

Paper 8: Indirect Tax Laws

1. A taxable person has made following supplies in January, 2018 –
Sales within the State – ₹ 2,00,000.
Exports out of India – ₹ 60,000.
Supplies to SEZ located within the State – ₹ 40,000.
He does not intend to clear goods under Letter of Undertaking (LUT) or bond. The input tax credit available to him during January, 2018 – IGST – Nil. CGST – ₹10,000. SGST – ₹20,000.
There is no opening balance in his electronic cash ledger or electronic credit ledger. Tax rates are – SGST – 9%, CGST – 9%, IGST – 18%. How much amount is payable by him in cash?
 - (a) CGST – ₹ 8,000 SGST – Nil
 - (b) CGST – ₹ 11,600 SGST – ₹ 1,600
 - (c) CGST – ₹ 8,000, SGST – Nil, IGST – ₹ 5,200
 - (d) CGST – ₹ 8,000 SGST – Nil, IGST – ₹ 16,000
2. Mr. A has received technical consultancy services from IT Star Consultants, USA. The import of technical consultancy will not be liable to GST if-
 - (i) Mr. A pays some consideration for the services received
 - (ii) Mr. A pays some consideration for the services received and if Mr. A uses the said service for business purposes
 - (iii) Mr. A uses the said service for business purposes even though he does not pay any consideration for the same
 - (iv) Mr. A uses the said service for personal purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
 - (v) Mr. A uses the said service for business purposes and does not pay any consideration for the same and is also a partner in IT Star Consultants
 - (a) (i), (ii), (v)
 - (b) (ii), (iii) and (v)
 - (c) (iii), (iv)
 - (d) (iii), (iv) and (v)
3. XY, Bangalore, Karnataka furnishes following information:
 - (i) 10 MT of inputs stock transferred to branch located in Chennai, Tamil Nadu on 10th April, 20XX. Transfer value of the inputs shown in the invoice is ₹ 10,000.
 - (ii) 5 MT of inputs supplied to customer located in Chennai at ₹ 12,500 on 10th April, 20XX.
 - (iii) Cost of production of 1 MT of input is ₹ 750.
 - (iv) Chennai branch is eligible for full input tax credit.

The value of the inputs stock transferred to Chennai Branch is-

- (a) ₹ 10,000
- (b) ₹ 25,000
- (c) ₹ 8,250
- (d) ₹ 12,500

4. Which of the given activities does not amount to supply?

- (a) An architect in India seeks legal advice from his son settled in London free of cost with regard to his family dispute.
- (b) A Resident Welfare Association provides the service of depositing the electricity bills of the residents in lieu of some nominal charges.
- (c) A dealer of air-conditioners permanently transfers an air conditioner from his stock in trade, for personal use at his residence.
- (d) An electronic commerce operator in India seeks legal advice for its business from its head office in US free of cost.

5. Mr. X enters into a contract with a client for supply of certain services on 18.12.2017. GST is payable on such services under forward charge. Services are supplied on 25.12.2017 and invoiced on 05.01.2018. The client makes payment by cheque for the services on 29.12.2017 and such payment is credited to the bank account of Mr. X on 06.01.2018. The payment is recorded in the books of account of the client and Mr. X on 30.12.2017 and 07.01.2018 respectively.

The time of supply of services is:

- (a) 29.12.2017
- (b) 30.12.2017
- (c) 06.01.2018
- (d) 05.01.2018

6. Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is ₹ 1,60,000. Such performance is not for promotion of any product/services. Rate of CGST and SGST on such services is 9% each. Assuming the services supplied by him to be intra-State supplies, which of the following statements are true?

- (a) GST liability of Kesar Maharaj is Nil as services provided by him are exempt.
- (b) Kesar Maharaj is liable to pay CGST and SGST of ₹ 14,400 and ₹ 14,400 respectively.
- (c) Kesar Maharaj is liable to pay CGST and SGST of ₹ 900 and ₹ 900 respectively.
- (d) None of the above.

7. Avtaar Enterprises, Kanpur started trading in ayurvedic medicines from July 1, 20XX. Its turnover exceeded ₹ 20 lakh on October 3, 20XX. The firm applied for registration on October 31, 20XX and was issued registration certificate on November 5, 20XX.

Can any revised invoice be issued in the given scenario? If the answer to the first question is in affirmative, determine the period for which the revised invoices can be issued as also the last date upto which the same can be issued.

- (a) Revised invoice cannot be issued in the given case.
- (b) Revised invoices can be issued for supplies made between October 3, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 5, 20XX.
- (c) Revised invoices can be issued for supplies made between October 31, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 31, 20XX.
- (d) Revised invoices can be issued for supplies made between July 1, 20XX and November 5, 20XX. Further, the revised invoices can be issued for the said period till December 31, 20XX.
8. Shagun started supply of goods in Vasai, Maharashtra from 01.01.20XX. Her turnover exceeded ₹ 20 lakh on 25.01.20XX. However, she didn't apply for registration. Determine the amount of penalty, if any, that may be imposed on Shagun under section 122(1) of the CGST Act, 2017 on 31.03.20XX, if the tax evaded by her, as on said date, on account of failure to obtain registration is ₹ 1,26,000:
- (a) ₹ 10,000
- (b) ₹ 1,26,000
- (c) ₹ 12,600
- (d) None of the above
9. Kutch Refineries supplies LPG to XYZ Ltd. by a pipeline under a contract. The terms of contract are:
- (i) Monthly payment of ₹ 2 lakh to be made by the recipient on fifth day of the month.
- (ii) A quarterly statement of the goods dispatched and payments made will be issued by seventh day of the month succeeding the relevant quarter.

August 5, September 5, October 5	Payments of ₹ 2 lakh made in each month
October 7,	Statement of accounts issued by supplier for the quarter July – September
October 17,	Differential payment of ₹ 56,000 received by supplier for the quarter July – September as per statement of accounts

Which of the following statements is true?

- (a) Invoice will be issued on August 5, September 5, October 5 and October 7.
- (b) Invoice will be issued on August 5, September 5 and October 5.
- (c) Invoice will be issued on August 5, September 5, October 5, October 7 and October 17
- (d) None of the above

10. A Chartered Accountant issued following bill –

- (i) Professional fees – ₹ 1,00,000
- (ii) Out of pocket expenses – ₹ 10,000
- (iii) MCA for e-filing of documents on MCA portal – ₹ 5,000.

His value of service for tax purposes is:

- (a) ₹ 1,15,000
- (b) ₹ 1,10,000
- (c) ₹ 1,05,000
- (d) ₹ 1,00,000

11. Krishna Motors is a car dealer selling cars of an international car company. It also provides maintenance and repair services of the cars sold by it as also of other cars. Determine the amount of input tax credit available with the help of the following information regarding expenses incurred by it during the course of its business operations:

Particulars	GST paid (₹)
Cars purchased from the manufacturer for making further supply of such cars. [Two of such cars are destroyed in accidents while being used for test drive by potential customers. GST paid on their purchase is ₹ 1,00,000]	20,00,000
Works contract services availed for constructing a car shed in its premises.	50,000

- (a) ₹ 19,00,000
- (b) ₹ 21,10,000
- (c) ₹ 19,50,000
- (d) ₹ 20,50,000

12. In which of the following cases, import of services is taxable under GST?

- (1) Import of service with consideration in course or furtherance of business.
 - (2) Import of service with consideration not in course or furtherance of business.
 - (3) Import of service without consideration from a related person in course or furtherance of business.
 - (4) Import of service without consideration from a related person not in course or furtherance of business.
- (a) (1) and (3)
 - (b) (2) and (4)
 - (c) (1), (2) and (3)

- (d) (4)
13. Compute the value of 'exempted supply' for purpose of section 17(2) of the CGST Act, 2017 from the following details:
- (i) Value of alcoholic liquor for human consumption: ₹ 1,50,000
 - (ii) Value of architect services supplied: ₹2,00,000
 - (iii) Securities of face value of ₹ 1,00,000 sold for ₹ 95,000
- (a) ₹ 1,50,000
 - (b) ₹ 2,50,000
 - (c) ₹ 2,45,000
 - (d) ₹ 1,50,950
14. Grand Foods is engaged in supplying restaurant service in Delhi. In the preceding financial year, it has an aggregate turnover of ₹ 90 lakh from restaurant service and ₹ 10 lakh from supply of farm labour and has earned a bank interest of ₹ 10 lakh. Which of the following statements are true in the given case?
- (1) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 90 lakh.
 - (2) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 100 lakh.
 - (3) Aggregate turnover of Grand Foods, for determining eligibility for composition scheme, in the preceding FY is ₹ 110 lakh.
 - (4) Supply of farm labour and supply of service of extending loans/deposits does not make Grand Foods ineligible for composition scheme.
 - (5) Supply of services other than restaurant service - supply of farm labour and supply of service of extending loans/deposits - by Grand Foods makes it ineligible for composition scheme.
- (a) (1) and (4)
 - (b) (2) and (4)
 - (c) (1) and (5)
 - (d) (3) and (5)
15. Which of the following services provided by Good Health Care Nursing home are not exempt?
- (1) Reiki healing treatment.
 - (2) Plastic surgery conducted to repair cleft lip of a new born baby.
 - (3) Air ambulance services to transport critically ill patients from distant locations to Ayushman Medical Centre.

- (4) Palliative care for terminally ill patients. On request, such care is also provided to patients at their homes. (Palliative care is given to improve the quality of life of patients who have a serious or life-threatening disease but the goal of such care is not to cure the disease).
- (5) Alternative medical treatments by way of Ayurveda.
- (a) (1) and (3)
- (b) (2) and (4)
- (c) (1)
- (d) (1), (4) and (5)
16. Open area in the precincts of a temple has been rented for a marriage for a day. In which of the following cases, such renting is exempt from GST?
- (a) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 9,000.
- (b) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 11,000.
- (c) Temple is owned by Sanatan Charitable Trust (registered under section 12AA of the Income-tax Act, 1961) and consideration charged is ₹ 11,000.
- (d) None of the above.
17. BTW Pvt. Ltd. has following units:
- A: Factory in Noida, Uttar Pradesh; closed from 2017-18 onwards, no turnover.
- B: Factory in Ghaziabad, Uttar Pradesh; turnover of ₹ 54 crores in 2017-18;
- C: Service centre in Faridabad, Haryana; turnover of ₹ 2 crore in 2017-18;
- D: Service centre in New Delhi; turnover of ₹ 4 crores in 2017-18;
- The company's corporate office functions as an input service distributor. It has to distribute input tax credit of ₹ 18 lakh for April, 2018. Of this, an invoice involving tax of ₹ 6 lakh pertains to technical consultancy for Faridabad unit.
- Input tax credit will be distributed as:
- (a) ₹ 3,00,000 to Noida Factory, ₹ 9,00,000 to Ghaziabad factory, ₹ 3,00,000 to Faridabad service centre and ₹ 3,00,000 to New Delhi service centre.
- (b) ₹ 10,80,000 to Ghaziabad factory, ₹ 6,40,000 to Faridabad service centre and ₹ 80,000 to New Delhi service centre.
- (c) ₹ 10,80,000 to Ghaziabad factory, ₹ 40,000 to Faridabad service centre and ₹ 80,000 to New Delhi service centre.
- (d) ₹ 16,20,000 to Ghaziabad factory, ₹ 60,000 to Faridabad service centre and ₹ 1,20,000 to New Delhi service centre.
18. (i) A software professional providing technical consultancy buys a motorcycle for use of his employee.

- (ii) A motor driving school buys a car for being used in imparting motor driving training.
- (iii) A flying school imports an aircraft for use in its training activity.
- (iv) A manufacturer buys a small truck for the purpose of transporting its inputs and finished goods.

Input tax credit cannot be taken on:

- (a) (iii)
- (b) (i), (ii), (iii), (iv)
- (c) (i)
- (d) (i), (iii)

19. Kamlesh hires a works contractor for repairing his factory building on a lumpsum payment of ₹ 11,80,000. He debits half of the expenditure in the profit and loss account and the remaining half in the building account.

Assuming the rate of GST to be 18%, Kamlesh can take input tax credit of:

- (a) ₹ 90,000
- (b) ₹ 1,06,200
- (c) ₹ 2,12,400
- (d) Nil

20. An online portal, Best Info, raises invoice for database access on 21st February, 2017 on Roy & Bansal Ltd. The payment is made by Roy & Bansal Ltd. by a demand draft sent on 25th February, 2017 which is received and entered in the accounts of Best Info on 28th February, 2017. Best Info encashes the demand draft and thereafter, gives access to the database to Roy & Bansal Ltd from 3rd March, 2017. In the meanwhile, the rate of tax is changed from 1st March 2017.

What is the time of supply of the service of database access by Best Info?

- (a) 25th February, 2017
- (b) 28th February, 2017
- (c) 21st February, 2017
- (d) 3rd March

21. Which of the following persons can opt for the composition scheme?

- 1) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 75 lakh.
- 2) Registered person whose aggregate turnover in the preceding financial year did not exceed Rs. 1 crore.
- 3) A person engaged in business of Pan Masala, Tobacco and manufactured tobacco substitutes
- 4) A person engaged in the business of Ice Cream, other edible ice, whether or not containing Cocoa.

- 5) A person engaged exclusively in the providing restaurant service.
- 6) A person engaged exclusively in supply of medicines.

Which of the above are correct:-

- (a) 1,2,3,5
 - (b) 1,2,5,6
 - (c) 2,3,4,5
 - (d) 3,4,5,6
22. Which of the following statements is not correct for a tax payer who has opted for composition scheme?
- (a) A registered person supplying goods under the composition scheme shall issue a bill of supply.
 - (b) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 20th day of each month.
 - (c) A composition dealer shall mention the words "Composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him.
 - (d) Last date for payment of liability towards tax, interest, penalty, fee or any other sum is 18th day of the month following each quarter.
23. M/s. Tanatan received testing services from Aquarian Solution (P) Ltd. on 10-May-2018. The payment was entered in the books of account of M/s. Tanatan on 16-May-2018 and was credited in the bank account of supplier on 19-May-2018. In the meantime, supplier issued invoice on 18-May-2018. What will be the time of supply in this case?
- (a) 10-May-2018
 - (b) 18-May-2018
 - (c) 16-May-2018
 - (d) 19-May-2018
24. Which one of the following cannot be a reason for cancellation of registration?
- (a) There is a change in the constitution of business from partnership firm to proprietorship.
 - (b) The business has been discontinued.
 - (c) A composition taxpayer has not furnished returns for three consecutive tax periods.
 - (d) A registered person, other than composition taxpayer, has not furnished returns for three consecutive tax periods.
25. Which of the following is an OIDAR service?
- (i) Online course consisting of pre-recorded videos and downloadable PDFs
 - (ii) PDF document manually emailed by provider
 - (iii) Individually commissioned content sent in digital form e.g., photographs
 - (iv) Stock photographs available for automatic download
 - (v) PDF document automatically emailed by provider's system.

- (a) (i), (iv)
 - (b) (iv), (v), (ii)
 - (c) (i), (iv), (v)
 - (d) All of the above
26. Which of the following is included while computing the value of supply of goods under GST?
- (a) Price of the goods
 - (b) Packing charges of the goods
 - (c) Tax levied by Municipal Authority on sale of the goods
 - (d) All of the above
27. Which documents are required to send goods from branch office in one State to head office in another State?
- (a) Tax invoice and e way bill
 - (b) Receipt Voucher and e way bill
 - (c) Payment Voucher and e way bill
 - (d) All of the above.
28. Is e-way bill mandatory in case of transport of the handicraft goods from one State to another State by a person who has been exempted from the requirement of obtaining registration?
- (a) E-way Bill is not required as the supplier is exempt from the requirement of obtaining registration.
 - (b) E-way Bill is mandatory only if the value of consignment is more than Rs. 50,000
 - (c) E-way Bill is mandatory even if the value of consignment does not exceed Rs. 50,000
 - (d) None of the above.
29. A registered person can claim refund any unutilised input tax credit on zero rated supplies without payment of tax or the credit accumulated on account of inverted tax rate structure:
- (a) at the end of the tax period, but before the expiry of 2 years from the relevant date.
 - (b) before the expiry of the tax period.
 - (c) before the expiry of 3 years from the relevant date.
 - (d) before the expiry of 18 months from the relevant date.
30. A registered person, who is under investigation for an offence under Chapter XIX, needs to retain the books of accounts/other records pertaining to such investigation until the expiry of:
- (a) 72 months from the due date of furnishing of annual return for the year pertaining to such accounts and records.
 - (b) 1 year after final disposal of such investigation.
 - (c) (a) or (b), whichever is later
 - (d) None of the above
31. Which of the following is a correct method of serving notice?

- (i) By giving it to any adult member of the family residing with the taxable person
 - (ii) By making it available on the common portal
 - (iii) By sending a courier to a person regularly employed by him in connection with the business
 - (iv) By registered post with acknowledgement due to his authorised representative
 - (v) Affixing a copy on the notice board of the office of the concerned officer who issued such notice
 - (a) (ii), (iv)
 - (b) (i), (iii), (v)
 - (c) (i), (ii), (iii), (iv)
 - (d) (i), (ii), (iii), (iv) and (v)
32. Which of the following transactions does not qualify as supply under GST law?
- (i) When the Head Office makes a supply of services to its own branch outside the State.
 - (ii) When a person import services without consideration for the purposes of his business from his elder brother living outside India.
 - (iii) Disposal of car without consideration and where the supplier has not claimed input tax credit on such car.
 - (iv) When a principal makes supplies to his agent who is also registered and is situated within the same State.
 - (a) (i) & (iii)
 - (b) (i), (ii) & (iii)
 - (c) (iii)
 - (d) (iii) & (ii)
33. Input tax Credit is available on all supplies which are used or intended to be used in the course or furtherance of business. Input tax credit will be available under which of the following situations?
- (a) GST paid on motor vehicle used in the course and furtherance of business.
 - (b) GST paid on club membership fees.
 - (c) GST paid on goods or services or both used for personnel consumption.
 - (d) IGST @18% paid on inputs purchased from a vendor in Bangalore where the supplier is registered in Rajasthan.
34. Which of the following statements are true w.r.t. accounts and records?
- 1) All accounts and records are to be retained for 6 years.
 - 2) Stock record is to be maintained by all registered dealers except the dealers registered under composition scheme.
 - 3) Stock record is to be maintained by all registered dealers including composition dealers.
 - 4) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.
 - 5) Monthly production records are to be maintained by all dealers including composition dealers
 - 6) Records are to be maintained at principal place of business.

Which of the above are correct?

- a) 1,2,5,6
- b) 1,3,5
- c) 1,3,4
- d) 1,2,4,6

35. A special Audit under GST is conducted by :

- a) The CGST Officials
- b) The SGST Officials
- c) Chartered Accountant or Cost Accountant
- d) Any of the above

36. There is a difference in taxability of goods forming part of composite supply and mixed supply. Here are few examples from which you need to identify which is correct example of composite supply and mixed supply.

- i) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a mixed supply.
- ii) Mr. A buys a car and purchases warranty and maintenance of the car by paying nominal amount. Car, warranty and maintenance here are a composite supply.
- iii) Mrs. A buys a microwave oven and some utensils for use in microwave oven. Both microwave oven and utensils are sold at a single price. Microwave oven and its utensils here are a mixed supply.
- iv) Mrs. A buys chocolates, juices and biscuits from a shop. All items have different prices. Chocolates, juices and biscuits are a mixed supply.

The correct examples of composite and mixed supply are: -

- a) i,iv
- b) ii,iii
- c) ii,iii,iv
- d) None of the above

37. Mr. A purchases redeemable vouchers worth INR 8000/- on 1st January. The vouchers are redeemable against purchase of any goods. The vouchers are valid till 30th June. What will be the time of supply in case of such vouchers?

- a) 1st January
- b) 30th June
- c) The date of redemption of vouchers
- d) None of the above

38. Mr. R, a resident of Delhi, holds an account in ICICI Bank in Delhi. Mr. R goes to Jaipur for work. During his visit to Jaipur he takes certain services relating to his account from ICICI bank in Jaipur in relation to some transaction to be carried out at Mumbai. What will be place of supply in this case?

- a) The place of supply shall be Delhi
- b) The place of supply shall be Jaipur
- c) The place of supply shall be Mumbai

- d) None of the above
39. Mr. X becomes liable to pay tax on 1st August, 2018 and has obtained registration on 15th August, 2018. Such person is eligible for input tax credit on inputs held in stock as on:
- 1st August, 2018
 - 31st July, 2018
 - 15th August, 2018
 - He cannot take credit for the past period
40. Indigo Airlines sells various products like watches, artificial jewellery, packaged foods etc. to its passengers on board during the flight. The flight originates from Jaipur, halts at Mumbai and finally lands in Chennai. What would be the place of supply of such products?
- Jaipur
 - Chennai
 - Location where goods were taken on board
 - Location where passengers buying goods disembark

Solution

1	(d)	11	(a)	21	(b)	31	(d)
2	(c)	12	(c)	22	(b)	32	(c)
3	(a)	13	(d)	23	(b)	33	(d)
4	(a)	14	(a)	24	(d)	34	(a)
5	(d)	15	(c)	25	(c)	35	(c)
6	(b)	16	(a)	26	(d)	36	(b)
7	(b)	17	(b)	27	(a)	37	(c)
8	(b)	18	(c)	28	(c)	38	(a)
9	(a)	19	(a)	29	(a)	39	(b)
10	(b)	20	(c)	30	(c)	40	(c)