

CSD2

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 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, 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 type 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 (a) Part I of the question paper containing MCQs, and (b) the answer book in respect of descriptive type 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 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 31st October, 2021 and (ii) CGST Act, 2017 and IGST Act, 2017 as amended by the Finance Act, 2021 and which have become effective upto 31.10.2021 and (iii) Customs law as amended by the Finance Act, 2021, including significant Notifications and Circulars issued and other legislative amendments made upto 31.10.2021.

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PART – II

1. Supermarket is a proprietary firm and a GST registered supplier in Ahmedabad, Gujarat. The details of supplies, purchases and expenses for the month of December 2021 of Supermarket are as given below :

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PARTICULARS	AMOUNT ₹
Details of outward supplies :	
(i) Intra state	45,00,000
(ii) Interstate	15,00,000
(iii) Exempt supplies under GST	6,00,000
Details of inward supplies :	
(i) Intra-state	40,00,000
(ii) Interstate	10,00,000
(iii) Exempt supplies under GST	5,00,000
Details of expenses :	
(i) Freight paid to GTA for intra-state transportation of goods [20% of the freight paid was towards transportation of goods not liable to GST]	60,000
(ii) Telephone Expenses [Out of the above ₹ 18,000 was spent on landline installed in the sales outlet and ₹ 12,000 was spent on phones provided to employees in relation to the work of the firm]	30,000
(iii) Premium paid on insurance taken on car used by proprietor of the firm in relation to the work of the firm.(Intra State)	8,500
(iv) Outdoor catering service expenses incurred during Diwali celebrations in the sales outlet	40,000
(v) Monthly rent for the premises of sales outlet	60,000

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It is further given that –

All the amounts given are exclusive of all taxes wherever applicable.

All the inward and outward supplies made by Supermarket from / to registered place of business in Gujarat. Inward supplies of ₹ 50 lakhs were used only for taxable supplies and exempt inward supplies of ₹ 5 lakhs were used only for exempt outward supplies.

Wherever applicable for the purposes of reverse charge payable by Supermarket, the CGST, SGST and IGST rates are 2.5%, 2.5% and 5% respectively. In all other cases, CGST, SGST and IGST rates are 9%, 9% and 18% respectively.

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

Subject to the information as given above, all the other conditions necessary for availing ITC have been fulfilled.

You are required to compute the following –

- (1) Input Tax Credit (ITC) credited to Electronic Credit ledger;
- (2) Common ITC available for apportionment;
- (3) ITC attributable to exempt supplies out of common ITC;

You are required to examine the applicability of Rule 86B of CGST Rules relating to utilisation of ITC and if applicable, calculate the amount of ITC available for utilisation towards payment of GST. However there is no need to explain exceptions to the Rule 86B.

Make suitable assumptions wherever required and working notes as may be needed.

Brief notes are required only to support the calculation and the numerical outputs required in the case of Common ITC available for apportionment and applicability of Rule 86B of CGST rules.

Ensure that every transaction in the question is covered in the answer for the purpose of calculation of numerical outputs.

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2. (a) M/s A2Z, a proprietary firm, registered under GST, is engaged in providing various services under one roof. The firm provides the following information pertaining to supplies made/input services availed by it during the month of March 2022 :

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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 with APNA Bank by the firm.	30,000
4.	Professional services provided to foreign diplomatic mission located in India.	50,000
5.	Recovery agent services provided to ABC Finance Ltd. a NBFC Located in Delhi.	1,00,000
6.	Security services provided to XYZ Ltd. a registered person under GST.	80,000
7.	Receipts from running an educational institution (including receipts for providing residential dwelling service of ₹ 18, 20,000 by the Institution to the students)	35,00,000
8.	Supply Value including cost of fuel for provision of renting of motor vehicle service to NPS Ltd.	88,000

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Determine the GST liability (inclusive of liability for the supplies received also) of M/s A2Z for the month of March 2022 with necessary explanation for 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.

- (b) A non-resident Indian from USA donated food processing machinery to Om Charitable Trust (OCT). OCT however, paid commission to local agent in India.

Assistant Commissioner of Customs determined the fob value of machine at US\$ 17,500 including design and development charges. The Trust has accepted the value determined. Actual air freight paid was US\$ 4000 and insurance cost was US\$ 1500. Other details available are given below:

- (i) Commission paid to local agent of the exporter is US\$ 2100 (paid in ₹ 1,57,500/-).
- (ii) Date of Bill of Entry presentation is 25th March, 2022. On this date rate of BCD-10%. Rate of exchange notified by CBIC- ₹ 75 per US\$, Reserve Bank Rate- ₹ 76 per US\$.
- (iii) Date of arrival of aircraft at customs station is 5th April, 2022. On this date, rate of BCD-15%, Rate of exchange notified by CBIC- ₹ 74 per US\$, Reserve Bank Rate- ₹ 75 per US\$.
- (iv) Social Welfare Surcharge rate is leviable at 10% and IGST rate applicable is 18%

Compute the assessable value under the customs act and also calculate 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.

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3. (a) In the case of transactions at (i) and (ii) below, determine whether the amounts received are liable to GST. Briefly explain the applicable statutory provisions in support of your conclusions.
- (i) ABC Ltd., a registered bank, recovered cheque discounting charges of ₹ 5,250 from a customer C & Co. 2
- (ii) T Ltd., A dealer in air conditioners, supplies each unit at a list price of ₹ 30,000 per unit. He also has an EMI scheme where the customer can take delivery of air conditioner on a monthly EMI of ₹ 10,500 payable in three installments. T Ltd. Charges ₹ 600 extra for any delay in payment of monthly installments and this amount was recovered from customer Venkat for delay in payment of his 2nd installment. 2
- (iii) M/s Aerospace Airlines, having registered place of business in Mumbai under GST, issued a ticket from London to Delhi to Mr Ajit Khanna, a resident of Agra, UP who is not registered under the GST. Determine the 'place of supply' with supporting notes related to legal provisions. 1
- (b) Mangesh Enterprises, Goa, a registered supplier, has made the following supplies in the month of February 2022 : 2+2
- (i) Supply of guest house accommodation with facilities of cooling, heating, internet and parking to customers on daily rentals of ₹ 1,500. Mangesh Enterprises has 20 guest suites. During the month, there was 50% occupancy. Catering and Food service were supplied separately to those who opted for it at a cost of ₹ 500 per day of occupancy. Total amount collected for catering and food service was ₹ 70,000.

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- (ii) Supplied monthly air-conditioner maintenance services (intra-state) to a software company under a contract effective 1st February, 2022 for six months. According to the terms of service in the contract, the software company is liable to pay service charges of ₹ 12,000 for the entire period plus cost of spares and replacements at actuals. Taxes are separate and payable in accordance with statute. Mangesh Enterprises is yet to raise an invoice, though service was provided for February, 2022. During the month the company has not provided any spares or replacements as part of maintenance service. Further the concern has not received any amount towards above services.

Assume rates of GST as under :

S.N.	PARTICULARS	RATE OF GST(CGST + SGST)
1	Air conditioner Maintenance	18%
2	Food catering service	5%
3	Renting of guest house service	18%
4	Parking service	18%

With the help of the above information, examine each of the above supplies made by Mangesh Enterprises for the month of February, 2022 and determine the rate and the amount of GST applicable on the supplies made.

- (c) “The laptop supplied along with software loaded on hard disk drive has to be classified as laptop and valuation has to be made as one unit. The classification also has to be determined accordingly.” Examine this statement with reference to classification and valuation of laptop under customs act, 1962 read with relevant rules and relevant judicial pronouncement, if any.

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4. (a) Agni Limited filed GST return (under section 39) for the month of January 2021 on 11th April, 2021. Original due date for the said return was 20th February, 2021. Details of tax assessed as payable for the said month are given below :

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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

- Compute the net tax payable in cash while filing the said return as well as the interest payable for the delayed remittance of tax.
- Assuming the company has an ITC balance of ₹ 2,50,000 each under CGST and SGST for the said month, compute the interest payable, if entire tax due for the said month was paid through the Electronic Credit Ledger to the extent possible as per the provisions of Act ?

- (b) Comment on the given independent situations relating to GST procedures. Your answer should include relevant provisions of law, as may be applicable :

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- Jugnoo Enterprises, a trader engaged in the buying and selling of medicines within the state of Delhi, is not registered under GST. It has exceeded the turnover of ₹ 20 Lakhs on 15th July 2021 and also exceeded the turnover of ₹ 40 Lakhs on 14th February 2022. It applies for registration under GST on 28th February and registration certificate was granted on 2nd March 2022. Determine the date on which liability to register arises and the effective date of registration in this case.

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(ii) GoToDress is a chain of stores dealing in readymade garments through five showrooms in Delhi. It has a single GSTIN for all its showrooms in Delhi and has a principal place of business at Karol Bagh, Delhi. One of the consultants has suggested GoToDress to maintain books of accounts of all of its five showrooms at principal place of business at Karol Bagh, Delhi for better administration and control. Give your comment on the above advice according to the provisions of GST law.

(c) Joginder & Co. imported goods valued at ₹12, 00,000 vide a bill of entry presented before the proper officer on 15th December, 2021, 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 and Joginder & Co. paid provisional duty of ₹ 2, 40,000 on the same date after fulfilling the requirements for provisional assessment.

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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, 2022 at ₹ 3,80,000 and the balance duty is paid on the same day.

5. (a) On scrutiny of returns filed by Chandan & Co., the department found some discrepancy in ITC claimed by the company and consequently a departmental audit was conducted under section 65 of CGST Act. On conclusion of the audit in February, the department issued a Show Cause Notice (SCN) alleging that the company had wrongly and deliberately claimed ITC in the returns without actual receipt of goods

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for the month of January. The Joint Commissioner of Central Tax, not being satisfied by the reply given by the company to the SCN, passed a written order on 28th April which was received by the company on 1st May. The order confirmed the tax demand of ₹ 30,00,000 (i.e. CGST ₹ 15,00,000 and SGST ₹ 15,00,000) and imposed a penalty of equal amount under section 74.

Aggrieved by the order, Chandan & Co. decides to contest the order of adjudication in its entirety. It seeks advice on the following issues –

- (i) To whom should it make an appeal ? Can it directly approach the High Court ?
- (ii) What is the time limit for filing the appeal in the given case ?
- (iii) Is there any requirement of pre-deposit of any amount and if so, what would be the amount ?

Provide your legal and reasoned advice to Chandan & Co.

- (b) Octa Manufacturers, Jalandhar, a registered supplier, instructs its supplier Dawson Ltd. to send a CNC machine directly to the job worker, J Enterprises, outside its factory to carry out certain operations on the goods. The CNC machine was sent by the supplier on 7th March, 2018 and was received by the job worker on 10th March. J Enterprises carried out the job work and returned the CNC machine to the principal, Octa Manufacturers on 1st March, 2021.

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- (i) Can Octa Manufacturers retain the ITC availed by them on the CNC machine ?
- (ii) Would your answer be the same if in place of CNC machine, jigs and fixtures were supplied to the job worker which were returned to the principal on 1st March, 2021.

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- (c) (i) Mr. Cliff Paul, a resident and citizen of USA, visits India on a business tour. He made declaration to the proper officer about his baggage under section 77 of the Customs act, 1962 for the purpose of clearance. During the scrutiny of the declaration, proper officer found that some of the articles declared in baggage brought with him were prohibited to be entered in India and were detained by the officer. 3

Although Mr. Paul did not insist to clear those articles, value of those articles was very high and it was a difficult situation for him. You are required to advise any procedure prescribed under customs law to overcome the situation. Give your advice on the basis of relevant statutory provisions.

- (ii) Raghu Limited imported a machine from Japan. The payment includes ₹ 2,00,000 for post importation charges for installation and testing at the site of Raghu Limited in India. These charges are payable as a condition for sale of the imported machine. The department contends that this amount is includible in the assessable value. Examine the correctness of the stand taken by the department. 2

6. (a) Enumerate the suppliers to whom the Dynamic Quick Response (QR) code is not applicable when they issue an invoice to an unregistered person. 4

OR

With reference to Section 90 of the CGST Act, 2017, briefly discuss the liability of the partners of a firm to pay tax.

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- (b) List the safeguards provided in section 67 of CGST Act, 2017 in respect of the power of search or seizure. 5
- (c) Distinguish between Advance Authorization and DFIA (Duty Free Import Authorization) schemes. 5

Although Mr. Paul did not insist to clear those articles, value of those articles was very high and it was a difficult situation for him. You are required to advise any procedure prescribed under customs law to overcome the situation. Give your advice on the basis of relevant statutory provisions.

(ii) Raghu Limited imported a machine from Japan. The payment included ₹ 2,00,000 for post-transportation charges for installation and setting at the site of Raghu Limited in India. These charges are payable as a condition for sale of the imported machine. The department contends that this amount is includible in the assessable value. Examine the correctness of the stand taken by the department.

(a) Identify the suppliers to whom the Dynamic Quick Response (DQR) code is not applicable when they issue an invoice to an individual person.

With reference to Section 90 of the CGST Act, 2017, briefly discuss the liability of the partners of a firm to pay tax.

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