

SUGGESTED ANSWERS TO QUESTIONS

INTERMEDIATE EXAMINATION

GROUP - II

(SYLLABUS 2016)

DECEMBER – 2021

Paper-11: INDIRECT TAXATION

Time Allowed : 3 Hours

Full Marks : 100

Section : A MCQ

20X1 = 20 Marks

Q.1 Goods transportation agency (GTA) is registered and does not avail the ITC. He provides GTA services to another registered person. Will this transaction fall under RCM? What shall be the GST Rate?

- Ans
1. RCM applicable, Rate – 12%
 2. RCM applicable, Rate – 5%
 3. Not taxable
 4. RCM not applicable, Rate – 18% under forward charge

Q.2 Rama Ltd. has provided following information for the month of September, 2020:

- A. Intra-State outward supply Rs. 8,00,000/-
- B. Inter-State exempt outward supply Rs. 5,00,000/-
- C. Turnover of exported goods Rs. 10,00,000/-
- D. Payment made for availing GTA services Rs. 80,000/-

The aggregate turnover of Rama Ltd. is :

- Ans
1. Rs. 23,80,000/-
 2. Rs. 8,00,000/-
 3. Rs. 23,00,000/-
 4. Rs. 18,00,000/-

Q.3 ABC Pvt. Ltd. has taken consultancy services from an engineer in USA. Who shall be liable to pay tax and under what head?

- Ans 1. ABC Pvt. Ltd. will pay the tax, IGST
2. Engineer will pay the tax, IGST
 3. ABC Pvt. Ltd. will pay the tax, CGST and SGST
 4. Engineer will pay the tax, CGST & SGST

Q.4 The Municipal Corporation deducts GST (TDS) from the payment made to a notified supplier on 14th October 2020.

What is the maximum possible last day for issue of TDS certificate without any latefee or interest?

- Ans
1. 21st October 2020
 2. 24th October 2020
 3. 10th November 2020
 4. 15th November 2020

Q.5 Where physical verification was carried out, if registration is not granted or a deficiency memo is not issued within__of receipt of application, the application for registration shall be deemed to have been approved.

- Ans
1. No time limit
 2. 45 days
 3. 30 days
 4. 15 days

Q.6 GST Law allows the concerned person to apply for normal registration within –

- Ans
1. 30 days from the date of commencement of business
 2. 30 days from the date on which he becomes liable under GST
 3. 15 days from the date of commencement of business
 4. 15 days from the date on which he becomes liable under GST

Q.7 Jiffy Foods Pvt. Ltd gives discount of 30% on the list price to its distributors as per its contract. As per invoice raised on the items supplied per carton, the list price on the same amounts to INR 500. What shall be the taxable value of such supply, given that the discount is allowed at the time of supply and shown in invoice?

- Ans 1. INR 350
2. None of the given options
3. INR 500
4. INR 300

Q.8 Which of the following activity shall be treated neither as a supply of goods nor a supply of services under Schedule III of CGST Act, 2017?

- Ans 1. Import of service for personal use with consideration
 2. Supply of warehoused goods before clearance for home consumption
3. Temporary transfer of intellectual property right
4. Permanent transfer of business assets where input tax credit has been availed on such assets.

Q.9 Road & Infrastructure cess is levied on import of –

- Ans 1. Motor Spirit & High-Speed Diesel
2. SUV Cars & Motorcycles
3. Crude Palm Oil
4. All goods

Q.10 What is the duty drawback rate under section 74 of Customs Act, 1962, in case of re-export of imported good after using for 14 months (imported for business use)?

- Ans 1. 70%
 2. 65%
3. 81%
4. 98%

Q.11 What is the maximum permissible amount of freight permissible under customs law in case of import by air route, for computation of assessable value?

- Ans 1. Actual amount
2. 20% of FOB
3. 12.5% of FOB or actual amount, whichever is more
 4. 20% of FOB or actual amount, whichever is less

Q.12 X Ltd has purchased goods worth of Rs.118000/- (inclusive of GST Rs.18000/-) from Y Ltd.

Both X Ltd and Y Ltd are registered persons under normal provisions. The date of invoice is 01.09.2020 and the date of receipt of goods in the premises of X Ltd., is 10.09.2020. X Ltd., has made payment against the invoice on 31.12.2020 by way of cheque, which was realized and credited to the bank account of Y Ltd., on 05.01.2021. In this case, X Ltd is eligible to avail input tax credit on –

- Ans 1. 05.01.2021
2. 31.12.2020
3. 01.09.2020
 4. 10.09.2020

Q.13 The document to be raised by the supplier where the taxable value or tax amount in the tax invoice is found to be less than the actual taxable value or actual tax amount is –

- Ans 1. Debit Note;
2. Revised Invoice
3. Credit Note;
4. Refund Voucher;

Q.14 Ramani Enterprises, a registered person generated an e-way bill on 03-04-2021 for transport of goods from its warehouse 1 to warehouse 2 which is situated 280 kms apart, in the same State. The validity of e-way bill generated shall be ____.

- Ans 1. 1 day
2. 3 days
3. 4 days
 4. 2 days

Q.15 Exemption from IGST automatically operate as exemption from CGST:

- Ans
1. Where option is exercised by the assessee
 2. In all cases
 3. In selected cases
 4. In none of the cases

Q.16 The application for new GST Registration shall be made in Form –

- Ans
1. GST REGN-01
 2. GST APP-01
 3. GST REG-01
 4. GST RGN-01

Q.17 Person liable to pay tax in case of Electronic Commerce Operator (ECO) where ECO does not have both physical presence as well as representative in taxable territory is -

- Ans 1. A representative should be appointed mandatorily who shall be liable to pay on behalf of the ECO
2. Recipient of goods or service under reverse charge
 3. Supplier of goods or service
 4. None of the given options

Q.18 Under the Customs Act, 1962, who is person-in-charge in case of vessel?

- Ans
1. Driver
 2. Commander
 3. Master
 4. Conductor

Q.19 Services by a person by way of conduct of any _____ is exempt from GST.

- Ans
1. Entertainment Ceremony
 2. Festival Ceremony
 3. Marriage Ceremony
 4. Religious Ceremony

Q.20 A Company has head office in Bengaluru, Karnataka and 4 branches in different States, all registered under GST and one ISD registered unit in Delhi. How many electronic cash ledgers will the company have?

- Ans
1. 1
 2. 5
 3. 6
 4. 4

Q.1 Supply made by a SEZ unit to its customer situated within the same State is an _____ supply under the GST law.

Answer: Inter-State

Q.2 _____ copies of tax invoice are required to be issued by a supplier registered under normal GST provisions, in case of supply of service under GST law.

Answer: Two copies

Q.3 As per section 37 of the Customs Act, 1862, in the case of self-assessed Bill of entry, in terms of time limit, the customs duty should be paid _____

Answer: on the same day

Q.4 It is _____ (Compulsory/ optional) to deposit the GST collected wrongly on the supply of goods or services exempted.

Answer: compulsory

Q.5 Application for registration by non-resident taxable person shall be in Form _____.

Answer: GST REG-09

Q.6 _____ is a monthly return to be filed by e-commerce operators registered under GST who are required to collect tax at source (TCS).

Answer: GSTR-8

Q.7 Supply of food in a restaurant falls under the _____ (Supply of goods/Supply of services) category in India.

Answer: Category II – Supply of Service

Q.8 Under GST law, in case of job work, once the work is being completed, the value of the goods shall be included in the turnover of _____.

Answer: Principal

Q.9 A Ltd. Holding entity made certain transfer of fixed asset on permanent basis to its subsidiary X Ltd. entity without any consideration. The above transaction is _____ (a supply/not a supply) as per GST.

Answer: supply .

Q.10 Miss Srija, a practicing Cost Accountant in U.P. had an aggregate turnover of Rs. 3.5 crores in the F.Y. 2019-20. For the F.Y. 2020-21, she opts for QRMP scheme. The due date for filing GSTR-3B for the last quarter of the F.Y. 2020-21 shall be _____.

Answer: On or before 24th April 2021

Q.11 Mr. Ram filed GSTR-7 showing the details of Tax deducted on 16th March 2021 for the month of February 2021. The late fees payable (under CGST and SGST Acts) by Mr. Ram on filing of GSTR-7 for the month of February 2021 shall be _____.

Answer: Rs. 1,200 (Rs.200 * 6)

Q.12 General exemption is required to be published in _____ as per Customs act, 1962.

Answer: official gazette

Q.13 In case of taxable supply of services by a non-banking financial company (NBFC), invoice shall be issued within a period of _____ days from the date of supply of service.

Answer: 45

Q.14 Under the Customs Act, 1962, the Import Manifest needs to be submitted to the proper officer within _____ before the arrival of the vessel/aircraft/vehicle in the Customs Station.

Answer: 12 hours

Q.15 ABC Ltd. has income from renting of vacant land to a steel firm for Rs. 1,00,000 and leasing of vacant land to a cattle firm for Rs. 50,000. The value of taxable supply will be _____.

Answer: Rs. 1,00,000

Q.16 In the real estate sector, the promoter should buy inward supplies to the extent of _____ from registered suppliers only.

Answer: 80%

Q.17 A person who has opted for composition levy is required to file quarterly return in Form GSTR-4 on or before _____.

Answer: 18th day of the succeeding quarter

Q.18 When a recipient fails to make payment to the supplier of goods or services within _____ days from the date of issue of tax invoice by the supplier, an amount equal to the input tax credit availed by the recipient along with interest shall be added to his output tax liability.

Answer: 180 days

Q.19 HSN Code is _____ digits code.

Answer: 8 digits

Q.20 Under the Customs Act, 1962, the area beyond _____ nautical miles is regarded as High Seas.

Answer: 200

Section : C
(4X12 = 48 Marks)
One LAQ

4 Marks

Q.1 AB (P) Ltd., located and registered at Delhi, supplied spare parts (FOB basis) to Mr. Vijay Patel, located in Jaipur (Rajasthan).

Mr. Vijay booked the courier himself with Pink & White Courier (P) Ltd., registered in Haryana for delivery in Jaipur.

Pink & White (P) Ltd. picked up the machine from Delhi and delivered the courier in Jaipur while passing through the state of Punjab.

Determine the place of supply under GST law of service provided by Pink & White Courier (P) Ltd. to Mr. Vijay Patel, in the following independent situations:

- (i) If Mr. Vijay Patel, is an unregistered person,
- (ii) If Mr. Vijay Patel, is a registered person at Mumbai

Note: Correct legal provision should form part of your answer.

Answer:

Transport of goods [Section 12(8) IGST Act, 2017]

The place of supply of services by way of transportation of goods, including by mail or courier to,

- (a) A registered person, shall be the location of such person;
- (b) Person other than a registered person shall be the location at which such goods are handed over for their transportation.

Hence according the above provision,

- (i) The place of supply shall be Delhi where spare parts are delivered
- (ii) The place of supply shall be Mumbai where Vijay Patel is registered

8 Marks

Q.2 Briefly explain the provisions of section 22 of the Customs Act, 1962 regarding abatement of duty as per customs law and calculate the amount of abatement in the following independent cases:

- (i) Value of imported goods (other than warehoused) before damage is Rs. 4,00,000, duty payable on it Rs. 40,000 and value of goods after damage is Rs. 3,80,000. Goods were damaged after examination under section 17 but before actual clearance for home consumption.
- (ii) Value of warehoused goods before damage is Rs. 5,00,000, duty payable on it is Rs. 50,000 and value of goods after damage is Rs. 2,40,000. Goods damaged before clearance for home consumption.
- (iii) Value of warehoused goods before deterioration is Rs. 3,25,000, duty payable is Rs. 32,500 and value of goods after deterioration is Rs. 2,00,000.

Goods deteriorated before clearance for home consumption.

Answer:

- (i) No abatement because goods damaged after examination.
- (ii) Rate of duty = $50,000/5,00,000 = 10\%$
Hence new duty amount is Rs. 24,000 (10% of Rs. 2,40,000)
Abatement amount is Rs. 26,000 (50,000 – 24,000)
- (iii) In case of warehoused goods, only damages are covered and not deterioration, hence abatement will not be available in this case.

Q.1 Mr. Y, director of Q & T Limited, got elected as director in the AGM held on 12th October, 2020 for the period of 3 years, provided service to the company for remuneration of Rs. 17,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?

- (i) Mr. Y is an independent director of Q & T Limited and not an employee of the company.
- (ii) Mr. Y is an executive director, i.e., an employee of Q & T Limited. Out of total remuneration amounting to Rs. 17,25,000, Rs. 6,00,000 has been declared as Salaries in the books of Q & T Limited and subjected to TDS under section 192 of the Income-tax Act (IT Act). However, Rs 11,25,000 has been declared separately as other than Salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services.

Answer:

TDS under GST law from remuneration to director

- (i) An independent director is not an employee of the company. Hence there is no supply of services involved in forward charge.

GST will be 18%

RCM will be applicable and the company Q & T Limited will be liable pay under reverse charge.

- (ii) The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts and subjected to TDS under section 194J of the IT Act as fees for professional or technical services are treated as consideration for providing services which are outside the scope of Schedule III and is therefore, taxable.

The recipient of the said services i.e., the company, is liable to discharge the applicable GST on it on reverse charge basis.

In lieu of the above provisions, Rs. 6,00,000 declared as salaries in the books of Q & T Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III.

Further, Rs. 11,25,000 declared separately other than salaries in the Q & T Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services is treated as consideration for providing services which is outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e., the L AND T Limited, is liable to discharge the applicable GST on it on reverse charge basis.

Q.2 Radhe Textiles has opted for composition levy scheme in the current financial year 2020-21. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise them regarding same.

Answer:

Issue of tax invoice by a supplier opting for composition levy

A registered person paying tax under the provisions of section 10 [composition levy] shall issue, instead of a tax invoice, a bill of supply containing such particulars and, in such manner, as may be prescribed.

Therefore, in the given case, Radhe Textiles cannot issue tax invoice. Instead, it shall issue a Bill of Supply.

Q.3 When is an e-way bill required to be generated even if the value of consignment is less than Rs. 50,000?

Answer:

Issue of e-way bill where value of consignment is less than Rs 50,000

In the following situations, e-way bill needs to be issued even if the value of the consignment is less than Rs. 50,000:

- (i) Where goods are sent by a principal located in one State/ Union territory to a job worker located in any other State/Union territory, the e-way bill shall be generated either by the principal or the job worker, if registered, irrespective of the value of the consignment.
- (ii) Where specified handicraft goods are transported from one State/ Union territory to another State/ Union territory by a person who has been exempted from the requirement of obtaining registration under section 24 of the CGST Act, 2017, the e-way bill shall be generated by the said person irrespective of the value of the consignment.

Q.1 State whether the following transactions fall within the scope of "Supply of goods" or "Supply of services".

- i) Where a person transfers only the title in the goods for a consideration, but keeps the possession of the goods with himself.
- ii) Where a person transfers only the right to use the goods and its possession for a consideration.
- iii) Supply of medicine by a doctor in his dispensary where the cost of medicine is included in the doctor's fee.
- iv) A contractor replaced the floor tiles in a building and the contract value includes both the value of goods and service.
- v) Consideration received as part payment prior to completion of a residential flat.

Answer:

- i) Where a person transfers only the title in the goods for a consideration, but keeps the possession of the goods with himself - Supply of goods
- ii) Where a person transfers only the right to use the goods and its possession for a consideration - Supply of Services
- iii) Supply of medicine by a doctor in his dispensary where the cost of medicine is included in the doctor's fee - Supply of services
- iv) A contractor replaced the floor tiles in a building and the contract value includes both value of goods and service - Supply of services
- v) Consideration received as part payment prior to completion of a residential flat - Supply of services

Q.2 Shri Rama Pvt. Ltd., a registered supplier under the normal provisions of GST law, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. in the course of Intra State supply:

Sl.No	Particulars	Amount (Rs)
(i)	Price of the goods	1,00,000
(ii)	Municipal Tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidies received from Shri Ram Trust (As the products is going to be used by blind association)	50,000
(v)	Late fees for delayed payment. (Though Shri Balram Pvt. Ltd. made late payment but these charges are waived by Shri Krishna Pvt. Ltd.)	1,000
(vi)	Shri Balram Pvt. Ltd. paid to Radhe Pvt. Ltd. (on behalf of Shri Krishna Pvt. Ltd.) weighment charges.	2,000

According to GST Law, determine the value of taxable supply made by Shri Rama Pvt. Ltd. Items given in Point (ii) to (vi) were not considered while arriving at the price of the goods given in point no. (i).

Answer:

Value of taxable supply = Rs. 1,69,000

Q.1 Determine, with reasons, in which of the following independent cases, e-invoicing is applicable during the month of May, 2021:

- (i) Geetha Pharma., dealing in Pharma Products made supplies to various registered and unregistered persons during the month of May 2021. The aggregate turnover of Geetha Pharma. in the preceding financial year 2020-21 is Rs. 60 crores.
- (ii) Unicorn Fincap India Limited, registered under GST had an aggregate turnover of Rs. 75 crores in the preceding financial year 2020-21.

Answer:

All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than Rs. 50 crores are required to issue e- invoices in respect of B2B supplies (supply of goods and/or services to a registered person).

Further, following entities are exempt from the mandatory requirement of e-invoicing:

- (a) Special Economic Zone units
 - (b) Insurer or banking company or financial institution including NBFC
 - (c) GTA supplying services in relation to transportation of goods by road in a goods Carriage
 - (d) Supplier of passenger transportation service
 - (e) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds Rs. 50 crores in any of the preceding financial year from 2017-18 onwards with effect from April 01,2021.
- In view of the above-mentioned provisions, the answer to the independent cases are as under:-
- (i) The aggregate turnover of Geetha & Co. exceeds the threshold limit of aggregate turnover applicable for e-invoicing. Thus, Geetha & Co. is mandatorily required to issue e-invoices in respect of supplies made to registered persons.
 - (ii) Banking company is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds Rs. 100 crores in the preceding financial year. Thus, e- invoicing is not applicable to Unicorn Fincap India Limited.(note Question is not clear about, Unicorn is doing the business or not, request you to allot marks if the answers are fair .

Q.2 SBS Ltd., has availed input tax credit for Rs. 97,000/- IGST during February, 2021 on a particular purchase. Accounting records for the above purchase, indicate that IGST paid to the supplier is Rs. 79,000/- as per the tax invoice received. GSTR-1 uploaded by the supplier for the above supply indicates Rs. 79,000/- as tax paid.

Examine as per GST provisions, what value shall be updated in the ledgers maintained on behalf of SBS Ltd., on the GST common portal.

Answer:

SBS Ltd., have accounted and paid Rs. 79,000/- as IGST to the supplier concerned. However, availment of input tax credit has been made for Rs. 97,000/-.

As per Section 49(2) of CGST Act, 2017 "The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41, to be maintained in such manner as may be prescribed." Accordingly, electronic credit ledger of SBS Ltd., shall be updated with a value of Rs. 97,000/- as per self- assessed return to be filed for February 2021, though the input tax credit shown by the supplier is only Rs. 79,000/-

- Q.1** Ravana, a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (Rs.)
Intra-State supply of goods	10,00,000
Inter-State supply of goods	8,00,000

It has also furnished the following information in respect of purchases made by it in that tax period:

Particulars	Amount (Rs.)
Intra-State purchases of goods	3,00,000
Inter-State purchases of goods	2,50,000

Hari & Co. has following ITCs with it at the beginning of the tax period:

Particulars	Amount (Rs.)
CGST	57,000
SGST	60,000
IGST	1,40,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing ITC have been fulfilled.

Compute the minimum GST, payable in cash (in the manner most beneficial to the assessee), by Ravana for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required.

Answer:

Minimum GST payable in cash:

CGST = Nil

SGST = Nil

IGST = Nil

ITC to be carried forward:

CGST = Rs. 32,000

SGST = Nil

IGST = Nil

- Q.2** With reference to provisions of Customs Act, 1962, briefly discuss the provision of Cancellation of License of Warehouse.

Answer:

Cancellation of license of warehouse under Customs law

Section 58B of the Customs Act, 1962 governs the situation.

(1) Where a licensee contravenes any of the provisions of this Act or the rules or regulations made thereunder or breaches any of the conditions of the license, the Principal Commissioner of Customs or Commissioner of Customs may cancel the license granted under section 57 or section 58 or section 58A. However, before any license is cancelled, the licensee shall be given a reasonable opportunity of being heard.

(2) The Principal Commissioner of Customs or Commissioner of Customs may, without prejudice to any other action that may be taken against the licensee and the goods under this Act or any other law for the time being in force, suspend operation of the warehouse during the pendency of an enquiry under sub-section(1).

(3) Where the operation of a warehouse is suspended under sub-section (2), no goods shall be deposited in such warehouse during the period of suspension:

However, the provisions of the chapter IX shall continue to apply to the goods already deposited in the warehouse.

(4) Where the license issued under section 57 or section 58 or section 58A is cancelled, the goods warehouse shall, within seven days from the date on which order of such cancellation is served on the licensee or within such extended period as the proper officer may allow, be removed from such warehouse to another warehouse or be cleared for home consumption or export:

However, the provisions of the chapter IX shall continue to apply to the goods already deposited in the warehouse till they are removed to another warehouse or cleared for home consumption or for export, during such period".

Six LAQ
(4X3 = 12 Marks)

Q.1 You are required to write Short Note on Online information and database access or retrieval services (OIDAR Service) 3 Marks

Answer:

Section 2(17) of IGST Act states as follows –

OIDAR service means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention, and impossible to ensure in the absence of information technology and includes electronic services such as –

- (a) advertising on the internet
- (b) providing cloud services
- (c) provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet
- (d) providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network
- (e) online supplies of digital content (movies, television shows, music etc)
- (f) digital data storage
- (g) online gaming

Q.2 You are required to write Short Note on Transaction value of identical goods under the Customs Act, 1962 3 Marks

Answer:

Identical goods means the goods must be same in all respects, including physical quantity. This method is applicable only when following conditions are satisfied

- (a) Identical goods can be compared with the other goods of the same country from which import takes place.
- (b) These goods must be valued at a price which is produced by the same manufacturer.
- (c) If price is not available then the price of other manufacturers of the same country is to be taken into account.
- (d) If more than one value of identical goods is available, lowest of such value should be taken.
- (e) A condition for adjustment because of different commercial levels or different quantities is that such adjustment, whether it leads to an increase or a decrease in the value, be made only on the basis of demonstrated evidence that clearly establishes the reasonableness and accuracy of the adjustment, e.g. valid price lists containing prices referring to different levels or different quantities.

Q.3 You are required to write Short Note on Persons required to file the Form GSTR 9, duly specifying the due date for filing the Form. 3 Marks

Answer:

As per rule 80(1) of CGST Rules, every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person, shall furnish an annual return as specified under sub-section (1) of section 44 electronically in Form GSTR 9 through the common portal either directly or through a Facilitation Centre notified by the Commissioner.

The due date for filing the said return is 31st day of December following the end of such financial year.

First proviso to section 44(1) of CGST Act provides that the due date may be extended by the Commissioner by way of notification for such class of registered persons as may be specified.

Q.4 You are required to write Short Note on Person under 2(31) of the Customs Act, 1962. 3 Marks

Answer:

As per section 2(31) person-in-charge means

- (a) Vessel - Master
- (b) Aircraft - Commander or Pilot in Charge
- (c) Train - Conductor or Guard
- (d) Vehicle - Driver
- (e) Other Conveyance - Person in Charge

Q.5 You are required to write Short Note on Exclusions for social welfare surcharge under Customs law 3 Marks

Answer:

The following are excluded while calculating the Social Welfare Surcharge:

- The Safeguard duty section 8B and 8C of the Customs Tariff Act,
- The Countervailing duty on subsidized articles Sec 9 of the Customs Tariff Act,
- The Anti-dumping duty section 9A of the Customs Tariff Act,
- The IGST section 3(7) of the Customs Tariff Act,
- The Compensation Cess to States section 3(9) of the Customs Tariff Act.

Q.1 Lal & Co., has approached you with the following information for the month of May 2021.

Value of taxable supply and exempt supply are Rs. 12,50,000 and Rs. 5,00,000 respectively. GST collections made during the month is Rs. 1,50,000.

Input tax credit available on raw material purchases is Rs. 45,000, which includes Rs. 4,000 related to goods supplied as free samples. GST paid on RCM basis on freight relating to taxable supply and non-taxable supply is Rs. 5,000 and Rs. 3,500 respectively. GST paid on rent, telephone Bill & Advertisement Expenses is Rs. 8,875. GST paid on purchase of plant & machinery which is common both for taxable and non-taxable supply is Rs. 60,000. GST on Works Contract services is Rs. 8,000 and GST paid on purchase of motor car which is to be used exclusively for office purposes is Rs. 2,58,000

You are required to help the management of Lal & Co., duly furnishing the calculations and notes for the following:

- (a) Total eligible
- (b) Ineligible ITC and the net ITC eligible
- (c) Total tax payable in cash
- (d) Detailed notes in support of calculation of eligible ITC

Answer:

- (i) Total Eligible ITC = Rs. 1,00,340
- (ii) Total Ineligible ITC = Rs. 2,88,035
- (iii) Total Tax payable by cash = Rs. 58,160
- (iv) Detailed notes in support of calculation of eligible ITC

Note No.1:

As per section 17(5) of CGST Act, 2017, tax paid on goods relating to free samples is not eligible for input tax credit. Since the purchase is common for both taxable and exempt outward supply, on the remaining ITC value ineligible input tax credit is calculated in the ratio of exempt value of supply to total value of supply.

Ineligible ITC is $\text{Rs. } 41000 \times \frac{500000}{1750000} = \text{Rs. } 11,714$

Total ineligible ITC = $\text{Rs. } 11,714 + \text{Rs. } 4,000 = \text{Rs. } 15,714$

Note No.2:

(i) As per rule 42 of CGST rules, 2017, tax paid on services fully relatable to taxable supply is eligible for full credit.

(ii) As per rule 42 of CGST rules, 2017, tax paid on services fully relatable to non-taxable supply is not eligible for input tax credit.

Note No.3:

As per rule 42 of CGST rules, 2017, tax paid on common services would be eligible for input credit in the ratio of taxable value of supplies to total value of supply. Thus, the proportionate tax amount relatable to non-taxable supply is to be reversed. The working is as follows:

Ineligible ITC = $8875 \times \frac{500000}{1750000} = \text{Rs. } 2535$

Note No.4:

As per rule 43 of CGST rules, 2017, a tax payer is eligible to avail ITC on common capital goods in the month of purchase. However, an amount calculated in the ratio of value of exempt supplies to value of total supplies on 1/60th value of total tax paid on capital goods shall be reversed.

Value to be reversed = $60000 \times \frac{1}{60} \times \frac{500000}{1750000} = \text{Rs. } 286$

Note No.5:

As per section 17(5) of CGST Act, 2017, tax paid on works contract service is a blocked credit.

Note No.6:

As per section 17(5) of CGST Act, 2017, tax paid on motor credit is a blocked credit even if the same is used exclusively for business purposes