



## CA FINAL (INDIRECT TAX)

### Answer Sheet of Mock Test Paper of Gour's E-learning

**MARKS – 100**

#### Question 1. Integrated Case Study

1) (b)

Hint: As per Section 10(1)(e) where the goods are supplied on board a conveyance, including meal, an aircraft a train or a motor vehicle, the place of supply shall be the location of which such goods are taken on board.

2) (a)

Hint: As per Rule 32(3) of CGST Rules, 2017 value of supply of service in relation to booking of tickets for travel by air provided by air travel agent shall be deemed to be 5% of basic fair in case of domestic booking.

3) (b)

Hint: As per rule 32(3) of CGST Rules, 2017 of supply of service in relation to booking of tickets for travel by air provided by air travel agent shall be deemed to be 10% of basic fair in case of international booking.

4) (c)

Hint: As per section 12(10) of IGST Act, 2017. The place of supply of service of on-board conveyance will be first scheduled point of departure of that conveyance.

5) (b)

Hint: As per Rule 32(3) of GST Rules, 2017 value of supply of service in relation to booking of tickets for travel by air provided by air travel agent shall be deemed to be 10% of basic fair in case of international booking.

6) (b)

Hint: As per Section 12(3) of IGST Act, 2017. In case of transportation of passenger service supplied to registered person, the place of supply will be location of the Registered person.

7) (b)

Hint: As per Section 12(9) of GST Act 2017, In case of transportation of passenger place of supply will be location where the passengers embark on the conveyance for a continuous journey.

8) (d)

Hint: As per entry no. 15 of NN12/2017 transportation of passenger by air embracing from or terminating in an airport located Tripura is treated as exempt supply.

9) (b)

Hint: As per Section 17(5) in case of purchase of aircraft ITC allowed if it is need for making taxable supply of transportation of passengers.



10) (b)

Hint: In case of motor vehicle when used for transportation of goods is not covered under Section 17(5) and hence ITC is allowed for the same.

## Multiple Choice Questions

1. (b)

Hint : If a person supplies goods and/or services referred to in clause (b) of paragraph 6 of Schedule II of the said Act (i.e. restaurant services) and also supplies any exempt services including services by way of extending deposits or advances in so far as the consideration is represented by way of interest or discount, the said person shall be eligible for the composition scheme under Section 10 of CGST Act, 2017

2. (c)

Hint :

Case (ii) : Exempt as per Entry No.17

Case (iv) : Exempt as per Entry No.24

Case (vi) : Exempt as per Entry No.21

and other cases like (i),(iii) and (iv) are taxable.

3. (b)

Hint : In case of services supplied u/s 13 of CGST Act, 2017 time of supply will be earlier of date of invoice or date of payment if invoice is issued within specified time limit (i.e. 30 days)

Date of payment = 10-July-2019

Date of supply of service = 07-August-2019

Date of invoice = 15-August- 2019

4. (a)

Hint :

[ (Value = 2,50,000 + Packing Charges = 15,000 + Freight & Cartage = 7500 + Handling Charges = 2500 + Loading and Unloading Charges = 5000 ) = 2,80,000 – (Value on which taxes already charged = 2,50,000) = 30,000 ]

Tax applicable @ 9% (CGST 2700, SGST 2700)

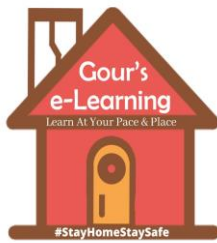
Note – Discount not shown separately in invoice, therefore it will not be deducted from value.

5. (c)

Hint : Aggregate turnover includes value of all outward supplies including zero rate supply, nil rated supply, exports, inter-state supplies of person having the same PAN be computed on all India basis and excludes CGST, SGST, UTGST, IGST, compensations, Value of inward supplies under reverse charge .Outward supplies taxable under reverse charge would continue to be part of the aggregate turnover of the supplier of such supplies.

\* Aggregate Turnover = 40 Lakhs + 5 Lakhs = 45 Lakhs

6. (a)



**Hint : As per Section 31 date of issue of tax invoice for goods in case of continuous supply where successive statement of accounts/payments received in that case tax invoice should be issues earlier of before/at the time of issue of such statement or receipt of payment.**

**7. (b)**

**Hint :As per Fourth Provision of Rule 138 In case of Inter-state transfer of handicraft goods by a person exempted from registration e-way bill is mandatory even if value of consignment does not exceed Rs.50000**

**8. (c)**

**Hint : The books of Accounts shall be maintained at each place of business pertaining to such place**

**9. (b)**

**Hint : In Case (i) → TDS can not deducted as per Section 51 of CGST Act because the value excluding GST is not exceeding 2.5 Lakhs**

**10. (b)**

**Hint : As per Section 5 of Custom Act, 1962 Integrated Tax leviable on imported goods under Section 5 of IGST Act, 2017.**

**11. (a)**

**Hint :Refer Rule 5(a) of General Interpretation Rules.**

**12. (b)**

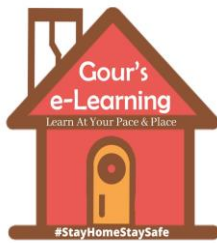
**Hint : Refer Section 20 of Customs Act , 1962.**

**13. (d)**

**Hint : As per the Provisions of Customs Act 1962, Social Welfare Surcharge is leviable on basic custom duty.**

**14. (c)**

**Hint : Goods not for personal/ private use the rate of duty drawback if more than 6 months and upto 9 months is 75%.**



## FOR MAY 2020 EXAMS (INDIRECT TAX)

**CA. MAHESH GOUR**



**Google Drive**

+

**E- Book**

**Fasttrack**

**At just  
Rs. 2999**

**THE STUDY ADDA**  
FOSTERING HIGH FLY

**Test @ Rs. 99/-  
Hurry Up...**

LIMITED TIME

END SEASON DISCOUNT

**SHOP NOW**  
SPECIAL OFFER

**Contact: 9057524108**  
**www.thestudyadda.com**

**FOR TEST SERIES VISIT HERE:- <https://thestudyadda.com/>**

## Question 2.

### (a) Solution :

Computation of eligible input tax credit available with Pari Ltd. in the month of April, 2018

S. No.	Particulars	Eligible input tax credit		
		CGST Rs.	SGST Rs.	IGST Rs.
1.	<b>Raw Material:</b>			
	Purchased from local registered suppliers [Note 1(i)] (Rs. 1,06,250 x 9%)	9,562.50	9,562.50	
	Purchased from local unregistered suppliers [Note 1(ii)]	Nil	Nil	
	Purchased from Punjab from registered supplier [Note 1(i)] (Rs.1,00,000 x 18%)			18,000
	Raw material imported from USA [Note 1(iii)]			22,732
2.	Consumables [Note 2] [(1,56,250-31,250) x 9%]	11,250	11,250	
3.	Monthly rent for the factory building to the owner in Rajasthan [Note 3]	9,000	9,000	
4.	Salary paid to employees on rolls [Note 4]	Nil	Nil	Nil
5.	Premium paid on life insurance policies taken for specified employees [Note 5] (Rs.2,00,000x 9%)	18,000	18,000	-
	Total	47,812.50	47,812.50	40,732
	Add: Opening balance of ITC on 01.04.2018	<u>20,000</u>	<u>15,000</u>	<u>15,000</u>
	<b>Eligible ITC [Note 7]</b>	<b>67,812.50</b>	<b>62,812.50</b>	<b>55,732</b>

Computation of net GST payable for the month of April, 2018

Particulars	CGST Rs.	SGST Rs.	IGST Rs.
Intra-State sales	78,750	78,750	
Inter-State sales			67,500
Exports under bond [Note 6]	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
Total output tax liability	78,750	78,750	67,500
Less: Eligible ITC	67,812.50	62,812.50	55,732

<b>Net GST payable</b>	<b>10,937.50</b>	<b>15,937.50</b>	<b>11,768</b>
------------------------	------------------	------------------	---------------


**Notes:**

- (i) **As per section 16 of the CGST Act :-** Credit of GST paid on raw materials used in the course or furtherance of business is available.
- (ii) All intra-State procurements made by a registered person from an unregistered supplier have been exempted from GST. Therefore, since no GST is paid on such raw material purchased, there does not arise any question of input tax credit (ITC) on such raw material.
- (iii) **As per section 16 of the CGST Act:** - IGST paid on imported goods qualifies as input tax in terms of section 2(62) of CGST Act, 2017. Therefore, credit of IGST paid on imported raw materials used in the course or furtherance of business is available.
- ITC on consumables, being inputs used in the course or furtherance of business, is available. However, since levy of GST on high speed diesel has been deferred till a date to be notified by Government, there cannot be any ITC of the same.
- ITC on monthly rent is available as the said service is used in the course or furtherance of business.
- As per section 7 read with Schedule III to the CGST Act :-** Services by employees to employer in the course of or in relation to his employment is not a supply. Therefore, since no GST is paid on such services, there cannot be any ITC on such services.
- As per section 17(5) of the CGST Act, 2017 :-** ITC on life insurance service is available only when the same is notified by the Government as being obligatory for an employer to provide to its employees under any law for the time being in force.
- As per section 16 of the IGST Act :-** Export of goods is a zero rated supply. A zero rated supply under bond is made without payment of IGST, supplies includes zero rated supply.
- Since export of goods is a zero rated supply, there will be no apportionment of ITC and full credit will be available.

**(b) Solution :**

**INVERTED TAX STRUCTURE:** Where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies).

Amount of refund on account of inverted duty structure shall be determined as per rule 89(5) of the CGST Rules, 2017:

 **Rule 89(5) of the CGST Rules, 2017 stipulates that in the case of refund on account of inverted duty structure, refund of ITC shall be granted as per the following formula –**

$$\text{REFUND Amount} = \left[ \frac{\text{NET ITC}}{\text{Adjusted T/O}} \times \text{T/O of Inverted Rated Supply of Goods and services} \right] - \text{Output Tax Payable on supply of goods or services}$$

Where,

- A. "Net ITC"** means ITC availed on inputs during the relevant period other than the ITC availed for which refund is claimed under sub-rules (4A) or (4B) or both; and
- B. "Adjusted Total turnover"** means the sum total of the value of:
- (a) the turnover in a State or a Union territory, as defined under section 2(112), excluding turnover of services; &
  - (b) the turnover of zero-rated supply of services determined in terms of clause (D) above and non-zero-rated supply of services, excluding:
    - the value of exempt supplies other than zero-rated supplies; and
    - the turnover of supplies in respect of which refund is claimed under sub-rule (4A) or sub-rule (4B) or both, if any, during the relevant period

In accordance with the aforesaid provisions, the maximum refund amount which Super Engineering Works is eligible to claim shall be computed as follows:

**Tax payable on inverted rated supply** of Product A = Rs. 5,00,000 × 5% = Rs. 25,000

**Net ITC** = Rs. 1,18,000 (Rs. 54,000 + Rs. 54,000 + Rs. 10,000) [Net ITC availed during the relevant period needs to be considered irrespective of whether the ITC pertains to inputs eligible for refund of inverted rated supply of goods or not]

**Adjusted Total Turnover** = Rs. 9,50,000 (Rs. 5,00,000 + Rs. 3,50,000 + Rs. 1,00,000)

**Turnover of inverted rated supply of Product A** = Rs. 5,00,000

**Maximum refund amount for Super Engineering Works is as follows:**

= [(Rs. 5,00,000 × Rs. 1,18,000) / Rs. 9,50,000] - Rs. 25,000

= Rs. 37,105 (rounded off)

### Question 3.

#### (a) Solution :

##### Value of Supply in Case of Pure Agent

##### Meaning of Pure Agent:

- ✓ Neither intends to hold nor holds any title to the supplies
- ✓ Does not have any personal interest in the supplies procured

##### Value of Supply:

Expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply If ALL the 3 conditions are satisfied

1. Payment to the third party on authorisation by such recipient.
2. Payment made in capacity of pure agent on behalf of the recipient of supply has been separately indicated in the invoice
3. Supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.



In the given case, Rudra Logistics has been authorised by the recipient of supply - Rolly Polly Manufacturers Ltd. - to incur, on its behalf, the expenses incurred in relation to clearance of the imported machine from the customs station and bringing the same to the warehouse of the recipient, i.e. expenses mentioned in S.No. (ii) to (vii). Further, Rudra Logistics does not hold any title to said services and does not use them for his own interest.

Lastly, Rudra Logistics receives only the actual amount incurred to procure such services in addition to agency charges. Thus, Rudra Logistics qualifies as a pure agent.

Further, rule 33 of the CGST Rules, 2017 stipulates that notwithstanding anything contained in the provisions of Chapter IV – Determination of Value of Supply, the expenditure or costs incurred by a supplier as a pure agent of the recipient of supply shall be excluded from the value of supply, if all the following conditions are satisfied, namely-

- (I) the supplier acts as a pure agent of the recipient of the supply, when he makes the payment to the third party on authorisation by such recipient;
- (II) the payment made by the pure agent on behalf of the recipient of supply has been separately indicated in the invoice issued by the pure agent to the recipient of service; and
- (III) the supplies procured by the pure agent from the third party as a pure agent of the recipient of supply are in addition to the services he supplies on his own account.

Since conditions (I) to (III) mentioned above are satisfied in the given case, expenses (ii) to (vii) incurred by Rudra Logistics as a pure agent of Rolly Polly Manufacturers Ltd. shall be excluded from the value of supply.

Accordingly, value of supply made by Rudra Logistics will be computed as under:

Particulars	Amount (Rs.)
Agency charges	5,00,000
Add: Unloading of machine at Kandla port, Gujarat	Nil
Add: Charges for transport of machine from Kandla port, Gujarat to its Rudra Logistics' godown in Ahmedabad, Gujarat	Nil
Add: Charges for transport of machine from Rudra Logistics' Ahmedabad godown to the warehouse of Rolly Polly Export Import House in Mumbai, Maharashtra	Nil
Add: Customs duty	Nil
Add: Dock charges	Nil
Add: Port charges	Nil
Add: Hotel expenses	45,000
Add: Travelling expenses	50,000
Add: Telephone expenses	<u>2,000</u>
<b>Value of supply</b>	<b>5,97,000</b>

However, if Rudra Logistics charges Rs. 13,00,000 as a lump sum consideration for getting the



imported machine cleared from the customs station and bringing the same to the warehouse of Rolly Polly Manufacturers Ltd., Rudra Logistics would incur expenses (ii) to (vii) for its own interest (as the agreement requires it to get the imported machine cleared from the customs station and bring the same to the Rolly Polly Manufacturers Ltd.'s warehouse). Thus, Rudra Logistics would not be considered as a pure agent of Rolly Polly Manufacturers Ltd. for said services.

Consequently, in that case, value of supply will be Rs. 13,00,000.

## (b) Solution :

### Computation of total customs duty payable

PARTICULARS	AMOUNT
CIF value (negotiated price) [Note-1]	£ 5,500
Less: Air freight	£ 500
Less: Insurance	£ 600
FOB value	£ 4,400
Add: Vendor inspection charges [Note-2]	Nil
FOB value as per Customs	£ 4,400
Add: Freight [Note-3]	£ 500
Add: Insurance [Note-4]	£ 600
	£ 5,500
Value in rupees [5,500 x Rs. 102][Rate of CBIC on the date of filing of Bill of Entry]	Rs. 5,61,000.00
Add: Commission payable to local agent [1% of FOB value] [Note-6] = (US \$ 4,400 × 102) × 1%	Rs. 4,488.00
Total	Rs. 5,65,488.00
Assessable value	Rs. 5,65,488.00
Add: Basic custom duty @ 10% [Note-6] – rounded off	Rs. 56,548.80
Social Welfare Surcharge (10% of Rs. 56,548.80) [rounded off]	Rs. 5,655.00
<b>Customs duty payable [rounded off]</b>	<b>Rs. 62,203.00</b>

### NOTE:

1. In this case, since the contract was re-negotiated and the importer paid the re-negotiated price, the transaction value would be such re-negotiated price and not the contract price.
2. Charges of vendor inspection on the goods carried out by foreign supplier on his own and not required for making the goods ready for shipment, are not includible in the assessable value of the imported goods [Bombay Dyeing & Mfg. v. CC 1997 (90) ELT 276 (SC)].
3. Actual amount incurred towards freight will be considered since freight is not more than 20% of FOB value



[Fifth proviso to rule 10(2) of Customs Valuation Rules].

4. Actual insurance charges paid are includible in the assessable value as per rule 10(2)(b) of the Customs Valuation Rules.
5. Commission paid to local agent (since it is not buying commission) is includible in the assessable value on the presumption that local agent has been appointed by the exporter [Rule 10(1)(a)(i) of the Customs Valuation Rules].
6. As per proviso to section 15 of the Customs Act, 1962, rate of duty will be the rate in force on the date of presentation of bill of entry or on the date of arrival of the aircraft, whichever is later.

## Question 4.

### (a) Solution:

#### (i) As per Sec. 74 of the Customs Act, 1962, RE-EXPORT WITHIN 2 YEARS:

The goods must be entered for export within 2 years from the date of payment of duty on the importation thereof. However, extension can be granted by the Board on sufficient cause been shown. In the case of goods assessed to duty provisionally u/s 18, the date of payment of the payment of the provisional duty shall be deemed to be the date of payment of duty.

(ii) 98% of the import duty paid is allowed as drawback in case the goods are exported out of India without being put to use. In case the goods are taken into use and then exported, duty drawback shall be allowed at notified rates u/s 74(2) having regard to the duration of use, the depreciation in value and other relevant circumstances.

(iii) yes, duty drawback is allowed when wearing apparels are re-exported without being used. However, Notification No, 19/65 Cus. Dated 06.02.1965 as amended provides that if wearing apparels have been used after their importation into India, drawback of import duty paid thereon shall not be allowed when they are exported out of India.

### (b) Solution.

**As per Section 12(3) of IGST Act, 2017 :-** Where the immovable property is located in more than one State, the supply of service is treated as made in each of the States in proportion to the value for services separately collected or determined, in terms of the contract or agreement entered into in this regard or, in the absence of such contract or agreement, on such other reasonable basis as may be prescribed in this behalf .

In the absence of a contract or agreement between the supplier and recipient of services in this regard, the proportionate value of services supplied in different States/Union territories (where the immovable property is located) is computed on the basis of the area of the immovable property lying in each State/ Union territories [Rule 4 of the IGST Rules].

#### EXAMINER'S COMMENT

In case I, some examinees were not aware that the place of supply of services directly in relation to an immovable property located outside India, where service provider and service recipient are located in India is the location of recipient in terms of section 12(3) of the IGST Act, 2017. Resultantly, they wrong answered the place of supply to be the location of immovable property.

### (c) Solution:

Every supplier shall be liable to be registered under this Act in the State or Union territory, other than special category States, from where he makes a taxable supply of goods or services or both, if his aggregate turnover in a financial year exceeds **Rs. 40 lakhs**.

#### Computation of Aggregate turnover:

Particulars	Rs.
(1) Intra-State supply of goods chargeable with GST @ 18% [WN1]	6,75,000
(2) Intra-State supply of goods which are exempt from GST u/s 11 of CGST Act, 2017 [WN2]	5,35,900 7,89,125
(3) Intra-State supply of goods chargeable with Nil rate of GST [WN3]	
<b>Total Value of supplies</b>	<b>20,00,025</b>

#### Working Note:

- As per Section 2(6) of CGST Act, 2017, "Aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-state supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess. Applying the definition stated above:
- Intra-State supply of goods chargeable with GST @ 18% is specifically included for determination of aggregate turnover.
- Intra-State supply of goods which are wholly exempt from GST under section 11 of CGST Act, 2017 is to be included for determination of aggregate turnover.
- Intra-State supply of goods chargeable with nil rate of GST is covered under exempt supplies under sec 11, hence it is to be included in computation of aggregate turnover.

**Conclusion** - Thus, in this case since aggregate turnover of the company does not exceeds Rs.40 lakhs, it is not liable to registration under GST Law.

## Question 5.

### (a) Solution :

#### (a) Computation of net GST payable by M/s XYZ

Particulars	GST payable (Rs.)
Gross GST liability [Refer Working Note 1 below]	2,63,400
Less: Input tax credit [Refer Working Note 2 below]	2,00,000
<b>Net GST liability</b>	<b>63,400</b>

#### Working Notes

##### (1) Computation of gross GST liability

Particulars	Value received (Rs.)	Rate of GST	GST payable (Rs.)
Hiring charges for excavators	18,00,000	12%	2,16,000
Service charges for supply of manpower for operation of excavators <i>[the excavators are invariably hired out along with operators and excavator operators are supplied only when the excavator is hired out, it is a case of composite supply under section 2(30) of the CGST Act, 2017 wherein the principal supply is the hiring out of the excavator. Therefore, the supply of manpower for operation of the excavators will also be taxed at the rate applicable for hiring out of the excavator (principal supply), which is 12%.]</i>	20,000	12%	2,400
Service charges for soil testing and seismic evaluation <i>[Soil testing and seismic evaluation services being independent of the hiring out of excavator the rate applicable to them, is 18%.]</i>	2,50,000	18%	45,000
<b>Gross GST liability</b>			<b>2,63,400</b>

##### (2) Computation of input tax credit available for set off

Particulars	GST paid (Rs.)	ITC available (Rs.)
Annual maintenance services for excavators <i>[Refer Note ]</i>	1,00,000	1,00,000

Health insurance for excavator operators [It is Blocked as per 17(5) of CGST Act, 2017]	11,000	-
Scientific and technical consultancy [Refer Note ]	1,00,000	1,00,000
<b>Total input tax credit available</b>		<b>2,00,000</b>

**Note:** The annual maintenance service for the excavators does not get covered by the bar under section 17 of the CGST Act, 2017 and the credit thereon will be available. The same applies for scientific & technical consultancy for construction projects because in this case also, the service is used for providing the outward taxable supply of soil testing and seismic evaluation service and not for construction of immovable property.

## (b) Solution:

### Case 1 : Interest Payable BY Importer

**As per section 18(3) of the Customs Act, 1962 :-** An importer is liable to pay interest at the rate of 15% p.a. (Notification No. 33/2016-Cus. (NT) dated 01.03.2016), on any amount payable consequent to the re-assessment order from the first day of the month in which the duty is provisionally assessed till the date of payment.

Therefore, in the given case, Moris Lal is liable to pay following interest in respect of 1<sup>st</sup> consignment:

$$= ₹ 1,80,000 \times 15\% \times 67/365$$

$$= ₹ 4,956 \text{ (rounded off)}$$

### Case 2 : Interest Payable TO Importer

If any amount refundable consequent to the re-assessment order is not refunded within 3 months from date of re-assessment of duty, interest is payable to importer on unrefunded amount at the specified rate till the date of refund of such amount in terms of section 18(4) of the Customs Act, 1962.

Since in the given case, refund has been made (28.04.2018) within 3 months from the date of re-assessment of duty (02.02.2018), interest is not payable to Moris Lal on duty refunded in respect of 2<sup>nd</sup> consignment.

#### EXAMINER'S COMMENT

Though most of the examinees correctly considered the rate of interest as 15% p.a., but they erred in considering the period for which interest is payable. They wrongly considered the period starting from the date of provisional

assessment till the date of payment of duty demanded while computing interest in respect of 1<sup>st</sup> consignment, whereas in the said case, interest is payable from the first day of the month in which the duty is provisionally assessed till the date of payment in terms of section 18(3) of the Customs Act, 1962.

### (c) Solution :

**Section 108 of the CGST Act, 2017** authorizes such “Revisional Authority” to call for and examine any order passed by his subordinates and in case he considers the order of the lower authority to be erroneous in so far as it is prejudicial to revenue and is illegal or improper or has not taken into account certain material facts, whether available at the time of issuance of the said order or not or in consequence of an observation by the Comptroller and Auditor General of India, he may, if necessary, can revise the order after giving opportunity of being heard to the noticee. The “revisional authority” can also stay the operation of any order passed by his subordinates pending such revision.

The “revisional authority” shall not revise any order if-

- (a) the order has been subject to an appeal under section 107 or under section 112 or under section 117 or under section 118; or
- (b) the period specified under section 107(2) has not yet expired or more than three years have expired after the passing of the decision or order sought to be revised.
- (c) the order has already been taken up for revision under this section at any earlier stage.
- (d) the order is a revisional order.

### Question 6.

#### (a) Solution :

**(1) As per Section 107(1) of the CGST Act :-** An appeal against a decision/order passed by any adjudicating authority under the CGST Act or SGST Act/UTGST Act is appealable before the Appellate Authority. Thus, Home Furnishers can file an appeal to Appellate Authority against the adjudication order passed by the Joint Commissioner of Central Tax.

**Time Limit for filing Appeal:** - Appeal can be filed within 3 months from the date of communication of such decision/order. Thus, Home Furnishers can file the appeal to Appellate Authority on or before 22.11.20XX. Further, the Appellate Authority can also condone the delay in filing of appeal by 1 month if it is satisfied that there was sufficient cause for such delay [Section 107(4)].

- (2) GST law makes provisions for cross empowerment between CGST and SGST/UTGST officers so as to ensure that if a proper officer of one Act (say CGST) passes an order with respect to a transaction, he will also act as the proper officer of SGST for the same transaction and issue the order with respect to the CGST as well as the SGST/UTGST component of the same transaction.

The law further provides that where a proper officer under one Act (say CGST) has passed an order, any appeal/review/ revision/rectification against the said order will lie only with the proper officers of that Act only (CGST Act). Similarly, if any order is passed by the proper officer of SGST, any appeal/review/revision/rectification will lie with the proper officer of SGST only. Thus, Home Furnishers is required to file an appeal only with the Central Tax Appellate Authority [Section 6 of CGST Act].

- (3) Home Furnishers' view is not correct in law. Section 107(6) of the CGST Act provides that no appeal shall be filed before the Appellate Authority, unless the appellant has paid—
- full amount of tax, interest, fine, fee and penalty arising from the impugned order, as is admitted by him; and
  - a sum equal to 10% of the remaining amount of tax in dispute arising from the impugned order.

Since in the given case, Home Furnishers disagrees with the entire tax demanded, it has to make a pre-deposit of 10% of the amount of tax in dispute arising from the impugned order, i.e., 10% of ` 50,00,000 which is ` 5,00,000.

## (b) Solution :

### ISSUE OF SCN

SR. NO	NATURE OF CASE	TIME FOR ISSUANCE OF NOTICE	TIME FOR ISSUANCE OF ORDER
1.	<b>Normal Cases [Section 73(1)]</b>	Within 2 years and 9 months from the due date of filing Annual Return for the Financial Year to which the demand pertains or from the date of erroneous refund	Within 3 years from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from the date of erroneous refund



2.	<b>Fraud Cases [Section 74(1)]</b>	Within 4 years and 6 months from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from the date of erroneous refund	Within 5 years from the due date of filing of Annual Return for the Financial Year to which the demand pertains or from the date of erroneous refund
----	--	---	--

- I. The SCN has been issued for the period between 01.07.2017 to 31.12.2017 which falls in the financial year (FY) 2017-18. Due date for furnishing annual return for the FY 2017-18 is 31.12.2018 and 3 years' period from due date of filing annual return lapses on 31.12.2021. Thus, SCN under section 73(1) ought to have been issued latest by 30.09.2021. Since in the given case, the notice has been issued on 31.01.2021, notice is not time-barred.
- II. The 5 years' period from due date of filing annual return lapses on 31.12.2023. Thus, SCN under section 74(1) ought to have been issued latest by 30.06.2023.

### (c) Solution :

**Solution:** As per rule 3 of Baggage Rules, 2016, tourist of foreign origin excluding infant is allowed duty free clearance of

- (i) travel souvenirs; and
- (ii) Articles up to the value of ` 15,000 (excluding articles mention in annexure I like fire arms, cartridges of fire arms exceeding 50 and cigarettes exceeding 100 sticks), if carried on in person.

Computation of customs duty payable	Rs.
Travel souvenir	Nil
Articles carried on in person	1,50,000
Cigarettes [100 sticks can be accommodated in General Free Allowance (GFA)]	10,000
Fire arms cartridge (50 cartridges can be accommodated in GFA)	<u>25,000</u>
Baggage than can be accommodated in GFA	1,85,000
Less: General Free Allowance As per Rule 3	<u>15,000</u>
Baggage on which duty is payable	<u>1,70,000</u>
Duty payable @ 25.75% <sup>4</sup>	<u>43,775</u>

**Note:** Fire arms, cartridges of firearms exceeding 50 and cigarettes exceeding 100 sticks are not chargeable to rate applicable to baggage [Notification No. 26/2016 Cus. dated 31.03.2016]. These items are charged @ 100% applicable to baggage under Heading 9803 of the Customs Tariff.

## Question 7.

### (a) Solution :

- (i) **Yes.** The duty credit scrips and goods imported or domestically procured against them are freely transferable.
- (ii) **No.** Utilization of duty credit scrip is not permitted for payment of GST for procurement from domestic sources.
- (iii) The duty credit scrip will be valid for 18 months from date of issue.
- (iv) **Yes.** Exports of leather footwears through courier using e-commerce of FOB value of ` 5,00,000 per consignment are eligible for MEIS.

### (b) Solution :

**Solution. (a) Computation of GST payable on amount paid for transportation by XYZ Ltd. when it avails the services of different transporters**

Particulars	Freight [Rs.]	GST payable [Rs.]
Transportation of biscuits in a local mini van belonging to an individual [Only the transportation of goods by road by a GTA is liable to GST. Therefore, transportation of goods by road otherwise than by a GTA is exempt from GST –As per Entry 21 of Exemptions of CGST Act]	54,000	Nil
Transportation of biscuits by Indian Railways	3,17,000	15,850
Transportation of biscuits by GTA [GST is payable by XYZ Ltd. under reverse charge in terms of section 5(3) of the IGST Act, 2017.]	3,00,000	15,000
Transportation of biscuits by GTA @ 12% [When the GTA pays tax @ 12%, tax is payable by the GTA under forward charge and not by the recipient under reverse charge.]	73,000	8,760
Transportation of flour by GTA [Services provided by GTA by way of transport (in a goods carriage) of, <i>inter alia</i> , flour are exempt from GST AS per Entry 21 of Exemptions of CGST Act.]	55,000	Nil

Transportation of butter by GTA [Though services provided by GTA by way of transport (in a goods carriage) of, <i>inter alia</i> , milk is exempt from GST, road transport of butter will not be exempted as butter is milk product and not milk. GST is payable by XYZ Ltd. under reverse charge in terms of section 5(3) of the IGST Act, 2017.]	35,000	1,750
Transportation of baking powder by GTA [Services provided by a GTA by way of transport in a goods carriage of goods, where consideration charged for the transportation of goods on a consignment transported in a single carriage does not exceed Rs. 1,500, are exempt from GST vide <i>As per Entry 21 of Exemptions of CGST Act.</i> ]	1,500	Nil
Transportation of biscuits by GTA to sister concern [GST is payable by XYZ Ltd. under reverse charge in terms of section 5(3) of the IGST Act, 2017]	40,000	<u>2,000</u>
<b>Total tax payable by XYZ Ltd. on availing services of different transporters</b>		<b>43,360</b>

### (c) Solution :

- (i) E - way bill is an electronic way bill for movement of goods which is generated on the GSTN portal. It is required when a "movement" of goods is of more than 50,000 in value. A registered person cannot move goods without an e - way bill.

#### (II) SEC 138(10): Validity Period of e-way Bill / Consolidated e-way Bill

SR. NO.	DISTANCE WITHIN COUNTRY	VALIDITY PERIOD FROM RELEVANT DATE*
1.	Upto 100 km	One day in cases other than Over Dimensional Cargo
2.	For every 100 km or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo
3.	Upto 20 km	One day in case of Over Dimensional Cargo
4.	For every 20 km or part thereof thereafter	One additional day in case of Over Dimensional Cargo

\*Relevant date means the date on which the e-way bill has been generated and the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as the period expiring at midnight of the day immediately following the date of generation of e-way bill.



# HEAVY DISCOUNT FOR MAY 2020 EXAMS

CA FINAL NEW/OLD	IDT (FASTTRACK)	CA MAHESH GOUR	2999/-
CA INTER NEW/ OLD	IDT (FASTTRACK)	CA MAHESH GOUR	1999/-
CA FINAL NEW/OLD	AUDIT (FASTTRACK)	CA KHUSHBOO SANGHAVI	2500/-
CA INTER NEW/ OLD	AUDIT (FASTTRACK)	CA KHUSHBOO SANGHAVI	1999/-
CA FINAL NEW/OLD	LAW (FASTTRACK)	PROF. HARSH KACHALIA	2500/-
CA FINAL NEW/OLD	FR (FASTTRACK)	PROF. ISHRAR SHAIKH	2999/-
CA FINAL NEW/OLD	SM + EIS (FASTTRACK)	CA. MEETA MANGAL PROF. JIGNESH CHHEDA	COMBO 3999/-

Follow Us :



<https://www.facebook.com/gourselearning12345/>



<https://www.instagram.com/gourselearning/>



<https://www.youtube.com/gourselearning>



<https://t.me/cainterge> OR <https://t.me/cafinalge>

FOR VIDEO LECTURES VISIT HERE :- <http://cacselectures.com/>