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FOR CA FINAL EXAM PREPARATION

CA Final 2020 Question Paper · Paper 8 Indirect Tax Laws

EXAM	YEAR	TYPE	SUBJECT
CA Final	2020	Question Paper	Paper 8 Indirect Tax Laws

DATE

November 2020

Final New Syllabus
Paper - 8
Indirect Tax Laws

GFC2

NOV 2020

Roll No. .....

Total No. of Printed Pages – **12**

Total No. of Questions – **6**

Maximum Marks – **70**

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet only. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs, if written in the descriptive type answer book, will not be evaluated.
6. OMR answer sheet will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No bar code sticker is to be affixed on the OMR answer sheet.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, (b) OMR answer sheet thereon and (c) the answer book in respect of descriptive type answer book to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

PART – II

70 marks

1. Question paper comprises **6** questions. Answer Question No. **1** which is **compulsory** and any **4** out of the remaining **5** questions.
2. Working notes should form part of the answer.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.
4. All the questions should be answered on the basis of position of (i) GST laws as amended by significant notifications/circulars issued till 30th April, 2020 and (ii) Custom law as amended by Finance Act, 2019 and significant notification/circulars issued till 30th April, 2020.

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PART –II

1. Mr. Rishi, a registered supplier under GST in the State of Maharashtra, provides the following information for the month of January 2020 : **14**

Sl.No.	Particulars	Amount in ₹
	OUTWARD SUPPLY:	
(i)	Supplied computers (which were purchased from a unregistered supplier) without any consideration to his Brother-in-law in Ranchi (market value of supply was ₹ 62,000)	Nil
(ii)	Supplied a consignment of 10 Laptops to M/s, NK & Co. in the State of Maharashtra at the instruction of third person being M/s. ZX Computers of Tamilnadu.	6,00,000
(iii)	Provided stock counting service to M/s XY Impex registered with GST in the State of Gujarat, whereas the place where the stock counting was carried out was at the Godown located in Mumbai.	80,000
(iv)	Provided renting service of his service apartment in Mumbai at a daily rent of ₹ 1500 for residential purposes.	30,000
(v)	Recovery agent services provided to M/s. Apex Finance Ltd., an NBFC located in Delhi.	2,00,000
(vi)	Advance received during the month for future intra-state supply.	9,00,000

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	INWARD SUPPLY:	
(i)	Imported computer accessories from Korea and the goods landed in Mumbai Port and reached at his registered premises on 31.01.2020.	5,00,000
(ii)	Availed GTA services from M/s. Speed Trans of Kolkata with regard to transport of traded goods where rate of CGST/SGST @ 2.5% each / IGST @ 5% was applicable.	1,00,000
(iii)	Apart from the above, received 15 invoices involving IGST of ₹ 1,00,000 during the current month.	--

Mr. Rishi provided the following additional information :

(a) Turnover for the previous financial year was ₹ 21 Lakhs.

(b) He had availed services in an inter-state transaction with a taxable value of ₹ 4,00,000 and a tax rate of 18%. This transaction was liable to tax under reverse charge. Payment for the same to the supplier was not made till the current month (overdue for 181 days as at 01.01.2020). However, tax due under the said transaction was paid to Government and credit availed in the month of transaction itself.

(c) Out of the 15 invoices as per above, 12 invoices involving IGST of ₹ 95,000 was uploaded by the suppliers in their GSTR-1 Return. All the invoices are eligible for claiming as ITC.

(d) He had sent goods valued ₹ 1,00,000 to his job worker in the state of Kerala, who further processed the said goods and made direct supply on 31.01.2020 from Kerala to a buyer in the State of Maharashtra.

(e) Out of advance received for future supply, ₹ 5,00,000 related to supply of goods and the rest related to service.

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(f) Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services. Same rate is also applicable for inward supplies received, except where otherwise provided.

(g) All the amount given are exclusive of taxes wherever applicable.

From the information given above, you are required to compute the net GST liability payable in cash (CGST, SGST or IGST as the case may be) for the month of January, 2020. Assessee wants to make the cash payment of GST under SGST head as far as possible.

2. (a) M/s All-in-One, a partnership concern and a registered supplier under GST, is engaged in providing various services under one roof. The concern provides the following information pertaining to supply made / input services availed by it during the month of March 2020 : 5

	Particulars	₹
(i)	Provided Direct Selling Agent service to Y Bank Ltd.	4,00,000
(ii)	Provided security services to ABC P. Ltd. a registered Person under GST	60,000
(iii)	Provided security services to PSR Trust, an unregistered Person under GST	1,00,000
(iv)	Provided renting of motor vehicle to Amaze Tours Ltd. and supply value included cost of fuel	75,000
(v)	Provided renting of motor vehicle to Priti & Co, CA Firm and supply value included cost of fuel	40,000
(vi)	Availed representational service from PB and Co, a Law Firm towards a Consumer Court case	70,000

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Determine the GST liability of M/s All-in-One for the month of March, 2020 by giving necessary explanations for treatment of various items. Rate of tax for both inward and outward supply is CGST / SGST @ 9% each except renting a vehicle, for which CGST/SGST @ 2.5% each is applicable. M/s All-in-One commenced its business from February, 2020. All the supplies are intra-state only.

(b) M/s Global Travels is providing money changer and air travel agent services to various clients. From the information provided below, you are required to calculate the value of taxable supply for the month of March 2020 : **4**

(i) It had converted US $ 6,000 into Singapore Dollar 9,000. RBI reference rate at that time was ₹ 72 per US $ and for Singapore Dollar, it was ₹ 52.

(ii) It had booked domestic ticket value of ₹ 7,00,000 and International ticket value of ₹ 15,00,000.

Additional information :

The concern has not opted to value the money change under Rule 32(2)(b) of CGST Rules. Basic Air Fare component under both domestic and international ticket value is 70% and 60% respectively.

(c) M/s Detox Ltd. wants to import customized machine to be used in its business. M/s Detox Limited provides the following further details : **5**

Sl. No.	Particulars	Amount
(1)	Cost of the machine	USD 15,000
(2)	Charges paid to Canalising Agent in India	₹ 25,000
(3)	Freight charges (Air)	USD 1,500

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(4)	Insurance charges	USD 250
(5)	Basic Customs Duty	10% on 12.06.2020 and 15% on 15.06.2020
(6)	Social welfare surcharge	10%
(7)	Integrated GST	12%
(8)	Date of Bill of Entry – 12.06.2020, Rate notified by CBIC – ₹ 75 per USD, Rate notified by RBI – ₹ 76 per USD	
(9)	Date of arrival of aircraft – 15.06.2020, Rate notified by CBIC – ₹ 77 per USD, Rate notified by RBI – ₹ 78 per USD	

You are required to compute the customs duty and integrated tax payable by M/s Detox Ltd. on above import.

3. (a) M/s Housefull Convention Hall is in the business of letting out its halls for functions. It provides you with the following information for determining the amount of refund out of advance received based on time of supply for one of its clients. **5**

Sl. No.	Particulars	Date	Amount in ₹
(1)	Advance paid at the time of booking the hall for a function from 1st to 3rd Nov., 2019	16.07.2019	1,00,000
(2)	Additional deposit paid	18.08.2019	2,00,000
(3)	Function is held as scheduled	1st Nov. to 3rd Nov. 2019	
(4)	Invoice is issued (Taxable value)	25.11.2019	2,50,000
(5)	Consider that there is a change in the rate of tax on 15th October, 2019 from (CGST 2.5% and SGST 2.5%) to (CGST 9% and SGST 9%)		
(6)	What would be the amount of refund payable to the Client ?		

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(b) M/s Joinder Drills of Australia exports rough rock cutting diamonds to M/s Ankit Enterprises of India, a registered supplier in the state of Haryana. M/s Ankit Enterprises is expected to process them into tools and export the same to the supplier in Australia. The process does not involve any sophisticated process other than cutting polishing and finishing. M/s Ankit Enterprises requests M/s Joinder Drills for use of such tools for his business in India for 3 months, which is agreed to by the supplier. He then exports it to the Australian supplier, invoicing it for ₹ 12,00,000 for processing it into the required tool. **4**

M/s Ankit Enterprises is of the assumption that it is an export transaction and therefore entitled to treat it as a zero-rated supply and decides that no tax is payable under LUT although the rate applicable to such services for domestic supplies is CGST 9%, SGST 9% and IGST 18%.

State the provisions relating to the above supply of service and explain whether the stand taken by M/s Ankit Enterprises is correct and also determine the tax, if applicable, as the goods are now moving out of Haryana.

(c) M/s PCB Limited has imported printed circuit boards for sale in India from Country X, which are liable for anti-dumping duty. You are provided with the following details. **5**

(i) Country X does not sell these goods in its Domestic market. However, it exports the same printed circuit boards at USD 200 per piece to another third country.

(ii) The printed circuit board is sold in domestic Industry @ USD 175 per piece.

(iii) PCB Limited has imported the printed circuit boards at USD 100 per piece.

(iv) Landed value of the printed circuit boards is USD 125 per piece.

Compute the Anti-dumping duty payable by M/s PCB Limited for 1,000 pieces of printed circuit boards it has imported during the year assuming conversion rate @ ₹ 75 per USD.

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4. (a) Input Service Distributor (ISD) of a company is registered separately in the State of Kerala and is distributing Input Tax Credit (ITC) to other units in the Company. Following details are furnished for a particular month, and you are required to help the ISD department in distributing the ITC to other units that are carrying on manufacturing, supplying goods and services to customers. **5**

Sl. No.	Particulars	Amount in Lakhs
	Turnover in the relevant month of each of the units:	
(1)	Mumbai (Maharashtra)	12.00
(2)	Bangalore (Karnataka)	60.00
(3)	Hyderabad (Andhra Pradesh)	36.00
(4)	Trivandrum (Kerala)	72.00
(5)	Total ITC available during the month with the ISD (includes CGST/SGST & IGST) on account of supplies received during the month.	48.00
(6)	From the above, ITC exclusive to Bangalore unit, available as IGST credit.	12.00
(7)	From the above, ITC exclusive to Trivandrum and Hyderabad units (CGST and SGST of ₹ 3.00 lakhs each).	6.00
(8)	Rest of the credits available is allocable as common credit to all the units and is received from local suppliers in Kerala.	
(9)	Basic value of a Debit Note received, during the month, in respect of a previous supply, with rate of tax @ 12% IGST being charged and shown separately.	50.00
(10)	Total value in the Credit Note received, during the month, applicable exclusively to Kerala unit, taxed at the rate of CGST 9% and SGST 9%, which is charged and indicated separately.	118.00

Also make your comments regarding the amount of ITC in Credit Notes, if exceeds the ITC from Invoices and Debit Notes in a particular month for all or any of the units.

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(b) (i) A Central Government department located at Uttar Pradesh is registered with the Commercial Tax department UP State for deducting GST. It enters into a contract with a Public Sector Undertaking (PSU), registered under GST in the State of Delhi, for supplying goods valued ₹ 3,50,000. The PSU argues that no tax is deductible on this supply by the Central Government Department as it is located outside the State of Uttar Pradesh and therefore not liable to tax under CGST and SGST as it is a local levy and IGST tax deduction is not applicable if it is located in another State, other than the State in which the department is registered. You are required to comment on this. 4

(ii) Would there be any difference, if instead of the PSU if it was an entity in the private sector. Applicable tax rate for deduction is 1% CGST, 1% SGST and 2% IGST.

(iii) If the private sector entity undertakes works contract, for the above department in New Delhi. What would be the position of tax deduction when the contract value is ₹ 5,00,000.

(iv) The disbursing officer has not paid the tax deducted in the month of February 2019, amounting to ₹ 2,00,000 under CGST and 2,00,000 under SGST, to the Government's account on the relevant due date, but has paid it on 14th May, 2019. Further, return for that month is also filed on that date and the certificate is also issued simultaneously. What are the consequences, on such failures, to the disbursing officer under the GST law ?

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(c) Times Graphics Ltd. has imported a machine from its holding company in Japan on 12.01.2018 after paying customs duty of ₹ 15,00,000 for use in it's factory and is re-exported on 10.10.2018. You are required to advise Times Graphics Limited regarding duty drawback that will be available to the Company, when it sends back the machinery to its holding company after completion of the project. **5**

5. (a) M/s Fly-by-Night, tour operators availed input tax credit in respect of certain transactions where no such supplier was existent or from a person not doing any business from the registered place of business. **5**

Jurisdictional Deputy Commissioner of GST wants to restrict the utilization of the credit by the M/s Fly-by-Night. You have been approached by M/s Fly-by-Night to give your advice on the following questions raised by it,

(i) Is it possible for the department to restrict the utilization of credit which is already availed ?

(ii) If yes, under what circumstances this can be done by the Department ?

(b) Mr. Jagjeevan has filed the GSTR Form 3B return after the due date prescribed for filing it. The Adjudicating Authority is of the opinion that penalty has to be levied under section 73 (9) & (11) of the CGST Act, 2017 and has decided to pass an order for levying penalty of 10% of the tax or ₹ 10,000, whichever is higher, on the grounds that amount collected as tax has not been paid within a period of 30 days from the due date of payment of tax. Discuss the decision of the Adjudication Authority as to its correctness or otherwise. **4**

Also, discuss the law of limitation period for issuing the show cause notice and passing the adjudication order under section 73 of the CGST Act, 2017.

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(c) List out the conditions for eligibility for duty credit scrip entitlement under Service Exports from India Scheme (SEIS) and determine whether the following cases are eligible for benefit under SEIS. **5**

(i) Mr. Raj has received USD 12,500 as consideration for services provided, during the year. He has also paid USD 3,000 towards services received from abroad. He has also received USD 4,000 towards employment rendered abroad during the year.

(ii) M/s Services Ltd. has received the USD 16,000 as foreign exchange during the year towards share capital.

(iii) Mrs. Anita has received USD 15,000 as consideration for services provided, during the year.

Assume that except for in case (iii) above, others have an active IEC.

6. (a) Mr. Mahendran is aggrieved by the order of the Revisional Authority (RA) and wants to make an appeal to the First Appellate Authority. While commenting on the decision of Mr. Mahendran, you are also required to state the powers of the Revisional Authority to revise the orders passed by the subordinate officers under section 108 of the CGST Act, 2017. **5**

What is the time period for the Revisional Authority to exercise the power of revision ?

OR

(a) Who are the members of the GST Council ? Enumerate any two recommendations that can be made by the GST Council.

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(b) Decide with reason whether the Registration is required under CGST Act, 2017 in the following independent cases : **4**

(i) A Casual taxable person (CTP) has provided inter-state supply of notified Products being Textiles hand printing amounting to ₹ 19.25 Lakhs during the month of January, 2020. Those products were made by craftsmen by both hand and machines equally. CTP had obtained PAN and generated e-way bill for supply.

(ii) Mr. Bantu of Delhi doing trading business across India and his intra-state turnover details are as below,

(1) Taxable supplies made from Delhi – ₹ 18 Lakhs.

(2) Exempt supplies made from Andhra Pradesh – ₹ 10 Lakhs.

(3) Both taxable and Exempt supplies made from Tamilnadu – ₹ 5,00,000 and ₹ 6,00,000 respectively.

(c) Mr. X has imported some items from abroad. Since he was unable to make a self-assessment, he has sought for provisional assessment pending technical testing on 29.04.2020. The technical report was received on 05.05.2020. Discuss about the time limit available to the officer for finalizing the provisional assessment as per law and guide Mr. X as of when his provisional assessment will be finalized. **5**

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