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804254

16 MAY 2018

Total Marks awarded

<table>
<thead>
<tr>
<th>Q.No.</th>
<th>To be ticked (+) by the candidate</th>
<th>Marks Awarded (to be filled by Examiner)</th>
<th>Total</th>
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<td></td>
<td></td>
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</tr>
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</table>

Total Marks awarded (in words)

Eighty

Examiner's Signature
INSTRUCTIONS TO THE CANDIDATE

Answers are not to be written on this page

1. Numbers should be written in figures and words in the allotted space at the right hand corner of the cover page only and nowhere else including additional answer book/s and graph paper.

2. Roll number should be written in the box in numbers and darken the appropriate circles of the OMR sheet provided in the right hand corner of the cover page with Black / Blue ball point pen.

3. Fill particulars such as name of Examination, Group No., Paper No. and subject at the appropriate space at the left hand upper corner.

4. Remove the Bar Code sticker of the particular paper from the Attendance sheet, and affix the same on the box provided in the right hand corner of the cover page.

5. Since a machine will read the Roll no., please check and ensure that Roll number written in numbers, words and circles darkened are correct. In case any candidate fills this information wrongly, Institute will not take any responsibility for rectifying the mistake.

6. The answers should be written neatly and legibly.

7. The answer to each question must be commenced on a fresh page and question number prominently written at the top of each answer. Alternatively, the question number should be distinctly written in the margin.

8. The answer to each question in all parts should be fully completed in one page, or in a consecutive set of pages, before the next question is taken up.

9. Writing of Roll number in place/s other than the space provided for the purpose or writing distinguishing mark, symbols like “OM”, “Sri”, “Jesus”, “786”, etc., will tantamount to adoption of “unfair means”

10. Before submission of answer book to the invigilator after completion of the exam, take care to score out (X) blank pages, if any, that you might have left.
Answer 6(a)

6(a) Case where assessment order can be withdrawn by the proper officer -

(i) As per sec 62 - Assessment of non-filer's return

Where the registered person liable to file the return in accordance with the provision of sec 39, does not file the return, the proper officer shall after issuing a notice to file the return, is authorized to proceed with the best judgment assessment of the person does not file the return as within the prescribed period. In time in the notice.

But if the registered person filed a valid return within the prescribed time, proper officer may withdraw the assessment order.

(ii) As per sec 64 - Summary Assessment.

Where the proper officer with the prior approval of additional or joint commissioners, proceed with the assessment on the following basis.
(i) He has sufficient evidence to determine the tax liability of such person, and

(ii) He & of the opinion that any delay would cause & loss of revenue to the department.

If the P.O. has reason to believe that according to following points he shall proceed with summary assessment.

If the P.O. came to know about any discrepancies or shortcoming in the assessment or where the I.T.C has been short paid or refund erroneously served, he may withdraw the assessment under sec 64 of proceed with a notice under sec 73 or 74 for determination of liability.

Here sec 62, 64, 73 and 74 are sections of CGST Act, 2017.
6 (b) As per Sec 57, Refund of Input Tax Credit is subject to principle of unjust enrichment.

Excepting to the principle, where refundable amount shall be paid directly to the applicant.

(i) In case of GST paid in zero rated supplies, where the registered person has paid GST on zero rated supplies, can claim refund of the amount paid [Sec 57 (3)(b)].

(ii) In case of refund voucher received against the receipt voucher for not issuing the invoice or for not doing the supply.

(iii) In case of accumulated ITC on inverted duty structure, where the output tax rate is less than input rate subject to the condition that it is not nil rated or exempt goods.

(iv) In case where the wrong duty has been paid i.e. duty has been paid on considering intra-state supply i.e. paid CGST and SGST instead of payment of IGST as it was a

As per sec 138 of CA Act 2017,

- Where the company is in liquidation,
  - The liquidator after getting appointed
    - Shall inform the department regarding
      his appointment within 30 days of appointment.

- Department after receiving the information,
  - May serve the notice to the liquidator
    - To estimate the liability of the company.

- Liquidator after receiving the estimate
  - Of liability shall set aside the amount
    for meeting liability of CA.

- Liquidator shall not deal with or part with
Such set aside amount without the approval of proper Officer.

If liquidator contravenes any of the provisions of the Act, he shall be jointly and severally liable for the GST liability of the company determined before liquidator and remained unpaid or determined thereafter.

Liquidator's liability will be limited to the extent recovered from the state.

6(c) Features of Deferred Duty Payment Facility

- It is referred as Clear First Pay later, i.e., deferred duty payment.

- It is basically delaying duty payment with the clearance of goods. That

- This facility is to make sure that goods reach the warehouse on time & to ensure just in time manufacturing.
This facility is for eligible importers.

A new programme has been set up in AEO programme [Authorised Economic Operator Programme].

AEO Tier II and AEO Tier III are eligible for this facility.

This will be a supporting programme for the Make in India policy of Government.
4(a). As per the provisions of [See §25] CGST Act, 2017 and relevant rules of CGST Rules, 2017 for registration,

when the person becomes liable for registration and applies within 30 days of becoming liable to get the registration,

→ effective date of registration will be the date of becoming liable for registration.

In the case of Shri Jom "

Date of becoming liable to registration → 10th Aug, 2017

Date of application → 27th Aug, 2017

Date of registration certificate → 1st September, 2017


- For issuance of revised tax invoice

As per the provisions of §31(3), where any person is granted registration from before the date of issue of registration certificate, then such registered person is required to issue revised tax invoice for such period.
The revised tax invoice for the period from effective date of reg. to the issue of reg. certificate, should be issued within 1 month from the date of issuance of such certificate.

Therefore, for the period beg. from 10th Aug, 2017 to 1st Sept, 2017,

Revised invoice can be issued upto the date of 1st October, 2017 i.e. within 1 month from 1st Sept, 2017.
4(b)

Computation of Aggregate turnover of M/s Jayant Enterprises

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (A x E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Sale of diesel on sale tax (VAT) at prescribed rate.</td>
<td>1,00,000</td>
</tr>
<tr>
<td>2) Supply of goods after completion of job work done from the place of Jayant Enterprises (Note 2)</td>
<td></td>
</tr>
<tr>
<td>3) Export supply to England (Note 3)</td>
<td>5,00,000</td>
</tr>
<tr>
<td>4) Supply to its own additional place of business in Rajasthan (Note 4)</td>
<td></td>
</tr>
<tr>
<td>5) Outward supply on which GST is to be paid by recipient under RCM basis (Note 4)</td>
<td>1,00,000</td>
</tr>
</tbody>
</table>

Total Aggregate Turnover: £ 7,00,000
Reasons

Notes - All points are in line with the provision stated under sec 3(6) of CGST Act, 2017 - Definition of Aggregate Turnover.

Note 1 - sale of diesel is not liable to GST as per sec 5(2) of CGST Act 2017 and hence it is a non-taxable supply to be includable in aggregate turnover.

Note 2 - supply of goods from directly from Job worker's place of storage to principal is to be included in Principal's turnover and not included in Job worker's aggregate turnover.

Note 3 - Export supply i.e. Zero rated supply as per sec 16, it to be included while calculating aggregate turnover.

Note 4 - As it is an additional place of business in the same state, it is not included in aggregate turnover (assuming no separation is there for the additional place of business).
Notes: Value of inward supplies is subject to reverse charge & deductible from Aggregate Turnover if not outward supply made to Rom. Hence included in aggregate turnover.

As per Sec 107(6), assessee has to pay mandatory pay a sum of pre-deposit before filing the appeal to appellate authority.

Amount of Pre-deposit:

(i) Amount of tax liability along with interest and penalty, as per admitted by the agg. applicant, and

(ii) 10% of the liability of tax in dispute as not admitted by applicant.
Case I - (Assuming that nothing has been admitted by the applicant)

Pre-deposit -

\[ \Rightarrow \text{Writ of liability disputed in tax} = \text{Writ of } £6,750\text{w} \]
\[ = \frac{£6,750\text{w} \times £25}{180} = £290\text{w} \]

Case II -

Admitted liability = £2,080\text{w}.

Liability under dispute = £4,090\text{w}.

Interest and penalty will be paid proportionately for admitted liability.

Pre-deposit -

\[ \Rightarrow \text{Interest} = \frac{£2,080\text{w} \times 18 \times 25}{180} = £2466 \]
\[ \Rightarrow \text{Penalty} = \frac{£2,080\text{w} \times 21\text{w}}{180} = £290\text{w} \]
Pre-deposit = ₹ 69,000 + ₹ 24,660 + 18% of ₹ 4,08,000 = ₹ 102,466.

After payment of pre-deposit, the recovery proceedings will be stayed for the balance amount.

Ans. 2(c)

2(d) Warehousing period u/s sec 61 of custom act, 1962

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Time limit for Warehousing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In case of capital goods for LDR, EOU, ETTPS, STPS, where manufacturing and other operations are permitted.</td>
<td>Till the time it is cleared from warehouse i.e. Till the time of clearance</td>
</tr>
<tr>
<td>2. In case of any other goods (other than capital goods) for EOU, ETTPS, STPS,</td>
<td>Till the time of clearance or till the time of consumption.</td>
</tr>
</tbody>
</table>
3. In any other case:

Till 1 year from the date of warehousing order U/S 607 of the Customs Act, 1862.

Yes, the warehousing period can be extended by way of an application filed by the importer on sufficient reason being shown for non-clearance of goods for home consumption.

The proper officer after receiving the application and consideration of other facts may pass an order of extension.

In case of above table, in case of point no. 3, an interest shall be deemed after the period of 90 days from the date of order @1½% p.a. on amount of duty.
<table>
<thead>
<tr>
<th>Section Case</th>
<th>Locating Supplier</th>
<th>Location Recipient</th>
<th>Property Situated at</th>
<th>Place of Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>12(3) I</td>
<td>Delhi</td>
<td>Mumbai</td>
<td>New York</td>
<td>Mumbai.</td>
</tr>
</tbody>
</table>

Provision for case I:

As per sec where the location of supplier and location of recipient, both are within India, sec 12 3 1657 Act, 2017 shall be applied.

As per sec 12(3), services directly related to immovable property, including interior decoration service,

Place of supply → Locating immovable property situated or intended to be situated.

Also if the property is situated outside India, place of supply will be locating recipient.
Provision for Case II

where the location of supplier or location of recipient of services are located outside India, see 13(7) of GST Act, VAT shall be applied.

As per Sec 13(4), services directly related to immovable property, including interior decorator services,

PES = Location of such immovable property.
2(b). Aggregate Turnover - see 2(6) of CST Act.

Turnover fancy store = £65,000
Turnover of consultancy
firm = £12,000

£77,000

(1) As per Sec. 10 of CST Act, 2017, service provider is eligible to opt for composition scheme. Exception to this is only for restaurant catering service provided.

Turnover not eligible for composition.

(2) As per the provisions of CST Act, registration is PAN based and there is no option to opt for normal scheme for one business and composition for another.

No, it is not possible for Prem to opt for composition scheme only for fancy store.

(3) Turnover of restaurant service = £65,000
Turnover of fancy store = £65,000

£130,000
No, firm is not eligible to opt for composition scheme as it is more than the prescribed amount as per sec 10 J CGST Act 2017.

2(a)

2(a)

**Calculating Value of Taxable Supply.**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amt.(in ₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Amt charged for service provided as selector to recognised body. [Note 1].</td>
<td>-</td>
</tr>
<tr>
<td>2. Commission received by an insurance agent from insurance company [Note 2].</td>
<td>-</td>
</tr>
<tr>
<td>3. Amt charged as business correspondent for the</td>
<td>15000</td>
</tr>
</tbody>
</table>
Services to the urban branch of a nationalised bank (Note 3)

4. Service to foreign diplomatic mission located in India (Note 4) $2,000

5. Funeral Services (Note 5) -

6. Services received from unregistered G7A (Note 6)

Total value of supply $88,000

Working Notes

1. Amount charged by selecter for services provided to recognised govt. body is exempt under Notification 142/2017 the GST Act.

2. Commission received as an insurance agent by insurance company is covered under Notification services for reverse charge under N.No. 17/2017. No GST is to be paid by such insurance company.
3. Amount charged as business correspondent for the services provided by the [rural branch] of a nationalised bank with respect to savings bank accounts are exempt and not for urban branch. Therefore, taxable under GST.

4. Services provided by foreign diplomatic mission located in India are exempt but services provided by to foreign diplomatic mission are taxable.

5. If it neither supply or service nor supply goods. It is covered in paragraph 4 of Schedule III of GST Act, 2017. Hence not taxable.

6. Services received from unregistered GIA to a registered person are taxable as Reverse Charge basis. Hence taxable in hand of Mr. Nagajum.

7. Mr. Nagajum's Aggregate turnover is less than Rs. 20,000 in the FY but he has taken voluntary registration as per Sec...
1(c) Computation of Assemblage value of Machine

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (in ₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIF Value of Machine</td>
<td>4,23,377.69</td>
</tr>
<tr>
<td>Less: 1) Freight incurred on entry from port of entry to FOB</td>
<td>(25,000)</td>
</tr>
<tr>
<td>2) FOB</td>
<td>3,98,379</td>
</tr>
<tr>
<td>Add: Freight restricted to 20% FOB in case of air</td>
<td>2,572</td>
</tr>
</tbody>
</table>

Note: Actual freight is more, but will be considered.
Notes

1) Unloading & Handling charges at the place of importation are not to be included in the AD. Assessable value. [See 10(2)].

2) Design charges for consultancy firm paid in Mumbai are not to be included in AV as per Sec 10(1) of Customs Act.
(i) As per sec.12(7) of IGST Act, 2017

services for organisation of events and auxiliary activities

Place of supply \(\rightarrow\) location of event to be held, if provided to unregistered person

\[\text{Registered place of business, if provided to registered person.}\]

Mr. Minily is an unregistered person.

Therefore, 

Place of supply \(\rightarrow\) location of event \(\equiv\) Bengaluru

(ii) As per sec.12(7) when the recipient is unregistered

Place of supply \(\rightarrow\) location of event to be held.

\(\rightarrow\) if location of event is outside India, then place of supply

\[\text{Location of recipient}\]

Place of supply \(\rightarrow\) location of recipient \(\equiv\) Pune
(iii) Mr. Murray is a registered person.

Product launch in Bengaluru

Place & Supply = Registered Place &
Business & Recipient
i.e. [Pune]

Product launch in Bangalore

Place & Supply = Pune

It is as per Sec (127) of IGST Act, 2017
(assuming Mr. Murray is registered
in his resident-place i.e. Pune)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (in ₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Price of Machinery</td>
<td>20,00,000.</td>
</tr>
<tr>
<td>Less: Design Charge</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Loading</td>
<td>(20,000)</td>
</tr>
<tr>
<td>Basic Price of Machinery</td>
<td>19,70,000.</td>
</tr>
<tr>
<td>Add: Additional Warranty Charges</td>
<td>1,08,000.</td>
</tr>
<tr>
<td>Less: Design Charge</td>
<td>18,000.</td>
</tr>
<tr>
<td>Loading Charge</td>
<td>20,000.</td>
</tr>
<tr>
<td>Consultancy Charges</td>
<td>18,000.</td>
</tr>
<tr>
<td>Freight + Insurance Charge</td>
<td>20,000.</td>
</tr>
<tr>
<td>Subsidy from Govt.</td>
<td>50,000.</td>
</tr>
<tr>
<td>Less: Subsidy from CG</td>
<td>(50,000)</td>
</tr>
<tr>
<td>Value of Supply</td>
<td>21,30,000.</td>
</tr>
<tr>
<td>Description</td>
<td>Value</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Less: cash discount @ 17.5% basis</td>
<td></td>
</tr>
<tr>
<td>machinery</td>
<td>19,700</td>
</tr>
<tr>
<td>Value after discount</td>
<td>21,10,300</td>
</tr>
<tr>
<td>CGST @ 9%</td>
<td>1,899.27</td>
</tr>
<tr>
<td>SGST @ 5%</td>
<td>1,899.27</td>
</tr>
<tr>
<td>Total CGST payable</td>
<td>3,798.54</td>
</tr>
</tbody>
</table>

**Notes:**

1. As the location of supplier and place of supply of machinery is in the same state, it is an intra-state supply and hence CGST and SGST will be leviable.

2. As per Sec 15(1), value of taxable supply is the price actually paid or payable subject to the condition that:
   - buyer & seller are not related
   - price is the sole consideration.

3. As per Sec 15(2)(C), any incidental charges or additional charges collected by the charged.
Supplies for anything done shall be included in the transaction value.

Weight and Engineering charges and loading charges are assumed to be incidental expenses charged by the supplier and hence added back to the value.

Additional warranty charges are incidental expenses charged by the supplier and hence to be includible.

Pre-testing, and Freight & Insurance charges are also in line with Sec 15(2)(c) to be includible in transaction value.

4. As per Sec 15(2)(c), subsidy received from other than government is to form part of the transaction value, provided it is to the invoice.

Hence, subsidy from private co [Joint venture or PPR enterprises] is to be included in value.
5. As per sec 15(3), discount is allowed as deduction if it is agreed before or at the time of supply.

Here, it was agreed at the time of supply, therefore deductible.
<table>
<thead>
<tr>
<th>Particulars</th>
<th>Input Tax Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Health Insurance of Factory Employee (Note 1)</td>
<td>—</td>
</tr>
<tr>
<td>2. 56% Raw material has been received &amp; invoice also received (Note 2)</td>
<td>£ 5000</td>
</tr>
<tr>
<td>3. Work contractor's services used for installation of machine (Note 1)</td>
<td>£ 12000</td>
</tr>
<tr>
<td>4. Purchase of manufacturing machine directly sent to job worker's premises (Note 2)</td>
<td>£ 5300</td>
</tr>
<tr>
<td>5. Purchase of car used by director (Note 2)</td>
<td>—</td>
</tr>
</tbody>
</table>
6. Outdoor catering service
   available for business
   meetings. (Note 9)

   Total ITC
   \[71,000\]

Notes for ITC

1. As per Sec 17(5) of CESTA Act, 2017 following
   services are not eligible for ITC
   or they are blocked credits.

   (i) Health insurance of factory employees
       unless, it is obligatory for the employer to
       provide or employee is engaged in
       similar category forward supply.

   (ii) Work contract services on movable property,
       exception if engaged in the
       proving for plant & machinery or
       supplier engaged in similar
       category of services.
       It will be allowed here as supplier is
       proving similar service.
(iii) No ITC is provided on motor vehicle subject to exceptions. Usage by director is not covered in exception.

2. As per sec 16, there are conditions to be fulfilled for availment of ITC. One is a receipt of goods. Therefore, only 10% of ITC will be allowed.

3. It is assumed that such machine will be received back within 3 yrs from the date of receipt by the worker (sec 19).

4. As per 17(5) - outdoor catering service is also blocked credit.

Calculation of Output Liability GST.

1. Hiring Receipt of Machine 52500
   [charged at 18%] 63000

2. Service charge for supply 23500
   [charged at 18%] 28250
   Man power [charged at 12%] 9420
   [as it is a composite supply]
GST payable for month Nov '17

GST Liability £ 91200

Gross ITC (F10W)
£ 20200

3(b). Value of supply of low products.

As per Rule 18 value of supply, between related person or different person.

1. Value shall be open market value (OMV)
2. If OMV is not available, then value of like kind and quality shall be taken
3. If value of kind and quality is not available follow Rule 30 & 31 in order.

Proviso to Rule 28

1. If recipient is supplying (as such) the supplied goods then at the option of buyer 90% value as charged by recipient.
As per Rule 3D.

Value of supply = 110% of cost of production.

Hence Rule 3D will not be applicable as recipient is supplying after procuring + nothing is mentioned about the ITC availed by recipient.

Hence applying Rule 3D

Value of supply = 110% of cost of production

= 110% of ₹ 20,00,000

= ₹ 22,00,000

-
4(1) As per the provision of Sec 23 of customs Act, 1962 Remission of duty.

According to this provision if the goods lost or destroyed before the clearance of home consumption & it is shown to the satisfaction of the proper officer that such goods have been lost, the duty

→ Then the duty paid on such lost goods shall be remitted.
→ As per this provision duty is first paid & then remitted to the assessee.

Here in the case, the importer imported consignment weighing 10,000 tons & filed bill of entry & also paid the duty on entire 10,000 tons.

But before the clearance for home consumption it was found that only 9,000 tons are there & remaining 1,000 tons have been lost at the port.
The certification from Port Trust Authorities will not preclude the customer from making an application for remission of duty.

Therefore, if shown to the satisfaction of proper officer that there was 1000 tons lost before clearance for home consumption, he shall be entitled for remission.