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SUBJECT- INDIRECT TAX

Test Code – FNJ 7371

BRANCH - () (Date :)

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ANSWER 1

Q.NO	ANSWER	MARKS
1.1	C	1
1.2	B	1
1.3	B	1
1.4	A	1
1.5	D	1
1.6	D	1
1.7	D	1
1.8	B	1
1.9	B	1
1.10.	C	1

ANSWER 2

Q.NO	ANSWER	MARKS
2.1	A	2
2.2	C	2
2.3	D	2
2.4	D	2
2.5	B	2

ANSWER 3

Q.NO	ANSWER	MARKS
3(i)	B	2
3(ii)	B	2
3(iii)	A	2
3(iv)	A	2
3(v)	D	2

ANSWER 4 (A)

- (i) Notification No. 12/2017 CT(R) dated 28.06.2017 (hereinafter referred to as exemption notification) which exempts various services from GST leviable thereon exempts select **services** provided to an educational institution.

Here, the “educational institution” means an institution providing services by way of,-

- (i) pre-school education and education up to higher secondary school or equivalent;
- (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;
- (iii) education as a part of an approved vocational education course;

The select services which are exempt when provided to an educational institution are-

- (i) transportation of students, faculty and staff;
- (ii) catering, including any mid-day meals scheme sponsored by the Central Government, State Government or Union territory;
- (iii) security or cleaning or house-keeping services performed in such educational institution;
- (iv) services relating to admission to, or conduct of examination by, such institution;
- (v) supply of online educational journals or periodicals

However, the services mentioned in point (i), (ii) and (iii) are exempt only when the same are provided to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent.

Also, the supply of online educational journals or periodicals are not exempt from GST when provided to-

- (i) pre-school education and education up to higher secondary school or equivalent; or
- (ii) education as a part of an approved vocational education course.

In the given case, 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). Therefore, since KIT imparts education as a part of a curriculum for obtaining a qualification recognised by the Indian law, the same is an educational institution in terms of the exemption notification.

Similarly, Nanhi Mutthi and Gyan Vaibhav, being a pre-school and a higher secondary school respectively are also educational institutions in terms of the exemption notification.

However, Bright Minds, being a coaching centre, training candidates to secure a banking job, is not an educational institution in terms of the exemption notification. Hence, none of the select services (mentioned above) will be exempt when provided to Bright Minds.

(2 MARKS)

In the light of the foregoing provisions, the amount of GST payable on goods and services received by these educational institutions during April 20XX- September 20XX is computed as under:

Particulars	KIT	Nanhi Mutthi	Bright Minds	Gyan Vaibhav
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Printing services for printing the question papers (paper and content are provided by the Institutions)	Exempt		18,000 [1,50,000 x 12%]	Exempt
Paper procured for printing the question papers – [Supply of select services to educational institutions is exempt and not supply of goods to such educational institutions]	51,600 [4,30,000 x 12%]		30,960 [2,58,000 x 12%]	41,280 [3,44,000 x 12%]
Courier services for sending the admit cards for the examination, to the students	Exempt			
Honorarium to paper setters and examiners (not on the rolls of the educational institution)	Exempt			
Rent for exam centers taken on rent like schools etc, for conducting examination	Exempt		18,000 [1,00,000 x 18%]	
Subscription for online educational journals [Nanhi Mutthi has taken the subscription for online periodicals on child development and experiential learning]	Exempt	14,400 [80,000 x 18%]	39,600 [2,20,000 x 18%]	4,320 [2,40,000 x 18%]
Hire charges for buses used to transport students and faculty from their residence to college and back	86,400 [4,80,000 x 18%]	Exempt	23,400 [1,30,000 x 18%]	Exempt
Catering services for running a canteen in the campus for students Catering service provided to pre- school and the higher secondary school is exempt irrespective of whether the same is provided within or outside the premises of the pre-school and the higher secondary school	16,000 [3,20,000 x 5%]	Exempt	9,000 [1,80,000 x 5%]	Exempt

Security and housekeeping services for the institution(s) Security and housekeeping service provided to pre-school and the higher secondary school for the student event organised in a banquet hall will be taxable as only the security and housekeeping service provided within the premises of the pre-school and the higher secondary school are exempt.	1,08,000 [6,00,000 x 18%]	Exempt	67,500 [3,75,000 x 18%]	14,400 [80,000 x 18%]
Total GST payable on goods and services received by the educational institutions	2,62,000	14,400	2,06,460	60,000

(5 MARKS)

- (ii) (1) Sl. No. 1 of Notification No. 12/2017 CT (R) dated 28.06.2017 exempts services provided by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities. Here, “charitable activities” means activities relating to inter alia advancement of educational programmes or skill development relating to,-
- abandoned, orphaned or homeless children;
 - physically or mentally abused and traumatized persons;
 - prisoners; or
 - persons over the age of 65 years residing in a rural area;

In the given case, though Sarvshiksha Trust is registered under section 12AA of the Income-tax Act, 1961, none of the educational institutions run by it are providing services by way of charitable activities. As is seen from the relevant extract of the definition of the charitable activities given above, only when the education is provided relating to the persons mentioned therein, it becomes charitable activity under GST laws. However, in the given case, education is not provided to any specific group or category of persons as specified above, but to all the categories of children/candidates approaching the college/pre-school/coaching institute/higher secondary school. Therefore, the education services provided by the Sarvshiksha Trust is not exempt under Sl. No. 1 of the exemption notification.

- Sl. No. 66 of Notification No. 12/2017 CT(R) dated 28.06.2017 also exempts services provided by an educational institution to its students, faculty and staff. All the educational institutions run by the Sarvshiksha Trust except Bright Minds are educational institutions in terms of the exemption notification (as explained under point (i) above). Therefore, the education services, transport services and catering services provided by KIT, Nanhi Mutthi, and Gyan Vaibhav to its students will all be exempt from GST under Sl. No. 66 of the exemption notification. Thus, only the educational services provided by Bright Minds will be liable to GST @ 18%. The catering services provided by Bright Minds will be liable to GST @ 5%.
- No input tax credit (ITC) will be availed on inputs and input services used in providing exempt education services, i.e. education services by KIT, Nanhi Mutthi, and Gyan Vaibhav. Only Bright Minds will be entitled to avail ITC on inputs and input services used in

providing taxable education services. However, as per the information given in the question, while providing the catering service, Bright Minds has not availed any ITC of catering service received by it from third parties.

- (4) Since there are no common inputs and input services being used for providing taxable and exempt services, the need for reversal of ITC attributable to exempt supplies will not arise.

In the light of the foregoing provisions, the net GST liability of Sarvshiksha Trust, which will comprise of only the tax liability of Bright Minds, is computed as under:

Particulars	Bright Minds
	(Rs.)
Tuition fee	20,00,000
Transport fee charged from students	1,30,000
Value of output supply taxable @ 18%	21,30,000
GST liability @ 18% [A]	3,83,400
Value of output supply taxable @ 5% [Charges for food]	2,40,000
GST liability @ 5% [B]	12,000
Total GST liability [A]+[B]	3,95,400
Less: ITC [Total tax payable by Bright Minds on the service received by it as computed in point (i) above less the tax payable on catering charges (Rs.2,06,460 - Rs.9,000)]	<u>1,97,460</u>
Net GST payable from Electronic Cash Ledger	1,97,940

(3 MARKS)

ANSWER 4 (B)

Yes, the contention of the Department is correct. As per Notification No. 12/2017 CT (R) dated 28.06.2017, carrying out an intermediate production process as job work in relation to cultivation of plants and rearing of all life forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products or agricultural produce is exempt under GST.

Milling of paddy is not an intermediate production process in relation to cultivation of plants. It is a process carried out after the process of cultivation is over and paddy has been harvested. Further, processing of paddy into rice is not usually carried out by cultivators, but by rice millers. Milling of paddy into rice also changes its essential characteristics.

Therefore, milling of paddy into rice cannot be considered as an intermediate production process in relation to cultivation of plants for food, fibre or other similar products or agricultural produce. In view of the above, it is clarified by CBIC that milling of paddy into rice is not eligible for exemption under said notification. Thus, GST is payable on the said activity.

(4 MARKS)

ANSWER 5 (A)

As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra- State taxable supplies of goods is as under:-

- (i) Rs. 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (ii) Rs. 20 lakh for the States of States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (iii) Rs. 40 lakh for rest of India.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (i) Rs. 10 lakh for the States of Mizoram, Tripura, Manipur and Nagaland.
- (ii) Rs. 20 lakh for the rest of India.

As per section 2(6) of the CGST Act, 2017, aggregate turnover includes the aggregate value of:

- (i) all taxable supplies,
- (ii) all exempt supplies,
- (iii) exports of goods and/or services and
- (iv) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis.

(2 MARKS)

In the light of the afore-mentioned provisions, the aggregate turnover of Mahadev Enterprises is computed as under:

Computation of State-wise aggregate turnover of Mahadev Enterprises

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 [Note-1]	-	-	60,000
Intra-State sale of non-taxable goods [Note-2]	-	<u>21,00,000</u>	<u>40,000</u>
Aggregate Turnover	22,50,000	<u>21,00,000</u>	<u>14,00,000</u>

(3 MARKS)

Notes:

- Services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services) is exempt vide Notification No. 12/2017 CT (R) dated 28.06.2017. Since aggregate turnover includes exempt supply, interest received from banks on the fixed deposits, being exempt supply, is included in the aggregate turnover.

2. As per section 2(47) of the CGST Act, 2017, exempt supply includes non-taxable supply. Thus, intra -State supply of non-taxable goods in Uttarakhand, being a non- taxable supply, is an exempt supply and is, therefore, included in the aggregate turnover.

In the given case, Mahadev Enterprises is engaged in exclusive intra-State supply of goods from Himachal Pradesh and Uttarakhand and in supply of both goods and exempted services from Tripura, the threshold limit for registration will be Rs. 40 lakh, Rs. 20 lakh and Rs. 10 lakh respectively.

Further, since Mahadev Enterprises also makes taxable supply of goods from one of the specified Special Category States (i.e. Tripura), the threshold limit for registration will be reduced to Rs. 10 lakh.

- (1) Thus, in view of the above-mentioned provisions, Mahadev Enterprises is liable to be registered under GST law with the aggregate turnover amounting to Rs. 57,50,000 (computed on all India basis). The applicable threshold limit of registration in this case is Rs. 10 lakh.
- (2) (a) If Mahadev Enterprises is dealing in supply of goods only from Himachal Pradesh, the applicable threshold limit of registration would be Rs. 40 lakh. Thus, Mahadev Enterprises will not be liable for registration as its aggregate turnover would be Rs. 22,50,000.
- (b) If Mahadev Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh then higher threshold limit of Rs. 40 lakh will not be applicable as the same applies only in case of exclusive supply of goods. Therefore, in this case, the applicable threshold limit will be Rs. 20 lakh and hence, Mahadev Enterprises will be liable to registration.
- (c) In case of inter-State supplies of taxable goods, section 24 of the CGST Act, 2017 requires compulsory registration irrespective of the quantum of aggregate turnover. Thus, Mahadev Enterprises will be liable to registration.

(4 MARKS)

ANSWER 5 (B)

Manner and time of claiming drawback on goods exported other than by post [Rule 5] :

- (1) **Claim to be made within 3 months of export** : A claim for drawback, in case of goods exported other than by post, shall be filed in the specified form within **3 months** from the date on which an order permitting clearance and loading of goods for exportation under section 51 is made by proper officer of customs .

Extension of time limit for filing drawback claim and fees therefor :

Extending authority	Period of extension, which can be allowed by the authority	Fees payable along with the application for grant of extension
Assistant / Deputy Commissioner	Further 3 months (beyond original period of 3 months)	➤ 1% of the FOB value of exports ; or ➤ Rs. 1,000, whichever is less.
Principal Commissioner or Commissioner	Further 6 months (beyond original period of 3 months and extension of 3 months by AC /DC)	➤ 2% of the FOB value, or ➤ Rs. 2,000, Whichever is less

- (2) **List of documents to be filed along with duty drawback claim** : The claim shall be filed along with the following documents :
- (a) **Triplicate copy of the Shipping Bill** bearing examination report recorded by the proper officer of the customs at the time of export ;
 - (b) **Copy of Bill of Entry** or any other prescribed document against which goods were cleared on importation;
 - (c) **Import invoice** ;
 - (d) **Evidence of payment of duty** paid at the time of importation of the goods;
 - (e) **Permission from RBI** for re – export of goods, wherever necessary;
 - (f) **Export invoice and packing list** ;
 - (g) **Copy of Bill of lading or Airway bill;**
 - (h) Any other documents as may be specified in the deficiency memo
- (3) **Date of filing claim** : The date of filing of the claim for the purpose of Section 75A shall be the date of affixing the Dated Receipt Stamp on the claims, which are complete in all respects, and for which an acknowledgment shall be issued in the form prescribed by the Principal Commissioner or Commissioner of Customs.
- (4) **Deficiency memo** : Any claim which is incomplete in any material particulars or is without the documents specified above, shall not be accepted for the purpose of Section 75A and such claim shall be returned to the claimant with the deficiency memo in the form prescribed by the Principal Commissioner or Commissioner of Customs within 15 days of submission and shall be deemed not to have been filed.
- (5) **Claim for drawback ordered by commissioner (Appeals), Central Government or any Court:**
- Where any order for payment of drawback is made by Commissioner (Appeals), Central Government or any Court against an order of the proper officer of customs, the exporter may file a claim for drawback under this rule within 3 months from the date of receipt of the order so made.

(5 MARKS)

ANSWER 6 (A)

Computation of value of taxable supply (amount in Rs.) :

List price of the goods (exclusive of taxes and discounts)		1,25,000
Add : Tax levied by Municipal Authority on the sale of such goods	[WN – 1]	15,000
CGST and SGST chargeable on the goods	[WN – 1]	-
Packing charges	[WN – 2]	15,500
Subsidy received from a non – Government body [Since subsidy is received from a non – Government body, the same is included in the value in terms of Section 15(2)(e)]		9,500
Total		1,65,000
Less : Discount @ 4% on Rs. 1,25,000	[WN – 3]	5,000
Value of taxable supply		1,60,000

Working Notes :

- (1) The value of supply shall include any taxes, duties, cess, fees and charges levied under any law for the time being in force other than the CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier. [Section 15(2) (a) of CGST Act, 2017]
- (2) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, cost of packing shall form a part of the transaction value of the supply. [Section 15(2)(c) of CGST Act, 2017]
- (3) The value of supply shall not include any discount which is given before or at the time of supply. [Section 15(3)(a) of CGST Act, 2017]
- (4) The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Government. Hence, subsidy received from non profit making organization for timely supply of goods will be included in the value of taxable supply. [Section 15(2)(e) of CGST Act, 2017]

(5 MARKS)**ANSWER 6 (B)**

As per section 75 of the CGST Act, 2017, the interest on the tax short paid has to be paid whether or not the same is specified in the order determining the tax liability.

Thus, in view of the same, Mr. Janak Singhal will have to pay the interest even though the same is not specified in the final adjudication order. His contention that he is not liable for interest because he deposited all the amount specified in the final adjudication order is not valid in law.

However, the amount of interest demanded in the order cannot be in excess of the amount specified in the notice.

Therefore, in the given case, Department cannot demand the interest in excess of the amount specified in the notice, which will be Rs. 50,000.

(4 MARKS)**ANSWER 6 (C)****Computation of customs duty and integrated tax payable thereon**

Particulars	Amount (Rs.)
Assessable value of sodium nitrite imported	30,00,000
Add: Basic custom duty @ 10% (Rs. 30,00,000 × 10%)	3,00,000
Safeguard duty @ 30% on Rs. 30,00,000 [Safeguard duty is imposable in the given case since share of imports of sodium nitrite from the developing country is more than 3% of the total imports of sodium nitrite into India (Proviso to section 8B(1) of the Customs Tariff Act, 1975)]	9,00,000
Social welfare surcharge @ 10% x Rs. 3,00,000	30,000
Total	42,30,000
Integrated tax leviable under section 3(7) of Customs Tariff Act (Rs. 42,30,000 × 12%) [Note]	5,07,600
Total customs duty payable (Rs. 3,00,000 + Rs. 9,00,000+ Rs. 30,000+ Rs. 5,07,600)	17,37,600

Note: It has been clarified by DGFT vide Guidance note that value for calculation of integrated tax shall also include safeguard duty amount.

(5 MARKS)

ANSWER 7 (A)

Section 122(1) provides that any taxable person who has committed any of the 21 offences mentioned thereunder, shall be liable to a penalty which shall be higher of the following amounts:

- (a) Rs. 10,000/-; or
- (b) An amount equivalent to, any of the following (Applicable as the case may be) –
 - (i) Tax evaded; or
 - (ii) Tax not deducted under section 51 or short deducted or deducted but not paid to the Government; or
 - (iii) Tax not collected under section 52 or short collected or collected but not paid to the Government; or
 - (iv) Input tax credit availed of or passed on or distributed irregularly; or
 - (v) Refund claimed fraudulently

However, Section 122(2) provides that if a registered person supplying goods or services has not paid any tax or short paid it or tax has been erroneously refunded to him, or ITC has been wrongly availed or utilized, for any reason other than the reason of fraud or any wilful misstatement or suppression of facts to evade tax, penalty shall be leviable for an amount higher of following:

- (a) Rs. 10,000/-; or
- (b) 10% of the tax due from such person

and in case of fraud, or any willful misstatement or suppression of facts to evade tax, penalty shall be equal to ten thousand rupees or the tax due from such person, whichever is higher.

(5 MARKS)

ANSWER 7 (B)

As per Section 18(4), where any registered taxable person who has availed of input tax credit opts to pay tax under Section 10 i.e. composition scheme, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi – finished or finished good held in stock and on capital goods, taking useful life of capital goods 5 years , on the day immediately preceding the date of exercising such option.

Therefore, in given case PQR Ltd. is required to pay following amounts (amount in Rs.) :

Inputs lying in stock (Rs. 1,68,000 × 12 ÷ 112)	18,000
Inputs contained in finished goods lying in stock (Rs. 89,600 × 12 ÷ 112)[WN]	9,600
Input tax on Capital goods used for 4 months and 2 days, taking residual life as 5 years (Rs. 72,000 × 55 ÷ 60) (55 months being remaining residual life of capital goods)	66,000
Amount to be paid by PQR Ltd. (CGST + SGST)	93,600

Working Note : As per Rule 44(3) of CGST Rules, 2017, where the tax invoices related to the inputs lying in stock are not available, the registered person shall estimate the amount under Rule 44(1) based on the prevailing market price of goods on the date of opting for composition scheme.

The aforesaid amount can be paid by utilizing the balance in Electronic credit Ledger. The balance credit in Electronic credit ledger = Rs. 1,10,000 – Rs. 93,600 = Rs. 16,400 shall lapse.

(4 MARKS)

ANSWER 7 (C)

As per Regulation 4(1) of Bill of Entry (Electronic Integrated Declaration) Regulations, 2011, the importer shall file the bill of entry before the end of the next day following the day (excluding holidays) on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing.

As per Regulation 4(3) of the said regulations, where the bill of entry is not filed within the above time limit and the proper officer of Customs is satisfied that there was no sufficient cause for such delay, the importer shall be liable to pay charges for late presentation of the bill of entry @ Rs. 5,000 per day for the initial 3 days of default and @ Rs. 10,000 per day for each day of default thereafter.

In this case since the vessel arrived at custom station on 01.05.2019, the bill of entry was required to be presented on 02.05.2019. The company has presented the bill of entry on 06.05.2019, there is delay of 4 days, hence, the company will be liable to pay charges amounting to Rs. 25,000 (Rs. 5,000 × 3 + Rs. 10,000 for the 4th day) for such delay.

(5 MARKS)

ANSWER 8 (A)

If the taxable person does not provide a satisfactory explanation within 30 days of being informed (extendable by the officer concerned) or after accepting discrepancies, fails to take corrective action in the return for the month in which the discrepancy is accepted, the Proper Officer may take recourse to any of the following provisions:

- (a) Proceed to conduct audit under section 65 of the Act;
- (b) Direct the conduct of a special audit under section 66 which is to be conducted by a Chartered Accountant or a Cost Accountant nominated for this purpose by the Commissioner; or
- (c) Undertake procedures of inspection, search and seizure under section 67 of the Act; or
- (d) Initiate proceeding for determination of tax and other dues under Section 73 or 74 of the Act.

(5 MARKS)

ANSWER 8 (B)

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 attributable 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.

The tax liability will be arrived as under :

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

(4 MARKS)

ANSWER 8 (C)

As per rule 3 of Baggage Rules, 2016, tourist of foreign origin, excluding infant, is allowed duty free clearance of

- (i) travel souvenirs; and
- (ii) Articles up to the value of Rs. 15,000 (excluding, inter alia, cigarettes exceeding 100 sticks, cartridges of fire arms exceeding 50 and alcoholic liquor or wines in excess of two litres), if carried on in person.

Further, any article the value of which exceeds the duty free allowance admissible to such passenger or member under the Baggage Rules, 2016, is chargeable to customs duty @ 35% [Notification No. 26/2016 Cus. dated 31.03.2016]. The effective rate of duty becomes 38.5% after including social welfare surcharge @ 10% on customs duty.

Accordingly, the customs duty payable by Mr. Samuel will be calculated as under:

Computation of customs duty payable	Rs.
Travel souvenir	Nil
Articles carried on in person	1,50,000
Cigarettes [Since the number of cigarettes does not exceed 100, the same will be covered within the scope of rule 3 of Baggage Rules, 2016 and thus, be eligible for general free allowance (GFA) or concessional rate of duty applicable to baggage vide Notification No. 26/2016 Cus. dated 31.03.2016, as the case may be.]	8,000
Fire arms cartridge [Since the number of fire arms cartridge does not exceed 50, the same will be covered within the scope of rule 3 of Baggage Rules, 2016 and thus, be eligible for GFA or concessional rate of duty applicable to baggage vide Notification No. 26/2016 Cus. dated 31.03.2016, as the case may be.]	<u>15,000</u>
One litre of wine [Since the quantity of wine does not exceed 2 litres, the same will be covered within the scope of rule 3 of Baggage Rules, 2016 and thus, be eligible for GFA or concessional rate of duty applicable to baggage vide Notification No. 26/2016 Cus. dated 31.03.2016, as the case may be.]	<u>15,000</u>
Baggage within the scope of rule 3 of Baggage Rules, 2016	1,88,000
Less: GFA	<u>15,000</u>
Baggage on which duty is payable	1,73,000
Customs duty payable @ 38.5%	<u>66,605</u>

(5 MARKS)

ANSWER 9 (A)**TAX COLLECTED BUT NOT DEPOSITED (SECTION 76)**

It is mandatory to pay amount, collected from other person representing tax under GST law, to the Government. Every person who has collected from any other person any amount as representing the tax under GST law, and has not paid the said amount to the Government, shall forthwith pay the said amount to the Government, irrespective of whether the supplies in respect of which such amount was collected are taxable or not.

For any such amount not so paid, proper officer may issue SCN for recovery of such amount and penalty equivalent to amount specified in notice.

The proper officer shall, after considering the representation, if any, made by the person on whom SCN is served, determine the amount due from such person and thereupon such person shall pay the amount so determined along with interest at the rate specified under section 50 from the date such amount was collected by him to the date such amount is paid by him to the Government.

(5 MARKS)

ANSWER 9 (B)**Computation of value of taxable supply (Rs. In crores):**

Extended Housing Loan to its customers [It is transaction in money and does not come under the ambit of service]	Nil
Processing fees collected from its customers on sanction of loan [Since it represents taxable consideration, the same will be liable to GST]	20
Commission collected from its customers on bank guarantee [Since it represents taxable consideration, the same will be liable to GST]	30
Interest income on credit card issued by the bank [Liable to GST since credit card interest is specifically excluded from exemption provided in respect of interest vide Entry 27 of Notification No. 12/2017 – CT (Rate)]	40
Interest received on housing loan extended by the bank [Interest on loan will not be liable for GST as the same is exempt vide Entry 27 of Notification No. 12/2017 – CT (Rate)]	Nil
Minimum balance charges collected from current account and saving account holder [Since it represents taxable consideration, the same will be liable to GST]	1
Total value of taxable supply	91

(4 MARKS)**OR****ANSWER 9 (B)**

When the Commissioner/authorised officer is of opinion that it is necessary or expedient in the public interest to publish the name of any person and any other particulars relating to any proceedings or prosecution under the CGST Act in respect of such person, it may cause to be published such name and particulars [Section 159(1) of the CGST Act, 2017]

No publication under this section shall be made in relation to any penalty imposed under the CGST Act until the time for presenting an appeal to the Appellate Authority under section 107 has expired without an appeal having been presented or the appeal, if presented, has been disposed of [Section 159(2) of the CGST Act, 2017].

(4 MARKS)**ANSWER 9 (C)**

No, all types of exports categories/sectors are not eligible for duty credit scrip entitlement under Merchant Export from India Scheme (MEIS).

A few of the ineligible exports categories/sectors under MEIS are listed below:

- (i) Supplies made from domestic tariff area (DTA) units to special economic zone (SEZ) units
- (ii) Exports through transshipment, i.e., exports that are originating in third country but transshipped through India
- (iii) Deemed exports
- (iv) SEZ /export oriented undertaking (EOU) /electronic hardware technology park (EHTP) /bio technology park (BTP) /free trade warehousing zone (FTWZ) products exported through domestic tariff area units
- (v) Export products which are subject to minimum export price or export duty
- (vi) Exports made by units in FTWZ.

Export of handicraft items through courier, using e-commerce, of free on board (FOB) value up to Rs. 5,00,000 per consignment is entitled for rewards under MEIS.

Therefore, the entire consignment of handicraft items exported by Saksham (FOB value Rs. 4,48,000) is eligible for MEIS benefit.

(5 MARKS)