

HCM2

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 31st October, 2018 and (ii) Custom law as amended by Finance Act, 2018 and significant notifications/circulars issued till 31st October, 2018.

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1. (a) Vansh Shoppe is a registered supplier of both taxable and exempted goods, registered under GST in the State of Rajasthan. Vansh Shoppe has furnished the following details for the month of April, 2019 ; 10

(1)	Details of sales	₹
	Sales of taxable goods	50,00,000
	Sales of goods not leviable to GST	10,00,000
(2)	Details of goods purchased for being sold in the shop	
	Taxable goods	45,00,000
	Goods not leviable to GST	4,00,000
(3)	Details of expenses	
	Monthly Rent payable for the shop	3,50,000
	Telephone expenses paid	50,000
	(₹ 30,000 for land line phone installed at the shop and ₹ 20,000 for mobile phone given to employees for official use)	
	Audit fees paid to a Chartered Accountant	60,000
	(₹ 35,000 for filing of Income tax return & the statutory audit of preceding financial year and ₹ 25,000 for filing of GST return)	
	Premium paid on health insurance policies taken for specified employees of the shop. The Government has not notified such health insurance service under section 17(5)(b)(iii)(A) CGST Act, 2017	10,000
	Freight paid to goods transport agency (GTA) for inward transportation of non taxable goods	50,000
	Freight paid to goods transport agency (GTA) for inward transportation of taxable goods	1,50,000
	GST paid on goods given as free samples	5,000

All the above amounts are exclusive of all kind of taxes, wherever applicable.

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All the purchases and sales made by the Vansh Shoppe are within Rajasthan. All the purchases are made from registered suppliers. All the other expenses incurred are also within Rajasthan.

Assume wherever applicable for purpose of reverse charge payable by Vansh Shoppe the CGST, SGST and IGST rates as 2.5%, 2.5% and 5% respectively. CGST, SGST and IGST rates to be 6%, 6% and 12% respectively in all other cases.

There is no opening balance in the electronic cash ledger or electronic credit ledger.

Assume that all the necessary conditions for availing the ITC have been complied with. Ignore interest, if any.

You are required to compute the following:-

- (1) Input Tax Credit (ITC) credited to Electronic Credit Ledger
- (2) Common credit
- (3) ITC attributable towards exempt supplies out of common credit
- (4) Net GST Liability for the month of April, 2019

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- (b) Asha Enterprises supplier of sewing machines, is located in Kota (Rajasthan) and registered for purpose of GST in the said State. It receives an order from Deep Traders, located in Jalandhar (Punjab) and registered for purpose of GST in the said State. The order is for the supply of 100 sewing machines, with an instruction to ship the sewing machines to Jyoti Sons, located in Patiala (Punjab) and registered in the said State for purpose of GST. Jyoti Sons is a customer of Deep Traders. Sewing machines are shipped in a lorry by Asha Enterprises. Briefly explain the following : (a) the place of supply under IGST Act, 2017 ; (b) the nature of supply :- whether inter-state or intra-state and (c) whether CGST/SGST or IGST as would be applicable in this case. 4

2. (a) Mrs. Kajal a registered supplier of Jaipur (Rajasthan) has made the following supplies in the month of January, 2019 9
- (i) Supply of a laptop bag along with the laptop to a customer of Mumbai for ₹ 55,000 (exclusive of GST).
 - (ii) Supply of 10000 kits (at ₹ 50 each) amounting ₹ 5,00,000 (exclusive of GST) to Ram Fancy Store in Kota (Rajasthan). Each kit consists of 1 hair oil, 1 beauty soap and 1 hair comb.
 - (iii) 100 kits given as free gift to Jaipur customers on the occasion of Mrs. Kajal's birthday. Each kit consists of 1 hair oil and 1 beauty soap. Cost of each kit ₹ 35, but the open market value of such kit of goods and of goods of like kind and quality is not available. Input tax credit has not been taken on the goods contained in the kit.

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- (iv) Event management services provided free of cost for brother's son marriage function in Indore (Madhya Pradesh). Cost of providing said services is ₹ 80,000, but the open market value of such services and of services of like kind and quality is not available.
- (v) 1400 chairs and 100 coolers hired out to Function Garden, Ajmer (Rajasthan) for ₹ 3,30,000 (exclusive of GST) including cost of transporting the chairs and coolers [₹ 20 (exclusive of GST) for each chair and each cooler] from Mrs. Kajal's godown at Jaipur to the Function Garden Ajmer. The cost of transportation of chairs and coolers is paid by Mrs. Kajal to an unregistered Goods Transport Agency (GTA).

Interest of ₹ 6,400 (inclusive of GST) was collected by Mrs. Kajal from Ram Fancy Store, Kota for the payment received with a delay of 30 days.

Assume rates of GST to be as under:-

S. No.	Particulars	Rate of CGST (%)	Rate of SGST (%)	Rate of IGST (%)
1.	Laptop	9	9	18
2.	Laptop Bag	14	14	28
3.	Hair Oil	9	9	18
4.	Beauty soap	14	14	28
5.	Hair Comb	6	6	12
6.	Event Management Service	2.5	2.5	5
7.	Service of Renting of Chairs and Coolers	6	6	12
8.	Transportation Service	2.5	2.5	5

From the above information compute the GST liability (CGST and SGST and /or IGST, as the case may be) of Mrs. Kajal for the month of January, 2019.

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- (b) ABC Industries Ltd. of Mumbai imported one machine through vessel from Japan, in the month of September, 2018

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The following particulars are made available :

S.No.	Particulars	Amount in Japanese Yen (¥)
(i)	Cost upto port of exportation incurred by exporter	6,00,000
(ii)	Loading charges at port of exportation	25,000
(iii)	Freight Charges from port of export to port of import in India	1,00,000

Following additional amounts paid by ABC Industries Ltd:-

S.No.	Particulars	Amount In Indian (₹)
(i)	Designing charges paid to Consultancy firm in New Delhi, which was necessary for such machine	8,00,000
(ii)	Commission paid (not buying commission) to local agent of exporter	1,25,000
(iii)	Actual Landing charges paid at the place of importation	15,000
(iv)	Actual insurance charges paid to the place of importation are not ascertainable	—
(v)	Lighterage charges paid at port of importation	20,000

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Other Information :

(i)	Rate of basic customs duty is 10%
(ii)	Rate of social welfare surcharge is 10%
(iii)	Integrated tax leviable under section 3(7) of Customs Tariff Act, 1975 is 12%.
(iv)	Ignore GST Compensation Cess.
(v)	Rate of exchange to be taken / Japanese Yen (¥) = ₹ 0.65.

Arrive at the total customs duty, including Integrated tax payable under section 3(7) of the Customs Tariff Act, 1975 with appropriate working notes.

3. (a) Siddhi Ltd. is a registered manufacturer engaged in taxable supply of goods. Siddhi Ltd. purchased the following goods during the month of January, 2019 .The following particulars are provided:

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S. No.	Particulars	Input tax (₹)
1.	Capital goods purchased on which depreciation has been taken on full value including input tax thereon	15,000
2.	Goods purchased from Ravi Traders (Invoice of Ravi Traders is received in month of January, 2019, but goods were received in month of March, 2019)	20,000
3.	Car purchased for making further supply of such car. Such car destroyed in accident while being used for test drive by potential customers	30,000
4.	Goods used for setting up Telecommunication Towers being immovable property	50,000
5.	Goods purchase from Pooja Ltd. (Full payment is made by Siddhi Ltd. to Pooja Ltd. against such supply but tax has not been deposited by Pooja Ltd.)	10,000
6.	Truck purchased for delivery of output goods	80,000

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Determine the amount of input tax credit (ITC) available by giving necessary explanations for treatment of various items as per the provisions of the CGST Act, 2017. You may assume that all the necessary conditions for availing the ITC have been complied with by Siddhi Ltd.

- (b) Dev Enterprises is the supplier of water coolers. Dev Enterprises supplied water coolers to Vimal Traders for consideration of ₹ 2,95,000 (inclusive of GST @ 18%). Vimal Traders also gave some materials to Dev Enterprises as consideration for such supply whose value was ₹ 10,000 (exclusive of GST). 4

Dev Enterprises has supplied the same goods to another person at price of ₹ 2,97,360 (inclusive of GST@18%).

You are required to :

- (1) Determine the value of goods supplied by Dev Enterprises to Vimal Traders as per the provisions of the CGST Act, 2017.
- (2) What would your answer be if price of ₹ 2,97,360 is not available at the time of supply of goods to Vimal Traders? Explain briefly.

- (c) From the following particulars you are required to determine reward under Merchandise Exports from India Scheme (MEIS) under Foreign Trade Policy 2015-2020 : 5

- (1) Exports of handloom products through notified courier with FOB value ₹ 5,15,000 per consignment.
- (2) Exports of goods which are subject to minimum export price with FOB value ₹ 50,000

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- (3) Exports of goods where FOB value declared in shipping bill is ₹ 8,00,000. FOB value realised with exchange gain ₹ 8,20,000.
- (4) Exports of books through foreign post office with FOB value ₹ 4,95,000 per consignment
- (5) Biotechnology Park (BPT) products exported through DTA units ₹ 3,00,000
- (6) Supplies made from DTA units to SEZ units ₹ 2,00,000
- (7) Rate of reward under MEIS is 7%

4. (a) Yash Shoppe a registered supplier of Jaipur, is engaged in supply of various goods and services exclusively to Government Departments, Agencies, Local authority and persons notified under section 51 of the CGST Act, 2017. 5

You are required to briefly explain the provisions relating to tax deduction at source under section 51 of the CGST Act, 2017 and also determine the amount of tax, if any, to be deducted from each of the receivables given below (independent cases) assuming that the payments as per the contract values are made on 31-10-2018. The rates of CGST, SGST and IGST may be assumed at 6%, 6% and 12% respectively.

- (1) Supply of Computer stationery to Public Sector Undertaking (PSU) located in Mumbai. Total contract value is ₹ 2,72,000 (inclusive of GST)
- (2) Supply of Air conditioner to GST Department located in Delhi. Total contract value is ₹ 2,55,000 (exclusive of GST)
- (3) Supply of Generator renting service to Municipal Corporation of Jaipur. Total contract value is ₹ 3,50,000 (inclusive of GST)

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- (b) Happy company is a registered supplier of electric goods. It has three stores for electric goods in Jodhpur (Rajasthan) namely Ram store, Shyam store, Mohan store. It receives an order for supply of electric goods worth ₹ 1,40,000 (exclusive of GST @ 18%) from Kishan sons of Bhopal (Madhya Pradesh). Happy Company found that order worth ₹ 43,000 can be fulfilled from the Company's Ram Store, order worth ₹ 45,000 can be fulfilled from its Shyam Store and remaining goods worth ₹ 52,000 can be sent from its Mohan store. All three stores are instructed to issue separate invoices for the goods sent to Kishan sons. The goods are transported to Kishan sons in Bhopal, in a single conveyance owned by Shiv Transporters. 4

You are required to advise Happy Company with regard to issuance of E-way bills as per the provisions of the CGST Act, 2017.

- (c) Laxmi Company Imported goods valued at ₹ 10,00,000 vide a Bill of Entry presented before the proper officer on 15th December, 2018, on which date the rate of customs duty was 20%. The proper officer decided that the goods should be subject to chemical or other test and therefore, the same were provisionally assessed at a value of ₹ 10,00,000 and Laxmi company paid provisional duty ₹ 2,00,000 on the same date. Laxmi company wants to voluntarily pay duty of ₹ 1,50,000 on 20th January, 2019. 5
- (1) Can Laxmi Company provisionally pay duty and what are the conditions which are to be complied before such payment is made ?
 - (2) Determine the amount of interest payable, if any, under section 18 of the Customs Act, 1962 assuming that the payment of ₹ 1,50,000 as stated above is made on 20th January, 2019 and that the final duty is assessed on 31st January, 2019 at ₹ 4,00,000 and the balance duty is paid on the same day.

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5. (a) From the following details, calculate the amount to be paid, for release of goods detained or seized under section 129 of the CGST Act, 2017, if owner of the goods does not come forward for payment of applicable tax and penalty 5

Details are as follows :

Particulars	Amount (₹)
Value of Goods	30,00,000
Applicable GST on such goods	5,40,000
GST already paid on such goods	3,60,000

Would your answer be different, if goods were exempted from GST and value remains the same namely ₹ 30,00,000 ?

- (b) On 05/07/2018, a show cause notice for ₹ 5,00,000 was issued to Mr. Vijay Kumar Sharma demanding short payment of GST ₹ 4,50,000 for the month of January, 2018 and also interest of ₹ 50,000. 4

Mr. Sharma raised objections and, after personal hearing on 30/08/2018 adjudicating authority passed the final order for ₹ 3,50,000 for GST, without any reference with regard to payment of interest.

Mr. Sharma deposited the tax of ₹ 3,50,000 on 02/09/2018 and informed the department on the same day. Subsequently on 15/09/2018 department demanded payment of interest of ₹ 60,000 on GST of ₹ 3,50,000.

Mr. Vijay Kumar Sharma is not ready to pay any interest. His contention is that, he is not liable for interest because he deposited all the amount specified in the final adjudication order.

Examine with a brief note the validity of the action taken by the Department with reference to provisions of the CGST Act, 2017.

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- (c) Briefly explain the procedure in appeal to be followed by the Commissioner (Appeals) under section 128A of the Customs Act, 1962. 5

6. (a) Briefly explain whether an appeal could be filed before the Appellate Authority against order of Authority for Advance Ruling (AAR) with reference to section 100 and 101 of the CGST Act, 2017. 4
- (b) Explain the recourse that may be taken by the officer in case proper explanation is not furnished for the discrepancy detected in the return filed, while conducting scrutiny under section 61 of the CGST Act, 2017. 5

OR

Explain the provisions relating to rectification of error apparent on the face of record under section 161 of the CGST Act, 2017. 5

- (c) Explain the modes for service of notice, order, etc. under section 153 of the Customs Act, 1962. 5

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