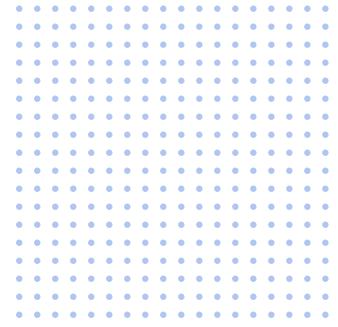




FOR CA FINAL EXAM PREPARATION

CA Final 2024 Question Paper · Paper 5 Indirect Tax Laws

EXAM	YEAR	TYPE	SUBJECT
CA Final	2024	Question Paper	Paper 5 Indirect Tax Laws
DATE			
November 2024			

FINAL EXAM
PAPER-5
INDIRECT TAX LAWS

AQF2

11 NOV 2024

Roll No.

Total No. of Questions : 6

Total No. of Printed Pages : 12

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 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 MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book or on Part I question paper, will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book 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 answer book.**
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 descriptive answer book with OMR cover page 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 or having/using mobile phone or smart watch 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 law as amended by significant Notifications / Circulars issued till 30th April, 2024 and (ii) CGST Act, 2017 and IGST Act, 2017 as amended by the Finance Act, 2023 and which have become effective upto 30th April 2024 and (iii) Customs law as amended by the Finance Act, 2023 including significant Notifications and Circulars issued and other legislative amendments made upto 30th April 2024.

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AQF2**PART II**

1. Sachha and Sudh Limited is a registered supplier of taxable goods and services at Raipur in the state of Chhattisgarh under regular scheme. Head office of the company is at Raipur whereas its branch office situated at Ludhiana, Punjab. It furnished the following information for various activities or transaction made during the month of April, 2024:

S.No.	Particulars	Amount (₹)
	OUTWARD TRANSACTIONS	
(i)	Supplied goods to Matadeen and Sons in the state of Rajasthan on the instruction of Dhananjai Associates, a registered person under GST in the State of Chhattisgarh. The contract for such supply was for the deliver the goods at buyer's premises and includes fixed transportation cost of ₹ 20,000 irrespective of the actual freight paid. It is indicated separately in the invoice issued in this respect of supply of goods.	8,00,000
(ii)	Amount received for sale of the loading tempo used for transportation of goods to Mr. Suresh. Loading Tempo was purchased at 4,80,000 and its depreciated value at the time of sale was of ₹ 2,40,000. No GST credit was taken. Delivery of the loading tempo was given at registered office of the company.	1,80,000
(iii)	Provided intra-State supply of sponsorship service to Vidhi Agency, a proprietary concern of Raipur.	50,000
(iv)	Received as fine from Vipul, a registered person for delayed supply of goods. Such payment was made as a compensation for margin loss caused due to price reduction between due date and actual date of supply. There is no express contract in this respect.	50,000
	INWARD TRANSACTIONS	
(i)	Intra-State purchase of goods from various registered persons (out of this ₹ 7,00,000, goods of ₹ 1,00,000 was received on 1 st May, 2024 due to riots in the area but all the invoices received by 30 th April, 2024,	7,00,000
(ii)	Rent paid to Indian Railway for office premises situated in the State of Chhattisgarh.	40,000
(iii)	Representational service from Mr. Vikas Gupta, an advocate of Delhi and unregistered person under GST towards dealing the GST appeal matters with the Commissioner (Appeal)	1,00,000

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Additional information:

- (i) The company paid ₹15,000 towards actual freight to Mr. Shailendra of Chhattisgarh, a truck owner and unregistered person in respect of supply of goods to Matadeen & Sons in the state of Rajasthan. Mr. Shailendra had not issued the consignment note.
- (ii) On 15th April, 2024, the company acquired 1% additional share holding in one of its subsidiary company for a consideration of ₹ 10,00,000
- (iii) The company made inter-state purchase of goods of ₹ 1,00,000 to be used for discharge of corporate social responsibility (CSR) referred to in section 135 of the Companies Act, 2013.

Notes:

- (a) Assume Rate of CGST, SGST and IGST are 9%, 9% and 18% for both inward and outward supply of goods and services except transportation service which is chargeable at 2.5%, 2.5% and 5% CGST, SGST and IGST respectively.
- (b) Both inward and outward supplies given above are exclusive of taxes.
- (c) All the conditions necessary for availing the ITC have been fulfilled.
- (d) There was no opening balance of any input tax credit.

Compute the net minimum GST payable in cash by Sachha and Sudh Limited for the month of April, 2024 by considering that Company wants to pay minimum amount of SGST as far as possible legally.

Working notes and correct provision of law for each point should form the part of your answer along with applicable provision of Place of supply under GST law.

(14 Marks)

2. (a) Mr. Ayush, is a registered supplier in Ahmadabad (Gujarat) under GST law. He provides the following information pertaining to various outward supplies made by him during the month of March, 2024:

S. No.	Particulars	Amount ₹
(i)	Vijay Vayapar Chamber of commerce organized a business summit. Nuba Pvt. Ltd, manufacturer of readymade garments sponsored the summit and paid sponsorship fee of ₹ 1,80,000 to Vijay Vayapar Chamber of commerce. Mr. Ayush, an independent director of Nuba private Ltd. provided the services to the company in relation to this and Nuba Pvt. Ltd. Paid ₹ 40,000 to him as remuneration,	40,000

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S. No.	Particulars	Amount ₹
(ii)	Supply of railway equipments by way of transportation by a vessel from one place in India to another.	1,20,000
(iii)	Services by way of storage/warehousing of processed tea used for beverage as Green tea.	70,000
(iv)	Health care services by his clinical establishment of providing rooms having room charges ₹ 3,100 per day to a person receiving health care services.	3,00,000
(v)	Services of a guest house, for lodging purposes, having value of supply of a unit of accommodation ₹ 800 per day	72,000

All above amounts are exclusive of GST. All the supplies are intra-State supply and assume the rate of taxes are IGST @ 18% and CGST & SGST @ 9% each.

From the above information compute the GST liability of each item separately on which tax to be paid by Mr. Ayush for the month of March, 2024.

Correct provision of law should form the part of your answer. (5 Marks)

- (b) M/s Ronak Ltd, having a registered head office in Maharashtra, providing a service to its branch office in Kerala in the month of April, 2024 by way of carrying out administrative work with the use of service of the employees working in the head office. However, the head office is not including the salary cost of employees involved in providing the said services while issuing tax invoice to its branch office.

You are required to decide the followings:

- What will be the value of service and also discuss whether the salary cost of head office employees involved in providing the said services has mandatory to be included in the computation of value of service provided by head office to branch office when full ITC is available to the concerned branch office?
- What will be the value of service if head office has not issue invoice to the branch office?

Also discuss in brief the relevant provisions of GST law.

(5 Marks)

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(5)

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- (c) Sneha International Ltd. Bombay imported a drill machine from USA (by air). Machinery reached Delhi airport from where it was transshipped to Mumbai airport. Contracted CIF price of machines was US \$ 20000 which was to be delivered in February 2024. But on request of Sneha International Ltd. supplier agreed to deliver the machine in January 2024 for which US \$ 2000 was charged extra in contracted CIF price.

Other information is given below:-

S. No.	Particulars	Amount
(i)	Air Freight	\$ 5000
(ii)	Insurance Charges paid	\$1200
(iii)	Inspection charges of drill machine paid by the supplier (The same was neither mentioned in the terms of contract nor required for making the goods ready for shipment).	\$500
(iv)	Transport charges from Delhi airport to Mumbai Airport	₹ 50000

You are required to determine the assessable value of imported machine (rounded off to nearest one rupee) under the Customs Act 1962 from the particulars given above.

Notes:-

- (a) Rate of exchange to be taken as ₹ 83 for one \$
 (b) Brief reasoning for treatment of each item should form part of your answer.
 (4 Marks)

3. (a) Vijay Pvt. Ltd., of Chennai, Tamil Nadu, exclusively manufactures and sells product 'V2Z' which is exempt from GST vide notifications with certain taxable supplies. The company sells product 'V2Z' only within Tamil Nadu and it is registered under GST under regular scheme. Further, all the inward supplies of the company are taxable under forward charge. The company expects the sales to grow in the current year. Owing to the growing demand for the product, the company decided to increase its production capacity and purchased additional machinery exclusively used for manufacturing 'V2Z' on 1st August, 2023. The purchased price of such machinery was ₹ 45 lakh exclusive of GST @ 18%.

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However, effective from 1st December, 2023, exemption available on 'V2Z' was withdrawn by the Central Government and GST @ 12% was imposed thereon. Can Vijay Pvt. Ltd take input tax credit on additional machinery purchased exclusively for manufacturing 'V2Z'? If yes, then when and how much credit can be availed?

Advice Vijay Pvt. Ltd. on the above issues with reference to the provisions of GST law.

Correct provision of law should form the part of your answer. (5 Marks)

(b) Decide with reason whether following independent transactions amount to supply or not as per the provision, rules and notification issued under the GST law:

- (i) Satyam has lent securities to Kala Enterprises for a consideration of ₹ 10,000 towards lending of securities under the Securities Lending Scheme, 1997 through an approved intermediary. Ignore the transaction between Satyam and intermediary.
- (ii) Patta Limited made supply of goods to its agent, Romi, without consideration. Romi issued invoice for the further supply of goods to the customers in his own name. Romi also disclosed the name of principal in the invoice issued.
- (iii) Dilasa Limited recruited Miss Chhaya as senior relationship manager. At the time of joining as senior relationship manager, the company paid ₹ 3,00,000 towards "Not joining" Milan Limited, a stiff competitor of Dilasa Limited.

(5 Marks)

(c) Rustam imported a sport car from Japan. He paid the applicable customs duty and an order for home consumption was issued. At the time of actual clearance for home consumption, he found that the sport car was destroyed due to a fire occurred at the customs station. The loss of sport car is forever and beyond recovery.

Rustam seeks your advice as how to deal with the situation under the provisions of the Customs Act, 1962.

Whether your answer would differ if Rustam warehoused the sport car due to delay in legal formalities after comply with the relevant provisions of the Customs Act, 1962 and the fire occurred there after the payment of duty but before actual clearance there from?

(4 Marks)

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(7)

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4. (a) M/S MN Ltd has a balance of ₹ 30,000 as CGST and ₹ 30,000 SGST in the electronic credit ledger in the beginning of April 2024. During the month of April, 2024, M/S MN Ltd has following liabilities:-

Particulars	CGST (₹)	SGST (₹)
GST Payable on outward supplies	10,000	10,000
GST payable as a consequence of proceeding instituted under the provision of GST law	5,000	5,000
GST payable on reverse charge supplies	6,000	6,000
Interest for default in late filing of GSTR-3B	500	500
Penalty	500	500
TOTAL	22,000	22,000

There is no input tax credit for the month of April 2024.

M/S MN Ltd is of the view that since opening in the balance in the electronic credit ledger is sufficient to discharge the whole liability for the month of April 2024; it is not required to deposit any tax for the above month.

Explain with reasons whether the contention of M/S MN Ltd is correct in view of the applicable provisions of CGST Act, 2017.

If not, what would be the amount payable in cash for the month of April, 2024?

Also discuss in brief, the relevant provision of GST law.

(5 Marks)

- (b) Sunita Industries, registered in the State of Gujarat, receives machinery for repair in its workshop located in Surat, Gujarat on 4th April, 2024 from Titen Ltd., an automobile manufacturing company based in China. Titen Ltd. is not registered in India. The repair work was carried out by Sunita Industries for which it was paid in convertible foreign exchange. The aggregate turnover of Sunita Industries was ₹ 450 crore in the preceding financial year 2023-2024 but for the financial year 2022-2023 turnover was ₹ 562 crore.

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While raising the invoice for the said consideration, the accountant of Sunita Industries approaches you as to whether the Dynamic Quick Response (QR) code is mandatorily required on said invoice?

You are required to advise him on the same by explaining the relevant provision of GST law with reference to Dynamic Quick Response code along with applicable provision of Place of supply. (5 Marks)

- (c) Mr. Sahil, an importer, had made provisional payment of customs duty of ₹ 2,00,000 under section 18 of the Customs Act, 1962 on 17th July, 2023 along with security of ₹ 1,00,000 towards provisional release of goods. Final assessment was completed on 15th October, 2023 with a duty assessed as ₹ 1,50,000. The refund order of ₹ 50,000 and the order of release of security of ₹ 1,00,000 was issued on the same day (15th October, 2023).

Mr. Sahil had filed a refund application on 20th October, 2023 along-with necessary documents. On perusal of the refund application, proper officer had found some deficiencies which were communicated to Mr. Sahil.

Mr. Sahil had submitted the required additional documents and proper officer had issued an acknowledgement on 5th November, 2023. Refund was paid to him on 25th March, 2024.

You are required to compute interest receivable by Mr. Sahil under section 27A of the Customs Act, 1962 on amount of duty and on amount of security if any.

Calculation should be nearest to one rupee and assume 366 days in the year. (4 Marks)

5. (a) Swastik Tours and Travel is registered taxable person under GST in the state of Punjab. Its gross receipts from the overseas package tours for the month of February 2024 amounted to ₹ 50 crore. Out of this ₹ 50 crore, ₹ 10 Crore were received from registered persons. While filing GSTR-1 for the month of February 2024, it tampered the amount of invoices issued to unregistered persons and reported only ₹ 20 crore on account of B to C transactions (i. e, transaction with unregistered persons) thus understating the tax liability by ₹ 3.60 crore (i.e. 18% of 20 crores). Moreover while filing GSTR-3B for the same month, it availed ITC ₹ 0.40 crore on account of fake invoices received without receipt of goods/services.

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(9)

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GST Department initiated prosecution proceeding against Swastik Tours and Travel for the above offence.

Swastik Tours and Travel deposited the amount of tax due along with the interest and penalty and ₹ 1 crore as compounding amount being amount equivalent to 25 % of tax evaded and requested the commissioner for compounding of offence. Other conditions required for compounding the amount were duly complied with.

Even then commissioner rejected the request of Swastik Tours and Travel on the plea that compounding amount deposited by Swastik Tours and Travel is less than the minimum amount to be deposited for compounding of offence.

You are required to examine the case and comment upon the rejection of request of Swastik Tours and Travel as per the provisions of Section 138 of CGST Act 2017 read with relevant rule of the CGST Rules, 2017.

Also discuss the relevant legal provision in brief. (5 Marks)

- (b) Miss Meena aggrieved by the order passes by the Assistant Commissioner and wants to file an appeal with Commissioner (Appeals). Her accountant, who looked after her GST related matters including filing of GST returns /other compliances online, is on leave for one month. So she decides to file the appeal manually.

The order against which appeal is to be filed is available on the GST portal. There was no such notification issued by the commissioner that appeal can be filed manually.

With reference to the provisions of GST law, you are required to ascertain:-

- (i) Whether Miss Meena can file an appeal to the Commissioner (Appeals) in this case?
- (ii) Whether decision taken by Miss Meena to manually file an appeal is valid?

Also explain the relevant legal provisions in support of your answer.

(5 Marks)

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(10)

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- (c) Mr. Charanjit, an importer filed a claim for refund of custom duty paid under protest which was assessed on the value of imported machinery.

The assessment order on the basis of which duty was payable by Mr. Charanjit had neither been reviewed nor modified in any appeal. The department rejected the claim for refund filed by Mr. Charanjit.

Discuss with the help of the decided case law if any, whether the action of department rejecting the claim is correct in law? Give reason for support of your answer.

What other options are available to Mr. Charanjit?

Note: Name of the case law is not mandatory to be part of your answer. (4 Marks)

6. (a) Describe the provision of payment of tax and other amount in installment under section 80 of the CGST ACT, 2017.

Also discuss under what circumstances such payment facility shall not be allowed. (6 Marks)

- (b) Discuss in brief the precautions to be observed while issuing summons under the GST law. (4 Marks)

OR

Under the GST law who can order for carrying out inspection and under what circumstances? (4 Marks)

- (c) Define Status Holder under Foreign Trade Policy. Which categories of Exporter Firms are eligible for recognition as a status holder and what are the criteria towards recognition as Status Holder?

Also State what would be the minimum threshold limit of export performance of Status holders for various categories of Star Export House. (4 Marks)

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