

Note: All questions are compulsory.

Question 1 (5 Marks)

This supply would be regarded as mixed supply, since in this case each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied conjointly for a single consolidated price. The tax rates applicable in case of mixed supply would be the rate of tax attributed to that one supply (goods, or services) which suffers the highest rate of tax from amongst the supplies forming part of the mixed supply. Therefore, the package will be chargeable to 28% GST.

(3 marks)

The tax liability will be arrived as under: (2 marks)

Value of taxable supply per package	₹ 500
No. of packages	10,000
Total Taxable Value of supply	₹ 50,00,000
Applicable GST Rate	28%
Total Tax liability	₹ 14,00,000

Question 2 (5 Marks)

a. The cost to the ultimate consumer under two schemes is as under –

	Normal GST Scheme(2 marks)	Composition Scheme*(2 marks)
Cost of goods sold (*No credit under composition scheme, hence, cost of goods sold will be higher)	50,00,000	52,50,000
Add: Costs of maintaining records	1,20,000	50,000
Add: Normal Expenses	3,00,000	3,00,000
Total Costs	54,20,000	56,00,000
Sales (inclusive of all taxes)	60,00,000	60,00,000
Less: Tax(GST=₹60Lakhsx5 ÷ 105);(Composite Tax = ₹60Lakhsx1%)	2,85,714	60,000
Sales (net of taxes)	57,14,286	59,40,000
Profit of the dealer (Sales, net of taxes – Total Costs)	2,94,286	3,40,000

Conclusion: It is apparent that while cost to ultimate consumer, in both the cases remains same, the profit of the dealer is higher if the dealer opts for composition scheme. Hence, composition scheme should be opted. (1 mark)

Question 3 (6 Marks)

a. Computation of GST liability of VHP – (1 mark for each)

Particulars	₹
Renting of room where charges are ₹ 500 per day	Nil
Renting of room where charges are ₹ 1,500 per day	9,00,000
Renting of community halls where charges are ₹ 25,000 per day	10,00,000
Renting of Kalyanmandapam where charges are ₹ 5,000 per day	Nil
Renting of shops for business where charges are ₹ 15,000 per month	7,50,000
Renting of shops for business where charges are ₹ 5,000 per month	Nil
Value of Taxable supply	26,50,000

Working Note: Services by a person by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income – tax Act, 1961 are exemption shall not apply to,-

- (i) Renting to rooms where charges are ` 1,000 or more per day;
- (ii) Renting of premises, community halls, kalyanmandapam or open area, and the like where charges are ` 10,000 or more per day.
- (iii) Renting of shops or other shops for business or commerce where charges are ` 10,000 or more per month.

Question 4 (4 Marks)

Taxable event under GST is supply of goods or services or both. CGST and SGST/UTGST will be levied on intra-State supplies. IGST will be levied on inter-State supplies.

Intra-State Supply: Where the location of the supplier and the place of supply of goods or services are in the same State/Union territory, it is treated as intra-State supply of goods or services respectively. (2 marks)

Inter State Supply: Where the location of the supplier and the place of supply of goods or services are in –

- (i) Two different States; or
- (ii) Two different Union Territories; or
- (iii) A state and a Union territory,

It is treated as inter – state supply of goods or services respectively. (2 marks)

Question 5 (6 Marks)

. The Place of supply of services will be as under -

- (1) As per Section 13(8) (b) of IGST Act, 2017, place of supply of intermediary services is the location of supplier of service. Commission agent of goods are covered under section 13(8) (b) of IGST Act, 2017. Thus, the place of supply of services provided or agreed to be provided by Trade get (as commission agent of goods) to foreign company will be the location of supplier of service i.e., Jaipur. (1 Marks)
- (2) Section 13(3) (a) of IGST Act, 2017, provides that the place of supply of services provided in respect of goods that are required to be made physically available by the recipient of service to the supplier of service in order to supply the service, is the location where the services are actually performed.

However, Section 13(3) (a) does not apply in the case of a service supplied in respect of goods that are temporarily imported into India for repairs and are exported after the repairs without being put to any use in India, other than that which is required for such repair.

Consequently, such a case will be covered under Section 13(2) (default provision) and the place of supply of service will be the location of recipient of service. In the given case, goods have been temporarily imported by Kamal Repair Center and have been –re-exported after the repairs without being put to any use in Mumbai. Therefore place of supply of repair service carried out by Kamal Repair Center will be determined by Section 13(2). Consequently, the place of supply of service will be the location of recipient of service i.e. China. (1 ½ Marks)

(3) As per Section 13(8)(c) of IGST Act, 2017, the place of supply of service consisting of hiring of all means of transport including Yachts but excluding –

- (i) aircrafts, and
- (ii) vessels,

Upto a period of one month, is the location of the supplier of service.

Therefore , services of hiring of aircraft and vessel (Except yachts), irrespective of the period of hire , will be covered under Section 13(2) of IGST Act, 2017(default provision) and the place of supply of service will be the location of the recipient of service.

In the given case, since SCI, a shipping company located in Mumbai (recipient of service)has taken vessel on hire from foreign shipping line of Japan , the place of supply of aforesaid hiring services will be Mumbai(location of service recipient). (1 ½ Marks)

Question 6 (5 Marks)

Suo moto registration [Rule 16 of CGST Rules, 2017]:

Temporary Registration by proper officer [Rule 16(1)] : Where, pursuant to any survey, enquiry, inspection, search or any other proceedings under the Act, the proper officer finds that a person liable to registration under the Act has failed to apply for such registration, such officer may register the said person on a temporary basis and issue an order in FORM GST REG-12.(1 mark)

Effective date of registration [Rule 16(2)] : The registration shall be effective from the date of such order granting registration.

Application for registration to be made within 90 days of temporary registration ; if appeal filed against order of temporary registration is dismissed - Within 30 days of appellate order [Rule 16(3)]: Every person to whom a temporary registration has been granted shall, within a period of 90 days from the date of the grant of such registration, submit an application for registration in the form and manner provided in Rule 8 or Rule 12.

Where the said person has filed an appeal against the grant of temporary registration, in such case, the application for registration shall be submitted within a period of 30 days from the date of the issuance of the order upholding the liability to registration by the Appellate Authority. (2 mark)

Verification and grant of registration certificate [Rule 16(4)] : The provisions relating to verification and issue of registration certificate [as contained in Rules 9 and 10] shall, mutatis mutandis, apply to an application submitted under this rule. (1 mark)

GSTIN to be effective from date of temporary registration {Rule 16(5)} : The Goods and Services Tax Identification Number assigned shall be effective from the date of the order granting registration under rule 16(1). (1 mark)

Question 7 (8 Marks)

a. Liability under Act to be First Charge [Section 142A of the Customs Act, 1962] : Notwithstanding anything to the contrary contained in any Central Act or State Act, any amount of duty, penalty, interest, or any other sum payable by an assessee or any other person under this act or the rules made there-under shall be the first charge on the property of the assessee or the concerned. However, aforementioned first charge shall be subject to the amounts payable under the following Acts :

- Section 529A of the Companies Act, 1956/ Section 326 of the Companies Act, 2013.
- The Recovery of Debts Due to Banks and the Financial Institutions Act, 1993.
- The Securitization and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002. (4 marks)

In view of above-mentioned provisions of Section 142A of Customs Act, 1962, the Department can create first charge on the property of defaulting assessee Raman Ltd. However, aforementioned first charge shall be subject to amounts payable under the following Acts :

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993	₹ 3,00,000
The Securitization and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002	₹ 2,00,000

Thus, the Department will be able to create first charge of ` 15 lakhs [` 20 lakhs less ` 5 lakhs payable under above Acts] only by virtue of Section 142A of Customs Act, 1962. (4 marks)

Question 8 (4 Marks)

b. Residents eligible to file an application for advance ruling : (1 mark each)

The Central Government has, by notification, specified that the following resident persons shall be eligible to file an application for advance ruling,-

- Any public sector company.
- A resident who proposes to import goods claiming for assessment under heading 9801 of First Schedule to Customs Tariff Act, 1975 (i.e. *Project Imports by residents*).
- Resident public limited company.

The expression 'resident public limited company' means a public company defined in the Companies Act, 2013 and includes a private company, which is a subsidiary of a public company, and which is resident in India in terms of Income-tax Act, 1961.

Resident private limited company.

The expression "Private limited company" shall have the same meaning as is assigned to "private company" in section 2(68) of the Companies Act, 2013 and which is "resident" in India in terms of Income-tax Act, 1961.

- Resident firm : The Central Government has specified "resident firm" as class of persons for the purposes of obtaining advance ruling under excise, customs and service tax.

For this purpose, —

"Firm" shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932, and includes —

the limited liability partnership as defined in section 2(l)(n) of the Limited Liability Partnership Act, 2008; or

limited liability partnership which has no company as its partner; or

the sole proprietorship; or

One Person Company;

"Sole proprietorship" means an individual who engages himself in provision of service/ manufacture of goods/ import/ export;

"One Person Company" means as defined in Companies Act, 2013; and

"Resident" shall have the meaning assigned to it in Section 2(42) of the Income-tax Act, 1961 in so far as it applies to a resident firm.

Question 9 (4 Marks)

The relevant provisions are discussed as under –

(1) Applicability: Section 10 (1) (b) of the IGST Act, 2017 lays down the provisions to determine the place of supply in cases where there is a tripartite arrangement of supply, commonly known as bill to ship to transactions or where there is a sale of goods in transit by the original buyer / agents. (1 mark)

(2) Place of supply in respect of Bill to ship transactions – Principal place of business of third person: As per Section 10 (1) (b) of the IGST Act, 2017, the place of supply shall be the principal place of business of third person and he shall be deemed to have received the goods if the following conditions are satisfied:

- (i) The goods are delivered by the supplier to recipient or any other person;
- (ii) The goods are thus delivered on the direction of a third person, who may or may not be an agent;

(iii) The goods are delivered before or during the movement of the goods, either by way of transfer of documents of title to the goods or otherwise.

Even though Section 2(93) of CGST Act defines recipient, inter alia, as the 'payer of the consideration'; under this provision, recipient is the one who actually collects the goods and the third person is the one who enjoys privity with the supplier to be able to direct him to deliver the goods.

Where three parties are involved i.e. to say a supplier, a buyer who is not the recipient of goods (referred as third person) and the recipient who actually receives the goods on the directions of the buyer, a fiction is introduced by Section 10 (1) (b) of IGST Act, 2017, whereby the third person on whose direction the goods are delivered will be considered the recipient of the goods and the place of supply is deemed to be the principal place of business of the said third person (being the first buyer).

It is important to identify the two supplies involved in this transaction – by supplier to third person and by third person to recipient. This provision deals only with the first limb of supply i.e., supply by supplier to third person. (3 marks)

Question 9 (3 Marks) (1 mark each)

- (1) Since the service has been received at the registered place of business i.e. Delhi, the location of the recipient shall be Delhi as per Section 2(70) (a) of the GST Act, 2017 though the beneficiary of the services are all the four offices.
- (2) If the service is received at a fixed establishment (here, Agra), then as per Section 2(70) (b) of the CGST Act, 2017, the location of the fixed establishment shall be the location of the recipient. In this case, the location of the recipient shall be Agra.
- (3) If the agreement is entered into at Delhi, but the service is received at Jaipur, then as per Section 2(70) (c) of CGST Act, 2017 in case service is received at multiple establishments, then, the establishment most directly concerned with the receipt of supply shall be the location of the recipient of service. Here, the location of the recipient shall be Jaipur.
