

Mock Test Paper - Series II: August, 2025

Date of Paper: 8th August, 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

M/s Santosh Hardwares, a partnership firm registered under GST in the State of Uttar Pradesh, is engaged in the supply of door and window fittings across India. In the month of October, it made following outward supplies:

Name of receiver (State)	Taxable value (₹)	Date of invoice	Date of receipt of payment	Date of removal of goods
M/s Brijwasi Traders (Haryana)	5,75,000	10 th October	25 th October	10 th October
M/s Subhash Hardwares & Fitters (Punjab)	3,25,000	12 th October	10 th November	10 th October

M/s Avesh Singh Ji Hardware Products (Rajasthan)	2,70,000	17 th October	12 th October	20 th October
M/s Radhey Shyam Hardwares (Karnataka)	3,75,000	18 th October	29 th November	19 th October

The applicable tax rates of GST on supply of above goods is 18% IGST, 9% CGST and 9% SGST. Goods are generally received by parties in Punjab, Haryana & Rajasthan on 2nd day from the date of removal whereas it takes 5 days to reach Karnataka.

M/s Santosh Hardwares gives 2% cash discount to its customers wherever the payment is received in advance or within 15 days of the date of removal of goods and the respective credit note is also issued immediately. The buyer also takes the necessary legal action (required under GST law) with respect to such credit note immediately.

To supply such goods, as aforesaid, it received services from a local GTA, namely, M/s Ravikishan Transporters (unregistered), who raised a consolidated invoice for ₹ 1,00,000 on 22nd October for which payment was made on 27th December along with payment for the month of November.

Applicable tax rate on services of transportation of goods is CGST @ 2.5% and SGST @ 2.5%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below, carrying 2 marks each:

- What is the time of supply of goods in case of goods supplied to M/s Subhash Hardwares & Fitters?
 - 12th October
 - 10th October
 - 10th November
 - 14th October
- What is the time of supply of goods in case of goods supplied to M/s Avesh Singh Ji Hardware Products?
 - 17th October
 - 12th October
 - 20th October
 - 22nd October

3. What is the time of supply in case of services supplied by M/s Ravikishan Transporters?
 - (a) 22nd October
 - (b) 27th December
 - (c) 10th October, 19th October and 20th October
 - (d) 22nd December
4. What is the gross tax liability attributable to outward supplies of M/s Santosh Hardwares for the month of October?
 - (a) IGST = ₹ 2,75,060, CGST = Nil, SGST= Nil
 - (b) IGST = ₹ 2,78,100, CGST = ₹ 2,500, SGST= ₹ 2,500
 - (c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil
 - (d) IGST = ₹ 2,75,058, CGST = ₹ 2,500, SGST= ₹ 2,500
5. The total value of all the supplies involved in the above case scenario on which M/s Santosh Hardwares is liable to pay tax is _____.
 - (a) ₹ 16,28,100
 - (b) ₹ 16,39,100
 - (c) ₹ 15,45,000
 - (d) ₹ 15,39,600

Case scenario - II

Thomas & Sons (TS) is a partnership firm, registered under GST, engaged in manufacturing activity in the State of Rajasthan under GST and files return on a monthly basis. In the month of July, following transactions were undertaken by TS:

- (a) Intra-State sale of goods worth ₹ 10,00,000. Out of such sale, ₹ 5,00,000 worth of goods were liable to GST at 28% and balance were liable to GST at 18%.
- (b) Intra-State purchase of goods worth ₹ 10,00,000 which is liable to GST at 28%.
- (c) TS intended to transfer the business as going concern to Mohan & Sons (MS) on 31st July. As per the terms of transfer, TS will transfer all the business assets worth ₹ 50,00,000 and all the liabilities valued at ₹ 20,00,000.
- (d) TS, on account of such transfer, paid gift worth ₹ 50,000 to its 3 employees as a reward towards their services to the firm.

During the month of September, MS received the notice from the GST Department for the outstanding liability of GST for ₹ 5,00,000 pertaining to the period before transfer of business by TS. Such liability was determined after the transfer of business. For this purpose, assume that all the assets and liabilities were transferred by TS to MS.

The balance of input tax credit at the beginning of the relevant period for TS is nil. Further, subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled.

GST is applicable on all inward and outward supplies @ 18% unless otherwise specified. (Ignore CGST, SGST and IGST bifurcation for the sake of simplicity.)

All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 6 to 9 below, carrying 2 marks each:

6. The gross GST liability (without set off of input tax credit) of TS for the month of July is _____.
- (a) ₹ 2,32,000
 - (b) ₹ 2,80,000
 - (c) ₹ 25,000
 - (d) ₹ 2,30,000
7. In case of transfer of business to MS, what is the amount of input tax credit which shall stand transferred to MS?
- (a) ₹ 25,000
 - (b) ₹ 50,000
 - (c) Nil. In case of partnership firm input tax credit cannot be transferred on account of transfer of business.
 - (d) Nil as the value of liabilities is more than the value of assets.
8. Who is liable to discharge the liability of ₹ 5,00,000 on account of notice received by MS in the month of September?
- (a) MS, as the business is transferred by TS in July and notice was received in September
 - (b) TS, as the notice pertains to liability before transfer of business

- (c) Liability on MS only up to the amount of input tax credit transferred by TS
 - (d) MS and TS shall be jointly and severally liable
9. As TS transfers the business as a going concern, let us suppose that it transfers all the assets and liabilities of such business for a lumpsum amount to MS, the transaction shall be:
- (a) treated as taxable supply liable to GST under forward charge as TS is a registered person under GST.
 - (b) liable to GST in the hands of MS under reverse charge basis.
 - (c) exempted from GST.
 - (d) liable to GST only for assets on which input tax credit is availed.

Case Scenario - III

RSM Private Limited, registered under GST in the State of Maharashtra, is engaged in manufacturing of goods which are used for further production in automobile industry. The company sends some semi-finished inputs to job workers, M/s Ganga Enterprises and M/s Kaveri Enterprises, for necessary processing. The processed goods are sent back by the job workers to the company where they are used for manufacturing the finished products.

M/s Ganga Enterprises has its place of business in Maharashtra. M/s Kaveri Enterprises has its place of business in the State of Madhya Pradesh viz. 35 km away from the place of business of RSM Private Limited.

The company imports some raw material and stores the same for few months in the warehouse operated by M/s Mahakal Enterprises in the State of Tamil Nadu. Later on, it is transported to the company's factory in Maharashtra. M/s Mahakal Enterprises is not registered under GST. The aggregate turnover of M/s Mahakal Enterprises in the current financial year till date is ₹ 18,25,000.

The company maintains all the records, documents and books of accounts at its place of business in Maharashtra.

Following are the relevant details of RSM Private Limited for the month of August.

Particulars	Amount (₹)
Total turnover	36,00,000
Total inputs received during the month	21,12,000

Total input services received during the month	8,99,000
Goods sent to M/s Ganga Enterprises during the month for job work purpose by motor vehicle	75,000
Goods sent to M/s Kaveri Enterprises during the month for job work purpose by motor vehicle	46,800

Note: All aforementioned amounts are exclusive of GST, wherever applicable.

RSM Private Limited procures the service of M/s Velocity Enterprises, a goods transport agency, having its places of business in Maharashtra, Gujarat and Kerela. M/s Velocity Enterprises is registered in all these States with same PAN. RSM Private Limited transports its finished goods to different customers located within Maharashtra through M/s Velocity Enterprises. M/s Velocity Enterprises prepares a consignment note containing the details of consignor and consignee, value of consignment, vehicle number, details of party paying the taxes etc.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 10 to 13 below, carrying 2 marks each:

10. M/s Mahakal Enterprises, owner of warehouse in Tamil Nadu, wishes to know as to whether it is required to obtain registration under GST to conduct its business. Which of the following statements is true in this regard?
 - (a) Yes, being a warehouse operator, M/s Mahakal Enterprises has to compulsorily take GST registration to conduct the business irrespective of the quantum of aggregate turnover.
 - (b) No, M/s Mahakal Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.
 - (c) M/s Mahakal Enterprises is neither required to obtain registration nor unique enrolment number under GST to conduct business.
 - (d) Yes, M/s Mahakal Enterprises is required to take registration compulsorily under GST. Further, it is also required to obtain a unique enrolment number under GST as its aggregate turnover is more than ₹ 10 lakh.
11. M/s Velocity Enterprises wishes to obtain a unique common enrolment number (referred hereafter as CEN) for generating e-way bills. Which of the following statements is true in this regard?
 - (a) M/s Velocity Enterprises is not eligible for obtaining CEN as a transporter registered only in a single State is eligible for the same.

- (b) M/s Velocity Enterprises is eligible for obtaining CEN as a transporter registered in multiple States with same PAN is eligible for the same. After obtaining CEN, it can use either CEN or its GSTIN for generating e-way bills throughout the country.
 - (c) M/s Velocity Enterprises is not eligible obtaining the CEN as only unregistered transporters are eligible for the same.
 - (d) M/s Velocity Enterprises is eligible for obtaining the CEN as it is registered in multiple States with same PAN. After obtaining CEN, it can use it for generating e-way bills and updating Part-B throughout the country.
12. Whether RSM Private Limited is required to generate e-way bill in case of transfer of goods to M/s Kaveri Enterprises?
- (a) No, as the value of the consignment is within the prescribed limit of ₹ 50,000.
 - (b) No, as the movement of goods is within the distance limit of 50 kms.
 - (c) Yes, e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker irrespective of value of consignment.
 - (d) Yes, a registered person has to generate e-way bill mandatorily for every inter-State movement of goods irrespective of the value of the consignment.
13. M/s Velocity Enterprises wants to transport multiple consignments of RSM Private Limited in a single conveyance. These consignments are of different consignees and individual e-way bills (EWBs) with different validity periods have been generated for these consignments. Can M/s Velocity Enterprises generate one consolidated e-way bill for such multiple consignments?
- (a) No, M/s Velocity Enterprises cannot generate a consolidated e-way bill containing the details of different EWBs since all the EWBs have different validity periods.
 - (b) Yes, M/s Velocity Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and even if it is transporting consignments of different consignees in a single conveyance.
 - (c) No, M/s Velocity Enterprises cannot generate a consolidated e-way bill since it is transporting consignments of different consignees.
 - (d) There are no provisions to generate a consolidated e-way bill under the GST law.
14. M/s. Zenith Importers received an assessment order from the Customs Officer on May 15, 2025, for a consignment of imported goods, determining a customs duty liability of ₹ 50,000. Zenith Importers believed the assessment was incorrect and paid the duty

under protest on June 1, 2025. On December 10, 2025, they filed a refund claim for the entire ₹ 50,000, arguing that the goods were incorrectly classified, leading to an overpayment of duty. No appeal against the assessment order was filed.

Based on the provisions of the Customs Act, 1962, which of the following statements is most likely correct regarding Zenith Importers' refund claim?

- (a) The refund claim is valid because it was filed within one year from the date of payment of duty, and payment under protest preserves the right to claim a refund.
- (b) The refund claim should be processed by the Customs Officer, who can review the original assessment order to determine if the classification was indeed incorrect.
- (c) The refund claim is liable to be rejected because it attempts to challenge an order of assessment without filing a proper appeal within the prescribed timelines.
- (d) Zenith Importers can convert their refund claim into an appeal, provided they pay the differential appeal fees within 30 days of the refund claim being filed.

(2 Marks)

15. M/s Pioneer Electronics, a manufacturer-exporter holding a valid Advance Authorisation, imports inputs duty-free which are physically incorporated into the export product. Due to a drop in foreign demand, the firm is unable to export the full quantity of goods and decides to sell part of the imported inputs in the domestic market (DTA) after completing 60% of the export obligation.

As per the provisions of the Foreign Trade Policy, which of the following consequences will arise due to this action?

- (a) M/s Pioneer Electronics can freely transfer the unutilized inputs in the DTA after paying IGST only.
- (b) M/s Pioneer Electronics can dispose of the inputs in DTA by paying applicable duties and without any permission.
- (c) M/s Pioneer Electronics is prohibited from transferring the unutilized inputs in DTA and must either export the remaining quantity or destroy the inputs.
- (d) M/s Pioneer Electronics can sell inputs in DTA only after paying duty and obtaining permission from the DGFT.

(2 Marks)

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. Adwatt Pvt. Ltd. is a manufacturing company registered under GST in the State of Uttar Pradesh. It manufactures two taxable products 'Delta' and 'Omega' and one exempt product 'Theta'. On 1st October, while product 'Omega' got exempted through an exemption notification, exemption available on 'Theta' got withdrawn on the same date. The turnover (exclusive of taxes) of 'Delta', 'Omega' and 'Theta' in the month of October was ₹ 9,00,000, ₹ 10,00,000 and ₹ 6,00,000 respectively.

Adwatt Pvt. Ltd. has furnished the following details:

S. No.	Particulars	Price (₹)	GST (₹)
(a)	Machinery 'P' purchased on 1 st October for being used in manufacturing all the three products	2,00,000	36,000
(b)	Machinery 'Q' purchased on 1 st October for being used in manufacturing product 'Delta' and 'Theta'	1,00,000	18,000
(c)	Machinery 'R' purchased on 1 st October for being exclusively used in manufacturing product 'Omega'	3,00,000	54,000
(d)	Machinery 'S' purchased on 1 st October four years ago for being exclusively used in manufacturing product 'Omega'. From 1 st October, such machinery will also be used for manufacturing product 'Theta'.	4,00,000	72,000
(e)	Machinery 'T' purchased on 1 st October two years ago for being used in manufacturing all the three products	3,00,000	54,000
(f)	Raw Material used for manufacturing 'Delta' purchased on 5 th October	1,50,000	27,000
(g)	Raw Material used for manufacturing 'Omega' purchased on 10 th October	2,00,000	36,000
(h)	Raw Material used for manufacturing 'Theta' purchased on 15 th October	1,00,000	18,000

Compute the following:

- (i) Amount of ITC to be credited to Electronic Credit Ledger, for the month of October
- (ii) Amount of aggregate value of common credit (T_c)
- (iii) Common credit attributable to exempt supplies, for the month of October
- (iv) GST liability of the company payable through Electronic Cash Ledger, for the month of October if opening balance of ITC is nil.

Note: Assume that all the procurements made by the company are from States other than Uttar Pradesh. Similarly, the company sells all its products in States other than Uttar Pradesh. Rate of IGST is 18%. Subject to the information given above, assume that all the other conditions necessary for availing ITC have been fulfilled. Ignore interest, if any and make suitable assumptions wherever required. **(14 Marks)**

2. (a) Auralink Electronics Ltd. (hereinafter referred to as AEL) is engaged in manufacturing air purifiers. It is registered in the State of Haryana. It has appointed distributors across the country who sell the air purifiers manufactured by it.

The maximum retail price (MRP) printed on the package of a air purifier is ₹ 12,000. The applicable rate of GST on air purifiers is 18%. AEL dispatches the stock of air purifiers to its distributors ordered by them on a quarterly basis.

In order to promote its sales, the Sales Head of AEL has formulated a sales promotion scheme on 1st April. Under this scheme, AEL offers a discount of 10% (per air purifier) on air purifiers supplied to the distributors if the distributors sell 500 air purifiers in a quarter.

The discount is offered on the price at which the air purifiers are sold to the distributors (excluding all charges and taxes).

It appoints Cygnatek Electronics (an unrelated party as per GST Law) as its distributor in Haryana on 1st April and dispatches 750 air purifiers on 8th April as stock for the quarter April-June.

AEL has sold the air purifiers to distributor - Cygnatek Electronics at ₹ 8,400 per air purifier (exclusive of applicable taxes). Cygnatek Electronics has requested AEL for a special packing of the air purifiers delivered to it for which AEL has charged ₹ 1,200 per air purifier.

Cygnatek Electronics places a purchase order of 1,000 air purifiers with BEL for the quarter July-September. The distributor reports sales of 700 air purifiers for the quarter April-June and 850 air purifiers for the quarter July-September.

The discount policy offered by AEL as explained above is also available to Cygnatek Electronics as per the distributorship agreement.

While Cygnatek Electronics reverses the input tax credit availed for the quarter July-September, it has failed to reverse the input tax credit availed for the quarter April-June.

Examine the scenario with reference to section 15 and compute the taxable value of air purifiers supplied by ABEL to Cygnatek Electronics during the quarters April-June and July-September assuming the rate of tax applicable on the air purifiers as 18%. **(10 Marks)**

- (b) Determine the customs duty payable under the Customs Tariff Act, 1975 including the safeguard duty of 30% under section 8B of the said Act with the following details available on hand:

Assessable value of Zinc imported from a developing country from 26 th August, 2023 to 25 th August, 2024 (both days inclusive)	₹ 30,00,000
Share of imports of Zinc from the developing country against total imports of Zinc to India	4%
Basic custom duty	10%
Integrated tax	12%
Social welfare surcharge	10%

Note: Ignore GST compensation cess and Agriculture infrastructure and development cess. **(4 Marks)**

3. (a) Mr. Arpit, doing business in the State of Kerala, commenced his business in the month of April and provides the following further information.
- (i) His intra-State turnover for the first two quarters was as follows:
 April - June - ₹ 20 lakh
 July - September - ₹ 100 lakh
 - (ii) In each of the quarters, exempt supply made by him was 25% of the total turnover for the said quarter.
 - (iii) Since the product supplied by him was eligible for composition scheme, he opted for registration under composition scheme with effect from 1st July.

You are required to compute the tax payable by Mr. Arpit under GST law from the above information:

(i) If he is a manufacturer

(ii) If he is a trader.

(5 Marks)

- (b) Beniwal Ltd., Mumbai, holds 51% of shares of Butler Inc., a USA based company. Butler Inc. provides business auxiliary services to Beniwal Ltd. From the following details, determine the time of supply of service provided by Butler Inc:

Agreed consideration	US \$1,00,000
Date on which services are provided by Butler Inc.	16 th June
Date on which invoice is issued by Butler Inc.	19 th August
Date of debit in the books of account of Beniwal Ltd.	30 th September
Date on which payment is made by Beniwal Ltd.	23 rd December

(4 Marks)

- (c) M/s. JPG, a 100% export oriented undertaking (100% E.O.U. in short) imported DG sets and furnace oil duty free for setting up captive power plant for its power requirements for export production. This benefit was available vide an exemption notification. They used the power so generated for export production but sold surplus power in domestic tariff area as power could not be stored.

Customs Department has demanded duty on DG sets and furnace oil as surplus power has been sold in domestic tariff area. The notification does not contain specific restriction that the imported goods can only be used for manufacture of export goods.

Do you think the demand of the Customs Department is valid.

(5 Marks)

4. (a) Heeralal & Sons, a prominent supplier operating in Maharashtra, has established three distinct branches located in Mumbai, Pune, and Mahabaleshwar. The Mumbai and Pune branches are primarily engaged in the supply of garments, while the Mahabaleshwar branch specializes in the supply of shoes. Heeralal & Sons opts to have separate registrations for all three branches and the Mumbai branch subsequently sends garments (which are liable to GST) for sale to the Pune branch.

You are required to address the requirement of raising a tax invoice and the taxability of such transfers between Mumbai and Pune branch.

(6 Marks)

- (b) Gulwani Toys Manufacturers, registered in Punjab, sold electronic toys to a retail seller in Gujarat, at a value of ₹ 48,000 (excluding GST leviable @ 18%). It wants to send the consignment of such toys to the retail seller in Gujarat. You are required to advise whether e-way bill is mandatorily required to be generated in respect of such movement of goods? **(4 Marks)**
- (c) 'Ravi', an importer, imported some goods and deposited them in the warehouse on 12th April. These goods were re-exported without payment of duty on 15th August. With reference to the Customs Act, 1962, discuss whether any interest under section 61 of the Customs Act, 1962 is payable by 'Ravi'? **(4 Marks)**
5. (a) Blumora Studio collected GST on the goods supplied by it from its customers on the belief that said supply is taxable. However, later it discovered that goods supplied by it are exempt from GST.
- The accountant of Blumora Studio advised it that the amount mistakenly collected by Blumora Studio representing as tax was not required to be deposited with Government. Blumora Studio has approached you for seeking the advice on the same. You are required to advise it elaborating the relevant provisions. **(5 Marks)**
- (b) M/s. Om Sai Traders, a registered person, received an order passed by the Adjudicating Authority on 23rd January 2024. The said order was duly communicated to M/s. Om Sai Traders on the very same day.
- Aggrieved by the order, M/s. Om Sai Traders filed an appeal with the Appellate Authority (AA) on 16th February 2024.
- During the appeal proceedings, a competent Court issued an order staying the proceedings before the Appellate Authority for a period commencing from 1st May 2024 to 30th June 2024.
- Based on the above information, determine the last date by which the Appellate Authority can pass its order. **(5 Marks)**
- (c) Yashoda Company imported goods valued at ₹ 10,00,000 vide a Bill of Entry presented before the proper officer on 15th December, 2023, on which date the rate of customs duty was 20%. The proper officer decided that the goods should be subject to chemical or other test and therefore, the same were provisionally assessed at a value of ₹ 10,00,000 and Yashoda company paid provisional duty of ₹ 2,00,000 on the same date. Yashoda Company wants to voluntarily pay duty of ₹ 1,50,000 on 20th January, 2024.

Determine the amount of interest payable, if any, under section 18 of the Customs Act, 1962 assuming that the payment of ₹ 1,50,000 as stated above is made on 20th January, 2024 and that the final duty is assessed on 31st January, 2024 at ₹ 4,00,000 and the balance duty is paid on the same day. **(4 Marks)**

6. (a) Briefly explain the procedure to be followed by the Authority for Advance Ruling on receipt of the application for Advance Ruling under section 98 of the CGST Act, 2017. **(6 Marks)**
- (b) Section 158(1) of the CGST Act, 2017 lays down that the information obtained by a public servant from the record of any proceeding under the CGST Act, 2017 is confidential and cannot be disclosed.

Is there any exception to this rule? Discuss in brief. **(4 Marks)**

OR

- (b) Who can order for search and seizure under the provisions of the CGST Act, 2017? **(4 Marks)**
- (c) State salient aspects of Advance authorisation for annual requirements to exporters. **(4 Marks)**

Mock Test Paper - Series II: August, 2025

Date of Paper: 8th August, 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.	(b) 10 th October
2.	(a) 17 th October
3.	(d) 22 nd December
4.	(c) IGST = ₹ 2,75,058, CGST = Nil, SGST= Nil
5.	(a) ₹ 16,28,100
6.	(d) ₹ 2,30,000
7.	(b) ₹ 50,000
8.	(d) MS and TS shall be jointly and severally liable
9.	(c) exempted from GST.
10.	(b) No, M/s Mahakal Enterprises is not required to take registration under GST as its aggregate turnover is below the threshold limit for registration. However, it is required to obtain a unique enrolment number under GST.
11.	(d) M/s Velocity Enterprises is eligible for obtaining the CEN as it is registered in multiple States with same PAN. After obtaining CEN, it can use it for generating e-way bills and updating Part-B throughout the country.
12.	(c) Yes, e-way bill is required to be generated mandatorily in case of inter-State transfer of goods by principal to job worker irrespective of value of consignment.
13.	(b) Yes, M/s Velocity Enterprises can generate a consolidated e-way bill containing the details of different EWBs even if all the EWBs have different validity periods and it is transporting consignments of different consignees in a single conveyance.

14.	(c) The refund claim is liable to be rejected because it attempts to challenge an order of assessment without filing a proper appeal within the prescribed timelines.
15.	(c) M/s Pioneer Electronics is prohibited from transferring the unutilized inputs in DTA and must either export the remaining quantity or destroy the inputs.

Division B – Descriptive Questions

1.

S. No.	Particulars	ITC (₹)
(i)	Amount of ITC credited to Electronic Credit Ledger, for the month of October	
	Machinery 'P' - 'A' [Note 1]	36,000
	Machinery 'Q' [Note 2]	18,000
	Machinery 'R' [Note 3]	-
	Machinery 'S' [Note 4]	-
	Machinery 'T' [Note 5]	-
	Raw Material used for manufacturing 'Delta' [Note 6]	27,000
	Raw Material used for manufacturing 'Omega' [Note 6]	-
	Raw Material used for manufacturing 'Theta' [Note 6]	<u>18,000</u>
	Amount of ITC credited to Electronic Credit Ledger, for the month of October	99,000
(ii)	Aggregate value of common credit (T_c) – Note 7	
	Value of 'A' for Machinery 'P' purchased on 1 st October	36,000
	Value of 'A' for Machinery 'T' purchased on 1 st October 2 years ago for effecting both taxable and exempt supplies	54,000
	Input tax claimed on Machinery 'S' purchased on 1 st October 4 years ago for effecting taxable supplies but used for effecting both taxable and exempt supplies from 1 st October in the current year [Note 8]	<u>72,000</u>
	Aggregate value of common credit (T_c)	1,62,000
(iii)	Common credit attributable to exempt supplies, for the month of October	
	Common credit for the month of October (T _m) [Note 9]	2,700

	Common credit attributable to exempt supplies, for the month of October (T_e) – Note 10	1,080
(iv)	Computation of GST liability of the company for October payable through Electronic Cash Ledger	
	IGST payable on 'Delta' [₹ 9,00,000 x 18%]	1,62,000
	IGST payable on 'Omega' [Exempt]	Nil
	IGST payable on 'Theta' [₹ 6,00,000 x 18%]	<u>1,08,000</u>
	Total IGST payable on outward supply	2,70,000
	Common credit attributable to exempt supplies for the month of October [Note 11]	<u>1,080</u>
	Total output tax liability of October	2,71,080
	Less: ITC available in the Electronic Credit Ledger	<u>99,000</u>
	IGST payable from Electronic Cash Ledger	1,72,080

Notes:

- (1) ITC in respect of capital goods used commonly for effecting taxable supplies and exempt supplies denoted as 'A' shall be credited to the electronic credit ledger.
- (2) ITC in respect of capital goods used or intended to be used exclusively for effecting supplies other than exempted supplies but including zero rated supplies shall be credited to the electronic credit ledger.
- (3) ITC in respect of capital goods used or intended to be used exclusively for effecting exempt supplies shall not be credited to electronic credit ledger .
- (4) Machinery 'S' is being used for effecting both taxable and exempt supplies from 1st October. Prior to that it was exclusively used for effecting taxable supplies. Therefore, ITC in respect of such machinery would have already been credited to the electronic credit ledger.
- (5) Machinery 'T' is being used for effecting both taxable and exempt supplies from 1st October two years ago. Therefore, ITC in respect of such machinery would have already been credited to the electronic credit ledger.
- (6) ITC in respect of inputs used for effecting taxable supplies will be credited in Electronic Credit Ledger. ITC in respect of inputs used for effecting exempt supplies will not be credited in the electronic credit ledger.

- (7) The aggregate of the amounts of 'A' credited to the electronic credit ledger in respect of common capital goods whose useful life remains during the tax period, to be denoted as 'T_c', shall be the common credit in respect of such capital goods.
- (8) Where any capital goods which were used exclusively for effecting taxable supplies are subsequently also used for effecting exempt supplies, the ITC claimed in respect of such capital goods shall be added to arrive at the aggregate value of common credit 'T_c'.
- (9) ITC attributable to a month on common capital goods during their useful life (T_m) shall be computed as under:

$$\begin{aligned}
 &= T_c \div 60 \\
 &= ₹ 1,62,000 \div 60 \\
 &= ₹ 2,700
 \end{aligned}$$

The useful life of any capital goods shall be considered as five years from the date of invoice and the said formula shall be applicable during the useful life of the said capital goods

- (10) The amount of common credit attributable towards exempted supplies, be denoted as 'T_e', and shall be calculated as:

$$T_e = (E \div F) \times T_r \text{ where,}$$

'E' is the aggregate value of exempt supplies, made, during the tax period, and

'F' is the total turnover in the State of the registered person during the tax period.

$$= T_r \times \frac{\text{Turnover of exempt supplies during the month of October}}{\text{Total turnover of XYZ Pvt. Ltd. during the month of October}}$$

$$= ₹ 2,700 \times \frac{10,00,000}{25,00,000} = ₹ 1,080$$

- (11) Common credit attributable to the exempt supplies (T_e) along with the applicable interest (which is to be ignored in this case) shall, during every tax period of the useful life of the concerned capital goods, be added to the output tax liability of the person making such claim of credit.

2. (a) Section 15(3)(a) of the CGST Act, 2017 allows discounts to be deducted from the value of taxable supply if the same is given before or at the time of the supply and if such discount has been duly recorded in the invoice issued in respect of such supply. In other words, pre-supply discounts recorded in invoices are allowed as deduction.

Further, post supply discounts are also allowed as deduction from the value of supply under section 15(3)(b) of the CGST Act, 2017 if-

- (i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and
- (ii) input tax credit as is attributable to the discount on the basis of document issued by the supplier has been reversed by the recipient of the supply.

In the given case, Cygnatek Electronics is entitled for 10% discount on air purifiers supplied by AEL for the quarters April-June as well as July-September as it has sold more than 500 air purifiers in each of these quarters. However, since the sales targets are achieved after the entire stock for the respective quarters of April-June and July-September has been dispatched, the discounts on the air purifiers supplied to Cygnatek Electronics for the quarters of April-June and July-September is a post-supply discount.

Such post-supply discount will be allowed as a deduction from the value of supply since the discount policy was known before the time of such supply and the discount can be specifically linked to relevant invoices (invoices pertaining to air purifiers supplied to Cygnatek Electronics for the quarters of April-June and July-September) provided Cygnatek Electronics reverses the input tax credit attributable to the discount on the basis of document issued by AEL.

The value of supply for the quarters of April-June and July-September will thus, be computed as under:

Computation of value of supply for the quarter - April-June

Particulars	Amount (₹)
Price at which the air purifiers are supplied to Cygnatek Electronics [Note 1]	8,400
Add: Packing expenses [Note 2]	1,200
Less: Discount [Note 3]	<u>Nil</u>
Value of taxable supply of one unit of television	9,600
Value of taxable supply of air purifiers for the quarter April-June [₹ 9,600 x 750]	72,00,000

Notes:

- (1) The value of a supply is the transaction value, which is the price actually paid or payable for the said supply, in terms of section 15(1) of the CGST Act, 2017 presuming that the supplier and the recipient of supply are not related and price is the sole consideration for the supply as the supplier and recipient are not related parties.
- (2) The value of supply includes incidental expenses like packing charges in terms of section 15(2)(c) of the CGST Act, 2017.
- (3) Since Cygnatek Electronics has not reversed the input tax credit attributable to such discount on the basis of document issued by AEL, the conditions specified in section 15(3)(b) of the CGST Act, 2017 have not been fulfilled. Thus, the post-supply discount will not be allowed as deduction from the value of supply.

Computation of value of supply for quarter - July-September

Particulars	Amount (₹)
Price at which the air purifiers are supplied to Cygnatek Electronics [Note 1]	8,400
Add: Packing expenses [Note 2]	1,200
Less: Discount [Note 3]	<u>(840)</u>
Value of taxable supply of one unit of television	8,760
Value of taxable supply of air purifiers for the quarter July-September [₹ 8,760 x 1,000]	87,60,000

Notes:

- (1) The value of a supply is the transaction value, which is the price actually paid or payable for the said supply, in terms of section 15(1) of the CGST Act, 2017 presuming that the supplier and the recipient of supply are not related and price is the sole consideration for the supply as the supplier and recipient are not related parties.
- (2) The value of supply includes incidental expenses like packing charges in terms of section 15(2)(c) of the CGST Act, 2017.
- (3) Since all the conditions specified in section 15(3)(b) of the CGST Act, 2017 have been fulfilled, the post-supply discount will be allowed as deduction

from the value of supply. The input tax credit to be reversed will work out to be ₹1,51,200 $[1,000 \times (8,400 \times 10\%) \times 18\%]$.

(b) Computation of customs duty and integrated tax payable thereon

Particular	Amount (₹)
Assessable value of zinc imported	30,00,000
Add: Basic custom duty @ 10% (₹ 30,00,000 × 10%)	3,00,000
Safeguard duty @ 30% on ₹30,00,000 [Safeguard duty is imposable in the given case since share of imports of zinc from the developing country is more than 3% of the total imports of sodium nitrite into India (Proviso to section 8B(2) of the Customs Tariff Act, 1975)]	9,00,000
Social welfare surcharge @ 10% x ₹ 3,00,000	<u>30,000</u>
Total	42,30,000
Integrated tax (₹ 42,30,000 × 12%) [Note]	5,07,600
Total customs duty payable (₹ 3,00,000 + ₹ 9,00,000 + ₹ 30,000 + ₹ 5,07,600)	17,37,600

Note: It has been clarified by DGFT vide Guidance note that value for calculation of integrated tax shall also include safeguard duty amount.

3. (a) As per section 10 of the CGST Act, 2017 read with rule 7 of the CGST Rules, 2017, a registered person opting for composition levy for goods pays tax at the rates mentioned below during the current FY, in lieu of the tax payable by him under regular scheme:

Manufacturers, other than manufacturers of notified goods	1% ($\frac{1}{2}\%$ CGST+ $\frac{1}{2}\%$ SGST/UTGST) of the turnover in the State/ Union territory
Trader	1% ($\frac{1}{2}\%$ CGST+ $\frac{1}{2}\%$ SGST/UTGST) of turnover of taxable supplies of goods & services in the State/ Union territory

Turnover prior to getting registered will not be considered for determining the turnover in a State/Union Territory.

(i) If Mr. Arpit is a manufacturer

$$\text{CGST} = ₹ 100 \text{ lakh} \times 0.5\% = ₹ 50,000$$

$$\text{SGST} = ₹ 100 \text{ lakh} \times 0.5\% = ₹ 50,000$$

(ii) If Mr. Arpit is a trader

$$\text{CGST} = ₹ 75 \text{ lakh (as 25\% of turnover is exempt)} \times 0.5\% = ₹ 37,500$$

$$\text{SGST} = ₹ 75 \text{ lakh (as 25\% of turnover is exempt)} \times 0.5\% = ₹ 37,500$$

- (b)** Since Beniwal Ltd. holds 51% shares of Butler Inc., Beniwal Ltd. and Butler Inc. are 'associated enterprises' as per section 92A of the Income-tax Act, 1961. In case of supply by associated enterprises, where the supplier of service is located outside India, the time of supply is the earlier of the following two dates:

Date of entry in the books of account of the recipient of supply [which is Beniwal Ltd. in the present case]	30 th September
OR	OR
Date of payment [by Beniwal Ltd. in the present case]	23 rd December

Thus, time of supply is 30th September.

- (c)** The facts of the case are similar to the case of *Commissioner v. Hanil Era Textile Ltd. 2005 (180) ELT A44 (SC)* wherein the Supreme Court agreed to the view taken by the Tribunal that in the absence of a restrictive clause in the notifications that imported goods are to be solely or exclusively used for manufacture of goods for export, there is no violation of any condition of notification, if surplus power generated due to unforeseen exigencies is sold in domestic tariff area.

Therefore, no duty can be demanded from M/s JPG for selling the surplus power in domestic tariff area for the following reasons:

- (i) They have used the DG sets and furnace oil imported duty free for generation of power, and
- (ii) such power generated has been used for manufacturing goods for export, and
- (iii) only the surplus power has been sold, as power cannot be stored.

- 4. (a)** Section 25(4) of the CGST Act, 2017, states that a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory, shall, in respect of each such registration, be treated as distinct persons.

So, Mumbai branch and the Pune branch will be treated as "distinct persons" for GST purposes.

Further, clause 2 of Schedule I to the CGST Act, 2017, specifies that "supply of goods or services or both between distinct persons as specified in section 25, when made in the course or furtherance of business," shall be treated as supply even if made without consideration.

Accordingly, the transfer of garments from the Mumbai branch to the Pune branch will be treated as a supply between distinct persons under the CGST Act, 2017.

Therefore, Mumbai branch must issue a tax invoice and pay GST on such a transfer, irrespective of whether any consideration is charged for this internal transfer.

- (b) E-way Bill is mandatorily required to be generated if the goods are moved, *inter alia*, in relation to supply and the consignment value exceeds ₹ 50,000. Further, explanation 2 to rule 138(1) of the CGST Rules, 2017 stipulates that the consignment value of goods shall be the value, determined in accordance with the provisions of section 15, declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and also includes CGST, SGST/UTGST, IGST and cess charged, if any, in the document and shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.

Accordingly, in the given case, the consignment value will be as follows:

$$= ₹ 48,000 \times 118\%$$

$$= ₹ 56,640.$$

Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued in the given case.

- (c) As per section 61(2) of the Customs Act, 1962, if goods remain in a warehouse beyond a period of 90 days from the date on which the order under section 60(1) is made, interest is payable @ 15% on the amount of duty payable at the time of clearance of the goods, for the period from the expiry of the said 90 days till the date of payment of duty on the warehoused goods.

In *Pratibha Processors v. UOI* 1996 (88) ELT 12 (SC), the Apex Court has held that when goods at the time of removal from warehouse are wholly exempted from payment of duty, the liability to pay interest cannot be saddled on a non-existing duty. Liability to pay interest under section 61(2) is solely dependant upon the exigibility or actual liability to pay duty. In case the liability to pay duty is nil, then, the interest will also be nil. Therefore, since in this case the goods have been re-exported without payment of duty, no interest is payable by 'Ravi'.

5. (a) The provisions of section 76 of the CGST Act, 2017 make it mandatory on Blumora Studio to pay amount collected from other person representing tax under this Act, to the Government.

Section 76 stipulates that notwithstanding anything to the contrary contained in any order or direction of any Appellate Authority or Appellate Tribunal or Court or in any other provisions of the CGST Act or the rules made thereunder or any other law for the time being in force, every person who has collected from any other person any amount as representing the tax under this Act, 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.

Where any amount is required to be paid to the Government as mentioned above, and which has not been so paid, the proper officer may serve on the person liable to pay such amount a notice requiring him to show cause as to why the said amount as specified in the notice, should not be paid by him to the Government and why a penalty equivalent to the amount specified in the notice should not be imposed on him under the provisions of this Act.

The proper officer shall, after considering the representation, if any, made by the person on whom show cause notice (SCN) is served, determine the amount due from such person and thereupon such person shall pay the amount so determined.

The person who has collected any amount as representing the tax, but not deposited the same with the Government shall in addition to paying the said amount determined by the proper officer shall also be liable to pay interest thereon. Interest is payable at the rate specified under section 50. Interest is payable from the date such amount was collected by him to the date such amount is paid by him to the Government.

The proper officer shall issue an order within 1 year [excluding the period of stay order] from the date of issue of the notice. The proper officer, in his order, shall set out the relevant facts and the basis of his decision.

- (b) The Appellate Authority (AA) must ordinarily decide an appeal within **one year** from the date it was filed. However, if the proceedings are stayed by a court or tribunal, this stay period is excluded from the calculation.

In the given case, the order was communicated on January 23, 2024, and the appeal was filed on February 16, 2024. The stay order was in effect for 61 days i.e. May 1, 2024 to June 30, 2024.

Therefore, the ordinary one-year period from February 16, 2024, which would have ended on February 16, 2025, will be extended by 61 days i.e. April 18, 2025, is the last date for the AA to pass its order.

- (c) Section 18 of the Customs Act, 1962 stipulates that the importer is liable to pay interest, on any amount payable consequent to the final assessment order @ 15% p.a. from the first day of the month in which the duty is provisionally assessed till the date of payment thereof.

Accordingly, amount of interest payable will be

$$\begin{aligned} &= [\text{₹ } 1,50,000 \times 15\% \times 51/365] + [\text{₹ } 50,000 \times 15\% \times 62/365] \\ &= \text{₹ } 3,144 + \text{₹ } 1,274 = \text{₹ } 4,418 \end{aligned}$$

6. (a) The procedure to be followed by the Authority for Advance Ruling (AAR) on receipt of the application for advance ruling under section 98 is as under:-

1. Upon receipt of an application, the AAR shall send a copy of application to the officer in whose jurisdiction the applicant falls and call for all relevant records.
2. The AAR may then examine the application along with the records and may also hear the applicant. Thereafter he will pass an order either admitting or rejecting the application.
3. Application for advance ruling will not be admitted in cases where the question raised in the application is already pending or decided in any proceedings in the case of an applicant under any of the provisions of this Act.

4. If the application is rejected, it should be by way of a speaking order giving the reasons for rejection and only after giving an opportunity of being heard to the applicant.
 5. If the application is admitted, the AAR shall pronounce its ruling on the question specified in the application. Before giving its ruling, it shall examine the application and any further material furnished by the applicant or by the concerned departmental officer.
 6. Before giving the ruling, AAR must hear the applicant or his authorized representative as well as the jurisdictional officers of CGST/ SGST.
 7. If there is a difference of opinion between the two members of AAR, they shall refer the point or points on which they differ to the Appellate Authority for hearing the issue
 8. The Authority shall pronounce its advance ruling in writing within 90 days from the date of receipt of application.
 9. A copy of the advance ruling duly signed by members and certified in prescribed manner shall be sent to the applicant, the concerned officer and the jurisdictional officer.
- (b)** Yes, the confidential information can be disclosed by the public servant for certain specific purposes in terms of section 158(3). Such specific purposes are given in brief hereunder:
- (i) For prosecution
 - (ii) For carrying out the objects of the CGST Act
 - (iii) For service of notice or recovery of demand
 - (iv) For furnishing information to Court in a proceeding where Government is a party
 - (v) For audit of tax receipts or refunds
 - (vi) For inquiry into the conduct of a GST officer
 - (vii) For enabling levy, realisation of any tax or duty
 - (viii) In lawful exercise of powers
 - (ix) For enquiry into a charge of misconduct by any professional
 - (x) For data entry on automated system
 - (xi) For fulfilling the requirement under any other law and in public interest.

OR

Alternative Answer

- (b)** An officer of the rank of Joint Commissioner or above can authorize an officer in writing to carry out search and seize goods, documents, books or things. Such authorization can be given only where the Joint Commissioner/an officer above his rank has reasons to believe that any goods liable to confiscation or any documents or books or things relevant for any proceedings are hidden in any place. The Joint Commissioner/an officer above his rank empowered to authorize any officer to carry out search and seizure can himself also carry out search and seize such goods, documents or books or things.
- (c)** Annual Advance authorisation would be issued to exporters having past export performance in at least preceding two financial years, to enable them to import the inputs required by them on annual basis.

Advance authorization for annual requirement shall only be issued for items, notified in SION and not on basis of *ad hoc* norms under self-declared authorisations where SION does not exist.

Annual Advance Authorisation in terms of CIF value of imports will be granted upto 300% of FOB value of physical exports in preceding financial year and/or FOR value of deemed exports in preceding year or ₹ 1 crore, whichever is higher.