<table>
<thead>
<tr>
<th>Q.No.</th>
<th>Marks Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(To be ticked by the candidate)</td>
</tr>
<tr>
<td>1</td>
<td>√ 115 -</td>
</tr>
<tr>
<td>2</td>
<td>√ 7 11 -</td>
</tr>
<tr>
<td>3</td>
<td>√ 5 4 5 -</td>
</tr>
<tr>
<td>4</td>
<td>√ 2 4 5 -</td>
</tr>
<tr>
<td>5</td>
<td>√ 4 4 5 -</td>
</tr>
<tr>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
</tr>
<tr>
<td>8</td>
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<td>9</td>
<td></td>
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<tr>
<td>10</td>
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<tr>
<td>11</td>
<td></td>
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<tr>
<td>12</td>
<td></td>
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<tr>
<td>13</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Total Marks awarded: 58
INSTRUCTIONS TO THE CANDIDATE

Answers are not to be written on this page

1. Roll number 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 figures, 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 take care to score out (X) blank pages, if any, that you might have left.
### Q1) Computation of Tax Payable by Sukhdev

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Notes</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost petroleum (consideration received from JV) - Intex</td>
<td>1</td>
<td>216000</td>
</tr>
<tr>
<td>Services to JV - Intex</td>
<td>2</td>
<td>(188000)</td>
</tr>
<tr>
<td>Legal Opinion (taxable under RCM) - Intex</td>
<td>3</td>
<td>(18000)</td>
</tr>
<tr>
<td>Accommodation from State Government - Intex (taxable under RCM)</td>
<td>4</td>
<td>(36000)</td>
</tr>
<tr>
<td>Cost Petroleum</td>
<td>5</td>
<td>—</td>
</tr>
<tr>
<td>Petroleum Silt to SEZ</td>
<td>6</td>
<td>—</td>
</tr>
<tr>
<td>Tenancy Rights - Intex</td>
<td>7</td>
<td>144000</td>
</tr>
<tr>
<td>Liquidated Damages to Government</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td>Excess Royalty Collection</td>
<td>9</td>
<td>(200000)</td>
</tr>
<tr>
<td>Contractor - Intex (RCM)</td>
<td>10</td>
<td>45000</td>
</tr>
</tbody>
</table>
The output tax liability is as under:

\[ \text{Inte} = ₹200000 \]
\[ \text{Intea} = 216000 + 144000 + 45000 + 18000 \]
\[ = ₹405000 \]

CGST  SGST  IGST
\[ \text{Output Tax} \quad 22500 \quad 22500 \quad 20000 \]
\[ = 211500 \quad 211500 \]

The input tax credit is as under:

\[ \text{Inte} = ₹30000 \]
\[ \text{Intea} = \]

Computation of Output Tax Liability

\[ \text{Inte} = ₹200000 \ (Rcm) \]
\[ \text{Intea} = 216000 + 144000 + 45000 + 18000 + 3600 \]
\[ = ₹459000 \]

CGST = ₹229500
SGST = ₹229500
IGST = ₹200000

Input Tax Credit (Including Rcm)

\[ \text{Inte} = 30000 + 20000 \]
\[ = ₹230000 \]
\[ \text{Intea} = 18000 + 36000 = ₹54000 \]
\[ \therefore \text{CGST} = ₹27000 \]
\[ \text{SGST} = ₹27000 \]
\[ \text{IGST} = ₹230000 \]

**Computation of Tax Payable in Cash**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>CGST</th>
<th>SGST</th>
<th>IGST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output Tax (excluding Rem)</td>
<td>202500</td>
<td>202500</td>
<td>-</td>
</tr>
<tr>
<td>Output Tax (Rem)</td>
<td>27000</td>
<td>27000</td>
<td>200000</td>
</tr>
<tr>
<td>(-) Input Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(excluding Rem)</td>
<td>(30000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(-) Tax payable under Rem</td>
<td>(27000)</td>
<td>(27000)</td>
<td>(200000)</td>
</tr>
<tr>
<td>(-) Opening Balance in Credit Ledger</td>
<td>(18000)</td>
<td>(12000)</td>
<td>(60000)</td>
</tr>
<tr>
<td>(-) Credit of IGST (distributed equally)</td>
<td>184500</td>
<td>190500</td>
<td>(90000)</td>
</tr>
<tr>
<td>Net Tax</td>
<td>139500</td>
<td>145500</td>
<td></td>
</tr>
</tbody>
</table>
:: Tax Payable in Cash = 189500 + 145500
    + 254000 - 12000
    = ₹ 524000

Notes

1. When a member provides services to the JV in regards to the consideration in the form of cost petroleum, the same is taxable as consideration is involved.

2. The credit of machinery can be taken as it is being used for services provided to the JV and the same is not in the form of "cash call" because the member has supplied the machinery.

3. As per Notification No. 13/2014 CT(R) dated 28.06.2014, services provided by a firm of advocate to a business entity is taxable under Reverse Charge Mechanism (Rcm). Thus, the firm will pay the tax of ₹18000 (9000 + 9000) and claim the credit immediately.
4. Service provided by Government to a business entity is taxable under RCM vide same notification no. Further, services by way of renting of residential dwelling is only exempt and not an accommodation for office. Thus, the tax is payable under RCM.

5. Where there is a contract with the government, the cost petroleum is exempt as there is no consideration involved. The JV bears the cost and expenses and hence, it is not a supply leviable to tax.

6. Sale to SEZ is a re-export supply and since Sukhdev has filed a bond, he won’t be liable to pay IGST vide Sec. 16 of the IGST Act.

7. Despite stamp duty payable on tenancy right, the same is leviable to GST as transfer of tenancy right is not transfer of immovable property but a mere transfer of right. Thus, it is a supply of service.
8. Liquidated damages payable to govt. are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017

9. Since there is a shortfall of 14ST paid by the mining leaseholder, Sukhdev I will have to pay the same to the government under RCM

10. As per Rule 29 of CGST Rules, 2017, where goods are supplied through an agent and the open market value is unavailable, the value of supply will be 90% of the value at which the agent sells to an unrelated person.

\[ \text{Value of Supply} = 1000000 \times 90\% \]
\[ = 900000 \]
\[ \therefore \text{CGST & SGST} = 900000 \times 2.5\% \]
\[ = 22500 \]

11. As per Rule 88A of CGST Rules, the credit of 14ST can be distributed in any manner to CGST and SGST. Thus, it has been distributed equally in the absence of any information.
12. The credit of RCM will be immediately taken but it has to be paid in cash first. Thus, the net tax liability will get added by the RCM liability and will be reduced by the balance available in the electronic cash ledger.
Q3. a) 
Sec: 10 of CGST Act, 2017

Provision: A person will be eligible for composition scheme if his turnover does not exceed ₹1.5 cr in the preceding financial year.

A person ceases to be a composition dealer if his turnover crosses ₹1.5 cr in the current financial year.

Further, a person who is dealer in goods can supply marginal services (other than restaurant services) to the extent of:

10% of turnover in previous financial year whichever is higher ₹500000

This is given in 2nd proviso to Sec. 10(2).

Advice: i) Thus, Mr. Rajveer will be eligible to enjoy the benefits of composition scheme as his turnover is not
expected to cross the threshold limit.

ii) Karan can provide services up to:

- 10% of $80,000
- $50,000
- whichever is higher

= $80,000

Therefore, Karan should ensure that his turnover from supplying the interior decoration services does not exceed $80,000.

The turnover will still be $138 lakhs (130 + 8) which will allow them to enjoy the benefits of composition scheme.
(3) b) i) Value of Supply

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>80000</td>
</tr>
<tr>
<td>Freight (12000 + 12%)</td>
<td>13440</td>
</tr>
<tr>
<td>IGST @ 5%</td>
<td>4672</td>
</tr>
<tr>
<td><strong>Invoice Value</strong></td>
<td>98112</td>
</tr>
</tbody>
</table>

Any expenses incurred incidental to the supply of goods are included in the value of supply [Sec. 15(2)(c) of CGST Act].

Thus, freight paid by Surya Agencies will be added in the value of supply.

As the GTA is paying tax @ 12%, it will pay tax under forward charge but the burden of tax will be borne by Surya Agencies (and hence, the GST is also included in cost).

ii) Invoice Value of Supply

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>80000</td>
</tr>
<tr>
<td>IGST @ 5%</td>
<td>4000</td>
</tr>
<tr>
<td><strong>Value of Supply</strong></td>
<td>84000</td>
</tr>
</tbody>
</table>

Since the contract is on ex-factory...
basis, Surya Agencies is under no obligation to transport the goods & thus, the freight (assuming it to be a separate contract between customer and the GTA) will not be included in the value of supply.
43) c) As per Sec. 88 of the Customs Tariff Act, 1975, a safeguard duty is imposed when goods of several quantity are being imported causing threat or injury to the domestic market. It is levied in order to protect the interests of the domestic market.

Anti-dumping duty is levied when goods are dumped in the market at a price below the cost of production of the manufacturer. It is levied either at the normal margin of injury margin. It is the difference between the landed value of goods and the Normal price of the good.

Since it is nowhere mentioned in the question that goods are dumped below cost, it is appropriate to levy a safeguard duty as Product XYZ is being imported in an increased quantity.

Exemptions from Safeguard Duty

* when the import of an article from a
developing country does not exceed 3% of the total imports

* When the article is imported from more than 1 developing country, the individual share in respect of each country shall not exceed 3% and the aggregate shall not exceed 9% of total imports of that article in the country levying duty

Exemptions from Anti-Dumping Duty

* When the product imported from a country with which the importing country has most favoured nation clause or is a member of the UN, unless such import causes severe threat to the economy

* Duty is levied where the same product is exempt in the exporting country
Q4) a) As per Rule 89(4) of GST Rules, the refund of Zero-Rated Supply should be calculated as follows:

Refund = \frac{\text{Turnover of Zero Rated Supply of Goods and Services}}{\text{Adjusted Turnover}} \times \text{Net ITC}

where Net ITC = ITC on inputs and input services other than claimed under Rule 89(4A) or (4B)

Turnover of Zero Rated Supply of Services = turnover of zero rated supply of services as reduced by amount received where services are supplied to a future dated and increased by amount previously received where the services have now been provided

Adjusted Turnover = turnover of both zero rated and non zero rated supply of goods and services but excludes:

* Turnover of exempted supplies other than zero rated supplies and
Turnover on which refund has been claimed under Rule 89(4A) or (4B)

:\ Net ITC = 120,000 - 24,000
\ = $96,000

Turnover of Zero Rated Supply of:

\* Goods = $120,000
\* Services = 480,000 + (480,000 - 120,000)
\qquad + 140,000
\qquad = $980,000

Adjusted Total = 760,000 - 80,000 - 200,000
\qquad + 120,000 + 980,000 +
\qquad 100,000 - 60,000 - 60,000
\qquad = $1,140,000

\:. Refund = \frac{980,000 + 120,000}{1,140,000} \times 96,000
\quad = $60,689

Note: It is assumed that the turnover of $460,000 does not include turnover of zero rated supply of goods.
(4) b) Circumstances under which proper officer can cancel registration on own:

1. A taxpayer has not filed returns for 6 consecutive tax periods
2. A composition dealer has not filed his return for 3 consecutive tax periods
3. Where a person does not conduct his business from the principal place of business
4. Where a person who has opted for voluntary registration does not commence business within 1 year
5. Where the registration was granted by way of fraud, misrepresentation of facts or breach
4) c) Computation of Value under Customs Act

<table>
<thead>
<tr>
<th>Particulars</th>
<th>(₹/$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material ($)</td>
<td>2000</td>
</tr>
<tr>
<td>Fabrication Charges ($)</td>
<td>1000</td>
</tr>
<tr>
<td>Other expenses ($)</td>
<td>400</td>
</tr>
<tr>
<td>Indirect Costs ($)</td>
<td>250</td>
</tr>
<tr>
<td>Freight ($)</td>
<td>250</td>
</tr>
<tr>
<td>Lodging Charges ($)</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>4000</strong></td>
</tr>
<tr>
<td>Profit Margin ($)</td>
<td>1000</td>
</tr>
<tr>
<td>((1/5\text{th} \text{ on } \text{FOB}) \times \text{FOB ($)})</td>
<td>5000</td>
</tr>
<tr>
<td><strong>Air Freight (20% \text{ of } \text{FOB} \text{ ($)})</strong></td>
<td>1000</td>
</tr>
<tr>
<td><strong>Insurance ($)\text{ CIF}</strong></td>
<td>50</td>
</tr>
<tr>
<td>*<em>Value in (₹) (6050 \times 70)*</em></td>
<td>423500</td>
</tr>
</tbody>
</table>

* As per 5th proviso to Rule 10(2) of the Customs Valuation Rules, 2007, the air freight is restricted to 20\% of FOB value.

* As per Rule 6 of the aforesaid rules, an assuree can apply Rule 8 first instead of Rule 4 by requesting...
Q2) a) Computation of Value of Taxable Supply

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Notes</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from Boarding School</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Receipts of an ITI</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Receipts of Sathya, an Institute registered with AGET</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Receipts of Wizard</td>
<td>4</td>
<td>80000</td>
</tr>
<tr>
<td>Fees from prospective employers for campus interviews</td>
<td>5</td>
<td>400000</td>
</tr>
<tr>
<td>Renting of furnished flats</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Receipts of Concept</td>
<td>7</td>
<td>140000</td>
</tr>
<tr>
<td>Receipts of Gurukul School</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

Taxable Supply: 620000
As per Notification No. 12/2014 CT(R) dated 28.06.2017, the following services are exempt:

* Services provided by educational institutions to its students, faculty, and staff
* Services provided by educational institutions on conduct of entrance examination by way of entrance fees.

Educational institution is:
* a pre-school or school up to higher secondary education
* an institution which gives qualification recognised by any law for the time being in force
* an institution providing approved vocational educational course.

Notes

1. This will be treated as a composite supply as per Sec. 8(a) of CST Act where the principal supply is the providing of service by educational institution. It is assumed that it is naturally bundled and hence, the
whole service is exempt from tax.

2. Receipts of an ITI affiliated to NCVT is exempt from tax as it is an educational institution.

3. Dakshyaa is also an educational institution as it is running a MESC approved by NCVT and hence, the supply is exempt.

4. A commercial coaching institute is not an educational institution as it does not provide qualification recognized by any law and thus, the same is taxable.

5. Only services provided to students, faculty, and staff are exempt. Since prospective employees are not covered, the same is taxable.

6. Renting of an immovable property for residential dwelling is exempt from tax. Thus, the same is not taxable vide this Notification.

7. As concept is not an educational institution
the services of the same are liable to tax because it does not provide any qualification recognised by law.

8. A Gurukul school providing education up to higher secondary education is squarely covered by the definition of educational institution, and hence the services are exempt from tax.
92) b) The concessional duty will be payable if the goods are exported for repairs provided that:

* goods are reimported within 3 years (and 2 years, if extension granted)
* no significant change in the goods
* no change in ownership

The customs duty will be levied on the fair value of the repairs (whether or not actually incurred) and freight charges (to and from).

No customs duty would be levied on the replaced machine for a temporary period.

Computation of Assessable Value

\[ \text{Assessable Value} \]

\[ \begin{array}{l}
\text{Fair Cost of Repairs} & 1000000 \\
\text{Freight} & 200000 \\
& 1200000 \\
\text{Basic Customs Duty @ 10\%} & 120000 \\
\text{Social Welfare Surcharge @ 10\%} & 12000 \\
& 132000 \\
\text{GST @ 12\%} & 159840 \\
\text{Assessable Value} & 1491840 \\
\end{array} \]
The total assessable value is ₹149,1840 and the total duty payable is ₹29,1840 (12,0000 + 12,000 + 159,840)
Q5) a) As per Sec. 74 of the CST Act, where there is a suppression of fact involved, the amount payable will be as follows:

* Amount paid before issue of SCN
  - Tax + Interest + 15% of Tax

* Amount paid after issue of SCN
  - Tax + Interest + 25% of Tax

* Amount paid within 30 days of Order
  - Tax + Interest + 50% of Tax

* Amount paid after 30 days
  - Tax + Interest + 100% of Tax

Amount payable on 20th April

\[
\text{Tax} = \text{₹} 1200000 \\
\text{Interest from 20/02/2019 to 20/04/2019} = \frac{1200000 \times 18\% \times 59}{365} = \text{₹} \]
Interest = ₹ 34,915

Penalty = 100% of ₹ 120,000

= ₹ 120,000

Total Amount Payable = 120,000 + 34,915 + 18,000

= ₹ 141,915

Amount Payable on 27/06/2019

Tax = ₹ 20,000

Interest from 20/02/2019 to 27/06/2019 = 20,000 x 18% x \frac{127}{365}

= ₹ 12,526

Penalty = 100% of 20,000

= ₹ 20,000

Amount Payable = 20,000 + 12,526 + 20,000

= ₹ 42,526
Q 5) b) An assessee may apply for compounding either before, during or after the commencement of institution of the proceedings of prosecution.

Thus, Ganesh Enterprises can apply for compounding. They will have to pay the fees of

Minimum = ₹ 10000 or ₹ 50% of Tax whichever is higher

Maximum = ₹ 30000 or ₹ 150% of Tax whichever is higher

Once the offence is compounded, it will have to be paid to the department and the prosecution will be deemed to have been terminated.

The fees will be paid along with the fine imposed which will be determined by the Commissioner. Further, Ganesh Enterprises shall not commit the same offence otherwise it will be ineligible for compounding.
Q5) c) As per Rule 3 of Baggage Rule, 2016, an Indian Resident can import personal effects of any amount, travel souvenirs and articles of value not exceeding ₹50000.

As per Rule 5, a person (being a lady) can bring jewellery worth 40 grams and value not exceeding ₹100000 provided the person has stayed outside India for a period of more than 1 year.

A laptop computer is exempt from customs duty.

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
<th>Rate</th>
<th>Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Effect</td>
<td>₹</td>
<td>₹</td>
<td>₹</td>
</tr>
<tr>
<td>Laptop</td>
<td>₹</td>
<td>₹</td>
<td>₹</td>
</tr>
<tr>
<td>Jewellery (resided for 6 months)</td>
<td>₹5000</td>
<td>₹</td>
<td>₹26250</td>
</tr>
<tr>
<td>Music System (personal of article value ≤ ₹50000)</td>
<td>₹</td>
<td>₹</td>
<td>₹</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>₹2625</td>
</tr>
<tr>
<td>Customs Duty @ 25%</td>
<td></td>
<td>₹</td>
<td>₹28875</td>
</tr>
</tbody>
</table>

Total Duty