff Act, 1975;
 - (b) as integrated tax under section 5 of the Integrated Goods and Services Tax Act, 2017;
 - (c) as a duty of customs under the Customs Tariff Act, 1975 read with Integrated Goods and Services Tax Act, 2017;
 - (d) None of the above

PART B : DESCRIPTIVE QUESTIONS**(70 MARKS)****QUESTION 1 is COMPLUSORY .****ATTEMPT ANY 4 QUESTIONS FROM REMAINING 5 QUESTIONS.****QUESTION : 1**

(A). Allfit Laboratories Ltd. is a registered supplier of bulk drugs in Delhi paying tax under regular scheme. It manufactures bulk drugs and supplies the same in the domestic and overseas market. The bulk drugs are supplied within Delhi and in the overseas market directly from the company's warehouse located in South Delhi. For supplies in other States of India, the company has appointed consignment agents in each such State. However, supplies in Gurgaon (Haryana) and Noida (U.P.) are effected directly from South Delhi warehouse. The drugs are supplied to the consignment agents from the South Delhi warehouse.

Allfit Laboratories Ltd. also provides drug development services to drug manufacturers located in India, including testing of their new drugs in its laboratory located in Delhi.

The company has furnished the following information for the month of January, 20XX:

Particulars	Rs.
Advance received towards drug development services to be provided to Orochem Ltd., a drug manufacturer, located in Delhi [Drug development services have been provided in February, 20XX and invoice is issued on 28.02.20XX]	5,00,000
Advance received for bulk drugs to be supplied to Novick Pharmaceuticals, a wholesale dealer of drugs in Gurgaon, Haryana [Invoice for the goods is issued at the time of delivery of the drugs in March, 20XX]	6,00,000
Supply of bulk drugs to wholesale dealers of drugs in Delhi	60,00,000
Bulk drugs supplied to Anchor Pharmaceuticals Inc., USA under bond [Consideration received in convertible foreign exchange]	90,00,000
Drug development services provided to Unipharma Ltd., a drug manufacturer, located in Delhi	6,00,000

You are required to **determine the GST liability** [CGST & SGST or IGST, as the case may be] of Allfit Laboratories Ltd. for the month of January, 20XX with the help of the following additional information furnished by it for the said period:

1. Consignments of bulk drugs were sent to Cardinal Pharma Pvt. Ltd. and Rochester Medicos – agents of Allfit Laboratories Ltd. in Punjab and Haryana respectively. Cardinal Pharma Pvt. Ltd. and Rochester Medicos supplied these drugs under their invoices to the Medical Stores located in their respective States for Rs. 60,00,000 and Rs. 50,00,000 respectively.
2. Bulk drugs have been supplied to Ronn Medicos - a wholesale dealer of bulk drugs in Gurgaon, Haryana for consideration of Rs. 15,00,000. Allfit Laboratories Ltd. owns 72% shares of Ronn Medicos Pvt. Ltd. Open market value of the bulk drugs supplied to Ronn Medicos Pvt. Ltd. is Rs. 30,00,000. Further, Ronn Medicos Pvt. Ltd. is not eligible for full input tax credit.

Note:

- (i) All the given amounts are exclusive of GST, wherever applicable.
- (ii) Assume the rates of GST to be as under:

Goods/services supplied	CGST	SGST	IGST
Bulk drugs	2.5%	2.5%	5%
Drug development services	9%	9%	18%

You are required to make suitable assumptions, wherever necessary.

(10 MARKS)

- (B) Vivitha & Co., registered dealer in Ludhiana, furnishes the following details of purchases and sales pertaining to the month of July, 2018 :

	Rs.
Goods 'A' purchased from local market (including GST @ 12)	50,400
Goods 'B' purchased from Jaipur (including IGST @ 18%)	82,600
Sales made during the month to dealer of Kolkata of product :	
→ Goods 'A'	80,000
→ Goods 'B'	45,000
Sales made within the state of Goods 'B'	35,000

Above sales amount given is exclusive of tax. **Compute the net CGST, SGST and IGST liability and input tax credit**, if any for the month of July, 2018.

(4 MARKS)

QUESTION : 2

- (A) On May 1, 2019, X (of Maharashtra) supplies goods/ service to A Ltd. (of Odisha). Taxable value of supply is Rs. 28,30,000. On May 6, 2019, X supplies goods/ services to B Ltd. (of Mumbai). Taxable value of supply is Rs. 58,00,000. GST rate is 18 per cent. X has the following balance of input tax credit available in his electronic credit ledger – IGST: Rs. 7,60,000, CGST : Rs. 3,40,000, SGST : Rs. 3,70,000. There is no other transaction for the month of May 2019. **Find out the amount of GST payable** for May 2019.

(9 MARKS)

- (B) The assessable value of imported goods is Rs. 10,00,000. The basic customs duty is 10%. Integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975 is 12%. GST compensation cess : Nil. Social Welfare Surcharge @ 10%. The goods were deposited in custom bonded warehouse. The goods were sold in warehouse at a transaction value of Rs. 15,00,000 before clearance from warehouse. **Compute total customs duty**.

(5 MARKS)

QUESTION : 3

- (A) (i) 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, 2018 for a consideration of Rs. 50,000. The turnover of ABC Ltd. in Financial Year 2017 – 18 was Rs. 18,00,000.
 - (2) Government of Rajasthan has provided services to XYZ Ltd. in the month of November, 2018 for a consideration of Rs. 5,000. The turnover of XYZ Ltd. in Financial Year 2017 – 18 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, 2018.
- (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.

(7 MARKS)

(ii) Examine whether GST is exempted on the following independent supply of services :

- (a) Teja & Co., a tour operator, provides services to a foreign tourist for tour conducted to Jammu Kashmir and receives a sum of Rs. 3,00,000.
- (b) Ms. Poorva acts as a Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company and received a remuneration of Rs. 2,00,000.

(2 MARKS)

(B) M/s. XYZ Co. imported goods declaring transaction value of Rs. 1,000 per unit, which was rejected. Rules 4 and 5 of the Import Valuation Rules are found inapplicable, as no similar/ identical goods are imported in India. M/s. XYZ Co. furnishes you the following data and requests you to **compute the value of imported goods as per Rule 7** :

- (1) Sale Price in India (after value addition) : Rs. 2,100 per unit (inclusive of GST @ 5%)
- (2) Commission to Indian agent on above sales : 4% of sale price (before GST)
- (3) Value addition after import : Rs. 50 per unit
- (4) Freight and Insurance from Port of import to factory of importation : Rs. 60 and Rs. 20 per unit.
- (5) General Expenses after importation : Rs. 90 per unit.
- (6) Net profit margin (normally earned by others also) : 20% of sale price (before GST)
- (7) Rate of Basis Customs Duty : 10%.

IGST @ 5% under Section 3(7) of CTA, 1975, SWS applicable (no other duty leviable). (ITC is not admissible under GST Laws)

(5 MARKS)

QUESTION : 4

(A) (i)

In an order dated 20.08.20XX issued to GH (P) Ltd., the Joint Commissioner of CGST has confirmed a CGST demand of Rs. 280 crore. The company is disputing the entire demand of CGST and wants to know how much pre-deposit it has to make under the CGST Act, 2017 for filing an appeal before the Appellate Authority against the order of the Joint Commissioner.

Assuming that the Appellate Authority also confirms the order of the Joint Commissioner and the company wants to file an appeal before the Appellate Tribunal against the order of the Appellate Authority, **how much pre-deposit** it has to make under the CGST Act, 2017 for filing the said appeal?

(5 MARKS)

(ii) P Ltd. sends the goods/ inputs to JB & Co. for further processing on 30.8.2018. The value of goods sent Job work is Rs. 1,00,000. **What are the tax implications**, in following cases, if GST @ 18% is levied :

(a) JB & Co. sends the processed goods back to P Ltd. on 30.10.2018.

(b) JB & Co. sends the processed goods back to P Ltd. on 30.10.2020 and extension of one year has been obtained from the Commissioner.

Make suitable assumptions as required.

(4 MARKS)

(B) An aircraft was compelled to land at a place other than customs airport due to stress of weather. What are the statutory obligations cast on person – in – charge of the aircraft in such a situation ?

(5 MARKS)

QUESTION : 5

(A) (i) Sindhi Toys Manufacturers, registered in Punjab, sold electronic toys to a retail seller in Gujarat, at a value of Rs. 48,000 (excluding GST leviable @ 18%. Now, it wants to send the consignment of such toys to the retail seller in Gujarat. You are required to advise Sindhi Toys Manufacturers on the following issues :

What will be the **consequences for non – issuance of e – way bill** ?

(5 MARKS)

(ii) Mr. X purchases an Apple i-phone open market value Rs. 80,000 from registered mobile dealer, in exchange of his existing mobile phone. The registered mobile dealer agreed to accept Rs. 72,000 instead of his quote of Rs. 75,000, as he would still be in a profitable position (the old mobile phone can be sold for Rs. 10,000). **Determine GST implications** of such transaction.

(4 MARKS)

(B) 'Goods manufactured or produced in India, which were earlier exported and thereafter imported into India will be treated at par with other goods imported into India'. Is the proposition correct or any concession is provided on such import? **Discuss briefly**.

(5 MARKS)

QUESTION : 6

- (A) (i) Discuss the liability to pay tax in case of an amalgamation/merger, under section 87 of the CGST Act, 2017.

(4 MARKS)

- (ii) A Ltd. is a manufacturing concern in Pune. In Financial Year 2018-19 total value of supplies including inward supplies taxed under reverse charge basis are Rs. 1,52,60,000. (exclusive of taxes). The break up of supplies are as follows –

Particulars	Rs.
(1) Intra – State Supplies made under forward charge	75,00,000
(2) Intra – State Supplies made which are chargeable to GST at Nil rate	43,00,000
(3) Intra – State Supplies which are wholly exempt under Section 11 of CGST Act, 2017	32,00,000
(4) Value of inward supplies on which tax payable under RCM	2,60,000

Briefly explain whether A Ltd. is eligible to opt for Composition scheme in Financial Year 2019 – 20.

(5 MARKS)

- (B) Determine reward under Merchandise Exports from India Scheme (MEIS) from the following particulars (rate of reward may be taken to be 5%).

- (1) Goods X – FOB value declared in shipping bill is Rs. 15,00,000. FOB value realized due to exchange gains : Rs. 15,10,000.
- (2) Goods Y – FOB Value declared in shipping bill is Rs. 12,00,000. FOB value realized due to exchange loss : Rs. 11,98,000.
- (3) Exports of Product 'X' through courier – FOB Value Rs. 5,30,000.
- (4) Exports of product 'Y' through courier – FOB Value Rs. 4,88,000
- (5) Supplies of goods made to SEZ units : Rs. 50,000

(5 MARKS)