

Mock Test Paper - Series I: July, 2025

Date of Paper: 25th July, 2025

Time of Paper: 2 P.M. to 5 P.M.

FINAL COURSE: GROUP - II

PAPER – 5: INDIRECT TAX LAWS

1. *Question paper comprises of two parts – Division A and Division B.*
2. *Division A comprises of Case Scenario based Multiple-Choice Questions (MCQs).*
3. *Division B comprises of questions which require descriptive type answers.*
4. *Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.*
5. *All questions should be answered on the basis of the position of (i) GST law as amended by significant notifications/circulars issued and by the amendments made by the Finance (No. 2) Act, 2024 which have become effective, till 28.02.2025 and (ii) Customs law as amended by the Finance (No. 2) Act, 2024 and significant notifications/circulars and other legislative amendments made upto 28.02.2025.*

Division A – Case Scenario based MCQs (30 Marks)

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Case Scenario - I

Boult Limited, a supplier of water purifiers, is a company registered with the jurisdictional GST authorities at its principal place of business in Mumbai, Maharashtra. Boult Limited has approached MMT India LLP, a Mumbai based event management company registered under GST in the State of Maharashtra, to undertake following activities in relation to organization of an event to be held on July 21 – 22 in Udaipur, Rajasthan for its employees:

- a. Arrangement of accommodation services for its employees in a hotel in Udaipur, Rajasthan
- b. Arrangement of souvenirs to be distributed to its employees attending the event

Boult Limited has agreed to pay a fixed sum of ₹ 3,00,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) for the aforesaid services provided by MMT India LLP. An amount of ₹ 50,00,000 is paid to MMT India LLP as advance at the time of agreement on June 25. Balance amount is payable on July 21 upon issuance of invoice by MMT India LLP and invoice is duly issued for the full amount in the month of July.

MMT India LLP has entered into an agreement with Comfort Hotels, a hotel based in Udaipur, for the aforesaid event to be organized for employees of Boulton Limited. Comfort Hotels has agreed to provide the services to MMT India LLP which includes accommodation and other ancillary services for the aforesaid event at an agreed amount of ₹ 1,50,00,000 exclusive of GST (Rates of tax are: CGST - 14%, SGST - 14% and IGST - 28%). The consideration is payable by MMT India LLP to Comfort Hotels at the time of check in of guests on July 21.

Further, MMT India LLP has also entered into an agreement with Unique Gift Shop, a well-known gift shop based in Udaipur, Rajasthan for purchase of souvenirs for the employees of Boulton Limited. It was agreed that souvenirs would be purchased by MMT India LLP from Unique Gift Shop at a consideration of ₹ 20,00,000 exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%) and Unique Gift Shop would deliver them at the event location, i.e. Comfort Hotels, Udaipur. The aforesaid amount includes the cost of packaging the souvenirs (₹ 20,000) and cost of delivering the same (₹ 50,000) at the location. The entire consideration is payable by MMT India LLP to Unique Gift Shop at the time of delivery of souvenirs on July 21.

In the month of August, Boulton Limited gifts each of its employees (total – 150 employees) a water purifier in terms of their employment contract. The total open market value of such water purifiers is ₹ 52.50 lakh exclusive of GST (Rates of tax are: CGST - 9%, SGST - 9% and IGST - 18%). All water purifiers bear the same cost.

Boulton Limited and MMT India LLP are not registered under GST in the State of Rajasthan. There is no other taxable supply or taxable procurement apart from Comfort Hotels and Unique Gift Shop as mentioned above in the month of July for MMT India LLP. The opening balance of input tax credit of both Boulton Limited and MMT India LLP for the relevant tax periods is nil. All the above amounts are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

1. In case of the supply of the souvenirs by Unique Gift Shop to MMT India LLP, the place and value of said supply are _____ and _____.
 - (a) Maharashtra; ₹ 20,00,000
 - (b) Maharashtra; ₹ 19,30,000
 - (c) Rajasthan; ₹ 20,00,000
 - (d) Rajasthan; ₹ 19,30,000
2. The place of supply for the hotel accommodation services provided by Comfort Hotels to MMT India LLP is _____ and the nature of supply is _____.
 - (a) Maharashtra, inter-State supply liable to IGST

- (b) Rajasthan, inter-State supply liable to IGST
- (c) Maharashtra, intra-State supply liable to CGST and SGST
- (d) Rajasthan, intra-State supply liable to CGST and SGST
3. The net GST payable in cash by MMT India LLP for the month of July in the State of Maharashtra would be _____. MMT India LLP wishes to keep its CGST liability at a minimum.
- (a) CGST - ₹ 18,90,000; SGST - ₹ 22,50,000; IGST - Nil
- (b) CGST - Nil; SGST - Nil; IGST - ₹ 54,00,000
- (c) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil
- (d) CGST - ₹ 5,40,000; SGST - ₹ 13,50,000; IGST - Nil
4. The finance team is exploring the feasibility of getting MMT India LLP registered as a casual taxable person in the State of Rajasthan with effect from 20th June.
- In such a scenario, the invoice to Boulton Limited will be issued by MMT India LLP as a casual taxable person registered in Rajasthan. Moreover, the invoice by Comfort Hotels and Unique Gift Shop will be issued to MMT India LLP at its GST registration number as casual taxable person in Rajasthan.
- The estimated tax liability of MMT India LLP to be paid in advance at the time of submission of application for registration in the State of Rajasthan in the month of June would be _____.
- (a) CGST - ₹ 27,00,000; SGST - ₹ 27,00,000; IGST - Nil
- (b) CGST - Nil; SGST - Nil; IGST - ₹ 8,40,000
- (c) CGST - ₹ 4,20,000; SGST - ₹ 4,20,000; IGST - Nil
- (d) CGST - Nil; SGST - Nil; IGST - Nil
5. Compute the outward GST payable, if any, on the water purifiers gifted by Boulton Limited to its employees in the month of August.
- (a) CGST - ₹ 7,35,000; SGST - ₹ 7,35,000; IGST - Nil
- (b) CGST - Nil; SGST - Nil; IGST - ₹ 14,70,000
- (c) CGST - Nil; SGST - Nil; IGST - Nil
- (d) CGST - Nil; SGST - Nil; IGST - ₹ 7,35,000

Case Scenario - II

Vedant Ltd. (hereinafter referred as “company”) is a conglomerate having diversified businesses including hotels, FMCG (Fast-Moving Consumer Goods), information technology etc. It has its corporate office in Delhi and operations across multiple States in India. As an internal policy, the company has obtained single GST registration in each State irrespective of the diversified business operations being undertaken in the State. During the month of April, the company undertook the following transactions:

- (a) The FMCG division of the company in Jaipur, Rajasthan agreed to use the vacant godown within the premises of Hotel Division in Udaipur, Rajasthan for storage of its goods. The value of such an arrangement was agreed at ₹ 5 lakh per month. Said amount was agreed to be adjusted by way of intra-division book adjustment on a monthly basis.
- (b) The Hotel Division of the company in Maharashtra used the IT platform owned and managed by the IT Division of the company in Delhi. The value of such services was determined as ₹ 12 lakh per month. The IT division treated the same as deemed supply liable to GST as per Schedule I of the CGST Act, 2017 and charged GST on such deemed supply in the invoice issued to Hotel Division on 25th April. The Hotel Division availed the input tax credit of such deemed supplies from its Maharashtra Office in April itself. However, no payment was made for such services by the Hotel Division to the IT Division.
- (c) The Executive Director, as part of his salary and perquisites under the employment agreement, was eligible for a voucher worth ₹ 5 lakh, redeemable at any hotel property of the company in India. The voucher was used by the Executive Director for the stay of his family in a company owned hotel in Udaipur, Rajasthan. The total amount charged from the Executive Director was ₹ 25 lakh. The voucher value of ₹ 5 lakh was deducted from such amount at the time of payment.
- (d) The Hotel Division provided accommodation services to a US citizen and resident for a wedding ceremony organized at its hotel in Udaipur, Rajasthan. The total amount of ₹ 2 crores for such services was paid by an Indian individual residing in Delhi on behalf of the US resident in Indian currency. The amount was received by the Mumbai, Maharashtra Office of Hotel Division.
- (e) The company received long term lease of an industrial plot from Maharashtra Industrial Development Corporation (MIDC) in auction against payment of an upfront amount as lease premium of ₹ 20 crores for a period of 50 years. The company paid location charges of ₹ 5 crores in addition to the said premium.

The rate of GST in case of intra-State supplies, unless otherwise provided shall be 9% CGST and 9% SGST) and for inter-State supplies shall be 18% IGST. All the divisions of the Company are eligible for 100% input tax credit unless otherwise specified.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6 to 10 below:-

6. Which of the following statements is correct in respect of the services related to usage of vacant godown?
 - (a) The Hotel Division shall charge CGST and SGST amounting to ₹ 45,000 each in the tax invoice issued to FMCG Division.
 - (b) No GST is chargeable on usage of vacant godown of Hotel Division.
 - (c) The Hotel Division shall charge IGST amounting to ₹ 90,000 in the tax invoice issued to FMCG Division.
 - (d) The Hotel Division, Rajasthan shall charge IGST amounting to ₹ 90,000 in the tax invoice issued to Corporate Office in Delhi.
7. Assuming that the payment for utilization of IT platform has not been made by the Hotel Division to the IT Division till the end of October month of the current financial year, the Hotel Division:
 - (a) should reverse the input tax credit so availed while filing Form GSTR-3B of the October month.
 - (b) need not reverse the input tax credit so availed in Form GSTR-3B of the October month.
 - (c) should have availed the input tax credit only after the end of the current financial year and not in April.
 - (d) should not have availed the input tax credit in respect of said transaction as the same is deemed supply under Schedule I of the CGST Act, 2017.
8. In relation to the stay of Executive Director's family in the company owned hotel in Udaipur, Rajasthan, value of supply of accommodation services provided by the Hotel Division is:
 - (a) ₹ 25 lakh
 - (b) ₹ 20 lakh
 - (c) Supply of services by employer to employee is not a taxable supply under GST.
 - (d) ₹ 5 lakh
9. For the accommodation services provided to the US resident and citizen, the place of supply shall be:
 - (a) Udaipur

- (b) Delhi
 - (c) Mumbai
 - (d) USA
10. In respect of the long-term lease of the industrial plot received from Maharashtra Industrial Development Corporation (MIDC),
- (a) upfront lease premium of ₹ 20 crores is exempt. However, the location charges of ₹ 5 crore are liable to GST.
 - (b) GST is payable on the upfront lease premium of ₹ 20 crores. No GST is payable on the location charges.
 - (c) GST is exempt on the entire premium of ₹ 25 crores including location charges.
 - (d) GST is payable on the entire upfront premium of ₹ 25 crores including location charges.
11. Nation Public School (NPS) situated in Bilaspur in the State of Chhattisgarh has planned to celebrate its sports day in Bilaspur Stadium located at a distance of 20 km from the school precincts on 15th April. DPS has invited quotes from various suppliers for arranging tent, security and catering for students and teachers. The price has to be quoted including all applicable taxes.
- Suman & Co., a supplier providing the services required above, is not sure of the GST impact on the above transactions. It seeks your help to determine whether GST is applicable on all the above services or not, so that it can quote the competitive price accordingly.
- (a) Tent, security and catering services: All taxable
 - (b) Tent, security and catering services: All exempt
 - (c) Tent and security services: Taxable; Catering services: exempt
 - (d) Tent: Taxable; Security and catering services: exempt
12. Mr. Paramjeet is a trader supplying goods from his firm M/s Rathi Traders. The office of the firm is located in Delhi whereas its godowns are located in the State of Uttar Pradesh, Punjab and Jammu & Kashmir (J & K) respectively.
- M/s Rathi Traders made following intra-State supplies from different States during the current financial year:
- (i) Delhi - Taxable supplies: ₹ 21,00,000
 - (ii) Punjab – Exempted supplies: ₹ 6,00,000

- (iii) Uttar Pradesh – Taxable and exempted supplies: ₹ 3,00,000 each respectively.
- (iv) J & K – Taxable and exempted supplies: ₹ 8,00,000 and ₹ 3,00,000 respectively.

Ascertain the States in which Mr. Paramjeet is required to take registration under GST.

- (a) Delhi, Punjab, Uttar Pradesh and J & K
- (b) Delhi, Uttar Pradesh and J & K
- (c) Delhi and Uttar Pradesh
- (d) Delhi

13. M/s Rishi Megamart, a store located and registered under GST in Rajasthan, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of Sukhram's Namkeen (200 gram each) taxable @ 12%, 1 packet of Roasted Smoked Almonds (100 gram) taxable @ 18%, 1 packet of Cournville Chocolate (50 mg) taxable @ 28% and 1 bottle of Teal Fresh Juice (1 litre) taxable @ 18% in a single basket for a single price of ₹ 1,000. State the type of supply and the tax rate applicable on the same.

- (a) Composite supply; tax rate of the principal item, i.e. Namkeen @18%
- (b) Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
- (c) Mixed supply; tax rate of principal item, i.e. Namkeen @18%
- (d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates

14. Sasha Enterprises imported some goods through vessel from USA in the month of April. The value of goods imported was ₹ 6,50,000.

The date of entry inwards was 21st April (basic customs duty on said date was 10%). Further, Sasha Enterprises filed bill of entry for home consumption on 25th April (basic customs duty on said date was 20%). Applicable rate of integrated tax was 12% and social welfare surcharge was 10%. Ignore GST compensation cess and agriculture infrastructure and development cess.

However, before inspection and clearance for home consumption, Sasha Enterprises found that the goods had been damaged owing to negligence on part of proper officer of customs. The proper officer accepted that due to said damage, the value of the goods has come down to ₹ 4,00,000.

Compute the total customs duty payable in the given case.

- (a) ₹ 97,280
- (b) ₹ 2,38,160
- (c) ₹ 1,58,080
- (d) ₹ 1,46,560

15. Prem Ltd. exported certain goods last year. The buyer has sent back those goods since the same were under warranty and required repairs. Which of the following conditions are to be satisfied by Prem Ltd. to avail exemption on goods re-imported for repairs under *Notification No. 158/95 Cus dated 14.11.1995*?

- (i) Prem Ltd., at the time of importation, executes a bond.
- (ii) Goods must be re-exported within 6 months or 1 year (if time is extended) of the date of re-importation.
- (iii) In case goods are not repaired, new goods are to be sent by Prem Ltd. within 6 months.

Choose the most appropriate option.

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

Division B – Descriptive Questions (70 Marks)

Question paper comprises of 6 questions.

Answer Question No. 1 which is compulsory and any 4 questions out of the remaining 5 questions.

1. Duckett Pvt. Ltd. is a registered manufacturer of auto parts in Kolkata, West Bengal. The company has a manufacturing facility registered under Factories Act, 1948 in Kolkata. It procures its inputs indigenously from both registered and unregistered suppliers located within as well as outside West Bengal as also imports some raw material from China.

The company reports the following details for a tax period:

Payments	(₹) (in lakh)	Receipts	(₹) (in lakh)
Raw material	3.5	Sales	15
Consumables	1.25		
Transportation charges for bringing the raw material to factory	0.70		
Salary paid to employees on rolls	5.0		
Premium paid on life insurance policies taken for specified employees	1.60		
Audit fee	0.50		
Telephone expenses	0.30		
Bank charges	0.10		

All the above amounts are exclusive of all kinds of taxes, wherever applicable. However, the applicable taxes have also been paid by the company.

Further, following additional details are furnished by the company in respect of the payments and receipts reported by it:

- (i) Raw material amounting to ₹ 0.80 lakh is procured from Bihar and ₹ 1.5 lakh is imported from China. Basic customs duty of ₹ 0.15 lakh, social welfare surcharge of ₹ 0.015 lakh and integrated tax of ₹ 0.2997 lakh are paid on the imported raw material.

Remaining raw material is procured from suppliers located in West Bengal. Out of such raw material, raw material worth ₹ 0.30 lakh is procured from unregistered suppliers; the remaining raw material is procured from registered suppliers.

Further, raw material worth ₹ 0.05 lakh purchased from registered supplier located in West Bengal has been destroyed due to seepage problem in the factory and thus, could not be used in the manufacturing process.

- (ii) Consumables are procured from registered suppliers located in Kolkata and include diesel worth ₹ 0.25 lakh for running the generator in the factory.
- (iii) Transportation charges comprise of ₹ 0.60 lakh paid to Goods Transport Agency (GTA) in Kolkata and ₹ 0.10 lakh paid to horse pulled carts. GST applicable on the services of GTA is 5% payable under reverse charge.

- (iv) Life insurance policies for specified employees have been taken by the company to fulfill a statutory obligation in this regard. The life insurance service provider is registered in West Bengal.
- (v) Audit fee is paid to M/s Goyal & Co., a firm of Chartered Accountants registered in West Bengal, for the statutory audit of the preceding financial year.
- (vi) Telephone expenses pertain to bills for landline phone installed at the factory and mobile phones given to employees for official use. The telecom service provider is registered in West Bengal.
- (vii) Bank charges are towards company's current account maintained with a Private Sector Bank registered in West Bengal.
- (viii) The breakup of sales is as under:
 Sales in West Bengal – ₹ 7 lakh
 Sales in States other than West Bengal – ₹ 3 lakh
 Export under LUT – ₹ 5 lakh
- (ix) The opening balance of ITC with the company for the tax period is:
 CGST - ₹ 0.15 lakh
 SGST - ₹ 0.08 lakh
 IGST - ₹ 0.09 lakh

Compute (i) Total ITC available with Duckett Pvt. Ltd. for the tax period; and (ii) Net GST payable [CGST, SGST or IGST, as the case may be] from Electronic Cash Ledger by Duckett Pvt. Ltd. for the tax period.

Note-

- (i) CGST, SGST & IGST rates to be 9%, 9% and 18% respectively, wherever applicable.
- (ii) The necessary conditions for availing ITC have been complied with by Duckett Pvt. Ltd., wherever applicable.

You are required to make suitable assumptions, wherever necessary. **(14 Marks)**

2. (a) Radiant Ltd., registered in Noida (Uttar Pradesh), is a supplier of machinery used for making bottle caps. The supply of machinery is effected as under:

- The wholesale price of the machinery (excluding all taxes and other expenses) at which it is supplied in the ordinary course of the business to various customers is ₹ 42,00,000.

However, the actual price at which the machinery is supplied to an individual customer varies within a range of $\pm 10\%$ depending upon the terms of contract of supply with the particular customer.

- Apart from the price of the machinery, Radiant Ltd. charges from the customer the following incidental expenses:

- ◆ associated handling and loading charges of ₹ 10,000
- ◆ installation and commissioning charges of ₹ 1,00,000

- Transportation of machinery to the customer's premises is arranged by Radiant Ltd. through a third-party service provider [Goods Transport Agency (GTA)].

The customer enters into a separate service contract with the GTA and pays the freight directly to it.

- A cash discount of 2% on the price of the machinery is offered at the time of supply, if the customer agrees to make the payment within 15 days of the receipt of the machinery at his premises.

In the event of failure to make the payment within the stipulated time, the company-

- ◆ recovers the discount given at the time of receiving payment from the customer (no separate amount of GST is recovered); and
- ◆ charges simple interest @ 1% per month or part of the month (no separate amount of GST is recovered) on the total amount due from the customer (towards the machinery supplied) from the date of making the supply till the date of payment. However, no interest is charged on the tax dues.

- For every machinery supplied, Radiant Ltd. receives a price linked subsidy of ₹ 2,00,000 from its holding company Decent Ltd.

Calculate the Assessable Value of supply of machine.

Make suitable assumptions, wherever needed.

(5 Marks)

- (b) Sanskar Nursing Home, a clinical establishment, offers the following services:
- (i) Rooms provided to the in-patients where the room charges per day are ₹ 6,500.
 - (ii) Plastic surgery conducted to repair cleft lip of a new born baby.
 - (iii) Air ambulance services to transport critically ill patients from distant locations to Sanskar Nursing Home.
 - (iv) Supply of food to the in-patients as per the advice of the doctor/nutritionist from its restaurant – Annapurna Bhawan - located in the basement of Sanskar Nursing Home. The food is prepared by its employees and nothing is outsourced to any third-party vendors.
 - (v) Homeopathic medical treatment.

Sanskar Nursing Home also operates a cord blood bank which provides services in relation to preservation of stem cells.

Determine whether GST is payable in respect of each of the above services provided by Sanskar Nursing Home. **(5 Marks)**

- (c) Mrs. Hotilal, an Indian resident (36 years old) who was on a visit to China, returned after 6 months. She was carrying with her the following items:

(i)	Personal effects	₹ 75,000
(ii)	Laptop computer	₹ 60,000
(iii)	Jewellery - 25 grams (purchased in China)	₹ 75,000
(iv)	Music system	₹ 50,000

Compute the customs duty payable by Mrs. Hotilal with reference to the Baggage Rules, 2016. Ignore Agriculture infrastructure and development cess. **(4 Marks)**

3. (a) Determine the place of supply for the following independent cases:
- (i) Jagmagahat Events, an event management company at Kolkata, organises two award functions for Kamna Jewellers of Chennai (Registered in Chennai, Tamil Nadu) at New Delhi and at Singapore.
 - (ii) Wonder Planners (Bengaluru, Karnataka) is hired by Dr. Cummins (unregistered person based in Kochi, Kerala) to plan and organise his son's wedding at Mumbai, Maharashtra.

Will your answer be different if the wedding is to take place in Malaysia?

(4 Marks)

- (b) Mr. Smiley has a huge residential property located at a prime location in Mumbai, Maharashtra. He has let out the 1st and 2nd floor to Mr. Peace for residential purposes in April. Mr. Peace surrenders his tenancy rights to Mr. Murari for a tenancy premium of ₹ 10,00,000 on 1st June. Mr. Murari has also paid the applicable stamp duty and registration charges on transfer of tenancy rights. Moreover, Mr. Murari has agreed to pay a monthly rent of ₹ 1,00,000 to Mr. Smiley (unregistered under GST) from June.

Determine the taxability of the transaction(s) involved in the given case, for the month of June. **(4 Marks)**

- (c) An importer from Cochin imports goods from an exporter in US. The vessel carrying the goods reaches Mumbai port first and from there goods are transhipped to Cochin port.

Determine the assessable value of the imported goods under the Customs Act, 1962 from the following particulars:

S. No.	Particulars	Amount
(i)	Cost of the machine at the factory of the exporter	US \$ 20,000
(ii)	Transport charges from the factory of exporter to the port for shipment	US \$ 1,000
(iii)	Handling charges paid for loading the machine in the ship	US \$ 100
(iv)	Buying commission paid by the importer	US \$ 100
(v)	Freight charges from exporting country to India	US \$ 2,000
(vi)	Actual insurance charges paid are not ascertainable	-
(vii)	Charges for design and engineering work undertaken for the machine in US	US \$ 5,000
(viii)	Unloading and handling charges paid at the place of importation	₹ 1,500
(ix)	Transport charges from Mumbai to Cochin port	₹ 25,000
(x)	Exchange rate to be considered: 1\$ = ₹ 70	

(6 Marks)

4. (a) M3M Pvt. Ltd., Pune, Maharashtra, provides house-keeping services. The company supplies its services exclusively through an e-commerce website owned and managed by Fortech India Pvt. Ltd., Pune. The turnover of M3M Pvt. Ltd. in the current financial year is ₹ 18 lakh.

Advise M3M Pvt. Ltd. as to whether it is required to obtain GST registration. Will your advice be any different if M3M Pvt. Ltd. sells readymade garments exclusively through the e-commerce website owned and managed by Fortech India Pvt. Ltd.?

(5 Marks)

- (b) M/s VSM & Co. have availed input tax credit of ₹ 42,500 during September under IGST head, instead of availing ₹ 21,250 under CGST & SGST heads. Mr. Raghu, accountant of the above entity would like to use Form GST PMT-09 for making a transfer from IGST head to respective CGST & SGST heads.

Examine the scenario and offer your comments.

(5 Marks)

- (c) Flourish Sales' imports were being provisionally assessed pending a verification that the department was carrying out. Upon completion of the verification, the assessments were finalized, and Flourish Sales was asked to pay ₹ 12 lakh, which it paid. After six months, upon detailed scrutiny of the verification report and taking legal opinion on it, Flourish Sales filed a claim for refund of ₹ 8 lakh on the ground that the differential amount should be ₹ 4 lakh only and that there were factual errors in the verification report. Was this the correct mode of redressal by Flourish Sales? What will be likely outcome of the claim? Discuss on the basis of case law on the subject.

(4 Marks)

5. (a) Rishabh intends to start selling certain goods in Delhi. However, he is not able to determine (i) the classification of the goods proposed to be supplied by him [as the classification of said goods has been contentious] and (ii) the place of supply if he supplies said goods from Delhi to buyers in U.S.

Rishabh's tax advisor has advised him to apply for the advance ruling in respect of these issues. He told Rishabh that the advance ruling would bring him certainty and transparency in respect of the said issues and would avoid litigation later. Rishabh agreed with his view, but has some apprehensions.

In view of the information given above, you are required to advise Rishabh with respect to following:

- (i) Rishabh is apprehensive that if at all advance ruling is permitted to be sought, he has to seek it every year. Whether Rishabh's apprehension is correct?
- (ii) The tax advisor is of the view that the order of Authority for Advance Ruling (AAR) is final and is not appealable. Whether the tax advisor's view is correct?

(5 Marks)

- (b) Ramkumar Enterprises is entitled for exemption from tax under GST law. However, it collected tax from its buyers worth ₹ 50,000 in the month of August. It has not deposited the said amount collected as GST with the Government. You are required to brief to Ramkumar Enterprises the consequences of collecting tax, but not depositing the same with Government as provided under section 76 of the CGST Act, 2017. **(5 Marks)**

- (c) Nikunj imported a sports car from Japan. He paid the applicable customs duty and an order for home consumption was issued. At the time of actual clearance for home consumption, he found that the sports car was destroyed due to a fire occurred at the customs station. The loss of sports car is forever and beyond recovery.

Nikunj seeks your advice on how to deal with the situation under the provisions of the Customs Act, 1962.

Whether your answer would differ if Nikunj warehoused the sports car due to delay in legal formalities after complying with the relevant provisions of the Customs Act, 1962 and the fire occurred there after the payment of duty but before actual clearance therefrom? **(4 Marks)**

6. (a) Briefly discuss the modes of recovery of tax available to the proper officer.

(6 Marks)

- (b) Discuss in brief the precautions to be observed while issuing summons under the GST law.

OR

- (b) Under the GST law who can order for carrying out inspection and under what circumstances? **(4 Marks)**

- (c) With reference to section 9A(1A) of the Customs Tariff Act, 1975, mention the ways that constitute circumvention of antidumping duty imposed on an article which may warrant action by the Central Government. **(4 Marks)**

Mock Test Paper - Series I: July, 2025

Date of Paper: 25th July, 2025

Time of Paper: 2 P.M. to 5 P.M.

FINAL COURSE: GROUP – II

PAPER – 5: INDIRECT TAX LAWS

SOLUTIONS

Division A – Multiple Choice Questions

Question No.	Answer
1	(a) Maharashtra; ₹ 20,00,000
2	(d) Rajasthan, intra-State supply liable to CGST and SGST
3	(a) CGST - ₹ 18,90,000; SGST - ₹ 22,50,000; IGST - Nil
4	(b) CGST – Nil; SGST – Nil; IGST - ₹ 8,40,000
5	(c) CGST – Nil; SGST - Nil; IGST - Nil
6	(b) No GST is chargeable on usage of vacant godown of Hotel Division
7	(b) need not reverse the input tax credit so availed in Form GSTR-3B of the October month
8	(a) ₹ 25 lakh
9	(a) Udaipur
10	(c) GST is exempt on the entire premium of ₹ 25 crores including location charges.
11	(c) Tent and security services: Taxable; Catering services: exempt.
12	(b) Delhi, Uttar Pradesh and J & K
13	(d) Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolates
14	(d) ₹ 1,46,560
15	(d) (i) and (ii)

Division B- Descriptive Questions

1. Computation of ITC available with Ducket Pvt. Ltd. for the tax period

S. No.	Particulars	ITC			
		CGST* ₹	SGST* ₹	IGST* ₹	Total ₹
1.	Opening balance of ITC	15,000	8,000	9,000	32,000
2.	Raw Material				
	Raw material purchased from Bihar [Refer Note 1(i)]			14,400	14,400
	Raw material imported from China [Refer Note 1(ii)]			29,970	29,970
	Raw material purchased from unregistered suppliers within West Bengal [Refer Note 1(iii)]	Nil	Nil		Nil
	Raw material destroyed due to seepage [Refer Note 1(iv)]	Nil	Nil		Nil
	Remaining raw material purchased from West Bengal [Refer Note 1(i)] [₹ 3.5 - ₹ 1.5 – ₹ 0.80 – ₹ 0.30 – ₹ 0.05] = ₹ 0.85]	7,650	7,650		15,300
	Total ITC for raw material	7,650	7,650	44,370	59,670
3.	Consumables [Refer Note 2]	9,000	9,000		18,000
4.	Transportation charges for bringing the raw material to factory [Refer Note 3]	1,500	1,500		3,000
5.	Salary paid to employees on rolls [Refer Note 4]	Nil	Nil	Nil	Nil
6.	Premium paid on life insurance policies taken for specified employees [Refer Note 5]	14,400	14,400	-	28,800
7.	Audit fee [Refer Note 6]	4,500	4,500	-	9,000
8.	Telephone expenses [Refer Note 6]	2,700	2,700		5,400
9.	Bank charges [Refer Note 6]	900	900		1,800
	Total ITC available for the tax period	55,650	48,650	53,370	1,57,670

Computation of net GST payable

Particulars	CGST* ₹	SGST* ₹	IGST* ₹	Total ₹
On Intra-state sales in West Bengal	63,000	63,000		1,26,000
On Inter-state sales other than West Bengal			54,000	54,000
On exports under LUT [Note 7]	Nil	Nil	Nil	Nil
Total output tax liability	63,000	63,000	54,000	1,80,000
0Less: ITC available for being set off [Note 8 and Note 9]	(55,650)	(48,650)	(53,370)	(1,57,670)
Net GST payable from Electronic Cash Ledger [A]	7,350	14,350	630	22,330
GST payable on inward supply of GTA services under reverse charge through Electronic Cash Ledger [Note 3 and 10] [B]	1,500	1,500		3,000
Net GST payable through Electronic Cash Ledger [A] + [B]	8,850	15,850	630	25,330

Notes:

- (1)
 - (i) Credit of input tax (CGST & SGST/ IGST) paid on raw materials used in the course or furtherance of business is available in terms of section 16(1) of the CGST Act, 2017.
 - (ii) IGST paid on imported goods qualifies as input tax in terms of section 2(62)(a) of the CGST Act, 2017. Therefore, credit of IGST paid on imported raw materials used in the course or furtherance of business is available in terms of section 16(1) of the CGST Act, 2017.
 - (iii) Tax on intra-State procurements made by a registered person from an unregistered supplier is levied only on notified categories of goods and services. [Section 9(4) of the CGST Act, 2017].
 - (iv) ITC is not available on destroyed inputs in terms of section 17(5)(h) of the CGST Act, 2017
2. Consumables, being inputs used in the course or furtherance of business, input tax credit is available on the same in terms of section 16(1) of the CGST Act, 2017. However, levy of CGST on diesel has been deferred till such date as may be notified by the Government on recommendations of the GST Council [Section

9(2) of the CGST Act, 2017]. Hence, there being no levy of GST on diesel, there cannot be any ITC.

3. GST is payable under reverse charge on transportation service received from GTA. Tax payable under section 9(3) of the CGST/SGST Act qualifies as input tax in terms of clauses (b) and (d) of section 2(62) of the CGST Act, 2017. Thus, input tax paid under reverse charge on GTA service will be available as ITC in terms of section 16(1) of the CGST Act, 2017 as the said service is used in course or furtherance of business.

Furthermore, intra-State services by way of transportation of goods by road except the services of a GTA and a courier agency are exempt from CGST vide *Notification No. 12/2017 CT (R) dated 28.06.2017*. Therefore, since no GST is paid on such services, there cannot be any ITC on such services.

4. Services by employees to employer in the course of or in relation to his employment is not a supply in terms of section 7 read with para 1 of Schedule III to the CGST Act. Therefore, since no GST is paid on such services, there cannot be any ITC on such services
5. ITC on supply of life insurance service is not blocked if it is obligatory for an employer to provide such service to its employees under any law for the time being in force. [Proviso to section 17(5)(b) of the CGST Act, 2017]. Therefore, GST paid on premium for life insurance policies will be available as ITC in terms of section 16(1) of the CGST Act, 2017 as the said service is used in the course or furtherance of business.
6. Audit fee, telephone expenses and bank charges are all services used in the course or furtherance of business and thus, credit of input tax paid on such service will be available in terms of section 16(1) of the CGST Act, 2017.
7. Export of goods is a zero rated supply in terms of section 16(1)(a) of the IGST Act. A zero rated supply under LUT is made without payment of integrated tax [Section 16(3)(a) of the IGST Act].
8. Since export of goods is a zero rated supply, there will be no apportionment of ITC and full credit will be available [Section 16 of the IGST Act read with section 17(2) of the CGST Act].
9. As per section 49(5) of the CGST Act, 2017 read with rule 88A of the CGST Rules, 2017, ITC of-
 - (i) IGST is utilised towards payment of IGST first and then CGST and SGST in any proportion and in any order.

- (ii) CGST is utilised towards payment of CGST and IGST in that order. ITC of CGST shall be utilized only after ITC of IGST has been utilised fully.
- (iii) SGST is utilised towards payment of SGST and IGST in that order. ITC of SGST shall be utilized only after ITC of IGST has been utilised fully.
10. Section 49(4) of the CGST Act, 2017 lays down that the amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax in terms of section 2(82) of the CGST Act, 2017. Therefore, tax payable under reverse charge cannot be set off against the ITC and thus, will have to be paid in cash.
- *11. CGST and SGST are chargeable on intra-State inward and outward supplies and IGST is chargeable on inter-State inward and outward supplies.

2. (a) Computation of GST liability of Radiant Ltd.

Particulars	(₹)
Price of machine [Note 1]	40,00,000
Add: Handling and loading charges [Note 2]	10,000
Installation and commissioning charges [Note 3]	1,00,000
Transportation cost [Note 4]	Nil
Price linked subsidy from Decent Ltd. [Note 5]	<u>2,00,000</u>
Total price of the machine	43,10,000
Less: 2% cash discount on price of machinery = ₹ 40,00,000 × 2% [Note 6]	<u>(80,000)</u>
Assessable value of supply	42,30,000

Notes:

- (1) As per section 15(1) of the CGST Act, 2017, the value of a supply is the transaction value i.e., the price actually paid or payable for the said supply when the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.
- (2) All incidental expenses charged by the supplier to the recipient of a supply are includible in the value of supply in terms of section 15(2)(c) of the CGST Act, 2017.
- (3) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods is includible in the value of supply in terms of section 15(2)(c) of the CGST Act, 2017.

- (4) Transportation cost has not been included in the value of supply of the machinery as it is a separate service contract between the customer and the third-party service provider. The customer pays the freight directly to the service provider.

The supplier (Radiant Ltd), in this case, merely arranges for the transport and does not provide the transport service on its own account. Therefore, there will be no impact from valuation point of view on transport expenses incurred for supply of machinery as the supplier is not the party to such supply of services.

- (5) Subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments are includible in the value of supply in terms of section 15(2)(e) of the CGST Act, 2017.
- (6) Cash discount was deducted by Radiant Ltd. upfront at the time of supply on 1st August, and hence, the same is excluded from the value of supply as it did not form part of the transaction value.

- (b) Health care services provided by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST vide *Notification No. 12/2017 CT (R) dated 28.06.2017*. In light of the same, the eligibility to exemption in respect of each service offered by Sanskar Nursing Home is examined below:

- (i) **Not Exempt.** Exemption available to health care services provided by a clinical establishment shall not apply to the services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neonatal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5000 per day to a person receiving health care services.
- (ii) **Exempt.** Health care service does not include, *inter alia*, cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

Therefore, plastic surgeries will not be entitled to the said exemption, but the plastic surgery conducted to repair a cleft lip will be eligible for exemption as it reconstructs anatomy or functions of body affected due to congenital defects (cleft lip).

- (iii) **Exempt.** Health care service includes services by way of transportation of the patient to and from a clinical establishment. Thus, air ambulance

service to transport critically ill patients to Sanskar Nursing Home would be eligible for exemption under the said notification.

- (iv) **Exempt.** Circular No. 32/06/2018 GST dated 12.02.2018 has clarified that food supplied by the hospital canteen to the in-patients as advised by the doctor/nutritionists is a part of composite supply of health care services and is not separately taxable. Thus, it is exempt from GST.
- (v) **Exempt.** Since Homeopathy is a recognized system of medicine in terms of section 2(h) of Clinical Establishments Act, 2010, the same would be eligible for exemption under the said notification.

Further, exemption available to services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation has been withdrawn and thus, said services are no longer exempt from GST. Therefore, services provided in relation to preservation of stem cells by the cord blood bank operated by Sanskar Nursing Home will be liable to GST.

(c) **Computation of customs duty payable by Mrs. Hotilal**

Particulars	₹
Personal effects [Duty free clearance is allowed]	Nil
Laptop computer [One laptop computer is exempt when imported into India by a passenger ≥ 18 years of age]	Nil
Jewellery [Duty free jewellery allowance is not available to Mrs. X since she did not reside abroad for more than 1 year]	75,000
Music system	<u>50,000</u>
Total value	1,25,000
Less: General duty free baggage allowance of ₹ 50,000	<u>50,000</u>
Value of baggage liable to customs duty	75,000
Rate of Duty	38.50%
Customs duty @ 38.50% (including social welfare surcharge)	28,875

3. (a) (i) When service by way of organization of an event is provided to a registered person, place of supply is the location of such person in terms of section 12(7)(a)(i) of the IGST Act, 2017.

Since, in the given case, the award functions at New Delhi and Singapore are organized for Kamna Jewellers (registered in Chennai), place of supply in both the cases is the location of Kamna Jewellers, i.e. Chennai, Tamil Nadu.

- (ii) As per section 12(7)(a)(ii) of the IGST Act, 2017, when service by way of organization of an event is provided to an unregistered person, the place of supply is the location where the event is actually held and if the event is held outside India, the place of supply is the location of recipient.

Since, in the given case, the service recipient [Dr. Cummins] is unregistered and event is held in India, place of supply is the location where the event is actually held, i.e. Mumbai, Maharashtra.

However, if the wedding is to take place outside India [Malaysia], the place of supply is the location of recipient, i.e. Kochi, Kerala.

- (b) *Circular No. 44/2018 CT dated 02.05.2018* clarifies that the activity of transfer of tenancy right against consideration [i.e. tenancy premium] is squarely covered under supply of service liable to GST. It is a form of lease or renting of property and such activity is specifically declared to be a service in Schedule II i.e. any lease, tenancy, easement, licence to occupy land is a supply of services.

Although stamp duty and registration charges have been levied on such transfer of tenancy rights, it shall be still subject to GST. Merely because a transaction/supply involves execution of documents which may require registration and payment of registration fee and stamp duty, would not preclude them from the 'scope of supply' and from payment of GST.

The transfer of tenancy rights cannot be treated as sale of land/ building in Schedule III. Thus, it is not a non-supply under GST and consequently, a consideration for the said activity shall attract levy of GST. Services provided by outgoing tenant by way of surrendering the tenancy rights against consideration in the form of a portion of tenancy premium is liable to GST. Hence, in the given case, the tenancy premium of ₹ 10,00,000 received by Mr. Peace for surrendering his tenancy rights to Mr. Murari is liable to GST.

The circular further clarifies that since renting of residential dwelling for use as a residence to an unregistered person is exempt [*Entry 12 of Notification No. 12/2017 CT (R) dated 28.06.2017*], grant of tenancy rights in a residential dwelling for use as residence dwelling against tenancy premium or periodic rent or both to an unregistered person is exempt. Consequently, monthly rent ₹ 1,00,000 received by Mr. Smiley from Mr. Murari is exempt.

(c) **Computation of assessable value of imported goods**

Particulars	Amount (US \$)
Price of the machine at the factory of the exporter	20,000
<i>Add:</i> Transport charges up to the port in the country of the exporter [Note 1]	1,000
Handling charges at the port in the country of the exporter [Note 1]	100
Charges for design and engineering work undertaken for the machine in US [Note 2]	5,000
Buying commission [Note 3]	<u>Nil</u>
FOB value	26,100.00
<i>Add:</i> Freight charges up to India	2,000.00
Insurance charges @ 1.125% of FOB [Note 4]	293.63
Transport charges from Mumbai to Cochin port [Note 5]	<u>Nil</u>
CIF value	28,393.63
<i>Add:</i> Unloading and handling charges paid at the place of importation [Note 6]	<u>Nil</u>
Assessable value	28,393.63
Assessable value in Indian rupees @ ₹ 70/ per \$	₹19,87,554.10
Assessable value (rounded off)	₹ 19,87,554

Notes:

- (1) The cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation are includible in the assessable value [Rule 10(2)(a) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (CVR)].
- (2) Design and engineering work undertaken elsewhere than in India and necessary for the production of the imported goods is includible in the assessable value [Rule 10(1)(b)(iv) of the CVR].
- (3) Buying commission is not included in the assessable value [Rule 10(1)(a)(i) of the CVR].
- (4) If insurance cost is not ascertainable, the same shall be added @ 1.125% of FOB value of the goods [Third proviso to rule 10(2) of the CVR].

- (5) Cost of insurance, transport, loading, unloading, handling charges associated with transshipment of imported goods to another customs station in India is not included in the assessable value [Sixth proviso to rule 10(2) of the CVR].
- (6) As per rule 10(2) of the CVR, only charges incurred for delivery of goods “to” the place of importation are includible in the transaction value.

The loading, unloading and handling charges associated with the delivery of the imported goods at the place of importation are not to be added to the CIF value of the goods.

4. (a) As per section 22 of the CGST Act, 2017, every supplier of goods or services or both is required to obtain registration in the State/ Union territory from where he makes the taxable supply if his aggregate turnover exceeds threshold limit in a financial year.

However, section 24 of the CGST Act, 2017 enlists certain categories of persons who are mandatorily required to obtain registration, irrespective of their turnover. Persons who supply goods or services or both through such electronic commerce operator (ECO), who is required to collect tax at source under section 52 of the CGST Act, 2017, is one such person specified under clause (ix) of section 24 of the CGST Act, 2017. However, where the ECO is liable to pay tax on behalf of the suppliers of services under a notification issued under section 9(5) of the CGST Act, 2017, the suppliers of such services are entitled for threshold exemption.

Section 2(45) defines ECO as any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. Electronic commerce is defined under section 2(44) of the CGST Act, 2017 to mean the supply of goods or services or both, including digital products over digital or electronic network. Since Fortech India Pvt. Ltd. owns and manages a website for e-commerce where both goods and services are supplied, it will be classified as an ECO under section 2(45) of the CGST Act, 2017.

Notification No. 17/2017 CT (R) dated 28.06.2017 issued under section 9(5) of the CGST Act, 2017 specifies services by way of house-keeping, except where the person supplying such service through ECO is liable for registration under section 22(1) of the CGST Act, 2017, as one such service where the ECO is liable to pay tax on behalf of the suppliers.

In the given case, M3M India Pvt. Ltd. provides house-keeping services through an ECO. It is presumed that Hi-Tech Indya is an ECO which is required to collect tax at source under section 52 of the CGST Act, 2017. However, house-keeping

services provided by M3M India Pvt. Ltd., which is not liable for registration under section 22(1) as its turnover is less than ₹ 20 lakh, is a service notified under section 9(5) of the CGST Act, 2017. Thus, M3M India Pvt. Ltd. will be entitled for threshold exemption for registration and will not be required to obtain registration even though it supplies services through ECO.

In the second case, M3M India Pvt. Ltd. sells readymade garments through ECO. Such supply cannot be notified under section 9(5) of the CGST Act, 2017 as only supplies of services are notified under that section. Therefore, in the second case, M3M India Pvt. Ltd. will not be entitled for threshold exemption and will have to compulsorily obtain registration in terms of section 24(ix) of the CGST Act, 2017.

- (b) As per provisions of section 49(10) of the CGST Act, 2017 read with rule 87(13) of the CGST Rules, 2017, "A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under the Act to the electronic cash ledger for integrated tax, central tax, State tax or Union territory tax or cess in FORM GST PMT-09".

It is important to note that only amounts available under Electronic Cash Ledger can be transferred to the respective heads using Form GST PMT-09 and not otherwise.

Accordingly, contention of the Accountant Mr. Raghu of M/s VSM & Co., is not valid for transfer of ₹ 42,500 from head IGST to respective CGST & SGST in Electronic Credit Ledger.

- (c) Flourish Sales received an order finalizing provisional assessment on the basis of a verification report, and requiring payment of ₹ 12 lakh. They did not contest this order, but made the payment, and allowed the appeal period of sixty days to lapse. After appeal became time-barred they filed a claim for refund in which they challenged the order. This was a backdoor method of seeking relief against the order; it also asked an officer of the same rank to review the order passed; and it sought to bypass the time limitation for appeal by presenting the appeal as a claim for refund. The Supreme Court has held, in the case of *Priya Blue Industries Limited, 2004 (172) ELT 145 (SC)*, that such a refund claim is not permissible for all these reasons. A person who is aggrieved with an assessment order cannot seek refund without filing an appeal against the assessment order.

- 5. (a) (i) Section 103(2) of the CGST Act, 2017 stipulates that the advance ruling shall be binding unless the law, facts or circumstances supporting the original advance ruling have changed. Therefore, once Ranjan has sought the advance ruling with respect to an eligible matter/question, it will be

binding till the time the law, facts and circumstances supporting the original advance ruling remain same.

- (ii) No, the tax advisor's view is not correct. As per section 100 of the CGST Act, 2017, if the applicant is aggrieved with the finding of the AAR, he can file an appeal with Appellate Authority for Advance Ruling (AAAR). Similarly, if the concerned/ jurisdictional officer of CGST/SGST does not agree with the findings of AAR, he can also file an appeal with AAAR.

Such appeal must be filed within 30 days from the date on which the ruling sought to be appealed against is communicated. The Appellate Authority may allow additional 30 days for filing the appeal, if it is satisfied that there was a sufficient cause for delay in presenting the appeal.

- (b) It is mandatory to pay amount, collected from other person representing tax under GST law, to the Government. Every person who has collected from any other person any amount as representing the tax under GST law, and has not paid the said amount to the Government, shall forthwith pay the said amount to the Government, irrespective of whether the supplies in respect of which such amount was collected are taxable or not.

For any such amount not so paid, proper officer may issue SCN for recovery of such amount and penalty equivalent to amount specified in notice.

The proper officer shall, after considering the representation, if any, made by the person on whom SCN is served, determine the amount due from such person and thereupon such person shall pay the amount so determined alongwith interest at the rate specified under section 50 from the date such amount was collected by him to the date such amount is paid by him to the Government.

- (c) Where it is shown to the satisfaction of Assistant or Deputy Commissioner that any imported goods have been destroyed, otherwise than as a result of pilferage at any time before clearance for home consumption, the duty shall be remitted on such goods.

In the given case, since loss of sports car is forever and beyond recovery due to fire, Nikunj can claim remission of customs duty upon proving the loss to the satisfaction of the Assistant Commissioner or Deputy Commissioner.

Further, since duty has already been paid in the given case, he can claim refund after getting the remission orders.

Further, Nikunj can claim remission or refund of duty even if he warehoused the sports car and fire occurred there after the payment of duty but before actual clearance therefrom.

- 6. (a)** The proper officer may recover the dues in following manner:
- (i) Deduction of dues from the amount owned by the tax authorities payable to such person.
 - (ii) Recovery by way of detaining and selling any goods belonging to such person;
 - (iii) Recovery from other person, from whom money is due or may become due to such person or who holds or may subsequently hold money for or on account of such person, to pay to the credit of the Central or a State Government;
 - (iv) Distrain any movable or immovable property belonging to such person, until the amount payable is paid. If the dues not paid within 30 days, the said property is to be sold and with the proceeds of such sale the amount payable and cost of sale shall be recovered.
 - (v) Through the Collector of the district in which such person owns any property or resides or carries on his business, as if it was an arrear of land revenue.
 - (vi) By way of an application to the appropriate Magistrate who in turn shall proceed to recover the amount as if it were a fine imposed by him.
 - (vii) By enforcing the bond/instrument executed under this Act or any rules or regulations made thereunder.
 - (viii) CGST arrears can be recovered as an arrear of SGST and vice versa.
- (b)** The following precautions should generally be observed when summoning a person: -
- (i) A summon should not be issued for appearance where it is not justified. The power to summon can be exercised only when there is an inquiry being undertaken and the attendance of the person is considered necessary.
 - (ii) Repeated summons should be avoided. As far as practicable, the statement of the accused/ witness should be recorded in minimum number of appearances.

- (iii) The time of appearance given in the summons should be respected. No person should be made to wait for long hours before his statement is recorded unless decided as a matter of strategy.
- (iv) Statements should preferably be recorded during office hours; however, an exception could be made regarding the time and place of recording statement having regard to the facts in the case.

(b) Alternative Answer

Inspection can be carried out upon a written authorization given by an officer of the rank of Joint Commissioner or above.

A Joint Commissioner or an officer higher in rank can give such authorization only if he has reasons to believe that the person concerned has done one of the following to evade tax:

- i. suppressed any transaction of supply;
- ii. suppressed stock of goods in hand;
- iii. claimed excess input tax credit;
- iv. contravened any provision of the CGST Act to evade tax;
- v. a transporter or an owner/operator of a warehouse/godown/any other place has kept goods which have escaped payment of tax or has kept his accounts or goods in a manner that is likely to cause evasion of tax.

(c) As per section 9A(1A) of the Customs Tariff Act, 1975, following are the ways that would constitute circumvention (avoiding levy of duty by unscrupulous means) of antidumping duty imposed on an article that may warrant action by the Central Government:

- (i) altering the description or name or composition of the article subject to such anti-dumping duty,
- (ii) import of such article in an unassembled or disassembled form,
- (iii) changing the country of its origin or export, or
- (iv) any other manner, whereby the anti-dumping duty so imposed is rendered ineffective.

In such cases, investigation can be carried out by Central Government and then anti dumping can be imposed on such articles.