

PAPER – 5: INDIRECT TAX LAWS

PART I – Multiple Choice Questions

1. BAA Ltd., a company registered under GST in the State of Maharashtra, purchased raw cashew nuts from Mr. Ram, an agriculturalist in Maharashtra. Bill for the same was issued by Mr. Ram on 12.06.2025. Cashew nuts were received by BAA Ltd. on 15.06.2025. The payment for the full amount of transaction was made by BAA Ltd. in advance on 10.06.2025.

What is the time of supply?

- (A) 10.06.2025
- (B) 12.06.2025
- (C) 15.06.2025
- (D) 12.07.2025

(2 Marks)

2. Duty exemption schemes under Foreign Trade Policy enable duty free import of inputs required for export production. One of the duty exemption schemes is Duty Free Import Authorisation Scheme (DFIA). Which of the following statement(s) makes person ineligible to avail benefit under Duty Free Import Authorisation Scheme (DFIA):

- (i) DFIA is issued only for products for which Standard Input and Output Norms (SION) have been notified.
- (ii) Minimum value addition of 15% is required to be achieved.
- (iii) Inputs with 'Actual user' condition required.

Choose the correct option:

- (A) (i), (ii) and (iii)
- (B) (i) and (ii)
- (C) (ii) and (iii)
- (D) Only (i)

(2 Marks)

3. M/s ABC has imported some goods from London and cleared for home consumption. The same were finally re-assessed u/s 18(2) of the Customs Act, 1962. The particulars of the same are given as under:

Particulars	Date/Amount (₹)
Date of provisional assessment	10.01.2025
Date of final reassessment	10.03.2025
Excess duty demanded after final reassessment	2,00,000
Date of payment of excess duty	20.03.2025
Rate of interest applicable	15% per annum

Choose the correct option with respect to the amount of interest payable by M/s ABC:

- (A) Interest amounting to ₹ 5,671
 (B) Interest amounting to ₹ 6,493
 (C) Interest amounting to ₹ 6,805
 (D) Interest amounting to ₹ 6,411

(2 Marks)

Integrated Case Scenario - I

Manohar & Sons is a registered person under GST in Ahmedabad, Gujarat. Its aggregate turnover in the preceding financial year was ₹ 6.5 crore. Manohar & Sons provides supply of various types of services and goods.

Following details have been provided for the transactions undertaken in the month of June 2025:

Sr. No.	Particulars
(i)	Provided services of accommodation to 15 students studying in Ahmedabad University. Charging ₹ 19000 per person per month for contract period from 1 st April to 30 th June 2025.
(ii)	Goods received from a person registered under composition scheme for ₹ 1,25,000
(iii)	Provided restaurant services amounting to ₹ 2,50,000. Restaurant is situated inside a hotel which is not covered under 'specified premises' and restaurant services are taxable @ 5% without the benefit of ITC.

(iv)	<i>Provided services of transportation of goods by own trucks, registered as GTA to Department of Central Government who has taken registration u/s 51 of the CGST Act, 2017 for an amount of ` 2,35,000</i>
(v)	<i>Paid ` 80,000 for purchase of aluminum scrap from Mr. Rammohan, an unregistered person.</i>
(vi)	<i>Received legal services from Ramjas & Co. LLP, for an on-going court matter on a fee amounting to ` 2,50,000.</i>
(vii)	<i>Supply of copper scrap to Raj Industries, a registered person under GST for amount of ` 4,66,690, inclusive of tax.</i>
(viii)	<i>Inward supply of goods for providing restaurant services mentioned in point (iii) for ` 1,20,000</i>

Notes:

1. As a GTA operator, Manohar & Sons has not exercised the option of paying GST under forward charge.
2. Where location of supplier and location of recipient has not been mentioned, consider it as intra-State supply.
3. Aluminum scrap in point (v) and copper scrap in point (vii) falls under Chapters 72 to 81 in the First Schedule to the Customs Tariff Act, 1975.
4. Manohar & Sons missed out furnishing details of one invoice at the time of filing GSTR-1 for the month of May 2025 on 9th June 2025. They are willing to file GSTR-1A to add the invoice in the particulars already declared in GSTR-1.
5. All figures are exclusive of GST except otherwise mentioned.
6. Amounts to be rounded off to nearest rupee, wherever required.
7. All inward supplies used for providing taxable supplies only except otherwise mentioned.
8. All the conditions necessary for availing input tax credit have been complied with

Tax rates applicable are given below:

Particulars	CGST	SGST	IGST
Restaurant services from specified premises	9%	9%	18%

<i>Restaurant services from other than specified premises (without the benefit of ITC)</i>	2.5%	2.5%	5%
<i>Goods and services other than above</i>	9%	9%	18%

Based on the information provided in the case scenario given above, choose the correct or most appropriate answer for Question Nos. 4 to 9 below:

4. Amount of GST payable under forward charge (FCM) by Manohar & Sons for the month of June 2025 is:
 - (A) ₹ 41,845 each under CGST and SGST
 - (B) ₹ 83,745 each under CGST and SGST
 - (C) ₹ 88,645 each under CGST and SGST
 - (D) ₹ 1,04,895 each under CGST and SGST **(2 Marks)**
5. Amount of input tax credit available to Manohar & Sons for the month of June 2025 is:
 - (A) ₹ 51,750 each under CGST and SGST
 - (B) ₹ 40,950 each under CGST and SGST
 - (C) ₹ 40,500 each under CGST and SGST
 - (D) ₹ 29,700 each under CGST and SGST **(2 Marks)**
6. Amount of tax payable under reverse charge (RCM) by Manohar & Sons for the month of June 2025 is:
 - (A) ₹ 7200 each under CGST and SGST
 - (B) ₹ 28,350 each under CGST and SGST
 - (C) ₹ 29,700 each under CGST and SGST
 - (D) ₹ 50,850 each under CGST and SGST **(2 Marks)**
7. Amount of TDS to be deducted on outward supplies provided by Manohar & Sons during the month of June 2025 is:
 - (A) ₹ 3955 each under CGST and SGST
 - (B) ₹ 4667 each under CGST and SGST
 - (C) ₹ 6305 each under CGST and SGST

(D) ₹ 7299 each under CGST and SGST **(2 Marks)**

8. Which of the following statement(s) is/are true in respect of Form GSTR-1A which is willing to be filed by Manohar & Sons?

- (i) Form GSTR-1A is optional facility.
- (ii) Form GSTR-1A can be filed to add new records which was missed out in GSTR-1.
- (iii) Form GSTR-1A can be filed for change in GSTIN of a recipient for a supply reported in Form GSTR-1 for a tax period.

Choose the correct answer:

- (A) (i), (ii) and (iii)
- (B) (i) and (ii)
- (C) (i) and (iii)
- (D) (ii) and (iii)

(2 Marks)

9. Manohar & Sons will be required to report HSN code in Form GSTR-1 with:

- (A) 6 digits for B2B supply and also for B2C supply.
- (B) 4 digits for B2B supply and also for B2C supply.
- (C) 6 digits for B2B supply and 4 digits for B2C supply.
- (D) 4 digits for B2B supply and 6 digits for B2C supply.

(2 Marks)

Integrated Case Scenario - II

PG Instamart, an e-commerce operator, is registered under GST in Patna (Bihar). It provides platform for various suppliers to list and sell their products online to ultimate customers. It also has a separate food division on its e-platform where vendors can list and make supply of restaurant services (other than the services supplied by restaurants, eating joints located at 'specified premises').

During the month of June 2025, following supplies were made through it by various suppliers:

- 1. M/s A (regular registered dealer) supplied apparels valued at ₹ 1,50,000 and apparels valued at ₹ 40,000 were returned to it.

2. *M/s B (a composition dealer) supplied goods valued at ` 60,000 and goods valued at ` 70,000/- were returned to it.*
3. *In addition to above, other registered dealers located in Bihar supplied goods valued at ` 2,40,000 through it.*
4. *Restaurants/eating joints supplied food items valued at ` 3,00,000 through it.*

Further, the following information is also provided related to June, 2025:

- (i) *For the above services provided, PG Instamart charged commission/ fee of ` 80,000/- from the suppliers.*
- (ii) *Eligible ITC available on various inputs and input services received during the month is CGST ` 10,000 and SGST ` 10,000.*
- (iii) *During the month a customer won a voucher worth ` 1,000 in month end sale scheme. The voucher was issued on 30.06.2025 and it is redeemable against any supply received between 01.07.2025 to 15.07.2025.*
- (iv) *PG Instamart will also start in near future separate division on its online platform through which metered cab or auto rickshaw owners can supply services of transport of passenger.*

Additional information:

- (a) *All the figures given above are exclusive of GST, wherever applicable.*
- (b) *Applicable rates of GST are:*

Particulars	IGST	CGST	SGST
Supply of goods	12%	6%	6%
Supply of restaurant services (without the benefit ITC)	5%	2.5%	2.5%
Supply of other services	18%	9%	9%

- (c) *All transactions are intra-State except where specifically mentioned.*
- (d) *Subject to the information given above, conditions for availing ITC are complied with. There is no opening balance of ITC.*

- (e) PG Instamart filed monthly return GSTR-8 for the month of June 2025 on 19.09.2025.

Based on the above information, choose the correct or most appropriate answer to the Question Nos. 10 to 15 below:

10. Total output GST payable for the month of June 2025 by PG Instamart is:

- (A) ` 35,100 CGST and ` 35,100 SGST
- (B) ` 7,290 CGST and ` 7,290 SGST
- (C) ` 14,700 CGST and ` 14,700 SGST
- (D) ` 14,790 CGST and ` 14,790 SGST

(2 Marks)

11. Net GST payable in cash for the month of June 2025 by PG Instamart is

- (A) ` 7,500 CGST and ` 7,500 SGST
- (B) ` 4,790 CGST and ` 4,790 SGST
- (C) ` 4,700 CGST and ` 4,700 SGST
- (D) ` 25,100 CGST and ` 25,100 SGST

(2 Marks)

12. The value of taxable supplies on which TCS is collectible for month of June 2025 by PG Instamart is:

- (A) ` 3,50,000
- (B) ` 3,40,000
- (C) ` 4,50,000
- (D) ` 3,90,000

(2 Marks)

13. The amount of TCS payable by PG Instamart on supplies made by M/s A for the month of June 2025 is:

- (A) ` 275 CGST and ` 275 SGST
- (B) ` 875 CGST and ` 875 SGST
- (C) ` 850 CGST and ` 850 SGST
- (D) ` 375 CGST and ` 375 SGST

(2 Marks)

14. With respect to separate division on its online platform through which metered cab or auto rickshaw owners can supply services of transport of passenger. Which of the following statements is CORRECT?

- (A) Services of transportation of passengers by metered cabs or auto rickshaws are exempt under exemption notification.
- (B) Registered cab/ auto rickshaw owner themselves are liable to pay tax on supplies made through PG Instamart, but for supplies made by unregistered cab/rickshaw owners PG Instamart is liable to pay tax.
- (C) An unregistered person cannot supply services of transportation of passengers through electronic commerce operator.
- (D) Transport of passenger by metered cab or auto rickshaw supplied through ECO are not exempt from GST and tax on such services shall be paid by PG Instamart for both unregistered as well as registered cab/ rickshaw owners.

(2 Marks)

15. PG Instamart filed monthly return GSTR 8 for the month of June, 2025 on 19.09.2025, the total late fee to be levied under CGST and SGST shall be:

- (A) ₹ 14,200
- (B) ₹ 10,000
- (C) ₹ 5,000
- (D) ₹ 16,200

(2 Marks)

Answer Key

MCQ	Correct Option
1.	A
2.	C
3.	B
4.	A
5.	D
6.	C

7.	A
8.	B
9.	A
10.	C
11.	A
12.	A
13.	A
14.	D
15	B

Part II - Descriptive Questions

- (i) Question paper comprises of 6 questions. Answer Question No. 1 which is compulsory and any 4 questions out of the remaining 5 questions.
- (ii) Working notes should form part of the answer.
- (iii) All questions should be answered on the basis of position of (i) GST law as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars and other legislative amendments made, which have become effective up to 30.06.2025 and (ii) Customs law as amended by the Finance (No. 2) Act, 2024 including significant notifications and circulars and other legislative amendments made, which have become effective up to 30.06.2025.

Question 1

Manor Co. Ltd. is a company incorporated in India under the Companies Act, 2013 and is registered under GST in Visakhapatnam, Andhra Pradesh. They are engaged in manufacturing of taxable goods and provide various types of services related to advertisement sector, research and development services in pharmaceutical sector, software development, Data Hosting Service Provider (DHSP).

Following details have been provided for the transactions undertaken during the month of June 2025:

Sr. No.	Particulars	Amount (₹)
(i)	Supply of services by providing right to use the space on hoardings for advertisement at premium locations in Vijayawada, Andhra Pradesh to Laxmi Enterprise, a registered person in Coimbatore, Tamil Nadu.	12,50,000
(ii)	Supply of goods to Broadway Exports, a merchant exporter in Visakhapatnam, Andhra Pradesh	15,00,000
(iii)	Provided Research & Development services under a contract related to clinical trials to Elysium Pharmaceuticals, USA.	25,20,000
(iv)	Provided services as Data Hosting Service Provider (DHSP) to Malher International, Germany, a Cloud Computing Service Provider (CCSP)	18,65,000

(v)	Supply of services to Marshal & Co. located in New Zealand. Manor Co. Ltd. is sister concern of Marshal & Co.	10,90,000
(vi)	Export of services to Libra Software Co. of Australia. Due to urgent requirement of supply of software, Manor Co. Ltd. took help of Klare Software Co. of New Zealand, who is not related to Manor Co. Ltd., for a consideration paid of 25% of the total contract amount of 25,60,000.	25,60,000
	Inward supplies:	
(i)	Paid for hiring of Yacht in Australia for 25 days from Bizzee Corporation registered under GST in Delhi.	1,40,000
(ii)	Paid under works contract for construction of effluent plant in the manufacturing unit for treatment of wastewater to remove pollutants before reuse. It is an intra-state supply.	2,25,000

Additional information:

- (a) Ownership of hoardings mentioned in point (i) is of Manor Co. Ltd.
- (b) Merchant exporter and Manor Co. Ltd has availed the benefits available and also complied with all the conditions mentioned in Notification no. 40/2017 CT(R) dated 23.10.2017, with reference to point (ii) mentioned above.
- (c) Regarding point (iii) mentioned above clinical trials have been performed in Visakhapatnam only. Clinical trials have been conducted to develop drug for human consumption. It helps in collection of information related to drugs profile in human body such as absorption, distribution, metabolism, excretion and interaction. It allows choice of safe dosage.
- (d) In respect to point (iv), there is no contact between Manor Co. Ltd being DHSP and the end users/consumers/subscribers of the Malher International, Germany being foreign CCSP. Manor Co. Ltd provides data hosting services to the Malher International, Germany on a web platform through computing and networking equipment, for the purpose of collecting, storing, processing, distributing or allowing access to large amounts of data.
- (e) Marshal & Co. has been incorporated by or under the laws prevailing in New Zealand.
- (f) In respect to point (vi) Manor Co. Ltd raised invoice for whole contract value whereas payment to Klare Software Co. has been directly made by Libra

Software Co. RBI by general instruction or by specific approval has allowed that a part of the consideration for such exports can be retained or utilized outside India.

- (g) Effluent plant is fixed to earth by a foundation.*
- (h) All figures are exclusive of tax except otherwise provided for.*
- (i) All transactions related to export of services fulfils all conditions mentioned in section 2(6) and section 13(2) of IGST Act, 2017.*
- (j) GST rates are 9% each for CGST and SGST and 18% IGST for all inward and outward supplies, except otherwise provided for.*
- (k) All inward supplies have been used for taxable supplies only.*
- (l) LUT/Bond has been executed/filed for the export related supplies.*
- (m) All the conditions necessary for availing input tax credit have been complied with.*
- (n) Your answers should be explained with relevant provisions of GST Law and clarifications if any.*

Compute the net minimum GST payable in cash for the month of June 2025 by Manor Co. Ltd.
(14 Marks)

Answer

Computation of minimum net GST liability payable in cash for the month of June 2025

S. No.	Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
	GST payable under forward charge				
(i)	Supply of services by providing right to use the space on hoardings [It is an intra-State supply since place of supply is Andhra Pradesh being the	12,50,000	1,12,500 (12,50,000 x 9%)	1,12,500 (12,50,000 x 9%)	-

	location where the hoardings are located.]				
(ii)	Supply of goods to merchant exporter [Supplies to merchant exporters are taxed @ 0.05% CGST/SGST. Further, it is an intra-State supply since place of supply is Visakhapatnam being location of goods at the time at which movement terminates for delivery to recipient.]	15,00,000	750 (15,00,000 x 0.05%)	750 (15,00,000 x 0.05%)	-
(iii)	Research & Development services [Place of supply is USA, being the location of recipient. Further, it is zero-rated supply, since it qualifies as export of services ¹ . Further, LUT/Bond has been executed.]	25,20,000	-	-	Nil
(iv)	Provided services as DHSP [Place of supply is Germany, being location of recipient. Further, it is zero rated supply, since it qualifies as export of	18,65,000	-	-	Nil

¹ Since said services are being provided from taxable territory to non-taxable territory as per a contract and such services fulfill all other conditions of export of services except the condition that place of supply is outside India, the place of supply shall be the location of the recipient of services in terms of Notification No. 04/2019 IT dated 30.09.2019.

	services ² . Further, LUT/Bond has been executed]				
(v)	Supply of services to Marshal & Co. [Services provided to related establishment incorporated under the laws outside India qualify as 'export of services' ³ and thus, is a zero-rated supply. Further, LUT/Bond has been executed.]	10,90,000	-	-	Nil
(vi)	Export of services to Libra Software Co. of Australia. [Total contract value will be considered as export of services and thus, is a zero-rated supply ⁴ . Further, LUT/Bond has been executed.]	25,60,000	-	-	Nil
	Total output tax		1,13,250	1,13,250	
Less:	ITC available for set off [Refer working note below.] [FIRST IGST credit is being utilized for payment of CGST and SGST in equal proportion.]		(57,600)	(57,600)	
	Thereafter, CGST and SGST credit is being utilized for payment of		(20,250)	(20,250)	

² Circular No. 232/26/2024 GST dated 10.09.2024

³ Circular No. 161/17/2021 GST dated 20.09.2021

⁴ Circular No. 78/52/2018 GST dated 31.12.2018

	CGST and SGST liability respectively.				
	Net tax payable		35,400	35,400	Nil
	GST payable under reverse charge				
<i>Add:</i>	Services provided by Klare Software Co. [Tax on portion of imported services provided by supplier outside India to recipient outside India is payable under reverse charge by supplier in India. ⁵	6,40,000 (25% of 25,60,000)	-	-	1,15,200
	Minimum net GST payable in cash [Tax payable under reverse charge, being not an output tax, cannot be set off against ITC and will have to be paid in cash.]		35,400	35,400	1,15,200

Working note - Computation of eligible ITC available for set off

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Services provided by Klare Software Co. [ITC of IGST paid on said imported services is available. ⁶]	6,40,000	-	-	1,15,200
Hiring of Yacht	1,40,000	-	-	Nil

⁵ Circular No. 78/52/2018 GST dated 31.12.2018⁶ Circular No. 78/52/2018 GST dated 31.12.2018

[ITC on yacht being a vessel is blocked; thus, ITC on hiring of such vessels is also blocked.]				
Works contract [Since plant is affixed to earth by foundation, it is eligible plant and machinery and ITC on works contract services availed for construction of eligible plant and machinery is allowed.]	2,25,000	20,250	20,250	-
Total ITC available		20,250	20,250	1,15,200

Note - In terms of sections 49(5), 49A, 49B, rule 88A and Circular No. 98/17/2019 GST dated 23.04.2019 prescribing the sequence of utilisation of ITC, ITC of IGST can be set off against CGST and SGST liability in any order and in any proportion. Thus, there can be multiple ways to set off the ITC of IGST against CGST and SGST liability to keep net GST payable in cash to minimum. However, in all cases, total amount of net GST payable in cash will be ₹ 70,800 together under CGST and SGST and ₹ 1,15,200 under IGST.

Question 2

- (a) *Rinku Pvt. Ltd. is registered under GST in Faridabad (Haryana). It has a unit engaged in manufacturing of potato chips and also indulged in supply of service of hiring motor vehicles. It reports the following transactions during the month of June 2025:*
- On 05.06.2025, it purchased potatoes for ₹ 18,00,000 from farmers and also hired Tarun Services, registered under GST in Punjab, for grading, sorting, cleaning of potatoes so purchased at the factory of Tarun Services for invoice value of ₹ 2,00,000 in the same month.*
 - On 10.06.2025, it was allotted an industrial plot in Faridabad (Haryana) on 99-year lease by JBL Industrial Developers Pvt Ltd. on payment of One-time upfront premium ₹ 30,00,000 which was capitalized as intangible asset in the books and Annual lease rent ₹ 2,00,000.*
 - On 15.06.2025, it gave on hire a non-air conditioned bus, having capacity of more than 12 passengers to Health Department of Haryana Government for transporting its employees for total consideration of*

₹ 50,000. As per contract fuel cost is to be borne by the Health Department.

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

Applicable rates of GST are:

Particulars	CGST	SGST	IGST
Supply of services	9%	9%	18%
Supply of service of hire of non-air conditioned motor-vehicle (if cost of fuel is borne by operator)	2.5%	2.5%	5%
Supply of service of hire of non-air conditioned motor-vehicle (if cost of fuel is borne by recipient)	6%	6%	12%

You are required to calculate net tax payable by Rinku Pvt. Ltd. for the month of June 2025. Reason of the treatment of each transaction should form part of your answer. There is no opening balance of ITC in e-credit ledgers and no ITC is blocked u/s 17(5). **(5 Marks)**

- (b) Malhar Corporation, a partnership firm, registered under regular scheme of GST in Delhi. Following information has been provided regarding inward and outward transactions undertaken by Malhar Corporation in the month of June 2025:

Sr. No.	Particulars	Amount (₹)
(i)	Services of sponsorship provided to Kaniksha Co. Pvt. Ltd	12,50,000
(ii)	Received rent from Garima Industries, a registered person under composition scheme, against renting of office space in a commercial building.	3,50,000
(iii)	Services provided by Delhi Development Authority (DDA) to Malhar Corporation.	2,45,000
(iv)	Housekeeping and Civil Maintenance services provided to Municipal Corporation of Delhi (MCD)	2,25,000

	Headquarters. Out of the total value goods valued for ₹ 50,000 are included.	
(v)	Received online money gaming services from Nitro Co., an online money gaming provider established in Australia.	4,50,000

All figures are exclusive of GST, wherever applicable. All inward and outward supplies are to be treated as intra-State supplies in case required information is not provided.

Compute the value of taxable supplies on which Malhar Corporation has to pay GST under Reverse Charge Mechanism (RCM) for the month of June 2025.

(5 Marks)

- (c) Sun and Moon Ltd is planning to import a machinery by air from USA. The company is evaluating two different scenarios. You are required to compute assessable value for levy of customs duty under each of the scenarios given below:

Scenario-1: FOB US \$ 40000, freight, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation is not known, cost of Insurance to the place of importation is US \$ 200.

Scenario-2: FOB-Unascertainable, sum of FOB and cost of Insurance to the place of importation is US \$ 40,200, freight, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation are not known. Insurance charges are not known separately.

Further, you are also required to comment on the inclusion of the following charges in the assessable value:

Sl. No.	Particulars
(i)	Transshipment charges to another customs station in India, and the cost of insurance, transport, loading, unloading handling charges associated with such transshipment.

(ii)	Material and component supplied in USA by buyer free of cost
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(4 Marks)

Answer**(a) Computation of net tax payable by Rinku Pvt. Ltd. for the month of June, 2025**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Hiring out of non-AC bus to Health Department of Haryana [Hiring out of such motor vehicles are exempt only when hired to a State Transport Undertaking (STU). However, since Health Department is not a State Transport Undertaking, said services are taxable. Further, tax is payable under forward charge and not payable under reverse charge as supplier is a body corporate and cost of fuel is not included in consideration. ⁷]	50,000	3,000 [50,000 x 6% ⁸]	3,000 [50,000 x 6%]	-
Total output tax		3,000	3,000	-
Less: Input tax credit [Refer working note below.] IGST credit is being utilized against payment of CGST and SGST liability respectively.		(3,000)	(3,000)	-
Net GST payable		Nil	Nil	-

⁷ It is an intra-State since place of supply is Haryana being location of recipient and supplier is also in Haryana.

⁸ Applicable rate of GST is 6% CGST and SGST each on supply of service of hiring of non-airconditioned motor-vehicle if cost of fuel is borne by the recipient.

Working note - Computation of eligible ITC available for set off

Particulars	Amount (₹)	CGST (%)	SGST (%)	IGST (%)
Purchase of potatoes [No ITC is available since supply of potatoes is exempt.]	18,00,000	-	-	-
Services received from Tarun Services for sorting, grading and cleaning of potatoes at its factory [Taxable since said processes are exempt only when they are carried out at an agricultural farm and in the given case, services are not being carried out at an agricultural farm. ITC is available as these services are used in course or furtherance of business.]	2,00,000			36,000
Long term lease of plot ⁹¹⁰	32,00,000 (30,00,000 +2,00,000)	2,88,000	2,88,000	
Total ITC available ¹¹		2,88,000	2,88,000	36,000

⁹ It has been assumed that supplier is registered.

¹⁰ It is assumed that annual rent paid in the month of June itself for the whole year.

¹¹ Since the applicable rate of GST on outward supply of service of hiring of motor vehicles is 12%, ITC on inputs and input services used in providing said services is available.

(b) Value of taxable supplies on which GST is payable under reverse charge by Malhar Corporation

Particulars	Value (₹)
Tax on outward supplies of sponsorship is payable under reverse charge mechanism by body corporate recipient i.e., Kaniksha Co Pvt Ltd. Thus, supplier - Malhar Corporation will not pay tax under reverse charge.	Nil
Tax on rent received from composition dealer is not payable under reverse charge but under forward charge by Malhar Corporation	Nil
Services provided by DDA [Tax is not payable under reverse charge since services are not received from local authority as DDA is not a local authority.]	Nil
Tax on housekeeping and civil maintenance services is not payable under reverse charge but under forward charge by Malhar Corporation	Nil
Online money gaming [IGST is payable by supplier (Nitro Co.)]	Nil
Total taxable value of supply on which tax is to be paid by Malhar Corporation under reverse charge	Nil

(c) Computation of assessable value

Particulars	Amount (\$)
Scenario-1	
FOB	40,000
Add: Freight, loading, etc. [20% of FOB since such cost is not ascertainable.]	8,000
Add: Cost of insurance [Actual charges are includible.]	200
Assessable value/CIF	48,200

Scenario-2	
Sum of FOB and cost of insurance to the place of importation	40,200
Add: Freight, loading, etc. [20% of (FOB + Insurance) since such cost is not ascertainable.]	<u>8,040</u>
Assessable value/ CIF	48,240

Further, transshipment charges to another customs station in India, and the cost of insurance, transport, loading, unloading, handling charges associated with transshipment of imported goods to another customs station in India are not includible in the assessable value.

Materials and components supplied in USA by the buyer free of cost are includible in the assessable value.

Question 3

- (a) *The Resident Welfare Association (RWA) of SKS Housing Society in Delhi received various amounts during the month of June 2025. The society has three blocks containing 100 two-bedroom flats, 50 four bedroom flats and 50 premium apartments respectively. The following information is provided regarding the collection made by the society during the month of June 2025.*
- Maintenance charges of ` 5,000/- each have been collected from two-bedroom flats, ` 7,000/- each from four-bedroom flats and ` 9,000/- each from premium flats. The amount of maintenance charges includes collection from Mr. A, who owns 4 two bedrooms, 1 four-bedroom flat and 1 premium apartment.*
 - Electricity charges collected from families of two-bedroom flats apportioned to ` 1,000/- per flat from 100 flats for use of electricity for use of lifts and lights in common area, parks etc.*
 - A cultural programme was conducted and ` 2,000/- per member from four bedroom flats and premium apartments was also collected.*
 - Three members of the SKS Society paid ` 5,000/- each for use of space in the publications released by the society.*

Further RWA is of the view that the RWA is not liable to pay tax as the total amount collected is less than the amount of exemption available per flat based on total amount received/total number of flats.

From the above you are required to comment based on the above information with respect to the value of taxable services provided by the Resident Welfare Association (RWA) during the month of June 2025 giving explanation for treatment of each of the item and examine the view taken by RWA. (5 Marks)

- (b) *Section 7(2) of the IGST Act, 2017 states that import of goods means bringing goods into India from a place outside India. Whether goods mentioned here includes intangible goods also and how the IGST will be levied on import of such goods. You are required to examine the above situation with respect to levy of IGST on import and enumerate which intangible goods have been notified for such levy. (5 Marks)*
- (c) *M/s Star Imports Ltd. imported machinery from Germany. While the goods were lying in the customs warehouse awaiting clearance, a fire accident destroyed the entire consignment. The fire was accidental and not due to importer's negligence.*

M/s Star Imports Ltd. applied to the proper officer under section 23 of the Customs Act, 1962 for remission of duty. Is application of M/s Star Imports Ltd. tenable? Would your answer be changed if fire occurred after clearance for home consumption? Your answer should include necessary explanation. (4 Marks)

Answer

(a)

	Particulars	Amount (₹)
(i)	Maintenance charges [Maintenance charges received by an RWA up to an amount of ₹ 7,500, per month per member are exempt. In the given case, maintenance charges received by RWA are taxable since they exceed ₹ 7,500 per month per member. Above ceiling/threshold of ₹ 7,500 will apply separately to each residential apartment owned by a member. Thus, Mr. A will be eligible for	4,50,000 [50 × 9,000]

	separate ceiling/threshold limit of ₹ 7,500 for each of its residential apartments.]	
(ii)	Electricity charges collected [Not includible in value as collected as pure agent and also excludible while computing above ceiling/threshold of ₹ 7,500 ¹² .]	-
(iii)	Cultural programme [Taxable.]	2,00,000 [(2,000 x 50) + (2,000 x 50)]
(iv)	Use of space in society's publications [Taxable.]	15,000 [5,000 x 3]
	Total value of taxable services ¹³	6,65,000
	Thus, view taken by RWA is not correct since exemption limit is to be computed for each type of flats separately.	

- (b) The term 'goods' under GST law includes intangible goods also, for instance, actionable claims. IGST on goods (other than intangible goods) imported into India is levied and collected in accordance with the provisions of the Customs law, in terms of proviso to section 5(1).

However, customs duty is not applicable on intangible goods as they do not physically cross customs frontiers.

Resultantly, the Government is empowered to notify certain goods for whom proviso to section 5(1) may not be applicable for levy and collection of IGST and in whose case, IGST shall be levied and collected in the manner specified in section 5(1) only.

Supply of online money gaming is notified intangible goods for this purpose. This implies that import of specified actionable claim of online

¹² It has been assumed that the electricity charges are being collected by RWA as a pure agent. However, if it is assumed that the electricity charges are not being collected by RWA as a pure agent, same are includible in value as not collected as pure agent. However, since total maintenance charges for two-bedroom flats still do not exceed ₹ 7,500, per month per member, they are exempt.

¹³ It has been assumed that the RWA is registered under GST.

money gaming will be taxed under IGST as import of goods without applicability of customs duty.

Note – Read section 7(2) as section 2(10) in question 2(b).

- (c) Where imported goods have been destroyed, duty on such goods shall be remitted provided such destruction has occurred before clearance for home consumption. Therefore, in the given case, M/s Star Imports Ltd. is eligible for remission.

Thus, the application of M/s Star Imports Ltd. is tenable/correct. However, if fire occurred after clearance for home consumption, M/s Star Imports Ltd. would not be eligible for remission.

Question 4

- (a) *Suraj Pvt Ltd registered in Delhi filed a refund application under section 54 of the CGST Act, 2017 for the refund of unutilised ITC amounting to ₹ 20,00,000 on 1st May 2025. On scrutiny of documents, the proper officer found deficiency in documents submitted and issued a deficiency memo on 10th May 2025. The assessee re-filed fresh refund application on 15th May 2025. The proper officer rejected the refund claim on 10th July 2025.*

The assessee filed an appeal on 1st September 2025. The Appellate Authority allowed refund and the refund was released on 20th September 2025.

Suraj Pvt Ltd is of view that it is entitled to interest on refund whereas the proper officer's contention is that the refund was granted within specified time from date of application, so the assessee is not entitled to any interest. Is contention of the Suraj Pvt. Ltd. correct? If yes, compute the amount of interest payable to Suraj Pvt Ltd. Reasons should form part of answer.

(5 Marks)

- (b) *Atul Works Corp., unregistered person in the State of Haryana, is a job worker for Modern Products Limited, registered in Haryana. In the month of April, 2025, it raised bill of ₹ 60,000 as job work charges for the goods which were sold by Modern Products Limited for ₹ 4,00,000. Further, waste generated in job work process was sold by Modern Products Limited for ₹ 50,000.*

Details of inputs and capital goods stock with Atul Works Corp. on 30.04.2025 (out of goods received from Modern Products Limited) is as below:

A. Machine sent by machine manufacturer directly to Atul Works Corp. on behalf of Modern Products Limited on 18.04.2022 and the same was received by Atul Works Corp. on 02.05.2022	₹ 10,00,000
B. Dies and tools sent by Modern Products Limited on 07.04.2022 and received on the same day.	₹ 5,00,000
C. Inputs sent by Modern Products Limited on 27.04.2024 received by Atul Works Corp. on 03.05.2024	₹ 3,00,000

Based on the above information you are required to comment with detailed explanation/reasons on:

- (i) How Modern Products Limited can supply goods directly from the premises of Atul Works Corp.?
 - (ii) Determine value of supply to be declared by Modern Products Limited in its Form GSTR-1 for the month of April, 2025.
 - (iii) If Machine is required for further job works, then what is the maximum extension of time that can be allowed and who can allow it? **(5 Marks)**
- (c) Ms. Kulvir, aged 27 years, a person of Indian origin came to India with her baby of one year age after visiting Germany for three months. Some of the articles amounting to ₹ 1,00,000, she brought were prohibited for import into India and made request to the proper officer for detention of the same for the purpose of being returned to her on his leaving India. In addition, the following articles were brought:

Sl. No.	Particulars	Amount (₹)
1.	Jewellery -20 gms	1,50,000
2.	Used personal effect of infant	10,000
3.	Laptop	1,50,100
4.	Personal effect	15,000

Determine taxable value of baggage along with necessary explanation with reference to Baggage Rules, 2016 read with Custom Act, 1962. **(4 Marks)**

Answer

- (a) If an applicant's refund claim is initially denied by the Adjudicating Authority and the Appellate Authority upholds the claim on appeal made to it, the applicant needs to file a second refund application consequent to said order.

If refund is not issued within 60 days of filing the second application, interest @ 9% p.a. is payable from the date immediately after the expiry of 60 days (i.e. from 61st day) from the date of receipt of said application till the date of refund.

Thus, in the given case, no interest is payable since refund has been paid before expiry of said 60 days. Additionally, interest @ 6% p.a. is payable for the period commencing from the date immediately after expiry of 60 days from his first application (i.e. 15th May 2025 being fresh application filed after deficiency memo) till the expiry of 60 days after filing of his second application pursuant to the appellate orders or date of actual refund, whichever is earlier.

Therefore, interest payable is as follows:

Period of delay from 15.07.2025 to 20.09.2025 (both inclusive) is 68 days:

$$\text{Interest} = ₹ 20,00,000 \times 6\% \times 68/365$$

$$= ₹ 22,356.16 \text{ or } 22,356 \text{ (rounded off).}$$

The contention of Suraj Pvt Ltd. is correct and the contention of the proper officer is not correct.

- (b) Modern Products Limited can supply goods directly from the premises of Atul Works Corp. (job worker) after declaring premises of the job-worker as his additional place of business in his GST registration.

Computation of value of supply to be declared in Form GSTR-1 of Modern Products Limited

Particulars	Amount (₹)
Goods sold after job work	4,00,000
Sale of waste generated from job work	50,000
Machine directly sent by manufacturer to job worker	-

[Not a supply since the 3 years' time limit from the date of receipt of machine by the job worker has not yet lapsed.]	
Dies and tools [Not a supply since the provision of return of goods is not applicable in case of moulds and dies, jigs and fixtures or tools supplied by the principal to job worker.]	-
Inputs [Deemed as supply since inputs have not been received back within 1 year from the date of sending out to the job worker.]	3,00,000
Total value of supply	7,50,000

Maximum extension of time allowed is 2 years by the Commissioner.

(c) Computation of taxable value of baggage

Particulars	Amount (₹)
Jewellery 20 gms [Jewellery allowance is allowed only for passenger residing abroad for more than one year.]	1,50,000
Used personal effects of infant [Allowed duty free.]	-
Laptop [Exempt from customs duty. If One laptop computer when imported into India by a passenger of the age of 18 years or above]	-
Personal effects [Allowed duty free.]	-
Total	1,50,000
Less: General Free Allowance	<u>(50,000)</u>
Taxable value of baggage	1,00,000

Note – No customs duty is payable on detained goods.¹⁴

Question 5

- (a) *Mr. Dinesh, an unregistered person is selling its products through Buykart, a registered e-commerce operator. On the basis of inspection by the GST authorities at the premises of Mr. Dinesh, proper officer of GST determined that he has made intra-state sale of goods valued ` 12,00,000 and inter-State sale of goods valued ` 3,00,000 through Buykart. Proper officer under CGST Act, 2017 issued summon to Mr. Ravi who is CFO of Buykart to appear before him and to tender/record the statement, but Mr. Ravi failed to appear before the proper officer on scheduled date. GST rate applicable to such goods is CGST 9%, SGST 9% and IGST 18%. Determine total amount of penalty, if any, which may be levied on Buykart, Mr. Dinesh and Mr. Ravi as per the provisions of the CGST Act, 2017.*

Also enumerate that while imposing penalties, for which of the above applicable penalties, proper officer should adhere to general disciplines given under section 126 of the CGST Act, 2017?

(5 Marks)

- (b) *M/s Truthful Limited was issued show cause notice under section 74 of the CGST Act, 2017 by the Adjudicating Authority for the issue involving time and place of supply. In the order dated 30.08.2024 issued to M/s Truthful Limited, the Joint Commissioner of CGST has confirmed IGST tax demand of ` 410 crore along with penalty of ` 410 crore and interest of ` 120 crore. The Company is disputing the entire demand.*

The company wants to know along with the necessary explanation:

- (i) *The amount of pre deposit it must make under the IGST Act for filing appeal before the Appellate Authority.*
- (ii) *Assuming that Appellate Authority also confirms the adjudication order of Joint Commissioner, the amount of pre deposit the company is required to make before the Appellate Tribunal.*
- (iii) *Conditions where the Appellate Tribunal can refuse to entertain the appeal.*

¹⁴ *It has been presumed that declaration has been filed by Ms. Kulvir in respect of detained goods.*

- (iv) *If M/s Truthful limited is unsuccessful in appeal before the Appellate Tribunal, where the appeal would lie against the order of Appellate Tribunal.* **(5 Marks)**
- (c) *What is the procedure of disposal of goods imported from place outside India mentioned under section 48 of the Customs Act 1962 which are not cleared either of home consumption or for warehousing within 30 days from date of unloading?* **(4 Marks)**

Answer**(a) (i) Penalty leviable on Mr. Dinesh**

Mr. Dinesh is liable to a penalty,

for intra-State supply:

Higher of:

(a) ₹ 10,000

or

(b) Amount equivalent to the tax evaded

Thus, amount of penalty in the given case is [9% of ₹12,00,000]

= ₹ 1,08,000 each under CGST and SGST

for inter-State supply:

Higher of:

₹ 20,000

or

Amount equivalent to the tax evaded

Thus, amount of penalty in the given case is [18% of ₹3,00,000]

= ₹ 54,000 IGST

Total penalty leviable on Mr. Dinesh is ₹ 2,70,000 (1,08,000 + 1,08,000 + 54,000)

(ii) Penalty leviable on Buykart

Since Buykart allows an unregistered person (other than those exempted by notification) to make supply through it¹⁵, he is liable to a penalty,

for intra State supply:

Higher of:

(a) ₹ 10,000

or

(b) Amount equivalent to the tax evaded

Thus, amount of penalty in the given case is [9% of ₹12,00,000]

= Rs 1,08,000 each under CGST and SGST

for inter State supply:

Higher of:

(a) ₹ 20,000

or

(b) Amount equivalent to the tax evaded

Thus, amount of penalty in the given case is [18% of ₹3,00,000] = Rs 54,000
IGST

¹⁵ It is assumed that Mr. Dinesh has not availed exemption under Notification No. 34/2023 CT dated 31.07.2023. Thus, he is not eligible to make supplies through e-commerce operator since he is unregistered. In that case, Buykart will be liable to penalty under clause (i) of section 122(1B) of the CGST Act, 2017 as given above. However, if it is assumed that Mr. Dinesh has availed exemption under Notification No. 34/2023 CT dated 31.07.2023, he has an enrolment number through which he is allowed to make intra-State supply (but not inter-State supply) of goods through e-commerce operator even though he is unregistered. Thus, in that case, Buykart will be liable to penalty under clause (ii) of section 122(1B) of the CGST Act, 2017 allows a person not otherwise eligible to make inter-State supply to make said supply through it. In both cases, amount of penalty will remain same.

Total penalty leviable on Buykart is ` 2,70,000 (1,08,000 + 1,08,000 + 54,000)

(iii) Penalty leviable on Mr. Ravi

Since Mr. Ravi (CFO of Buykart) failed to appear before the proper officer, penalty up to ` 25,000 each under CGST and SGST or up to ` 50,000 under IGST is leviable.

General disciplines related to penalty as given in section 126 are to be adhered to while imposing penalty on Mr. Ravi.

(b) (i) Amount of pre deposit before Appellate Authority:

= 10% of disputed tax or ` 40 crores whichever is less
` 41 crore ( $\text{` 410 crores} \times 10\%$) subject to a maximum of ` 40 crore
= ` 40 crores

(ii) Amount of pre deposit before Appellate Tribunal:

= 10% of disputed tax or ` 40 crores whichever is less
` 41 crore ( $\text{` 410 crores} \times 10\%$) subject to a maximum of ` 40 crore
= ` 40 crores

(iii) The Appellate Tribunal can refuse to entertain the appeal where the tax or ITC involved or the difference in tax or the difference in ITC involved or the amount of fine, fees or penalty determined by such order, does not exceed ` 50,000.

(iv) Since one of the issues involved is place of supply, appeal against orders passed by Tribunal would lie to the Supreme Court.

(c) If there are any goods imported from a place outside India, which are not cleared either for home consumption or for warehouse within 30 days, the custodian of the goods is permitted to sell the goods by auction with the approval of the customs department and after giving notice to the importer.

CBIC has clarified vide *Circular No. 49/2018-Cus dated 03.12.2018* that after the successful bidder has been informed about the result of the auction, a

consolidated bill of entry, buyer-wise will be filed with the Customs in the prescribed format by the concerned custodian for clearance of the goods

The proper officer of Customs shall assess the goods to duty in accordance with the extant law within 15 days of filing of Bill of Entry and after assessment inform the amount of duty payable to the concerned custodian.

The auctioned goods shall be handed over to the successful bidder after assessment and out-of-charge orders given by the proper officer, on payment of dues.

Animals, perishable goods and hazardous goods may, with the permission of the proper officer, be sold at any time or even before the expiry of the 30 days limit. Arms and ammunition may be sold at such time and place and in such manner as the Central Government may direct.

Question 6

- (a) *M/s Apoorva Limited, a domestic company intends to start a new business in Mumbai, involving supply of goods which are mostly meant for foreign buyers located in Sri Lanka. There are some difficulties being faced by M/s Apoorva Limited in determination of classification and place of supply of goods.*

M/s Apoorva Limited wants to seek advance ruling from the authority for Advance Ruling in respect of both the above issues. However, M/s Apoorva Limited has the following apprehensions:

- (i) That it cannot seek advance ruling with respect to determination of place of supply of Goods in the proposed transactions.*
- (ii) The advance ruling cannot be sought unless it is registered under CGST Act, 2017.*
- (iii) If the advance ruling is sought, it has to seek ruling every financial year.*
- (iv) Whether the ruling given by AAR of one state/UT shall be applicable in other States/UTs.*
- (v) Whether appeal lies to AAAR against the orders of AAR and whether the orders by AAAR is final and cannot be further appealed against.*

As a GST consultant you are required to advise M/s Apoorva Limited with reasons for your advice.

(6 Marks)

- (b) *'Documents include written or printed record of any sort and electronic record as defined in the Information Technology Act, 2000'. As per the CGST Act, 2017 which documents qualify as 'Deemed Documents' and what are the provisions for their admissibility in any proceedings under the said Act?*

(4 Marks)

OR

As per section 130 of the CGST Act, 2017 goods become liable to confiscation when any person supplies or receives any goods in contravention of any of the provisions of this Act with intent to evade payment of tax. Briefly discuss the manner of release of such confiscated goods under the CGST Act, 2017.

(4 Marks)

- (c) *Quality Control Orders (QCOs) are regulatory mandates issued by Indian government to ensure that products meet specific quality standards. However, imports of inputs under Advance Authorisations are allowed without compliance to the mandatory Quality Control Orders (QCOs) subject to certain conditions, you are required to enumerate those conditions.*

(4 Marks)

Answer

- (a) (i) Yes, M/s Apoorva Limited is correct M/s Apoorva Limited cannot seek advance ruling with respect to determination of place of supply.
- (ii) No, M/s Apoorva Limited is not correct M/s Apoorva Limited can seek advance ruling since a person desirous of obtaining GST registration is also eligible to seek advance ruling¹⁶.
- (iii) No, M/s Apoorva Limited is not correct. There is no need to take advance ruling for every financial year. Advance Ruling once sought will be binding till the time the law, facts and circumstances supporting the original advance ruling remain same.

¹⁶ It is important to note here that M/s Apoorva Limited, though not registered, is eligible to seek advance ruling. However, it can seek advance ruling on an issue other than place of supply.

- (iv) No, the ruling given by the AAR of one State/UT will not be applicable in any other States/UT.
- (v) Yes, M/s Apoorva Limited is correct since appeal lies to AAAR against the orders of AAR and no further appeal lies beyond the appeal against order of AAAR as same is final.

(b) Following shall be deemed as 'documents':

- Micro film of a document
- Reproduction of the image(s) embodied in such micro film.
- Facsimile copy of a document
- Computer-generated printed statement
- Information stored electronically
- Information in hard copies

Above documents shall be admissible in any proceedings under GST law, without further proof or production of the original, as evidence of any contents of the original or of any fact stated therein of which direct evidence would be admissible.

(b) Alternative Answer

Whenever any goods become liable to confiscation, the officer shall give to the owner of the goods an option to pay in lieu of confiscation, such fine as he thinks fit.

Maximum amount of fine = Market value of the goods confiscated *less* Tax chargeable thereon

Aggregate of such fine and penalty leviable shall not be less than the penalty equal to 100% of tax on such goods.

- (c) Imports of inputs under Advance Authorisation without mandatory QCO compliance are allowed only with pre-import condition.

Imports of inputs under Advance Authorisation must be used exclusively for manufacturing export goods under the same authorisation.

Exemption from QCOs must be specifically endorsed.

Unutilised inputs or products made from such inputs cannot be transferred to DTA.

Unutilised inputs or products made from such inputs must be destroyed or re-exported, with payment of effective duty along with interest to customs authorities and specified composition fee to DGFT.

Exemption from QCOs applies to physical exports only.

Import of inputs without compliance to the mandatory QCOs under DFIA scheme is not allowed.