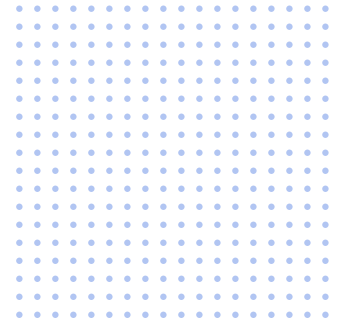




FOR CMA FINAL EXAM PREPARATION

CMA Final 2024 Question Paper · Paper 19 Indirect Tax Laws and Practice

EXAM	YEAR	TYPE
CMA Final	2024	Question Paper

SUBJECT	DATE
Paper 19 Indirect Tax Laws and Practice	June 2024

FINAL EXAMINATION

June 2024

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Syllabus 2022

INDIRECT TAX LAWS AND PRACTICE

Time Allowed: 3 hours

Full Marks: 100

*The figures in the margin on the right side indicate full marks.**Wherever necessary, candidates may make appropriate assumption(s) and state the same clearly in the respective answer.**All working notes must form part of the relevant answer.**Answer Question No. 1 which is compulsory.*

SECTION-A (Compulsory)

1. Choose the correct option from the four alternatives given: 2×15=30

- (i) GHY Company Ltd. received an adjudication order passed by the Assistant Commissioner of Central Tax on 11th October 2024 under section 73 of the CGST Act, 2017 wherein it was decided as follows:

IGST due ₹ 8,00,000, Interest ₹ 35,000 and Penalty ₹ 50,000

Company wants to file an appeal before the Appellate Authority. How much company has to pay as pre-deposit under section 107(6) of the CGST Act, 2017, if company appeals against part of the demanded amount say Tax ₹ 5,00,000, interest ₹ 20,000 and penalty ₹ 30,000 and admits the balance liability of tax, interest and penalty?

- (A) ₹ 5,80,000
(B) ₹ 3,85,000
(C) ₹ 4,35,000
(D) ₹ 3,90,000

- (ii) M/s. ACG Ltd., a supplier of Television (T.V.), registered in the State of Gujarat has a policy to supply one Television at 70% discount to open market price to its top employees in terms of the employment contract.

During the month of November 2023, the company supplied 20 Televisions to these employees. The total open market value of such 20 Televisions is ₹ 7,00,000 (excluding GST). Calculate the value of supply under GST Laws.

- (A) ₹ 4,90,000
(B) NIL
(C) ₹ 2,10,000
(D) ₹ 7,00,000

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(2)

(iii) Which of the following statements does not covered under exemption Notification No. 12/2017 CT (R) dated 28.06.2017, with reference to GST on monthly subscription/ contribution charged by a Residential Welfare Association (RWA) from its members?

- (I) Annual turnover of RWA more than ₹ 20 lakhs and monthly maintenance charges received from individual member is ₹ 7,300.
- (II) Annual turnover of RWA more than ₹ 20 lakhs and monthly maintenance charges received from individual member is ₹ 8,500.
- (III) Annual turnover of RWA less than ₹ 20 lakhs and monthly maintenance charges received from individual member is ₹ 15,500.
- (IV) Annual turnover of RWA less than ₹ 20 lakhs and monthly maintenance charges received from individual member is ₹ 7,500.

Choose the most appropriate option.

- (A) (I) and (II)
- (B) Only (II)
- (C) (II) and (III)
- (D) (II) and (IV)

(iv) M/s QRT Ltd. made certain gifts to its employees, as—

- (I) Mr. A ₹ 50,000
- (II) Mr. C ₹ 47,000
- (III) Mr. Z ₹ 57,000

Which of these gifts shall be liable to GST?

- (A) (I), (II) & (III)
- (B) (I) & (III)
- (C) Only (III)
- (D) None of the above

(v) The person was operating under normal scheme, but now he wants to convert in composition scheme, which form he must file?

- (A) Form GST CMP-01
- (B) Form GST CMP-02
- (C) Form GST CMP-03
- (D) Form GST CMP-04

- (vi) Mr. Kapil, director of M/s TRT Ltd. registered in Chennai went for 2 days official seminar in Delhi. From Noida he booked a hotel in Delhi & provided the company's GSTIN.

What is the place of supply under GST law?

- (A) Delhi
 - (B) Chennai
 - (C) Noida
 - (D) None of the above
- (vii) Under GST law what is the due date for issue of TDS Certificate?
- (A) The date of payment of TDS
 - (B) Within 20 days from the date of payment of TDS
 - (C) Within 10 days from the date of payment of TDS
 - (D) Within 05 days from the date of payment of TDS
- (viii) The due date to file GSTR-6 (Return for Input Service Distributor) is
- (A) 15th of the next month
 - (B) 13th of the next month
 - (C) 10th of the next month
 - (D) 20th of the next month
- (ix) If a person is liable to be registered on 12th November 2023 and he has applied for registration on 18th November 2023, and certificate granted on 24th November, 2023. The effective date of registration for composition levy will be:
- (A) 18th November 2023
 - (B) 12th November 2023
 - (C) 12th December 2023
 - (D) 24th November 2023
- (x) In respect of a consignment supplied on 21st August, provisional assessment was resorted by a person who files return on monthly basis. The assessment was finalized on 20th November and the taxpayer became liable to pay differential IGST of ₹ 10,000. The taxpayer paid this amount on 20th December. The number of days for which the taxpayer is liable to pay interest are—
- (A) 122 days
 - (B) 91 days
 - (C) 61 days
 - (D) 30 days

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- (xi) Under Customs Act, 1962 which of this is not mandatory documents required for Import of goods from India?
- (A) Bill of Lading/Airway Bill/Lorry Receipt/Railway Receipt/Postal Receipt
 (B) Commercial Invoice cum Packing List
 (C) Shipping Bill/Bill of Export
 (D) Bill of entry
- (xii) The following is not a condition precedent for grant of duty drawback for re-export of duty paid goods:
- (A) The goods must be clearly identifiable.
 (B) The goods should have been actually imported earlier and import duty paid thereon.
 (C) The goods are actually re-exported to any place outside India.
 (D) Entire lot of goods imported earlier should be re-exported and no portion should remain.
- (xiii) Under Customs Law, value of goods to be exported as bonafide gift can't exceed _____ in a licensing year.
- (A) ₹ 5,00,000
 (B) ₹ 15,00,000
 (C) ₹ 10,00,000
 (D) None of the above
- (xiv) Anti-dumping duty is calculated as follows:
- (A) Higher of margin of dumping or injury margin
 (B) Lower of margin of dumping or injury margin
 (C) Higher of export price or normal value
 (D) Lower of export price or normal value
- (xv) Which of the following statements are incorrect?
- (I) Special exemption under section 25 of the Customs Act, 1962 is granted by issuing a notification.
 (II) General exemption under section 25 of the Customs Act, 1962 is granted by issuing an order.
 (III) Special exemption is required to be published in official gazette.
 (IV) General exemption is not required to be published in official gazette.
- Choose the most appropriate option.
- (A) (I) and (III)
 (B) (I), (II), (III) and (IV)
 (C) (I) and (II)
 (D) (II) and (IV)

SECTION-B**Answer any five questions from Question No. 2 to Question 8.****Each question carries 14 marks.****14×5=70**

2. (a) "E-way bill generation facility to be blocked in respect of outward as well as inward movement of goods, for defaulting registered person"
Comment on the validity of the above statement with reference of CGST Rules 2017. 7
- (b) Discuss the salient features of Quarterly Return Monthly Payment (QRMP) Scheme. 7
3. (a) M/s PNR, a proprietary concern registered under the normal provisions of GST in the State of Kerala, is engaged in providing various services under one roof. The concern provides the following information pertaining to supplies made/input services availed by it during the month of March, 2024:

S. No.	Particulars	Amount (₹)
1.	Amount collected for loading, unloading, packing and warehousing of potato chips.	15,000
2.	Fees paid for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 for employees of the firm.	20,000
3.	Interest received on fixed deposits from a Nationalised bank.	40,000
4.	Professional services provided to foreign diplomatic mission located in Trivandrum, Kerala.	50,000
5.	Receipts from running an educational institution (including receipts for providing residential dwelling service of ₹ 18,20,000 by the institution to the students). The educational institution is an institution as defined under Notification No. 12/2017 CT (R) dated 28.06.2017/ Notification No. 9/2017 IT (R) dated 28.06.2017.	35,00,000
6.	Supply value including cost of fuel for provision of renting of motor vehicle service to AJL Ltd. The vehicle is used for carrying goods only.	2,00,000

Assess the GST liability (inclusive of liability for the supplies received also) of M/s PNR for the month of March, 2024 with necessary explanation for the treatment of each item. Rate of tax for both inward and outward supply is CGST and SGST @ 9% each except for the service of renting a vehicle for which CGST and SGST @ 2.5% each is applicable. All the supplies are intra-State only. *All amounts are exclusive of GST, if applicable.* 7

- (b) Avni Limited filed GST return (under section 39) for the month of January, 2024 on 11th April 2024. Original due date for the said return was 20th February 2024. Details of tax assessed as payable for the said month are given below:

Particulars	CGST (₹)	SGST (₹)
Output tax payable	1,80,000	1,80,000
Tax payable under reverse charge	40,000	40,000
Input tax credit available for utilization	70,000	70,000

- (i) **Assess** the net tax payable in cash while filing the said return as well as the interest payable for the delayed remittance of tax.
- (ii) Assuming that the concern has an ITC balance of ₹ 2,50,000 each under CGST and SGST for the said month, **compute** the interest payable, if the entire tax due for the said month was paid through the Electronic Credit Ledger to the extent possible as per the provisions of Act. 7
4. (a) Discuss in brief, consequences of not complying with the provisions related to “Tax collection at source (TCS)” under section 52 of CGST Act, 2017. 7
- (b) “Supply of external storage battery with UPS, constitutes as ‘Mixed Supply’” **Discuss** the validity of the above statement with the help of Key advance ruling, if any. 7
5. (a) BNM Ltd. supplied goods to LKM Ltd. The terms of the contract stipulated that goods are delivered to the factory of LKM Ltd. Goods were removed from the factory of BNM Ltd. on April 9, 2024 and were delivered to the factory of LKM Ltd. on April 15, 2024. Now, the invoice was issued on April 18, 2024 and payment was credited to BNM Ltd.’s account on May 20, 2024. However, the entry was made in the books when the cheque was received, that is on April 19, 2024.
- Determine** the Time of Supply for the purpose of payment of Tax under GST law. Also discuss the related legal provision in brief. 7
- (b) On 20th September, 2023, GKL Ltd, registered in Mumbai, started the activities as a money changer. It has undertaken the following purchase and sale of foreign currency in September, 2023.
- (i) 250 US \$ are sold at the rate of ₹ 77 per US \$. RBI reference rate for US \$ on that day was ₹ 77.50.
- (ii) 2,300 US \$ are purchased at the rate of ₹ 76.50 per US\$. RBI reference rate for US \$ for that day is not available.
- GKL Ltd. want to avail the option available under rule 32(2) (b) of the CGST Rules, 2017 for the purpose of valuation.
- Required:**
- Assess** the value of supply in each of the above cases and also state the condition which company have to follow to opt rule 32(2) (b) of the CGST Rules, 2017. 7

6. (a) Briefly discuss "Export EPCG Duty Credit Scrip(s) (EPCG) Scheme" under new Foreign Trade Policy 2023. 7
- (b) With reference to Advance Authorisation (AA) Scheme under new Foreign Trade Policy 2023 briefly discuss the followings:
- (i) Eligible Applicant/Export
 - (ii) Eligible Supply
 - (iii) Validity Period for Import 7
7. (a) A Non-resident Indian from USA donated food processing machinery to Sriram Charitable Trust (SCT). SCT, however, paid commission to local agent in India. Assistant Commissioner of Customs determined the FOB value of machine at US \$ 18,500 including design and development charges. The trust accepted the value determined. Actual air freight paid was US \$ 5,000 and insurance cost was US \$ 2,500. Other details available are given below:
- (i) Commission paid to local agent of the exporter is US \$ 3,100 (paid in ₹ 1,67,500).
 - (ii) Date of Bill of Entry presentation is 25th March, 2023. On this date, rate of BCD is 10%. Rate of exchange notified by CBIC is ₹ 75 per US \$; Reserve Bank Rate is ₹ 76 per US \$.
 - (iii) Date of arrival of aircraft at customs station is 5th April, 2023. On this date, rate of BCD is 15%, rate of exchange notified by CBIC is ₹ 74 per US \$; Reserve Bank Rate is ₹ 75 per US \$.
 - (iv) Social welfare surcharge is leviable @ 10% and applicable IGST rate is 18%

Required:

Determine the assessable value under the Customs Act, 1962 and also **calculate** the basic customs duty payable, social welfare surcharge and IGST on import of machine. Assume that no exemption is available on this transaction and make suitable assumptions, if required. 7

- (b) Jagdish & Co. imported goods valued at ₹ 12,00,000 vide a bill of entry presented before the proper officer on 15th December 2022, on which date the rate of customs duty was 20%. The proper officer decided that the goods should be subject to chemical test and therefore, the same were provisionally assessed at a value of ₹ 12,00,000; Jagdish & Co. paid provisional duty of ₹ 3,40,000 on the same date after fulfilling the requirements for provisional assessment.

What are the conditions which are to be complied before payment is made for the purpose of provisional assessment?

Determine the amount of interest payable, if any, under section 18 of the Customs Act, 1962 assuming that the payment of the final duty is assessed on 31st January 2023 at ₹ 4,80,000 and the balance duty is paid on the same day. 7

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8. (a) K Hotels Ltd. (KL), is a supplier registered under the normal GST provisions in the State of Tamil Nadu, running chain restaurants. In the restaurant run by it, KL supplies tobacco (smokes) independently and not as composite supply. These items are supplied alone and not along with food. When such cigarettes products are supplied by the restaurant, a single price is charged by KL in its tax invoice.

You are required to critically **examine** whether such supply of smokes will be treated as Mixed supply or composite supply, in the light of decided case laws or rulings of the AAR. 7

- (b) Sure craft Energy P. Ltd (SEPL) had purchased goods from JK, a registered supplier in the State of West Bengal and paid all amounts due to the supplier, including the GST, as mentioned in the tax invoice. Since JK had not remitted the GST to the Government, the payment did not reflect in the Form filed by JK. There was a mismatch between the ITC claimed by SEPL, due to non-reflection of this payment, in its Form 2A. No action was taken by the Department against JK for recovering the amount from them. It was not the case of the Department that there was no tax invoice or that SEPL had not received the goods from JK. The Department reversed the ITC of SEPL to the tune of around ₹ 6.4 lakhs on the ground that JK had not paid the same to the Government.

Is the stand of the Department tenable in law? You are required to give your view, in the light of decisions of High Court. 7