

MOCK TEST PAPER 1
FINAL (NEW) COURSE GROUP II
PAPER 8: INDIRECT TAX LAWS

Maximum Marks: 100 Marks

Time Allowed: 3 Hours

Notes:

- (i) Working Notes should form part of the answer. However, in answers to Question in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note.
- (iii) All questions should be answered on the basis of position of (i) GST law as amended up to 30th April, 2019 and (ii) customs law as amended by the Finance Act, 2018 and notifications/circulars issued till 30th April, 2019.
- (iv) 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. Further, GST compensation cess should be ignored in all the questions, wherever applicable.

Division A: Multiple Choice Questions (30 marks)

(Questions nos. 1-10 are of 2 marks each and 11- 20 are of 1 marks each)

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions in this division are compulsory.

1. State which of the following statement is incorrect:
 - (i) An agent, supplying goods on behalf of principal where invoice is issued in the name of principal, is required to get compulsorily registered under GST.
 - (ii) Persons who are required to deduct tax under section 51, whether or not separately registered under this Act are compulsory required to get registered under GST without any threshold.
 - (iii) Every person supplying online information and database access or retrieval services from a place outside India to a registered person in India is compulsory required to get registered under GST without any threshold.
 - (iv) Persons who supply services, other than supplies specified under sub-section (5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52 are compulsory required to get registered under GST without any threshold.
 - (a) (i), (ii)
 - (b) (iii), (iv)
 - (c) (i), (iii), (iv)
 - (d) None of the above
2. M/s. Jolly Electronics (P) Ltd., is an authorized dealer of M/s. GG Micro Ltd., located and registered in Lucknow, Uttar Pradesh. It has sold following items to Mr. Alla Rakha (a consumer):

Product	Amount (Rs.)
Refrigerator (500 litres) taxable @ 18%	40,000/-
Stabilizer for refrigerator taxable @ 12%	5,000/-

LED television (42 inches) taxable @ 12%	30,000/-
Split air conditioner (2 Tons) taxable @ 28%	35,000/-
Stabilizer for air conditioner taxable @12%.	5,000/-
Total value	1,15,000/-

M/s. Jolly Electronics (P) Ltd. has given a single invoice, indicating price of each item separately to Mr. Alla Rakha. Mr. Alla Rakha, has given a single cheque of Rs. 1,00,000/- for all the items as a composite discounted price. State the type of supply and the tax rate applicable on the same.

- (a) Composite supply; Highest tax rate applicable to split air conditioner, i.e. 28%
 - (b) Mixed supply; Highest tax rate applicable to split air conditioner, i.e. 28%
 - (c) Supply other than composite and mixed supply; Highest tax rate applicable to split air conditioner i.e. 28%
 - (d) Supply other than composite and mixed supply; respective tax rate applicable to each item
3. Which of the following statements is correct while issuing a tax invoice?
- (i) Place of supply in case of inter-State supply is not required to be mentioned
 - (ii) The power of attorney holder can sign the tax invoice in case the taxpayer or his authorised representative has been travelling abroad
 - (iii) Quantity is not required to be mentioned in case of goods when goods are sold on "as is where is basis"
 - (iv) Description of goods is not required to be given in case of mixed supply of goods
- (a) (ii), (iii)
 - (b) (i), (ii), (iii)
 - (c) None of the above
 - (d) All of the above
4. Which of the following activity is taxable under GST?
- (i) Supply of food by a hospital to patients (not admitted) or their attendants or visitors.
 - (ii) Transportation of passengers by non-air-conditioned railways
 - (iii) Services by a brand ambassador by way of folk dance performance where consideration charged is Rs. 1,40,000.
 - (iv) Transportation of agriculture produce by air from one place to another place in India
 - (v) Services by way of loading, unloading, packing, storage or warehousing of rice
 - (vi) Service provided by GTA where consideration charged for transportation of goods for a single carriage is Rs. 900
- (a) (i), (v), (vi)
 - (b) (iii), (iv), (v)
 - (c) (i), (iii), (iv)
 - (d) (iv), (v)
5. In which of the following supplies of goods and services made exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017, TDS is required to be deducted?

- (i) Health Department executed a contract with a local supplier to supply "medical grade oxygen" of Rs.2.6 lakh (including GST) and is making full payment.
- (ii) Government school is making a payment of Rs.3.5 Lakh to a supplier for supply of cooked food as mid-day meal under a scheme sponsored by Central/State Government
- (iii) Municipal Corporation of Kolkata purchases a heavy generator from a supplier in Delhi. Now, it is making payment of Rs.5 lakh and IGST @18% on Rs.5 lakh for such purchase.
- (iv) Finance Department is making a payment of Rs.3 lakh (including GST) to a supplier of 'printing & stationery'.

Assume all other conditions for deduction of TDS are fulfilled.

- (a) (i), (ii) and (iii)
 - (b) (ii), (iii) and (iv)
 - (c) Only (i) and (ii)
 - (d) Only (iii) and (iv)
6. Rupam wishes to file an appeal to Appellate Tribunal. In which of the following cases, the Appellate Tribunal cannot refuse to admit his appeal?
- i. Amount of tax/ ITC or difference in tax/ difference in ITC involved exceeds Rs. 50,000
 - ii. Amount of fine, fee or penalty determined by the order exceeds Rs. 50,000
 - iii. Amount of tax/ ITC or difference in tax/ difference in ITC involved is Rs. 50,000
 - iv. Amount of fine, fee or penalty determined by the order is Rs. 50,000
 - v. Amount of tax/ ITC or difference in tax/ difference in ITC involved is less than Rs. 50,000
 - vi. Amount of fine, fee or penalty determined by the order is less than Rs. 50,000
- (a) i. and ii.
 - (b) i. and iii.
 - (c) ii. and iv.
 - (d) v. and vi.
7. State which of the following statement is correct:
- (i) Services by any artist by way of performance in folk or classical art forms of music, dance, or theatre as a brand ambassador if the consideration charged for such performance is not more than Rs. 150,000/- is exempt.
 - (ii) Services of life insurance business under Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having minimum amount of cover of Rs. 2,00,000/- is exempt
 - (iii) Service by an acquiring bank, to any person in relation to settlement of an amount upto Rs. 2,500/- in a single transaction transacted through credit card, debit card, charge card or other payment card service is exempt.
 - (iv) Services provided by a goods transport agency by way of transport in a goods carriage of, goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage is Rs. 2250/-, is exempt.

Your options are-

- (a) (i)

- (b) (ii), (iii)
- (c) (ii), (iii), (iv)

(d) None of the above

8. M/s. Shahrukh Beedi Company (P) Ltd., is a manufacturer of cigarettes. It has been registered under GST in the State of West Bengal.

The turnover of the company from the period April, 2018 to March, 2019 is Rs. 90,00,000/-. The Excise duty paid on the cigarettes removed is Rs. 10,00,000/-. CGST and SGST paid on the cigarettes is Rs. 18,00,000/-.

The company also recovered actual freight of Rs. 5,00,000/- on the supply of cigarettes so made during the financial year 2018-19, and also charged CGST/ SGST thereon. The company paid RCM @ 5% while availing the services of GTA of Rs. 5,00,000/-.

Compute the aggregate turnover of M/s. Shahrukh Beedi Company (P) Ltd.,

- (a) Rs. 90,00,000/-
 - (b) Rs. 1,00,00,000/-
 - (c) Rs. 1,18,00,000/-
 - (d) Rs. 1,05,00,000/-
9. Mr. Prabhu Deva, registered under GST in Mumbai, is in the business of trading of marble handicraft items domestically as also exporting the same. His annual turnover and input tax details are as follows:

	Turnover	Tax paid on	input tax
Taxable goods	1,25,00,000/-	12,50,000/-	
Exported goods	75,00,000/-	5,50,000/-	
Exempt goods	50,00,000/-	5,00,000/-	

Mr. Prabhu Deva exported the goods under LUT without payment of IGST.

Now, Mr. Prabhu Deva seeks your help in calculating the amount of refund of ITC, which he is eligible to claim.

- (a) 18,00,000/-
 - (b) 6,75,000/-
 - (c) 5,40,000/-
 - (d) 6,90,000/-
10. State whether the following statements are true or false:
1. Zero rated supply means supply of any goods or services or both which attracts nil rate of tax.
 2. Exempt supply means export of goods or services or both, or supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.
 3. Non-taxable supply means supply of goods or services or both which is not leviable to tax under CGST Act, 2017 but leviable to tax under the Integrated Goods and Services Tax Act, 2017.
 4. ITC may be availed for making zero rated supply of exempt goods.
- (a) False, False, False, True
 - (b) True, False, False, False

- (c) True, True, False, False
- (d) False, False, False, False
11. M/s. Raman Plastics is a manufacturer of plastic toys. It is registered person under GST in Shimla, Himachal Pradesh.
- It procures its raw materials from Punjab. During the month of April-2019, it purchased material of Rs. 35.00 Lakh and paid IGST thereon amounting to Rs. 6.30 Lakh. It supplied 30% of its production in the State of Jammu and Kashmir, whereas the 70% of its production was supplied taxable @ 0.1% to a merchant exporter during the month of Apr-2019.
- The returns for the month of April, 2019 were duly filed in time. The last date upto which the taxpayer can claim refund of input tax credit on account of inverted duty structure is
- (a) 20-Apr-2021
- (b) 20-May-2021
- (c) 31-Mar-2022
- (d) 20-Apr-2020
12. Banke Bihari (Pedewala), is a famous sweets manufacturer, located and registered in Mathura, Uttar Pradesh. He received an order for 200 Kg. of sweets on 2nd May, 2019 from M/s. Ghoomghoom Travels (P) Ltd., located and registered in same locality of Mathura for a total consideration of Rs. 1,00,000/-. All 200 Kg. sweets were delivered to M/s. Ghoomghoom Travels (P) Ltd. on 5th May, 2019, but without invoice, as accountant of Mr. Banke Bihari was on leave on that day. However, the invoice was raised for the same on 6th May, 2019, when the accountant joined the office after leave. Payment in full was made on 7th May, 2019.
- Determine the time of supply of goods in this case.
- (a) 2nd May, 2019
- (b) 5th May, 2019
- (c) 6th May, 2019
- (d) 7th May, 2019
13. Aflaton Spares (P) Ltd., located and registered in Haryana, supplied spare parts (FOB basis) to Mr. Laxmi Khurana, an unregistered person, located in Rajasthan. Mr. Laxmi Khurana booked the courier himself with Black Dart Courier (P) Ltd., registered in Delhi for delivery in Rajasthan. Black Dart Courier (P) Ltd. picked up the goods from Haryana and delivered the courier in Rajasthan while passing through the State of Uttar Pradesh.
- Determine the place of supply of service provided by Black Dart Courier (P) Ltd. to Mr. Laxmi Khurana:
- (a) Haryana
- (b) Delhi
- (c) Rajasthan
- (d) Uttar Pradesh
14. Sukanya, a registered supplier, failed to pay the GST amounting to Rs. 5,000 for the month of January, 20XX. The proper officer imposed a penalty on Sukanya for failure to pay tax. Sukanya believes that it is a minor breach and in accordance with the provisions of section 126 of the CGST Act, 2017, no penalty is imposable for minor breaches of tax regulations. In this regard, which of the following statements is true?

- (a) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is less than Rs. 5,000
 - (b) Penalty is not leviable on Sukanya since the breach is considered as a 'minor breach' if amount of tax involved is upto Rs. 5,000
 - (c) Penalty is leviable on Sukanya since the breach is considered as a 'minor breach' only if amount of tax involved is Nil.
 - (d) None of the above.
15. Mr. A, a sole proprietor, has to appear before the Appellate Authority. He decides to appear by an authorized representative. Which of the following persons can be appointed as 'authorized representative' of Mr. A under GST law?
- (a) Sohan, his son, who has been dismissed from a Government service lately.
 - (b) Rohan, a Company Secretary, who has been adjudged insolvent.
 - (c) Mukul, a practicing High Court advocate.
 - (d) All of the above.
16. Which of the following statement(s) is/are correct?
- (i) Special exemption under section 25 of the Customs Act is granted by issuing a notification;
 - (ii) General exemption under section 25 of the Customs Act is granted by issuing an order;
 - (iii) Special exemption is required to be published in official gazette;
 - (iv) General exemption is not required to be published in official gazette.
- (a) All of above
 - (b) None of above
 - (c) Both (i) and (ii)
 - (d) (ii) and (iv)
17. Countervailing duty under section 9 of the Customs Tariff Act shall not be levied unless it is determined that:
- (i) Subsidy relates to export performance;
 - (ii) Subsidy relates to use of domestic goods over imported goods in export article;
 - (iii) Subsidy is conferred on all persons engaged in the manufacture of export article.
- (a) All of above
 - (b) Only (iii)
 - (c) (ii) and (iii)
 - (d) (i) and (ii)
18. Anti-Dumping duty is calculated as
- (a) Higher of margin of dumping or injury margin;
 - (b) Lower of margin of dumping or injury margin;
 - (c) Higher of export price or normal value;
 - (d) Lower of export price or normal value

19. Read the following and choose the correct option:
- Indian customs waters extend up to 12 nautical miles;
 - Indian customs waters extend up to 24 nautical miles;
 - Indian customs waters extend up to exclusive economic zone of India;
 - Indian customs waters include territorial waters and extend up to 200 nautical miles.
- Only (ii)
 - (iii) and (iv)
 - (ii) and (iv)
 - Only (iv)
20. The taxable event under the Customs Act, 1962 is:
- Import of goods into India/ export of goods from India;
 - Supply of goods into India/ Supply of goods from India to outside India;
 - Sale of goods into India/ Sale of goods outside India;
 - Manufacture of goods into India for supply outside India.

Division B: Descriptive Questions (70 Marks)

Question no. 1 is compulsory. Attempt any four questions out of the remaining five questions.

1. Power Engineering Pvt. Ltd., a registered supplier, is engaged in providing expert maintenance and repair services for large power plants that are in the nature of immovable property, situated all over India. The company has its Head Office at Bangalore, Karnataka and branch offices in other States. The work is done in the following manner.
- The company has self-contained mobile workshops, which are container trucks fitted out for carrying out the repairs. The trucks are equipped with items like repair equipments, consumables, tools, parts etc. to handle a wide variety of repair work.
 - The truck is sent to the client location for carrying out the repair work. Depending upon the repairs to be done, the equipment, consumables, tools, parts etc. are used from the stock of such items carried in the truck.
 - In some cases, a stand-alone machine is also sent to the client's premises in such truck for carrying out the repair work.
 - The customer is billed after the completion of the repair work depending upon the nature of the work and the actual quantity of consumables, parts etc. used in the repair work.
 - Sometimes the truck is sent to the company's own location in other State(s) from where it is further sent to client locations for repairs.

Work out the GST liability [CGST & SGST or IGST, as the case may be] of Power Engineering Pvt. Ltd., Bangalore on the basis of the facts as described, read with the following data for the month of November 20XX.

S. No.	Particulars	Rs.
A	Truck sent to own location in Tamil Nadu	
	(i) Value of items contained in the truck - Rs. 3,00,000	
	(ii) Value of truck - Rs. 25,00,000	

B.	Truck sent to a client location in Tamil Nadu for carrying out repairs. Stand-alone machine is also sent in the truck to client location for repairs (i) Value of items contained in the truck – Rs. 2,85,000 (ii) Value of stand-alone machine - Rs. 4,00,000 (iii) Value of truck - Rs. 20,00,000 (Billing for repairs to be done afterwards depending upon the actual items used)	
C.	Truck sent to a client location in Karnataka for carrying out repairs (i) Value of items contained in the truck - Rs. 1,06,000 (ii) Value of truck - Rs. 20,00,000 (Billing for repairs to be done afterwards depending upon the actual items used)	
D.	Invoices raised for repair work carried out in Tamil Nadu [including the invoice for repair work done in 'B'] -	70,00,000
E.	Invoices raised for repair work carried out in Karnataka [including the invoice for repair work done in 'C']	12,00,000

Also, specify the document(s), if any, which need to be issued by Power Engineering Pvt. Ltd., Bangalore for the above transactions.

All the given amounts are exclusive of GST, wherever applicable. Assume the rates of taxes to be as under:

Items used for repairs		
CGST – 6%	SGST – 6%	IGST – 12%
Container truck, Stand-alone machines		
CGST – 2.5%	SGST – 2.5%	IGST – 5%
Works contract for repairs and maintenance of immovable property		
CGST – 9%	SGST – 9%	IGST – 18%

You are required to make suitable assumptions, wherever necessary. **(14 Marks)**

2. (a) Determine whether GST is payable in case of each of the following independent services provided by the registered persons:
 - (1) Fees charged from office staff for in-house personality development course conducted by Markanday College - Rs. 80,000. Markanday College provides education as a part of a curriculum for obtaining an engineering degree recognised by law.
 - (2) Bus fees collected from students by Starward College - Rs. 3,500 per month. Starward College provides education as a part of a curriculum for obtaining an engineering degree recognised by law.
 - (3) Housekeeping service provided in the Smart Kids school, a play school by M/s. Spick & Span - Rs. 25,000 per month.
 - (4) Global link supplied "Tracing Alphabets", an online educational journal, to Kidzee School - Rs. 4,000. The Kidzee School used the same for its students of UKG class. **(5 Marks)**
- (b) Mr. X, a money changer, has exchanged US \$ 10,000 to Indian rupees @ Rs. 64 per US \$. Mr. X wants to value the supply in accordance with rule 32(2)(b) of CGST Rules.
Determine the value of supply made by Mr. X. **(4 Marks)**
- (c) From the following particulars, calculate total customs duty and integrated tax payable:

- (i) Date of presentation of bill of entry: 20.6.20XX [Rate of BCD 20%; Inter-bank exchange rate: Rs. 61.60 and rate notified by CBIC Rs. 70].
- (ii) Date of arrival of aircraft in India: 30.6.20XX [Rate of BCD 10%; Inter-bank exchange rate: Rs. 61.80 and rate notified by CBIC Rs. 73.00].
- (iii) Rate of Integrated tax leviable under section 3(7) of the Customs Tariff Act: 12%. Ignore GST Compensation Cess.
- (iv) CIF value 2,000 US Dollars; Air freight 500 US Dollars, Insurance cost 100 US Dollars [Landing charges not ascertainable].
- (v) Social Welfare Surcharge 10%. **(5 Marks)**
3. (a) I buy a set of modular furniture from a retail store. Invoice is issued to me and I make the payment. The furniture is to be delivered to me later in the week when a technician is available to assemble and install it. The next day the rate of tax applicable to modular furniture is revised upward, and the store sends me a supplementary invoice with the delivery note accompanying the furniture to collect the differential amount of tax.
- Is this correct on store's part? **(4 Marks)**
- (b) The place of supply in relation to immovable property is the location of immovable property. Suppose a road is constructed from Delhi to Mumbai covering multiple states.
- What will be the place of supply of construction services? **(5 Marks)**
- (c) An importer imported certain inputs for manufacture of final product. A small portion of the imported inputs were damaged in transit and could not be used in the manufacture of the final product. An exemption notification was in force providing exemption in respect of specified raw materials imported into India for use in manufacture of specified goods, which was applicable to the imports made by the importer in the present case.
- Briefly examine whether the importer could claim the benefit of the aforesaid notification in respect of the entire lot of the inputs imported including those that were damaged in transit.
- (5 Marks)**
4. (a) A taxable person has mistakenly paid CGST and SGST for an inter-State supply. Subsequently, when he discovers the same, can he adjust the IGST liability against the wrongly paid CGST and SGST? **(3 Marks)**
- (b) The aggregate turnover of Sangri Services Ltd., Delhi exceeded Rs. 20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advise Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. **(6 Marks)**
- (c) Determine the customs duty payable under the Customs Tariff Act, 1975 including the safeguard duty of 30% under section 8B of the said Act with the following details available on hand:

Assessable value of Sodium Nitrite imported from a developing country from 26 th February, 2017 to 25 th February, 2018 (both days inclusive)	Rs. 30,00,000
Share of imports of Sodium Nitrite from the developing country against total imports of Sodium Nitrite to India	4%
Basic custom duty	10%
Integrated tax under section 3(7) of the Customs Tariff Act, 1975.	12%
Social welfare surcharge	10%

Note: Ignore GST compensation cess.

(5 Marks)

5. (a) Mr. X, an unregistered person under GST purchases the goods supplied by Mr. Y who is a registered person without receiving a tax invoice from Mr. Y and thus helps in tax evasion by Mr. Y. What disciplinary action may be taken by tax authorities to curb such type of cases and on whom?

Suppose, in the above case, a disciplinary action is taken against Mr. X and an adhoc penalty of Rs. 20,000/- is imposed by issue of SCN without describing contravention for which penalty is going to be imposed and without mentioning the provisions under which penalty is going to be imposed. Should Mr. X proceed to pay for penalty or challenge SCN issued by department?

(5 Marks)

- (b) On 05.07.20XX, a show cause notice for Rs. 5,00,000 was issued to Mr. Janak Singhal demanding short payment of GST of Rs. 4,50,000 for the month of January, 20XX and also interest of Rs. 50,000.

Mr. Janak Singhal raised objections and after personal hearing on 30.08.20XX, adjudicating authority passed the final order for Rs. 3,50,000 for GST, without any reference with regard to payment of interest.

Mr. Janak Singhal deposited the tax of Rs. 3,50,000 on 02.09.20XX and informed the department on the same day. Subsequently, on 15.09.20XX, department demanded payment of interest of Rs. 60,000 on GST of Rs. 3,50,000.

Mr. Janak Singhal 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.

(4 Marks)

- (c) Mr. Sujoy, an Indian entrepreneur, went to London to explore new business opportunities on 01.04.2018. His wife also joined him in London after three months. The following details are submitted by them with the Customs authorities on their return to India on 15.04.2019:

- (a) used personal effects worth Rs. 80,000,
- (b) 2 music systems each worth Rs. 50,000,
- (c) the jewellery brought by Mr. Sujoy worth Rs. 48,000 [20 grams] and the jewellery brought by his wife worth Rs. 96,000 [40 grams].

With reference to Baggage Rules, 2016, determine whether Mr. and Mrs. Sujoy will be required to pay any customs duty?

(5 Marks)

6. (a) Briefly discuss the modes of recovery of tax available to the proper officer. **(4 Marks)**
- (b) In what cases, assessment order passed by proper officer may be withdrawn? **(5 Marks)**
- (c) With reference to drawback on re-export of duty paid imported goods under section 74 of the Customs Act, 1962, answer in brief the following questions:
- (i) What is the time limit for re-exportation of goods as such?
 - (ii) What is the rate of duty drawback if the goods are exported without use?
 - (iii) Is duty drawback allowed on re-export of wearing apparel without use? **(5 Marks)**