

Division A: Multiple Choice Questions (30 marks)

QUESTION 1

MULTIPLE CHOICE QUESTIONS

(1*10 = 10 MARKS)

1. Where any agent supplies goods on behalf of his principal:
 - (a) Such agent shall be jointly and severally liable to pay the GST payable on such goods.
 - (b) The principal shall be jointly and severally liable to pay the GST payable on such goods.
 - (c) Both (a) and (b)
 - (d) None of the above.

2. Rochester Private Limited has been issued a show cause notice (SCN) on 31.08.2021 under section 73(1) of the CGST Act, 2017 on account of short payment of tax during the period between 01.07.2017 and 31.12.2017. As per section 73(1), in the given case, SCN can be issued latest by _____.
 - (a) 31.12.2021
 - (b) 30.09.2021
 - (c) 30.06.2021
 - (d) 31.12.2020

3. In which of the following cases, the refund under section 27 of the Customs Act, 1962 is credited to the consumer welfare fund?
 - (a) If the importer proves that there is no unjust enrichment;
 - (b) Where goods are imported for non-personal use of an individual;
 - (c) If the amount of refund relates to drawback under sections 74 and 75 of the Customs Act, 1962
 - (d) If the amount relates to export duty paid on goods which have been returned to exporter as specified under section 26 of the Customs Act, 1962.

4. The time-limit for issuance of order of best judgment assessment under CGST Act, 2017 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

5. Countervailing duty under section 9 of the Customs Tariff Act shall not be levied unless it is determined that:
 - (i) Subsidy relates to export performance;
 - (ii) Subsidy relates to use of domestic goods over imported goods in export article;
 - (iii) Subsidy is conferred on all persons engaged in the manufacture of export article.
 - (a) All of above
 - (b) Only (iii)
 - (c) (ii) and (iii)
 - (d) (i) and (ii)

6. Inspection under CGST Act, 2017 can be ordered if the taxable person has:
- (a) suppressed any transaction of supply of goods or services
 - (b) suppressed stock of goods in hand
 - (c) contravened any provision of the GST law to evade tax
 - (d) All of the above
7. GST compliance rating shall be assigned to:
- (a) only a person who is liable to deduct TDS/ collect TCS
 - (b) only a composition dealer
 - (c) only an Input Service Distributor
 - (d) every registered person
8. Which of the following statements are true w.r.t. accounts and records under GST laws?
- (a) All accounts and records are to be retained for 5 years.
 - (b) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
 - (c) Stock record is to be maintained by all registered dealers including composition dealers.
 - (d) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
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. Mr. A, a sole proprietor, has to appear before the Appellate Authority. He decides to appear by an authorized representative. Which of the following persons can be appointed as 'authorized representative' of Mr. A under GST law?
- (a) Sohan, his son, who has been dismissed from a Government service lately.
 - (b) Rohan, a Company Secretary, who has been adjudged insolvent.
 - (c) Mukul, a practicing High Court advocate.
 - (d) All of the above.

QUESTION 2

MULTIPLE CHOICE QUESTIONS

(2*5 = 10 MARKS)

1. Lucky Singh, a resident of Noida, U.P., went to Himachal Pradesh for a family vacation via Delhi-Chandigarh-Himachal Pradesh in his own car. After entering Chandigarh, his car broke down due to some technical issue. He called 'ONROADS' - an emergency roadside car assistance company (registered under GST in Delhi) to repair the car. The car was repaired by the staff of 'ONROADS'. The value of supply amounted to Rs. 50,000 (being labour charges Rs. 40,000 and spares Rs. 10,000). The bill was supposed to be generated online through the server, but due to some technical issue, it was not so generated.

Determine the place of supply in the given case.

- (a) Delhi
- (b) Chandigarh
- (c) Noida, U.P
- (d) Himachal Pradesh

2. Which of the following statements is correct while issuing a tax invoice?
- (i) Place of supply in case of inter-State supply is not required to be mentioned
 - (ii) The power of attorney holder can sign the tax invoice in case the taxpayer or his authorised representative has been travelling abroad
 - (iii.) Quantity is not required to be mentioned in case of goods when goods are sold on “as is where is basis”
 - (iv) Description of goods is not required to be given in case of mixed supply of goods
- (a) (ii), (iii)
 - (b) (i), (ii), (iii)
 - (c) None of the above
 - (d) All of the above

3. Outline the stepwise procedure of import of goods into India.

- i. Filing of Import General Manifest
 - ii. Arrival of vessel
 - iii. Grant of entry inwards to vessel
 - iv. Unloading of goods
 - v. Assessment of goods
 - vi. Filing of Bill of Entry
 - vii. Payment of duty
- (a) (i), (ii), (iii), (iv), (v), (vi) and (vii)
 - (b) (ii), (iii), (i), (iv), (v), (vi) and (vii)
 - (c) (iii), (ii), (i), (vi), (v), (vii) and (iv)
 - (d) (ii), (i), (iii), (iv), (vi), (v) and (vii)

4. State which of the following statement is correct:

- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than Rs. 150,000/- is exempt.
- (ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of Rs. 50,000/- is exempt.
- (iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto Rs. 2,500/- in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
- (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is Rs. 2250/-, is exempt.

Your options are-

- (a) (i)
- (b) (ii), (iii)
- (c) (ii), (iii), (iv)
- (d) None of the above

5. M/s. Raman Plastics is a manufacturer of plastic toys. It is registered person under GST in Shimla, Himachal Pradesh.

It procures its raw materials from Punjab. During the month of April-2019, it purchased material of Rs. 35.00 Lakh and paid IGST thereon amounting to Rs. 6.30 Lakh. It supplied 30% of its production in the State of Jammu and Kashmir, whereas the 70% of its production was supplied taxable @ 0.1% to a merchant exporter during the month of Apr-2019.

The returns for the month of April, 2019 were duly filed in time. The last date upto which the taxpayer can claim refund of input tax credit on account of inverted duty structure is

- (a) 20-Apr-2021
- (b) 20-May-2021
- (c) 31-Mar-2022
- (d) 20-Apr-2020

QUESTION 3 CASE STUDY BASED MULTIPLE CHOICE QUESTIONS (2*5 = 10 MARKS)

Dumdum Engineering Private Limited (DEPL), Surat (Gujarat), a supplier of heavy machinery, supplied a machine to Gulati Manufacturers from its godown located in Mumbai, Maharashtra, on 1st January at a price of Rs. 64,00,000 (excluding all taxes). Gulati Manufacturers has its corporate office in New Delhi. However, the machinery was installed at its manufacturing unit located in Gurugram (Haryana) for which installation and commissioning charges of Rs. 4,80,000 and handling and loading charges of Rs. 1,60,000, were charged by DEPL. For every machinery supplied, DEPL receives a grant of Rs. 3,20,000 from its holding company Dharam Ltd.

Transportation of machinery to the customer's premises is arranged by DEPL through a third-party service provider [Goods Transport Agency (GTA)]. Gulati Manufacturers entered into a separate service contract with the GTA and paid the freight of Rs. 50,000 directly to it.

DEPL offered a cash discount of 2% on the price of the machinery at the time of supply since Gulati Manufacturers agreed to make the payment within 15 days of the receipt of the machinery at its premises. However, it was agreed that in case Gulati Manufacturers failed to make the payment within the stipulated time, DEPL would-

- recover the discount given; and
- charge interest @ 1% per month or part of the month on the total amount due (including discount recovered) from Gulati Manufacturers (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is to be charged on the tax dues.

Gulati Manufacturers paid the consideration for the machine on 31st March. Since the payment was made after the stipulated period of 15 days of the receipt of the machinery, discount given was recovered from it and interest was accordingly charged. However, Gulati Manufacturers refused to pay tax on interest and discount recovered.

Assume the rates of taxes to be as under:

Supply	CGST rate	SGST rate	IGST rate
Machinery supplied	6%	6%	12%
Service of transportation goods	2.5%	2.5%	5%
Other services involved in above supply	9%	9%	18%

In view of the above information, you are required to answer the following questions:

- (i) The place of supply of the machinery supplied by DEPL is _____ and the nature of supply is _____.
 - (a) Gujarat, intra-State supply
 - (b) Haryana, inter-State supply
 - (c) New Delhi, inter-State supply
 - (d) Maharashtra, inter-State supply
- (ii) The GST liability of DEPL for the month of January is _____ (approx.).
 - (a) 9,46,660
 - (b) 8,67,840
 - (c) 9,06,153
 - (d) 8,29,440

- (iii) The GST liability of DEPL for the month of March is _____ (approx.).
- (a) 36,343
 - (b) 36,504
 - (c) 35,314
 - (d) Nil
- (iv) Supply of machinery and supply of installation and commissioning services is _____ supply. Time of supply of interest received by DEPL and cash discount recovered on account of delayed payment of consideration is _____.
- (a) composite, 31st March
 - (b) composite, 1st January
 - (c) mixed, 1st January
 - (d) mixed, 31st March
- (v) If the grant of Rs. 3,20,000 received by DEPL had been received from Central Government instead of its holding company Dharam Ltd., with other facts remaining the same, the GST liability of DEPL for the month of January would have been _____ (approx.).
- (a) 9,46,660
 - (b) 8,67,840
 - (c) 9,06,153
 - (d) 8,29,440

Division B: Descriptive Questions (70 Marks)

Question no. 4 is compulsory. Attempt any four questions out of the remaining five questions.

QUESTION 4(A)

(10 MARKS)

‘Sarvshiksha Trust’ is a charitable trust registered under section 12AA of the Income-tax Act, 1961. The trust is registered under GST in the State of Uttar Pradesh. The trust runs the following educational institutions:

- (i) ‘Kaypee Institute of Technology’ (KIT), a private engineering college in Ghaziabad. KIT also runs distance learning post graduate engineering programmes. Exams for such programmes are conducted in select cities at centres appointed by the KIT. All the engineering courses including the distance learning post graduate engineering programme run by KIT are approved by The All India Council for Technical Education (AICTE).
- (ii) ‘Nanhi Mutthi’, a pre-school in Lucknow.
- (iii) ‘Bright Minds’, a coaching institute in Kanpur. The Institute provides coaching for Institute of Banking Personnel Selection (IBPS) Probationary Officers Exam.
- (iv) ‘Gyan Vaibhav’ a higher secondary school affiliated to CBSE Board.

The trust provides the following details relating to the goods and services received by the various institutions run by it during the period April 20XX to September 20XX:

Table 1

S. No.	Particulars	KIT	Nanhi Mutthi	Bright Minds	Gyan Vaibhav
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
(i)	Printing services for printing the question papers (paper and content are provided by the Institutions)	2,50,000		1,50,000	2,00,000
(ii)	Paper procured for printing the question papers	4,30,000		2,58,000	3,44,000
(iii)	Courier services for sending the admit cards for the examination, to the students	50,000			
(iv)	Honorarium to paper setters and examiners (not on the rolls of the Institution)	5,00,000			
(v)	Rent for exam centers taken on rent like schools etc, for conducting examination	8,00,000		1,00,000	
(vi)	Subscription for online educational journals [Nanhi Mutthi has taken the subscription for online periodicals on child development and experiential learning]	4,00,000	80,000	2,20,000	2,40,000
(vii)	Hire charges for buses used to transport students and faculty from their residence to college and back	4,80,000	5,50,000	1,30,000	7,50,000
(viii)	Catering services for running a canteen in the campus for students (Catering services for KIT include a sum of Rs. 60,000 for catering at a student event organised in a banquet hall outside the campus)	3,20,000	2,60,000	1,80,000	5,00,000
(ix)	Security and housekeeping services for the institution(s) (Security and housekeeping services for Gyan Vaibhav include a sum of Rs. 80,000 payable for security and housekeeping at the student event organised in a banquet hall outside the campus)	6,00,000	4,00,000	3,75,000	4,65,000

The trust further provides the following details relating to the output services provided to the students by the various institutions run by it during the period April 20XX to September 20XX:

Table 2

S. No.	Particulars	KIT	Nanhi Mutthi	Bright Minds	Gyan Vaibhav
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
(i)	Tuition fee	35,00,000	15,00,000	20,00,000	25,00,000
(ii)	Transport fee charged from students	5,00,000	6,00,000	1,30,000	8,50,000
(iii)	Charges for food supplied in canteen (located in the premises of the Institutions). The canteen facility being provided by Bright Minds is not compulsory and is open to general public as well. However, canteen facility being provided by KIT and Gyan Vaibhav is only for students and staff of such educational institutions.	4,60,000		2,40,000	6,10,000

With the help of the above details –

- (i) **determine the amount of GST payable**, if any, on goods and services received during April 20XX- September 20XX by the various educational institutions run by the ‘Sarvshiksha Trust’;
- (ii) **compute net GST liability** of the ‘Sarvshiksha Trust’ payable from the Electronic Cash Ledger, for the period April 20XX to September 20XX.

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

Notes:

- (i) Rate of GST on catering service is 5%. No ITC has been availed on inputs and input services used in the supply of catering service. Assume that while providing the catering service in the canteen, the educational institutions have not used any inputs and input services except the catering service (mentioned at Sl. No. VIII of Table 1) availed from third parties.
- (ii) Rate of GST on goods is 12%. Rate of GST on printing services is 12% and on other services is 18%.
- (iii) Except catering service, wherever relevant, all the conditions necessary for availing the ITC have been complied with.

QUESTION 4(B)

(4 MARKS)

Rahul Agri Millers Ltd., located in Haryana, is engaged in customs milling of paddy into rice. It does not pay GST on the same as it is of the view that the process of milling of paddy into rice is exempt under GST since is an intermediate production process in relation to cultivation of plants. However, Department demands tax on said activity contending that it is not eligible for said exemption. **You are required to determine the veracity of the Department’s contention.**

QUESTION 5(A)**(9 MARKS)**

Mahadev Enterprises, a sole proprietorship firm, opened a shopping complex dealing in supply of goods at multiple locations, i.e. in Himachal Pradesh, Uttarakhand and Tripura in the month of June.

It has furnished the following details relating to the sale made at such multiple locations for the month of June:-

Particulars	Himachal Pradesh	Uttarakhand	Tripura
	(Rs.)*	(Rs.)*	(Rs.)*
Intra- State sale of taxable goods	22,50,000	-	7,00,000
Intra-State sale of exempted goods	-	-	6,00,000
Interest received from banks on the fixed deposits	-	-	60,000
Intra-State sale of non-taxable goods	-	21,00,000	40,000

* excluding GST

With the help of the above mentioned information, **answer the following questions giving reasons:-**

- (1) Determine whether Mahadev Enterprises is liable to be registered under GST law and what is the threshold limit of taking registration in this case.
- (2) Explain with reasons whether your answer in (1) will change in the following independent cases:
 - (a) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh;
 - (b) If Mahadev Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh;
 - (c) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh and has also effected inter - State supplies of taxable goods amounting to Rs. 4,00,000.

QUESTION 5(B)**(5 MARKS)**

What is the time and manner of claiming drawback in case of goods exported other than by post.

QUESTION 6(A)**(5 MARKS)**

XYZ Pvt. Ltd. has provided the following particulars relating to goods sold by it to ABC Pvt. Ltd.

Particulars	Rs.
List price of the goods (exclusive of taxes and discounts)	1,25,000
Tax levied by Municipal Authority on the sale of such goods	15,000
CGST and SGST chargeable on the goods	19,200
Packing charges (not included in price above)	15,500

XYZ Pvt. Ltd. received Rs. 9,500 as a subsidy from a Non profit making organization in respect of timely supply of such goods. The price of Rs. 1,25,000 of the goods is after considering such subsidy. XYZ Ltd. offers 4% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of taxable supply made by XYZ Pvt. Ltd.

QUESTION 6(B)**(4 MARKS)**

On 05.07.20XX, a show cause notice for Rs. 5,00,000 was issued to Mr. Janak Singhal demanding short payment of GST of Rs. 4,50,000 for the month of January, 20XX and also interest of Rs. 50,000.

Mr. Janak Singhal raised objections and after personal hearing on 30.08.20XX, adjudicating authority passed the final order for Rs. 3,50,000 for GST, without any reference with regard to payment of interest.

Mr. Janak Singhal deposited the tax of Rs. 3,50,000 on 02.09.20XX and informed the department on the same day. Subsequently, on 15.09.20XX, department demanded payment of interest of Rs. 60,000 on GST of Rs. 3,50,000.

Mr. Janak Singhal is not ready to pay any interest. His contention is that he is not liable for interest because he deposited all the amount specified in the final adjudication order.

Examine with a brief note the validity of the action taken by the Department with reference to provisions of the CGST Act, 2017.

QUESTION 6(C)**(5 MARKS)**

Determine the customs duty payable under the Customs Tariff Act, 1975 including the safeguard duty of 30% under section 8B of the said Act with the following details available on hand:

Assessable value of Sodium Nitrite imported from a developing country from 26th February, 2017 to 25th February, 2018 (both days inclusive)	Rs. 30,00,000
Share of imports of Sodium Nitrite from the developing country against total imports of Sodium Nitrite to India	4%
Basic custom duty	10%
Integrated tax under section 3(7) of the Customs Tariff Act, 1975.	12%
Social welfare surcharge	10%

Note: Ignore GST compensation cess.

QUESTION 7(A)**(5 MARKS)**

What is the quantum of penalty for an offence mentioned under section 122(1)?

QUESTION 7(B)**(4 MARKS)**

PQR Ltd. a registered person supplying taxable goods in Jaipur has opted to pay tax on composition scheme under Section 10 with effect from 28.02.2020. It provides following information relating to balance of input tax credit lying as on 27.02.2020 :

- (1) Inputs lying in stock as such valued at Rs. 1,68,000 (inclusive of CGST & SGST @ 12%)
- (2) Inputs contained in finished goods where tax invoice is not available relating to such inputs but it is known that market price of such inputs (inclusive of CGST and SGST @ 12%) on 28.02.2020 is Rs. 89,600.
- (3) Input tax on capital goods purchased on 25.10.2019 is Rs. 72,000.
- (4) Balance in Electronic credit Ledger is Rs. 1,10,000.

Decide whether PQR Ltd. is eligible for input tax credit lying on 27.02.2020.

QUESTION 7(C)**(5 MARKS)**

XYZ Ltd. imported goods through vessel which arrived at customs port on 01.05.2019. The company presented bill of entry for home consumption in Indian Customs Electronic Data Interchange Gateway on 06.05.2019. **Determine charges** if any for late presentation of bill of entry by XYZ Ltd.

QUESTION 8(A)**(5 MARKS)**

What recourse may be taken by the officer in case proper explanation is not furnished for the discrepancy detected in the return filed, while conducting scrutiny under section 61 of CGST ACT ?

QUESTION 8(B)**(4 MARKS)**

From the following information determine the nature of supply and tax liability.

XYZ Ltd. a manufacturer of cosmetic products supplied a package consisting of hair oil (GST Rate – 18%), sunscreen cream (GST Rate – 28%), shampoo (GST Rate – 28%) and hair comb (GST Rate – 12%). The price per package is Rs. 500 (exclusive of taxes). 10,000 packages were supplied by the company to its dealers. **Determine the nature of supply and its tax liability.**

QUESTION 8(C)**(5 MARKS)**

Mr. Samuel, a US resident aged 35 years, has come to India on a tourist visa for a month-long vacation. He carries with him, as part of baggage, the following:

Particulars	Value in Rs.
Travel souvenirs	85,000
Other articles carried on in person	1,50,000
80 sticks of cigarettes of Rs. 100 each	8,000
30 cartridges of fire arms valuing Rs. 500 each	15,000
One litre wine	15,000

With reference to the Baggage Rules, 2016, **determine whether Mr. Samuel will be required to pay any customs duty?**

QUESTION 9(A)**(5 MARKS)**

Mohan Enterprises is entitled for exemption from tax under GST law. However, it collected tax from its buyers worth Rs. 50,000 in the month of August. It has not deposited the said amount collected as GST with the Government. **You are required** to brief to Mohan Enterprises the consequences of collecting tax, but not depositing the same with Government as provided under section 76 of the CGST Act, 2017.

QUESTION 9(B)**(4 MARKS)**

M/s. Apna Bank Limited a Scheduled Commercial Bank has furnished the following details for the month of August, 2019 :

Particulars	Rs. In crores (Excluding GST)
Extended Housing Loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account and saving account holder	1

Compute the value of Taxable supply. Give reasons with suitable assumptions.

OR

QUESTION 9(B)

(4 MARKS)

When shall the particulars relating to any proceedings or prosecution be published under GST laws?

QUESTION 9(C)

(5 MARKS)

Whether all types of exports categories/sectors are eligible for duty credit scrip entitlement under Merchant Export from India Scheme (MEIS)? If your answer is no, give few examples of the export categories/sectors which are ineligible for duty credit scrip entitlement under MEIS.

Saksham exports a consignment of handicraft items through courier using e-commerce of free on board (FOB) value of Rs. 4,48,000. **Determine whether the export consignment of Saksham is eligible for the MEIS benefit.**