

**FINAL EXAMINATION****MODEL ANSWERS****PAPER – 19****INDIRECT TAX LAWS AND PRACTICE****SET - 2****TERM – JUNE 2025****SYLLABUS 2022****Time Allowed: 3 Hours****Full Marks: 100**

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)**1) Choose the correct option:****[15 × 2=30]****(i) Aggregate turnover does not include:**

- a) Inward supplies on which tax is payable on reverse charge basis
- b) Exempt supplies
- c) Export of goods or services or both
- d) Inter-State supplies of persons having the same PAN number

(ii) What action should be taken by an assessee to satisfy with anti-profiteering provision?

- a) Reduce rate of tax on any supply of goods or services, if such assessee has got the benefit of such reduced rate
- b) Pass on the benefit of input tax credit, if such assessee has got such input tax credit
- c) Both (a) and (b)
- d) none of the above

(iii) As per section 69(2) of CGST Act, 2017, where a person is arrested under sub-section (1) for an offence specified under sub- section (5) of section 132, the officer authorised to arrest the person shall inform such person of the grounds of arrest and produce him before a Magistrate within _____ hours:

- a) 12 hours
- b) 24 hours
- c) 48 hours
- d) 36 hours

(iv) Whether penalties under any other provisions of the Act be imposed in respect of adjudication proceedings under section 73 or 74?

- a) Yes
- b) No
- c) At proper officer's discretion
- d) None of the above

(v) Period for Retention of Accounts under GST is:

- a) 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.
- b) 60 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.
- c) 180 days from the due date of furnishing of annual return for the year pertaining to such accounts and records.

**INDIRECT TAX LAWS AND PRACTICE**

- d) 365 days from the due date of furnishing of annual return for the year pertaining to such accounts and records.
- (vi) Determine the amount of GST in case of supply of service of ₹10,00,000 on 4th February 2025 and invoice has also been issued on the same date. The date of payment is 31st January 2025. The CGST rate has been increased from 5% to 12% w.e.f. 1st February 2025.
- a) ₹50,000
 - b) ₹1,00,000
 - c) ₹70,000
 - d) ₹1,20,000
- (vii) Mr. Ram a second-hand car dealer purchased a second hand car for ₹2,50,000. He sold the same car to Mr. Lakshman for ₹3,00,000. Determine value of supply?
- a) ₹3,00,000
 - b) ₹2,50,000
 - c) ₹50,000
 - d) None of the above
- (viii) Mr. Ajay purchased goods from Mr. Chethan, a composition dealer worth ₹100,000. Since Mr. Chethan was trader so he was supposed to pay only 1% of his turnover as his tax. The item so purchased was otherwise taxable at 12%. What is the amount of credit which Mr. Ajay is eligible to take?
- a) ₹990
 - b) ₹12,000
 - c) ₹1,000
 - d) Not eligible to claim credit
- (ix) Annual Return is summary of:
- a) GSTR-1
 - b) GSTR-3B
 - c) GSTR-4
 - d) All of the above.
- (x) Refund shall not be paid to the applicant if the amount of refund is less than –
- a) ₹1000
 - b) ₹5000
 - c) ₹7000
 - d) ₹10000
- (xi) Calculate Free on Board value from following: Ex-factory price of exporter- ₹10,000; Expenses upto loading of goods by foreign exporter- ₹12,000. Post importation cost- ₹8000:
- a) ₹30,000
 - b) ₹22,000
 - c) ₹18,000
 - d) ₹20,000



INDIRECT TAX LAWS AND PRACTICE

(xii) Bona fide baggage means:

- a) used personal effects, travel souvenirs and articles other than those mentioned in Annexure I.
- b) used personal effects, travel souvenirs and articles other than those mentioned in Annexure II.
- c) used personal effects, travel souvenirs and articles other than those mentioned in Annexure III.
- d) None of the above.

(xiii) _____ grants the permission for manufacturing or other operations in the bonded facility.

- a) Assistant Commissioner of Customs
- b) Deputy Commissioner of Customs
- c) Additional Commissioner of Customs
- d) Commissioner of Customs

(xiv) Once a _____ is cleared for home consumption, the bond submitted by the importer gets debited automatically in the customs automated system and the details shall be made available electronically to the Jurisdictional Custom Officer.

- a) Bill of Entry
- b) Shipping Bill
- c) Entry inwards
- d) Entry outwards

(xv) Trading Units undertaking to export may be set up under EOU, EHTP, STP or BTP Scheme for:

- a) Rendering of services
- b) Agriculture including agro-processing
- c) bio-technology
- d) None of these.

Answer:

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)
a	c	b	b	a	d	c	d	d	a	b	a	d	a	d

SECTION – B

Answer any 5 questions out of 7 questions given. Each question carries 14 marks. [5 × 14 = 70]

- 2) (a) Discuss the cases in which it is not necessary to generate an E-Way Bill under the GST framework. [7]
(b) Analyse the contents of form GSTR-3B. [7]

Answer:

(a) In the following cases it is not necessary to generate E-Way Bill:

1. The mode of transport is non-motor vehicle
2. Goods transported from Customs port, airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs.
3. Goods transported under Customs supervision or under customs seal
4. Goods transported under Customs Bond from ICD to Customs port or from one custom station to another.



INDIRECT TAX LAWS AND PRACTICE

5. Transit cargo transported to or from Nepal or Bhutan
6. Movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
7. Empty Cargo containers are being transported
8. Consignor transporting goods to or from between place of business and a weighbridge for weighment at a distance of 20 kms, accompanied by a Delivery challan.
9. Goods being transported by rail where the Consignor of goods is the Central Government, State Governments or a local authority.
10. Goods specified as exempt from E-Way bill requirements in the respective State/Union territory GST Rules.
11. Transport of certain specified goods Includes the list of exempt supply of goods, Annexure to Rule 138(14), goods treated as no supply as per Schedule III, Certain schedule to central tax rate notifications.
12. Where empty cylinders for packing of liquefied petroleum gas are being moved for reasons other than supply.

(b) Form GSTR-3B consists of 6 Tables:

- (i) GSTIN number of Registered Person
- (ii) Legal name of Registered Person
- (iii) Summary of Outward Supply & Inward Supply under Reverse Charge
Bifurcation of Inter-state outward supplies as follows:
 - To unregistered Person
 - To Composite Taxable Person
 - To UIN Holders
- (iv) Summary of eligible ITC claim bifurcated into IGST, CGST & SGST/UTSGT and Cess
- (v) Summary of Exempted, Nil rated and Non-GST inward supplies
- (vi) Details of payment of tax, which includes Category wise tax payable, ITC availed, TDS credit and Tax paid in cash along with interest and late fees (Though it is not applicable for initial 2 return. Summary of tax category wise TDS/TCS credit.

3) (a) From the following information calculate the value of taxable supply and GST payable thereon if all charges are exclusive of GST.

- (1) Hiring of bus (capacity to carry 10) to APSRTC (a state transport undertaking): ₹22 lakhs
- (2) Hiring of goods vehicle to a goods transport agency: ₹12 lakhs
- (3) Hiring of cars designed to carry passengers to a goods transport agency: ₹22 lakh
- (4) Renting of dumpers: ₹15 lakhs
- (5) Hiring of audio visual equipment's for an event: ₹15 lakhs
- (6) Hiring of pandal or shamiana for organizing functions/events: ₹30 lakhs
- (7) Hiring of agro machinery for use in agriculture: ₹11 lakh

Assessee willing to avail the exemption benefits if any. Assume applicable rate of GST is 5%. Location of supplier and place of supply in the same State. [7]

**FINAL EXAMINATION****SET - 2****MODEL ANSWERS****TERM – JUNE 2025****PAPER – 19****SYLLABUS 2022****INDIRECT TAX LAWS AND PRACTICE**

(b) Ram & Co., being a registered person under GST supplied the following in the month of January 2025:

Particulars	Value in ₹
Taxable supply of goods	20,00,000
Exempted supply of goods	5,00,000
Sale of land	12,50,000
Recovery Agent services supplied to OK Bank	2,50,000
Deposit on which interest received	2,00,000
Total	42,00,000

Common inputs for the relevant tax period is ₹2,00,000. GST applicable rate on outward supply of goods @28% Calculate the GST liability? [7]

Answer:

(a) Statement showing GST liability:

Nature of service	Value (₹) in lakhs
Hiring of bus to APSRTC	22
Hiring of goods vehicle to a goods transport agency	Exempted
Hiring of cars designed to carry passengers to a goods transport agency	22
Renting of dumpers	15
Hiring of audio visual equipment's for an event	15
Hiring of pandal or shamiana for organising functions	30
Hiring of agro machinery for use in agriculture	Exempted
Taxable value of supply	104
CGST 2.5%	2.60
SGST 2.5%	2.60

(b) Statement showing GST liability:

	(₹)
Output tax	5,60,000
Add: ITC reversed	95,238

**FINAL EXAMINATION****SET - 2****MODEL ANSWERS****TERM – JUNE 2025****PAPER – 19****SYLLABUS 2022****INDIRECT TAX LAWS AND PRACTICE**

Out tax liability	6,55,238
Less: ITC	(2,00,000)
Net GST liability	4,55,238

Working note:

(1) Exempted supply:

	(₹)
Exempted supply of goods	5,00,000
Sale of land	12,50,000
Recovery Agent services supplied to OK Bank	2,50,000
TOTAL	20,00,000

(2) Net ITC allowed = ₹1,04,762 (₹2,00,000 - ₹95,238)

(3) GST liability on outwards supply = ₹20,00,000 × 28% = ₹5,60,000

(4) ITC not allowed as per Rule 42(1)(i) of CGST Rules, 2017

 $2,00,000 \times 20 L/42 L = ₹95,238/-$

Sale of land and Recovery Agent to a banking company is treated as exempted supply as per Section 17(3) of the CGST Act, 2017

W.e.f. 25.1.2018, interest on deposits should not include in exempted supply. However, it is included in total turnover.

- 4) (a) Identify the persons or entities who are liable to deduct TDS under the GST law. [7]
(b) Analyse who can be considered as a 'related person' under Section 15 of the CGST Act, 2017? [7]

Answer:

(a) The following persons or entities are required to deduct tax in accordance with the provisions of the GST Laws.

- (a) A department or an establishment of the Central Government or State Government; or
- (b) Local authority; or
- (c) Governmental agencies; or
- (d) An authority or a board or any other body, -
 - (i) Set up by an Act of Parliament or a State Legislature; or
 - (ii) Established by any Government

With fifty-one per cent or more participation by way of equity or control, to carry out any function;
or

- (e) A society established by the Central or any State Government or a Local Authority and the society is registered under the Societies Registration Act, 1860; or
- (f) Public sector undertakings.

The above category persons also called as Drawing and Disbursement Officers (DDO's) who are required to deduct tax in accordance with the provisions of the GST Laws.



INDIRECT TAX LAWS AND PRACTICE

(b) Related person under Section 15 of the CGST Act, 2017

- persons shall be deemed to be “related persons” if—
 - such persons are officers or directors of one another’s businesses;
 - such persons are legally recognized partners in business;
 - such persons are employer and employee;
 - any person directly or indirectly owns, controls or holds 25% or more of the outstanding voting stock or shares of both of them;
 - one of them directly or indirectly controls the other;
 - both of them are directly or indirectly controlled by a third person;
 - together they directly or indirectly control a third person; or
 - they are members of the same family;
- the term “person” also includes legal persons;
- persons who are associated in the business of one another in that one is the sole agent or sole distributor or sole concessionaire, howsoever described, of the other, shall be deemed to be related.

5. (a) **Hari Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Santhi Traders and Peace Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Hari Ltd. has furnished the following details for the current month:**

Sl. No.	Particulars	Santhi Traders (₹)	Peace Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	20,000	15,000
(ii)	Packing charges	600	
(iii)	Commission	400	
(iv)	Weighment charges		1,000
(v)	Discount for prompt payment (recorded in the invoice)		500

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Calculate the GST liability [CGST & SGST or IGST, as the case may be] of Hari Ltd. for the given month. Assume the rates of taxes to be as under:

Particulars	Rate of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

[7]

- (b) **Arihant Life Insurance Company Ltd. (ALICL) has started its operations in the year 2025-26 (w.e.f. 1-7-2023). During the year 2025-26, Arihant Life Insurance Company Ltd. (ALICL) has charged gross premium of ₹180 lakhs from policy holders with respect to life insurance policies; out of which ₹100 lakhs have been allocated for investment on behalf of the policy holders.**



INDIRECT TAX LAWS AND PRACTICE

Compute the GST liability of ALICL for the year 2025-26 under rule 32(4) of the CGST Rules, 2017

- (i) if the amount allocated for investment has been intimated by ALICL to policy holders at the time of providing service.
- (ii) if the amount allocated for investment has not been intimated by ALICL to policy holders at the time of providing of service.
- (iii) if the gross premium charged by ALICL from policy holders is only towards risk cover. Applicable rate of GST 18%. [7]

Answer:

(a) Statement showing taxable supply and GST liability:

Sl. No.	Particulars	Santhi Traders (₹)	Peace Motors Ltd. (₹)
(i)	Price of the goods (excluding GST)	20,000	15,000
(ii)	Add: Packing charges	600	
(iii)	Add: Commission	400	
(iv)	Add: Weighment charges		1,000
(v)	Less: Discount for prompt payment (recorded in the invoice)		(500)
	Value of Taxable supply	21,000	15,500
	CGST	Nil	1,395
	SGST	Nil	1,395
	IGST	3,780	Nil

(b)

- (i) GST liability of ALICL for the year 2025-26 will be computed as under:
= ₹14.40 lakhs (₹ (180-100) lakh × 18%)
- (ii) 25% of the 1st year premium is value of taxable supply. Thus, GST liability of ALICL for the year 2025-26, being first year of its operations, will be computed as under: value of taxable supply = ₹180 lakh × 25%
= ₹45 lakh GST liability = ₹8.10 lakh (i.e. ₹45 lakhs × 18%)
- (iii) GST liability of ALICL for the year 2025-26 will be computed as under:
= ₹32.40 lakh (₹180 lakhs × 18%)

6. (a) Briefly explain the Remission of Duties and Taxes on Exported Products (RODTEP) Scheme Operating Principles. [7]

(b) Describe Advance Authorisation Scheme. Who are the eligible applicants, and what supplies are eligible under the scheme? [7]

Answer :

(a) RODTEP Scheme Operating Principles are:

1. RoDTEP support will be available to eligible exporters at a notified rate as a percentage of Freight On Board (FOB) value. Rebate on certain export products will also be subject to value cap per unit of the exported product.

However, for the purpose of calculation of duty credit, value of exported shall be least of the following:

**INDIRECT TAX LAWS AND PRACTICE**

- (a) FOB value of said goods, or
(b) 1.5 times of the market price of the goods.
- Identified export sectors and rates under RoDTEP cover 8555 tariff lines in addition to similar support being extended to apparel and made-ups exports under RoSCTL scheme of Ministry of Textiles.
 - Employment Oriented Sectors like Marine, Agriculture, Leather, Gems & Jewellery etc. are covered under the Scheme. Other sectors like Automobile, Plastics, Electrical / Electronics, Machinery etc. also get support. The entire value chain of textiles also gets covered through RoDTEP & RoSCTL.
 - Rebate under the Scheme shall not be available in respect of duties and taxes already exempted or remitted or credited.
 - The determination of ceiling rates under the scheme will be done by a Committee in the Department of Revenue/Drawback Division with suitable representation of the DoC/DGFT, line ministries and experts, on the sectors prioritized by Department of Commerce and Department of Revenue.
 - No provision for remission of arrears or contingent liabilities is permissible under the Scheme to be carried over to the next financial year.
 - The rebate allowed is subject to the receipt of sale proceeds within time allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall be deemed never to have been allowed. The rebate would not be dependent on the realisation of export proceeds at the time of issue of rebate. However, adequate safeguards to avoid any misuse on account of non-realisation and other systemic improvements as in operation under Drawback Scheme, IGST and other GST refunds relating to exports would also be applicable for claims made under RoDTEP Scheme.
- (b) Advance Authorisation is issued to allow duty free import of input, which is physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, catalyst which is consumed/utilized in the process of production of export product, may also be allowed.

Advance Authorisation is issued for inputs in relation to resultant product, on the following basis:

- As per Standard Input Output Norms (SION) notified; or
- On the basis of self declaration; or
- Applicant-specific prior fixation of norm by the Norms Committee or
- On the basis of Self Ratification Scheme

Eligible Applicant/Export:

- Advance Authorisation can be issued either to a manufacturer exporter or merchant exporter tied to supporting manufacturer.
- Advance Authorisation for pharmaceutical products manufactured through Non-Infringing (NI) process shall be issued to manufacturer exporter only.

Eligible Supply:

Advance Authorisation is issued for procurement of inputs for the following kinds of supply: -

- Physical export (including export to SEZ)
- Intermediate supply; and/or
- Deemed exports



INDIRECT TAX LAWS AND PRACTICE

- Supply of 'stores' on board of foreign going vessel/aircraft, subject to condition that there is specific SION in respect of item supplied.

7. (a) 'A' exported a consignment under drawback claim consisting of the following items -

Particulars	Chapter Heading	FOB value ₹	Drawback rate
200 pieces of pressure stores mainly made of beans @ ₹80/piece	74.04	16,000	4% of FOB
200 Kgs. Brass utensils @ ₹200 per Kg.	74.13	40,000	₹24/Kg.
200 Kg. Artware of brass @ ₹300 per Kg.	74.22	60,000	17.50% of FOB subject to a maximum of ₹38 per Kg.

On examination in docks, weight of brass Artware was found to be 190 Kgs. and was recorded on shipping bill. Compute the drawback on each item and total drawback admissible to the party. [7]

(b) From the particulars given below, calculate the assessable value of the imported goods under the Customs Act, 1962.

	US \$
(i) Cost of the machine at the factory of the exporting country	10,000
(ii) Transport charges incurred by the exporter from his factory to the port for shipment.	500
(iii) Handling charges paid for loading the machine in the ship	50
(iv) Buying commission paid by the importer	50
(v) Freight charges from exporting country to India	1,000
(vi) Exchange Rate to be considered 1\$ = ₹75	

[7]

Answers:

(a) The drawback on each item and total drawback admissible to the party shall be –

Particulars	FOB value (₹)	Drawback rate	Drawback Amount (₹)
200 pcs, pressure stoves made of brass	16,000	4% of FOB	640
200 Kgs. Brass utensils	40,000	₹24 per Kg.	4,800
200 kgs. Artware of brass, whose actual weight was 190 Kgs. only. (60,000 × 190/200) × 17.5% = 9975 190 kgs × ₹38 = ₹7,220	60,000	17.50% of FOB subject to Maximum of ₹38 per Kg (₹9,975 or ₹7,220 whichever is less)	7,220
Total Drawback admissible (in ₹)			12,660

**FINAL EXAMINATION****SET - 2****MODEL ANSWERS****TERM – JUNE 2025****PAPER – 19****SYLLABUS 2022****INDIRECT TAX LAWS AND PRACTICE****(b) Statement showing computation of Assessable Value for the imported goods:**

Sl. no.	Particulars	Value in (US \$)	Workings
(i)	Cost of the machine at the factory of the exporting country	10,000	
(ii)	Transport charges incurred by the exporter from his factory to the port for shipment	500	
(iii)	Handling charges paid for loading the machine in the ship	50	
	FOB Value of Exporter	10,550	
(iv)	Buying commission paid by the importer	-	Not addable into the assessable value
(v)	Cost of insurance	118.6875	@1.125% on FOB value
(vi)	Freight charges from exporting country to India	1,000	
(vi)	CIF Value	11,668.6875	
(viii)	Assessable value (in ₹)	₹8,75,152	₹75 × US \$ 11,668.6875

8. (a) M/s. X Ltd. of Chennai, engaged in various businesses has provided the following services, whose values are listed below. Calculate its GST liability:

- (1) Service of interior decoration in respect of immovable property located in Jammu: ₹5 lakhs;
- (2) Service of renting of commercial buildings in Delhi: ₹15 lakhs;
- (3) Architectural services to an Indian Hotel Chain which has business establishment in Mumbai for its newly acquired property in Sydney: ₹25 lakhs;
- (4) Services provided as an Indian agent undertaking marketing in India of goods of a foreign seller: ₹51 lakhs;
- (5) Services provided as travel agent undertaking marketing in India of services of a foreign seller: ₹1 lakh.

Applicable rate of GST 18%.**[7]****(b) X Ltd., a unit in SEZ, received services from various service providers in relation to authorized operations in SEZ during the month January 2025. The following details are furnished for the month January, 2025:**

- (i) Value of Taxable services used exclusively for authorised operations within SEZ: ₹5,00,000 (exemption from GST availed).
- (ii) Value of Taxable Services used by SEZ units and DTA units: ₹8,00,000. GST paid @18%.

**FINAL EXAMINATION****SET - 2****MODEL ANSWERS****TERM – JUNE 2025****PAPER – 19****SYLLABUS 2022****INDIRECT TAX LAWS AND PRACTICE****(iii) Value of Taxable Service used wholly for DTA units: ₹3,00,000. GST paid @18%.****(iv) Export Turnover of SEZ Unit: ₹1,00,00,000****(v) Turnover of DTA Unit: ₹60,00,000****Calculate the ITC and amount of refund if any?****Note: All input services used by SEZ for its authorized operations only.****[7]****Answer:****(a)**

Particulars	Value ₹ (in lakhs)	Working note
Interior decoration services	5	PoS = J & K (Section 12(3)(a) of IGST) taxable territory. IGST will be levied
Renting of commercial buildings	15	PoS = Delhi (Section 12(3)(a) of IGST) Taxable territory IGST will be levied
Architectural services	25	PoS = Mumbai (Section 12(3)(a) of IGST). Taxable territory IGST will be levied
Marketing of Goods	51	PoS = Chennai (Section 13(8)(b) of IGST) Taxable territory, IGST will be levied.
Travel agent	1	PoS = Chennai (Section 13(8)(b) of IGST) Taxable territory IGST will be levied.
Taxable supply of services	97	
IGST liability	17.46	

Pos = Place of Supply

(b) Statement showing ITC & refund of X Ltd. (a unit of SEZ)

S. No.	Particulars	Value of input services (₹)	ITC (₹)	Refund Amount (₹)	Remarks
1	Input services	5,00,000	Nil	Since, no tax paid on inputs no refund is allowed	Input services used exclusively for authorized operations
2	DTA as well as Zero rated supply	8,00,000	54,000	90,000	$(₹8L \times 18\%) \times 100L/160L$
3	Input services only for DTA	3,00,000	54,000	Nil	$3,00,000 \times 18\%$. Used exclusively for DTA; refund not allowed
	Total	16,00,000	1,08,000	90,000	

Total ITC claimed: ₹1,98,000

Eligible Refund: ₹90,000

Balance ITC (non-refundable): ₹1,08,000 (used in DTA operations)