



PAPER – 5: INDIRECT TAX LAWS

- (1) All questions have been answered on the basis of position of (i) GST law as amended by the Finance Act, 2025 including significant notifications and circulars and other legislative amendments made, up to 30th April, 2026 and (ii) customs law as amended by the Finance Act, 2025 including significant notifications and circulars and other legislative amendments made, up to 30th April, 2026.
- (2) Unless otherwise specified, the section numbers and rules referred in questions and answers relating to GST pertain to the Central Goods and Services Tax Act, 2017 and the Central Goods and Services Tax Rules, 2017 respectively.
- (3) The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. The rates of customs duty are also hypothetical and may not necessarily be the actual rates.



QUESTIONS

Case scenario - I

M/s Sugam & Co., a partnership firm registered under GST in the State of Karnataka, is an Original Equipment Manufacturer (OEM) engaged in the manufacture and supply of motor vehicles, components and spare parts and provision of related services. It has a single GST registration in Karnataka, with its Bengaluru factory declared as its principal place of business and its Mysuru warehouse declared as an additional place of business.

During the month of August, the firm made the following outward B2C supplies (supply to an unregistered person):

- (a) to Mohan for ₹1,49,000 – Inter-State
- (b) to Kishan for ₹ 99,000 – Inter-State
- (c) to Rajesh for ₹ 1,10,000 – Intra-State

During the month of September:

- (1) It provided sponsorship services to Top Notch Cricket League Private Limited for ₹ 4,00,000.
- (2) It paid rent of ₹ 1,00,000 per month to the Ministry of Railways (Indian Railways) for taking on rent a ground for parking cars.

During the month of October:

- (3) They replaced parts under warranty valuing ₹ 5,00,000 to their customers and did not charge any consideration for the said replacement. ITC component related to the said replacement was ₹ 90,000.
- (4) They supplied a car to a friend of a partner at a discounted value of ₹ 6,70,000 against the open market value of ₹ 9,00,000.
- (5) Availed general insurance for motor vehicles in the showroom as well as in transit and GST payable on the same was ₹ 1,20,000.

In December, M/s Sugam & Co. transported a consignment for weighing purpose with proper delivery challan to a weigh bridge situated at 22 kms from its Bengaluru factory. Roving Squad officer detained the vehicle and alleged that the consignment was not accompanied by e-way bill and was liable to penal provisions.

In January, M/s Sugam & Co. decides to obtain a separate registration for its Mysuru warehouse as a distinct place of business within the same State (Karnataka), in terms of section 25. At the time of obtaining this separate registration, the Bengaluru (original) registration has an unutilized ITC balance of ₹ 12 lakh in its electronic credit ledger. The value of assets held by the Bengaluru unit is ₹ 80 lakh (of which ITC has actually been availed on assets worth ₹ 65 lakh only) and the value of assets held by the Mysuru unit is ₹ 20 lakh (of which ITC has actually been availed on assets worth ₹ 15 lakh only).

All figures given are exclusive of GST, wherever applicable, except stated otherwise.

Based on the information given above, choose the correct answer for the following Q. No. 1 to 6, with reference to GST Law:

1. In respect of B2C supplies (supply to an unregistered person) carried out in August, invoice-wise details are required to be uploaded in GSTR-1 in respect of which _____.
(A) Mohan
(B) Kishan and Rajesh
(C) Mohan and Rajesh
(D) Mohan, Kishan and Rajesh
2. For the month of September, the value of supply for which Sugam & Co. is liable to pay tax under reverse charge will be ₹ _____.
(A) Nil
(B) 1,00,000
(C) 4,00,000
(D) 5,00,000
3. Taxable supply made during the month of October is ₹ _____.
(A) 14,00,000
(B) 11,70,000
(C) 9,00,000
(D) 6,70,000
4. Blocked ITC / ITC to be reversed for the month of October is ₹ _____
(No bifurcation of CGST, SGST and IGST required.)
(A) Nil
(B) 90,000
(C) 1,20,000
(D) 2,10,000

5. The action of the officer of detaining the vehicle in the month of December is _____. Choose the most appropriate option.
 - (A) not valid as e-way bill is exempted for transporting goods from the place of the business of consignor to weighbridge for weighment, irrespective of distance.
 - (B) not valid as e-way bill is exempted for transporting goods from the place of the business of the consignor to a weighbridge for weighment upto a distance of 25 km.
 - (C) valid as e-way bill is exempted for transporting goods from the place of the business of the consignor to a weighbridge for weighment, only upto a distance of 20 km.
 - (D) valid as e-way bill is mandatory for transporting goods for weighment, irrespective of distance.

6. The amount of ITC that can be transferred to new Mysuru registration of M/s Sugam & Co. is _____ and the amount that can be retained by Bengaluru registration is _____.
 - (A) Nil; ₹ 12 lakh
 - (B) ₹ 6 lakh; ₹ 6 lakh
 - (C) ₹ 2.25 lakh; ₹ 9.75 lakh
 - (D) ₹ 2.4 lakh; ₹ 9.6 lakh

Case Scenario - II

Skyline Express Ltd. (SEL) is registered under GST in the State of Tamil Nadu, as an Electronic Commerce Operator (ECO). It owns and operates a web portal which supplies goods and services on behalf of various sellers and service providers. It collects consideration on behalf of the supplier for such supplies. The billing for goods sold on SEL is issued by the seller in the name of the customers and goods are also shipped directly by the seller to the customer.

SEL charges listing fee at the rate of 10% of turnover of goods and services supplied by the seller and service provider in a particular month, irrespective of any return of goods sold through the ECO.

In case of return of goods by the customer, the shipping is arranged by SEL, for which they charge 20% of the value of goods returned as cancellation charges from the customers.

Further, 10% of the value of goods returned is collected from the seller by SEL as handling charges for return of goods.

Following are the details of goods and services supplied in the month of January 2026 through SEL:

Details of supplier	Goods/services supplied	Amount of supply through ECO (₹)	Payment by customers	Other information
Comfort Step Footwears [registered under GST in Gujarat]	Footwear	50,000	At the time of booking	Inter-State supply
Sparkle Services, Chennai, Tamil Nadu, an unregistered person	Housekeeping services	3,50,000	At the time of booking	Intra-State supply
Regal Electronics LLP [registered under GST in Karnataka]	Electronic items	1,50,000	Payment received in the month of February 2026	Out of ₹ 1,50,000, intra-State supply is of ₹50,000

Additional information:

Goods of ₹ 5,000 sold by Comfort Step Footwears as mentioned above to customers outside Gujarat in the month of December 2025 were returned back in January 2026.

Moreover, certain supplies were made through SEL in the month of January 2026 by Mr. Karan to Mr. Naveen, both registered in Mumbai, worth ₹ 15,000, the tax on which has to be paid by Mr. Naveen on reverse charge basis.

Further, in the same month, Mr. Tony, an unregistered person and a resident of Dehradun, Uttarakhand posted in Delhi, places an order for books (exempted supply) from Sharma Publications, registered in Kolkata, through SEL to be delivered to his son studying in Mumbai. Mr. Tony mentions the address of Delhi as the billing address in the invoice. The maximum retail price of books is ₹ 20,000.

On 2nd January, 2026, the accountant of SEL deposited TCS of ₹ 5,000 (inter-State) pertaining to the month of October 2025 which was collected short.

While issuing invoice to a customer, the company had erroneously charged higher value by ₹ 52,000. Such invoice was issued on 31.03.2025. The company filed its annual return GSTR-9 for the said FY 2024-25 by 15.12.2025 and returns for the month of September 2025 and October 2025 were filed on 31.10.2025 & 19.11.2025 respectively.

Figures to be rounded off to nearest rupee. All figures are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the correct answer for the following Q. No. 7 to 11, with reference to GST Law:

7. What is the value of outward supply for the month of January 2026 on which GST is payable by SEL?
 - (A) ₹ 56,500
 - (B) ₹ 60,000
 - (C) ₹ 4,08,000
 - (D) ₹ 4,10,000
8. The amount of TCS required to be collected under section 52 by SEL is (ignore the amount of TCS short collected) is _____.
 - (A) ₹125 CGST, ₹125 SGST and ₹725 IGST
 - (B) ₹163 CGST, ₹163 SGST and ₹750 IGST
 - (C) ₹1,000 CGST, ₹1,000 SGST and ₹850 IGST
 - (D) ₹1,088 CGST, ₹1,088 SGST and ₹725 IGST

9. What is the place of supply in respect of books ordered by Mr. Tony through SEL?
- (A) Mumbai
(B) Kolkata
(C) Delhi
(D) Chennai
10. What will be the amount of interest and/or penalty, if any, on short collection of TCS of ₹5,000, as per the provisions of section 50 read with section 52 and section 122(1) of the CGST Act, 2017?
- (A) ₹ 131 interest plus ₹ 20,000 penalty
(B) ₹ 133 interest plus ₹ 10,000 penalty
(C) ₹ 131 interest only
(D) ₹ 20,000 penalty only
11. The company can issue a _____ in respect of the invoice of ₹52,000 latest by _____.
- (A) Credit Note – 30.11.2025
(B) Credit Note – 31.10.2025
(C) Credit Note – 19.11.2025
(D) Credit Note – 15.12.2025
12. Mr. Harrison of foreign origin has come on travel visa, to tour in India. He carries with him, as part of baggage, the following:

Particulars	Value in ₹
Travel souvenir	85,000
Other articles carried on in person	1,50,000
120 sticks of cigarettes of ₹ 100 each	12,000
Fire arm with 100 cartridges (value includes the value of cartridges at @ ₹ 500 per cartridge).	1,00,000

Compute the customs duty payable at concessional rate on baggage.

- (A) ₹ 56,000
- (B) ₹ 82,950
- (C) ₹ 43,750
- (D) ₹ 47,950

13. Shree Ganesh Industries Pvt. Ltd., a registered person under GST in the State of Rajasthan (registered office at Jaipur), is a subsidiary of Shree Ganesh Global Inc., a company incorporated in the USA. It is engaged in supply of a bouquet of goods and services. It furnishes the following particulars for the month of July:

1. Outward Supplies	
Particulars	Amount (₹)
Sold an old factory shed located in Jaipur, Rajasthan, to an unrelated buyer. Stamp duty was paid on ₹ 47,00,000.	45,00,000
Designed an integrated chip layout for a German client, using specifications sent electronically by the client. Under the same contract, the client also couriered a small hardware kit so that Shree Ganesh could test the design before final delivery. Testing was incidental; Shree Ganesh's core deliverable was the design work. Consideration was invoiced and received in convertible foreign exchange.	22,00,000
Supplied printed corrugated boxes to a customer in Punjab. The company used its own board and paper and printed the customer's logo (supplied by the customer in digital form) on the boxes. Material cost was ₹32,00,000 and printing charges were ₹ 4,72,000.	36,72,000
Provided maintenance services (including replacement of defunct fittings) to Udaipur Municipal Corporation for upkeep of streetlights. Out of the total contract value, value of defunct lights and other spares replaced was ₹ 40,000.	1,80,000

Gave five-seater cars (seating capacity of 5 persons, including driver) on hire to Rajasthan State Road Transport Corporation (RSRTC), Jaipur	3,00,000
Provided business support and marketing services on a principal-to-principal basis to its holding company, Shree Ganesh Global Inc., USA. Consideration was invoiced and received in convertible foreign exchange.	18,00,000
Provided consultancy services to its own branch office located in San Diego, USA	15,00,000
Sold a futures derivatives contract at the National Stock Exchange (NSE), due in the following month, having no delivery option.	20,00,000
Sold goods to Kavita Print Works on high-seas-sale basis, i.e., by endorsement of documents of title to the goods in favour of Kavita Print Works while the goods were still in transit, before filing of the bill of entry for home consumption. Kavita Print Works filed the bill of entry for home consumption.	12,00,000
2. Inward Supplies	
Particulars	Amount (₹)
Paid to Poseidon Marine Services (PMS), Rotterdam (Netherlands), towards Maintenance, Repair and Overhaul (MRO) services carried out on Shree Ganesh's own cargo vessel (used for transporting export consignments of the company), at the yard of PMS at Rotterdam port.	8,00,000
Purchased raw cotton (used as a cushioning material in packaging) directly from Mr. Devraj, an agriculturist of Rajasthan.	7,00,000
Imported raw materials from Italy under a CIF contract. CIF value of the goods for the purpose of customs included ₹ 20,000 as ocean freight paid by the exporter on transport of goods through vessel from port of shipment to port of import. The value for the purpose	

of levy of IGST worked out by the customs was ₹ 2,00,000.	
Purchased a labelling machine from a registered supplier in Gujarat. As per the purchase terms, on Shree Ganesh's instructions, the machine was delivered directly by the supplier to a third party, M/s Anand Job Works, located in Gujarat and has not been moved to Rajasthan.	6,00,000
Paid for security personnel services for the month to Suraksha Security Services Pvt. Ltd., a private limited company not registered under GST.	1,20,000

Additional Information:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for all inward and outward supplies of goods and services, except supply of raw cotton and supply of corrugated boxes, for which the applicable rates of CGST, SGST and IGST are 2.5%, 2.5% and 5% respectively.
- (ii) Shree Ganesh Industries Pvt. Ltd. had an opening balance of ITC of CGST of ₹45,000 and SGST of ₹45,000 for the relevant period. In respect of all inward supplies (other than reverse charge supplies), the suppliers have uploaded their invoices in their respective Form GSTR-1 and the same are reflected in Form GSTR-2B.
- (iii) All the amounts given above are exclusive of GST, wherever applicable.
- (iv) Shree Ganesh Industries Pvt. Ltd. always makes zero-rated supplies under a bond or letter of undertaking (LUT).
- (v) The goods sold in high seas to Kavita Print Works was originally imported by Shree Ganesh from Japan on 2nd July, with CIF value of ₹ 10,00,000 and FOB value of ₹ 8,50,000.
- (vi) Unless stated otherwise, all recipients of Shree Ganesh's outward supplies are located within the State of Rajasthan.
- (vii) Unless stated otherwise, assume that all the conditions prescribed under section 16 of the CGST Act, 2017 for availment of ITC are duly complied with.

- (viii) The MRO services received on the cargo vessel are used exclusively for effecting zero-rated supplies, the vessel being used only to transport the company's export consignments. All other inward supplies on which ITC is availed, including the labelling machine, are common inputs/input services/capital goods used for effecting both taxable and exempt supplies. No inward supply is being used for any non-business purpose.

From the information given above, compute the minimum net GST payable in cash (CGST, SGST or IGST, as the case may be) by Shree Ganesh Industries Pvt. Ltd. for the month of July.

14. (a) Mohit Sharma runs "Mohit Enterprises," a small electronics accessories trading firm based out of a single shop in Karol Bagh, Delhi. Having heard from fellow traders in the market about a new "Fast Track Registration" facility under rule 14A that promises registration within days rather than weeks, Mohit decides to explore this option. He determines that his output tax liability on supplies made to registered dealers and retailers (i.e., B2B supplies), taking together CGST, SGST and IGST, is ₹ 2.30 lakh per month. Mohit is keen to avoid the delay and hassle of a physical site visit. He duly applies for registration under rule 8, opts for Aadhaar authentication and completes it successfully using his personal Aadhaar linked to his PAN. Examine whether Mohit Enterprises is eligible to obtain registration under Rule 14A.
- (b) Kavya Agarwal of Jaipur, who owns "Kavya Industries," has recently diversified her single garment-manufacturing business into two distinct verticals operating from two different premises within the same city, one dealing in men's ethnic wear and the other in women's western wear. Both verticals are run under the same PAN and individually, each has monthly B2B output tax liability of ₹ 2.2 lakh and ₹1.8 lakh and satisfy other conditions prescribed under rule 14A. Kavya's tax consultant advises her that she should obtain two separate Fast Track Registrations under rule 14A- one for each vertical -so that both verticals can get quick, Aadhaar-based registration without any site visit. Examine whether Kavya Industries can validly obtain two separate rule 14A registrations for

its two business verticals within the same State, as advised by her consultant.

15. Sunrise Foods Pvt. Ltd. is a newly set-up company planning to manufacture and supply packaged snacks. Before starting operations, the management is confused about certain GST issues, such as how its products should be classified, whether a particular exemption notification applies to its products and whether it is required to be registered.

The tax consultant suggests approaching the Authority for Advance Ruling (AAR) to get clarity before starting the business, but the accountant points out that AAR cannot answer every question, there are certain matters on which it cannot give a ruling at all.

You are required to enumerate (i) the matters which cannot be questioned before the AAR and (ii) questions on which an Advance Ruling can be validly sought under the GST law.

16. Answer the following questions:
- (i) 'Rapidfix', an Electronic Commerce Operator (ECO), provides various services to its customers. Mr. Subramaniam of Karnataka State, an unregistered person under GST, availed air conditioner repair services from the said Electronic Commerce Operator. Total value of taxable supply was ₹ 36,800. Mr. Subramaniam did not insist for invoice with his full address and 'Rapidfix' issued invoice only with his name.
 - (ii) Secure Insurance Company Limited, having aggregate turnover of ₹ 6 crores in the preceding financial year, sold old used vehicles as scrap for ₹ 1,20,000. The consultant of the company advised it to issue an e-invoice for such sale. The company disagreed with the said view and did not issue an e-invoice for the said sale.
17. Answer the following questions:
- (i) Mr. Suresh, a partner in M/s Trinity & Co., a firm registered under GST, retired from the said firm on 30th June by executing a retirement deed. The GST Consultant of the said firm was requested to file the said change with the appropriate GST Authority. The said consultant, however, intimated this change to

the Department only on 15th October. In the meanwhile, Suresh received a notice for demand of tax related to the month of September. Examine the liability of Mr. Suresh in respect of said notice in terms of the GST law.

- (ii) Rathore Ltd., registered in Maharashtra, purchased Product D as a merchant exporter from Shravan Ltd., a manufacturer registered in Maharashtra, at the concessional rate of tax of 0.05% CGST and 0.05% SGST applicable to such a supply. Product D was exported by Rathore Ltd. to Gates Inc. of USA next month. The Accountant of Rathore Ltd. is of the view that Rathore Ltd. cannot take credit of the concessional tax so paid by it and that it can export the goods only under LUT/bond and cannot export on payment of IGST. Is the view of the Accountant of Rathore Ltd. correct? Discuss.
18. M/s Sunrise Traders is an importer eligible to avail the facility of deferred payment of import duty under section 47 of the Customs Act, 1962. Examine the due dates for payment of deferred import duty, in respect of the following Bills of Entry returned for payment:
- (i) A Bill of Entry returned for payment on 10th April
 - (ii) A Bill of Entry returned for payment on 20th April
 - (iii) A Bill of Entry returned for payment on 8th March
 - (iv) A Bill of Entry returned for payment on 25th March
19. M/s Coastal Imports Pvt. Ltd., a Mumbai-based importer of specialised industrial machinery, files a Bill of Entry for import of a consignment of precision equipment from Germany. On examination, the proper officer at the Nhava Sheva port is unable to determine the correct classification and valuation of the goods, as the matter requires verification of manufacturer's technical certifications and a reference to the foreign supplier's cost data. Consequently, the proper officer decides to assess the duty leviable on the goods provisionally, pending further enquiry into both classification and valuation.
- The company's compliance team is anxious to know within what time the Department is required to conclude this enquiry and finalise the

assessment since the provisional assessment has tied up a significant amount of security and is affecting their working capital planning.

Advise M/s Coastal Imports Pvt. Ltd. on the time-limit prescribed for concluding the enquiry and finalising the provisional assessment.

20. Mrs. Subhadra, an Indian resident (36 years old) who was on a visit to China, returned after 6 months. She was carrying with her the following items:

(i)	Used personal effects	₹ 75,000
(ii)	Laptop computer	₹ 60,000
(iii)	Jewellery - 25 grams (purchased in China)	₹ 2,75,000
(iv)	Music system	₹ 50,000

Compute the customs duty payable by Mrs. Subhadra with reference to the Baggage Rules, 2026. Ignore Agriculture infrastructure and development cess.



SUGGESTED ANSWERS

PART A: Answers to Multiple Choice Questions

Question No.	Answer
1.	(A)
2.	(A)
3.	(D)
4.	(A)
5.	(C)
6.	(D)
7.	(D)
8.	(A)

9.	(A)
10.	(A)
11.	(B)
12.	(A)

13. Computation of minimum net GST payable in cash by Shree Ganesh Industries Pvt. Ltd. for the month of July

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Sale of old factory shed [Sale of an old factory shed is treated as neither a supply of goods nor a supply of services in terms of para 5 of Schedule III to the CGST Act, 2017.]	45,00,000	--	--	--
Add: Designing of integrated chip layout for German client [Being a composite supply where principal supply is the digital designing service and testing of prototype samples couriered to India is only an ancillary activity to validate design quality ¹ , place of supply is location of the recipient, Germany, in terms of section 13(2) of the IGST Act, 2017. Since supplier is in India, recipient is outside India, place of supply is outside India, payment stipulated in	22,00,000	--	--	--

¹ Circular No. 118/37/2019 GST dated 11.10.2019

convertible foreign exchange and supplier/ recipient are not merely establishments of a distinct person; it qualifies as 'export of service' under section 2(6) of the IGST Act, 2017. Further, all exports made by Shree Ganesh are through furnishing of LUT without payment of IGST. Thus, no GST is payable.]				
<i>Add:</i> Supply of printed corrugated boxes to Punjab customer [Being a composite supply where printed boxes are supplied by the printer using its physical inputs including paper to print the logo supplied by the recipient of goods, predominant supply is supply of goods², thus, GST rate applicable is 5%. Further, it is an inter-State supply of goods since place of supply is location of goods at the time at which movement of goods terminates, in terms of section 10(1)(a), IGST Act, 2017.]	36,72,000	--	--	1,83,600
<i>Add:</i> Maintenance services to Udaipur Municipal Corporation [Exempt since the value of goods (defunct lights/ spares)	1,80,000	--	--	--

² Circular No. 11/11/2017 GST dated 20.10.2017

involved (₹ 40,000, i.e., 22.22% of ₹ 1,80,000) does not exceed 25% of the value of the composite supply of maintenance service provided to a local authority by way of a function entrusted to a Municipality under Article 243W of the Constitution.]				
<i>Add:</i> Five-seater cars given on hire to RSRTC [Taxable since the exemption for giving motor vehicles on hire to a State Transport Undertaking is available only where the vehicle is meant to carry more than 12 passengers; here seating capacity is only 5. Further, since Shree Ganesh (supplier) is a body corporate, tax is payable under forward charge. It is an intra-State supply as location of supplier and place of supply (being location of recipient) is Rajasthan.]	3,00,000	27,000	27,000	--
<i>Add:</i> Business support & marketing services to holding company, Shree Ganesh Global Inc., USA [Qualifies as export of service by Shree Ganesh Industries Pvt. Ltd. to Shree Ganesh Global Inc. since all the conditions of]	18,00,000	--	--	--

section 2(6) of the IGST Act, 2017 are complied with ³ . Further, all exports made by Shree Ganesh are through furnishing of LUT without payment of IGST. Thus, no GST is payable.]				
<i>Add:</i> Consultancy services to own branch office, San Diego, USA [Since supplier and recipient (being an Indian establishment and its own foreign branch) are merely establishments of a distinct person in terms of Explanation 1 to section 8 of the IGST Act, 2017, said supply does not qualify as export of service. The place of supply is outside India being location of recipient [Section 13(2) of the IGST Act, 2017]. However, services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in terms of Explanation 1 to section 8 are exempt provided the place of	15,00,000	--	--	--

³ Holding company and Subsidiary company are not considered as "merely establishments of a distinct person" for the purpose of complying with the conditions of Export of Service in terms of Circular No. 161/17/2021 GST dated 20.09.2021.

supply of service is outside India ⁴ . Thus, services provided by Shree Ganesh are exempt from GST.]				
<i>Add:</i> Futures derivatives contract [Futures derivative contracts with no delivery option qualify as securities. Securities are neither goods nor services. Thus, given transaction does not qualify as supply.]	20,00,000	--	--	--
<i>Add:</i> High-seas sale of goods to Kavita Print Works [High seas sales is neither treated as supply of goods nor as supply of services in terms of para 8(b) of Schedule III of the CGST Act, 2017.]	12,00,000	--	--	--
Total output tax under forward charge		27,000	27,000	1,83,600
<i>Less:</i> ITC available for set-off (Refer Working Note) [ITC of IGST is utilised for payment of IGST liability and thereafter for payment of CGST and SGST liability.]		(27,000)	(27,000)	(1,83,600)
Net GST		Nil	Nil	Nil
<i>Add:</i> MRO services on Shree Ganesh's cargo vessel [Tax is payable on import of services under reverse charge.]	8,00,000	--	--	1,44,000

⁴ Entry 10F of Notification 9/2017 IT(R) dated 28.06.2017

<i>Add:</i> Raw cotton purchased from Mr. Devraj, an agriculturist [Tax on raw cotton supplied by an agriculturist to any registered person is payable under reverse charge by Shree Ganesh. Being an intra-State supply (since place of supply is Rajasthan being location where movement of goods terminates), rate of tax applicable is CGST and SGST @ 2.5% each.]	7,00,000	17,500	17,500	--
<i>Add:</i> Imported raw material from Italy [IGST on goods imported is payable by the importer.]	2,00,000	--	--	36,000
Minimum net GST payable in cash (CGST and SGST of ₹ 17,500 each and IGST of ₹ 1,44,000 will be paid in cash through GSTN portal and IGST of ₹ 36,000 will be paid in cash through ICEGATE portal while making customs clearance.)		17,500	17,500	1,80,000

Working Note — Computation of ITC available for set-off

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Computation of ITC credited to Electronic Credit Ledger in July				
MRO services received on cargo vessel [The place of supply of	8,00,000	--	--	1,44,000

MRO service in respect of vessels supplied to a person for use in course or furtherance of business is the location of the recipient of service (here, Jaipur, Rajasthan), being a notified services under section 13(13) of the IGST Act, 2017. Since in given case, supplier is located outside India, recipient is located in India and place of supply is in India, said services satisfy all the three conditions of import of services in terms of section 2(11) of IGST Act, 2017. Further, since said services are used exclusively for effecting zero-rated supplies (considered as taxable supplies), full ITC is available on the same and does not require reversal.]				
<i>Add:</i> Raw cotton purchased [ITC is available as said goods are used in course or furtherance of business.]	7,00,000	17,500	17,500	--

<i>Add:</i> Imported raw material from Italy [Input tax, <i>inter alia</i>, includes IGST charged on import of goods, in terms of section 2(62). No separate levy of IGST will be there on the component of ocean freight paid by the foreign exporter to the foreign shipping line in the CIF contract by virtue of <i>Union of India vs. Mohit Minerals Pvt. Ltd. 2022 (61) G.S.T.L. 257 (SC)</i> since the Indian importer is liable to pay IGST on the 'composite supply', comprising of supply of goods and supply of services of transportation, insurance, etc. in a CIF contract.	2,00,000	--	--	36,000
<i>Add:</i> Labelling machine purchased [Since machinery is delivered by supplier to M/s Anand Job Works on the direction of Shri Ganesh (Bill To Ship To), it is deemed to have been received by Shree Ganesh and thus, ITC is available. Further, it is	6,00,000	--	--	1,08,000

an inter-State supply as location of supplier is Gujarat and place of supply is Shree Ganesh's principal place of business, i.e., Jaipur, Rajasthan.]				
<i>Add:</i> Security personnel services [Since security services are being provided by a body corporate, tax is not payable under reverse charge. Further, since supplier is unregistered, no tax is payable. Consequently, no ITC is available.]	--	--	--	--
<i>Add:</i> Goods imported from Japan sold in high sea [No ITC is available since tax is not payable by Shree Ganesh on the same; in case of high sea sales, IGST is paid by the last high sea sales buyer (Kavita Print Works) who clears the goods for home consumption by filing the bill of entry.]	--	--	--	--
Total ITC credited to the electronic credit ledger in July		17,500	17,500	2,88,000

Less: ITC attributable to input services intended to be used exclusively for effecting taxable supplies [Zero-rated supplies are considered as taxable supplies.]				(1,44,000)
Common credit		17,500	17,500	1,44,000
Less: Reversal of ITC of inputs & input services attributable to exempt supplies, in terms of rule 42 = (Aggregate value of exempt supplies during the tax period ÷ Total turnover in the State of the registered person during the tax period) x Common Credit (Refer Note below the Table)		7,793 [17,500 x 64,00,000/ 1,43,72,000]	7,793 [17,500 x 64,00,000/ 1,43,72,000]	16,031 [36,000 x 64,00,000/ 1,43,72,000] (Value of labelling machine excluded)
Less: Reversal of ITC of capital goods (labelling machine) attributable to exempt supplies under rule 43 = ₹ 1,08,000/60 months x 64,00,000/ 1,43,72,000				802
ITC of inputs, input services and capital goods attributable to taxable supplies		9,707	9,707	1,27,167

Add: ITC attributable to inputs and input services intended to be used exclusively for effecting taxable supplies		--	--	1,44,000
Add: Opening balance of ITC	--	45,000	45,000	--
ITC available for set-off		54,707	54,707	2,71,167

Note: Computation of Aggregate value of exempt supplies and Total turnover in Rajasthan for the month

Computation of Aggregate value of exempt supplies

Under section 17(3), value of exempt supply excludes transactions specified in Schedule III except paragraph 5 thereof, but expressly includes transactions in securities and, subject to paragraph 5(b) of Schedule II, sale of land and building. Accordingly, aggregate value of exempt supplies is as under:

Particulars	Amount (₹)
Sale of old factory shed [As per explanation to Chapter V of the CGST Rules, the value of exempt supply in respect of land and building is the value adopted for paying stamp duty.]	47,00,000
Maintenance services to Udaipur Municipal Corporation [Exempt from GST.]	1,80,000
Sale of futures contract (transaction in securities) [As per explanation to Chapter V of the CGST Rules, the value of exempt supply in respect of security is 1% of the sale value of such security.]	20,000
Consultancy to own branch, San Diego [Exempt from GST.]	15,00,000
Designing of integrated chip layout for German client [It is a zero-rated supply, hence, is considered as a taxable supply.]	--

Business support & marketing services to holding company, Shree Ganesh Global Inc., USA [It is a zero-rated supply, hence, is considered as a taxable supply.]	--
High-seas sale of goods to Kavita Print Works [As per section 17(3), 'value of exempt supply' excludes transactions specified in Schedule III, except specified transactions.]	--
Aggregate value of exempt supplies for July	64,00,000

Computation of Total turnover in Rajasthan for July

Particulars	Amount (₹)
Sale of factory shed	47,00,000
Export of chip-designing service	22,00,000
Supply of printed corrugated boxes	36,72,000
Maintenance services to Udaipur Municipal Corporation	1,80,000
Cars on hire to RSRTC	3,00,000
Export of business support services	18,00,000
Consultancy to own branch, San Diego	15,00,000
Transaction in securities	20,000
High-seas sale (Not a supply)	-
Total turnover in the State (Rajasthan) for the month	1,43,72,000

Note: In above answer, unless otherwise stated specifically, rate of CGST, SGST and IGST applied is 9, 9% and 18% respectively.

- 14.** Rule 14A provides a simplified and faster mode of GST registration for small taxpayers whose monthly output tax liability on B2B supplies does not exceed ₹ 2.5 lakh. Under this option, a person can get registered electronically within 3 working days, based purely on Aadhaar authentication, without the need for physical verification (no site visit). A person is eligible to opt for this facility provided:

- He has made an application for registration under rule 8

- His total output tax liability on supply of goods and/or services made to registered persons (CGST and SGST/UTGST and IGST and compensation cess) does not exceed ₹ 2.5 lakh per month.
- He must opt for and undergo successful Aadhaar authentication.

Where these conditions are met, registration is granted electronically by the common portal within 3 working days of successful Aadhaar authentication, without any physical/site verification.

Further, rule 14A restricts a taxpayer to only one registration per State/UT against the same PAN under this option.

In view of above provisions, registration requirements in given cases are as follows:

- (a)** Monthly B2B output tax liability of Mohit Enterprises is determined at ₹ 2.30 lakh, which is within the prescribed threshold of ₹ 2.5 lakh. Mohit has also applied under rule 8 and successfully completed Aadhaar authentication. All conditions prescribed under rule 14A are thus satisfied.

Thus, Mohit Enterprises is eligible to opt for Fast Track Registration under rule 14A.

- (b)** Although both verticals of Kavya Industries independently satisfy the tax-liability and Aadhaar-authentication conditions, rule 14A expressly permits only a single registration per State/UT under the same PAN. Since both verticals are located within the same State (Rajasthan) and operate under the same PAN, the restriction applies regardless of the fact that they represent distinct business lines.

Thus, Kavya Industries cannot obtain two separate rule 14A registrations for its two verticals. Only one Fast Track Registration under rule 14A can be obtained for a State and the consultant's advice to seek two such registrations is not correct in law.

15. Matters which cannot be questioned before AAR are:

- A question already pending in any proceedings in the case of an applicant under any of the provisions of the Act.

- A question already decided in any proceedings in the case of an applicant under any of the provisions of the Act.

Advance Ruling can be sought for the following questions:

- Classification of any goods or services or both.
 - Applicability of a notification issued under the provisions of the CGST Act.
 - Determination of time and value of supply of goods or services or both.
 - Admissibility of input tax credit of tax paid or deemed to have been paid.
 - Determination of the liability to pay tax on any goods or services or both.
 - Whether the applicant is required to be registered.
 - Whether any particular thing done by the applicant with respect to any goods or services or both amounts to or results in a supply of goods or services or both, within the meaning of that term.
- 16. (i)** Rule 46 prescribes the particulars that a tax invoice, issued by a registered person to an unregistered person, should contain. It, *inter alia*, provides that invoice should contain name and address of the recipient and the address of delivery, along with the name of the State and its code, provided the value of taxable supply is ₹ 50,000 or more.

In case where the value of taxable supply is less than ₹ 50,000, invoice shall contain such details only when the unregistered recipient requests that such details be recorded in the tax invoice.

However, in cases where any taxable service is supplied through an ECO to an unregistered recipient, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name of the State of the recipient and the same shall be deemed to be the address on record of the recipient.

Hence, invoice issued by 'Rapidfix' is not valid. It should have the name of the State of Mr. Subramaniam also.

- (ii) Insurers are exempted from generation of e-invoices even though their aggregate turnover in the preceding year exceeds the threshold limit of ₹ 5 crore. Further, it has been clarified⁵ that the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity. Thus, since Secure Insurance Company Limited, being an insurance company, is exempted from generation of e-invoices, it is not required to issue e-invoices on the supply of old used vehicles as scrap. Hence, view of the consultant is not correct.
17. (i) Where any partner retires from the firm, he or the firm, shall intimate the date of retirement of the said partner to the Commissioner by a notice in that behalf in writing and such partner shall be liable to pay tax, interest or penalty due up to the date of his retirement whether determined or not, on that date. However, if no such intimation is given within 1 month from the date of retirement, the liability of such partner shall continue until the date on which such intimation is received by the Commissioner. Since, in the given case, intimation is not given within 1 month from the retirement date, Suresh is liable for liability till the date of intimation, which is 15th October.
- (ii) A merchant exporter receiving goods at concessional rate of tax @ 0.1% (0.05% CGST + 0.05% SGST & 0.1% IGST) is eligible to take credit of the concessional tax so paid by him⁶. Further, he can:
- export under LUT/bond without payment of IGST and claim refund of unutilized ITC, or
 - export on payment of IGST and claim refund of that IGST⁷.

⁵ Circular No. 186/18/2022 GST dated 27.12.2022

⁶ Notification No. 40/2017 CT(R) dated 23.10.2017 read with Circular No. 37/11/2018-GST dated 15.03.2018

⁷ Earlier, merchant exporter could export the goods only under LUT / bond and could not export on payment of IGST by virtue of restriction given in rule 96(10). However, Notification No. 20/2024 CT dated 08.10.2024 omitted sub-rule (10) of rule 96. Thus, a merchant exporter can now export under LUT/bond without payment of IGST and claim refund of unutilized ITC, or export on payment of IGST and claim refund of that IGST.

Thus, in the given case, Rathore Ltd. is eligible to take credit of the concessional tax paid by it. Further, it can export under LUT/bond without payment of IGST and claim refund of unutilized ITC or export on payment of IGST and claim refund of that IGST. Hence, the view of the accountant of Rathore Ltd. is incorrect.

18. Rule 4 of the Deferred Payment of Import Duty Rules, 2016, provides as follows:

- (a) for goods corresponding to Bills of Entry returned for payment from the 1st day to the last day of any month other than March, the duty shall be paid by the 1st day of the following month; and
- (b) for goods corresponding to Bills of Entry returned for payment from the 1st day to the 31st day of March, the duty shall be paid by the 31st day of March.

In view of the above provisions, due date for payment of duty is as follows:

S. No.	Bill of Entry returned for payment on	Due date of payment of duty
(i)	10 th April	1 st May
(ii)	20 th April	1 st May
(iii)	8 th March	31 st March
(iv)	25 th March	31 st March

19. The time-limit prescribed for concluding the enquiry and finalising the provisional assessment as per the Customs (Finalisation of Provisional Assessment) Regulations, 2025, is as under:

Where duty leviable on imported/export goods is assessed provisionally by the proper officer because he deems it necessary to make further enquiry, the officer of customs shall complete the enquiry and transfer the relevant documents, along with a report in writing, to the proper officer for finalisation of assessment, within 14 months from the date of provisional assessment⁸.

⁸ Regulation 5

Further, the proper officer shall finalise the duty provisionally assessed, where it is possible to do so, within 3 months of conclusion of enquiry in accordance with regulation 5 above, where the duty leviable was assessed provisionally for that reason. An officer to whom the proper officer is subordinate may allow additional time period of 2 months at a time (for reasons to be recorded in writing)⁹.

Moreover, the assessment shall be finalised within 2 years from the date of the provisional assessment¹⁰. However, the Commissioner of Customs may, on sufficient cause being shown and reasons to be recorded in writing, extend the period of 2 years for finalisation of provisional assessment by an additional time of 1 year in terms of the first proviso to section 18(1B) of the Customs Act, 1962¹¹.

20. Computation of customs duty payable by Mrs. Subhadra

Particulars	₹
Used personal effects [Duty free clearance is allowed]	Nil
Laptop computer [A passenger of 18 years of age or above is allowed clearance of one new laptop including notepad free of duty in bona fide baggage.]	Nil
Jewellery [Special allowance for jewellery is not available to Mrs. Subhadra since she did not reside abroad for more than 1 year]	2,75,000
Music system	<u>50,000</u>
Total value	3,25,000
Less: General duty free baggage allowance of ₹ 75,000	<u>75,000</u>
Value of baggage liable to customs duty	2,50,000
Rate of duty	35%
Customs duty @ 35%	87,500

⁹ Regulation 8

¹⁰ Regulation 8

¹¹ Regulation 11