PAPER – 5: INDIRECT TAX LAWS

PART – I - Multiple Choice Questions

Integrated Case Scenario - I

Pawan is engaged in providing various supplies. He is registered under GST at Kochi, in the State of Kerala.

He also acts as a Del-Credere Agent (DCA) of M/s Casual Comforts Ltd., a reputed garments company of Bengaluru, Karnataka. As a DCA, he issues invoice in his own name and guarantees for the realization of payments from the customers.

Details of various transactions for the month of October 2025 are reported as below:

(i) Intra-State outward supply in his DCA capacity: ₹ 21,00,000.

(ii) For the above supply at point (i), interest earned from the customers for the short term credit facility provided to them for timely payment of dues: ₹ 1,25,000.

(iii) Services provided in the capacity of independent director to 'ABC Repo Clearing Exchange Limited' in Kochi: ₹ 3,00,000.

(iv) Inter-State supply of goods received from M/s Casual Comforts Ltd. Being a DCA, no consideration was paid. Value of supply ascertained under section 15 of the CGST Act, 2017 is ₹ 4,00,000.

(v) Received free training (inter-State) from M/s Casual Comforts Ltd. for e-invoicing under GST as per DCA agreement. M/s Casual Comforts Ltd. charges ₹ 15,000 when it provides such training to others.

(vi) He had reversed an eligible IGST input tax credit (ITC) of ₹ 20,000 in the month of October 2024 in respect of an invoice received in March 2024 (ITC on which was claimed in March 2024 itself), for the reason being the supplier did not file his GSTR 3B in respect of said invoice till September 2024. He came to know that the supplier filed his said GSTR 3B return in September 2025. He wants to claim the ITC again which was reversed earlier.

Further in respect of a demand order received for the financial year (FY) 2020-21, appeal was preferred earlier and the said appeal was finally disposed on 31.10.2025. Annual return (GSTR-9) for the said FY was filed on 31.03.2022 against the due date of 28.02.2022.

Pawan arranged for a marketing training for his executives located in Delhi through "Magic Market Consultants", based and registered in Mumbai. This training was held at Manali, Himachal Pradesh for a week in the month of September 2025.

Pawan also proposes to undertake from the next month following pure labour contracts with his expertise in construction industry:

(a) Pure labour contracts of construction of original work pertaining to a single residential unit otherwise than as a part of a commercial complex: ₹ 5,00,000.

(b) Pure labour contracts of construction of original work pertaining to a single commercial unit otherwise than as a part of a residential complex: ₹ 7,00,000.

(c) Pure labour contracts of construction of renovation work pertaining to the beneficiary led individual house construction PMAY government scheme: ₹ 9,00,000.

Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST unless otherwise provided.

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

Subject to the information given above, conditions for availing the input tax credit are complied with.

From the information provided above, choose the most appropriate answer for the following questions number 1 to 6:

1. *Value of taxable outward supply of Pawan for the month of October 2025 on which he is liable to pay GST is ₹ ___________.*

   (A) 21,00,000

   (B) 22,25,000

   (C) 24,00,000

   (D) 25,25,000 **(2 Marks)**

2. *Amount of eligible gross ITC in respect of transactions made with M/s Casual Comforts Ltd. for the month of October 2025 is ₹___________.*

   (A) Nil

   (B) 2,700

   (C) 72,000

   (D) 74,700 **(2 Marks)**

3. *In respect of ITC reversed earlier, the most appropriate statement is:*

   (A) He cannot re-claim ITC beyond November 2024

   (B) He can re-claim ITC from September 2025

   (C) He should have reversed ITC latest by September 2024

   (D) He need not reverse as reflection of ITC in GSTR 2A/2B is sufficient to claim the same **(2 Marks)**

4. *Pawan seeks your advice regarding the date upto which books of account and other records for the financial year 2020-21 need to be retained. Your advice to Pawan will be:*

   (A) 31.10.2031

   (B) 31.03.2028

   (C) 28.02.2027

   (D) 28.02.2028 **(2 Marks)**

5. *In respect of training arranged by Pawan for his executives, place of supply will be*

   (A) Delhi

   (B) Mumbai

   (C) Manali

   (D) Kochi **(2 Marks)**

6. *In respect of proposed pure labour services, exempt supply will be ₹_____.*

   (A) 5,00,000

   (B) 7,00,000

(C) 9,00,000

(D) 14,00,000 ***(2 Marks)***

Integrated Case Scenario - II

M/s Suja & Co (located at Jodhpur), a partnership firm was registered under GST under composition scheme in the State of Rajasthan. Intra-State outward taxable supply of the firm for the month of April 2025 was ₹ 10 lakh, out of which ₹ 3 lakh was supply of services. In the preceding financial year, the firm was doing trading of taxable goods only. Turnover of the concern for the previous financial year was ₹ 100 lakh.

During the month of May 2025, the firm proposed the following:

(i) To make intra-State supply its goods through the online e-commerce platforms for better reach.

(ii) To supply the goods to nearby States.

(iii) To deal in new line of products such as building bricks and roof tiles for which there was good demand.

It awaited the approval of its GST consultant to start these proposed activities.

The firm availed the following services in the month of July 2025 on 20.07.2025 and made payment on the same day.

(a) Took on rent a commercial premise for business purposes for a rent of ₹ 50,000. Owner of the property was a pensioner and was not registered under GST.

(b) Availed security services for its godown and paid 30,000 as per bill was raised by the service provider who was not registered under GST.

Aggregate turnover of the firm crossed the limit of ₹ 150 lakh on the first order for the day of 25.08.2025 from which date the firm opted to pay tax under regular scheme of monthly payment of tax.

On the date liable to pay tax under regular scheme, the firm furnishes the following information of input tax credit to be claimed under section 18 of the CGST Act, 2017 read with rule 40 of the CGST Rules, 2017:

GST paid on input	***As on the end of 24.08.2025***	***As on the end of the 25.08.2025***
Held in stock	*30,000*	*1,00,000*
Contained in semi-finished goods stock	*50,000*	*2,00,000*
Contained in finished goods stock	*60,000*	*3,00,000*

During the month of October 2025, the firm made a contract of supply of goods to Kamala Limited registered in Kanpur (Uttar Pradesh). Consignment was sent to Dubai (outside India) as per instruction of Kamala Limited and this consignment was sent through Green Dot couriers, registered at Jaipur. Goods were handed over for shipment at Jaipur.

One of the partners of the firm retired on 30.09.2025. GST consultant was advised to report the same to the GST authority by filing necessary amendment within 10 days. But the firm missed by oversight and filed the amendment by 28.10.2025.

Assume all the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Conditions for claiming ITC are duly complied subject to the information given above.

Also assume normal (regular) rate of GST as 9% each under CGST and SGST and 18% under IGST for all the inward and outward supplies involved.

From the information provided above, choose the most appropriate answer for the following question numbers 7 to 12:

7. *Tax liability of Suja & Co related to the month of April 2025 is ₹________.*

   (A) 5,000 each under CGST and SGST

   (B) 12,500 each under CGST and SGST

   (C) 10,000 each under CGST and SGST

   (D) 30,500 each under CGST and SGST ***(2 Marks)***

8. *In respect of proposed activities for the month of May 2025, which of the following activities are not permitted for Suja & Co.?*

   (A) Only (i)

(B) (i) and (ii)

(C) (ii) and (iii)

(D) (i), (ii) and (iii) **(2 Marks)**

9. *The firm will be liable to pay tax of ₹ _______ each under CGST and SGST under reverse charge mechanism for the month of July 2025:*

(A) Nil

(B) 2,700

(C) 4,500

(D) 7,200 **(2 Marks)**

10. *Amount of ITC eligible to be claimed by the firm on switching from composition to regular scheme is:*

(A) ₹ 30,000

(B) ₹ 90,000

(C) ₹ 1,40,000

(D) ₹ 6,00,000 **(2 Marks)**

11. *In respect of transaction between the firm and Green Dot couriers, the place of supply will be _______.*

(A) Dubai

(B) Jodhpur

(C) Kanpur

(D) Jaipur **(2 Marks)**

12. *In respect of retired partner, he will be liable for tax, interest and penalty of the firm due up to the date of:*

(A) 30.09.2025

(B) 10.10.2025

(C) 30.10.2025

(D) 28.10.2025 **(2 Marks)**

13. *On 15th October 2025, Jai Laxmi Exim Limited was served with a demand order by the Revisional Authority (RA) of GST for demand of tax (IGST) ₹ 1400 crore, interest of ₹ 100 crore and penalty of ₹ 120 crore. Company admitted tax of ₹ 200 crore, interest of ₹ 20 crore and penalty of ₹ 10 crore.*

    No appeal filed with regard to this matter earlier against Appealed Authority (AA) and company wants to file appeal directly to GST Appellate Tribunal.

    Total amount (as tax+ interest and penalty, if any) to be deposited by the appellant before filing appeal to GST Appellate Tribunal is ₹:

    (A) Nil

    (B) 270 crore

    (C) 369 crore

    (D) 350 crore ***(2 Marks)***

14. *Mrs. Sinha, an Indian resident, returns to India from New Zealand, after staying there for 13 months with her daughter Miss Niva, aged one and half year old. They brought with them following items:*

Particulars	***Mrs. Sinha Amount (₹)***	***Miss Niva Amount (₹)***
Used Personal effects	*₹ 50,000*	*₹ 25,000*
Jewellery	*31 grams of ₹ 98,000*	*20 grams of ₹ 50,000*
One Laptop each	*Amounting to ₹ 35,000*	*Amounting to ₹ 35,000*
Other Articles (Not covered in annexure I)	*₹ 40,000*	*₹ 25,000*

Compute the net value of baggage liable to concessional customs duty according to the provisions of the Baggage Rules, 2016.

(A) Mrs. Sinha ₹ Nil, Miss Niva ₹ 60,000

(B) Mrs. Sinha ₹ Nil, Miss Niva ₹ 1,00,000

(C) Mrs. Sinha ₹ 88,000, Miss Niva ₹ 1,10,000

(D) Mrs. Sinha ₹ Nil, Miss Niva ₹ 1,10,000 ***(2 Marks)***

15. *U & Vee Ltd having registered office in Mumbai imported a new industrial chemical from Germany on 25th September 2025. The proper officer of customs could not determine the correct customs duty without a lab report, so the goods were assessed provisionally on 1st October 2025. The proper officer informed the company in writing on 10th October 2025 for furnishing of the said lab report.*

    What is the maximum extended deadline (including all possible extensions by any authority) date for submitting the required report (information) under the regulation 4 of the Customs (Finalization of Provisional Assessment) Regulations, 2025 by U & Vee Ltd?

    (A) 10th December 2025

    (B) 10th February 2026

    (C) 1st December 2026

    (D) 10th December 2026 ***(2 Marks)***

Answer Key

MCQ No.	Correct Option
1.	(B)
2.	(C)
3.	(B)
4.	(D)
5.	D
6.	(C) OR (D)
7.	(A)
8.	(C)
9.	(A)
10.	(C)
11.	(B)
12.	(A)
13.	(B)
14.	(D)
15.	(C)

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 the position of (i) GST law as amended by the Finance Act, 2025 including significant notifications and circulars and other legislative amendments made, which have become effective upto 31.10.2025 and (ii) Customs law as amended by the Finance Act, 2025 and significant notifications and circulars and other legislative amendments made, which have become effective upto 31.10.2025.

Question 1

Zaveri Automobiles Pvt Ltd (referred as ZAPL) is a registered person in Rajkot (Gujarat). It has authorized dealership of VTZ Motors Ltd. registered in Gwalior (Madhya Pradesh), an original equipment manufacturer. ZAPL is dealing in cars under all segments of Sedan, SUV, Hatchback etc. Different variants like petrol, diesel and electric are available for all segments and it is also dealing in buying and selling in second-hand cars and financing cars too.

ZAPL provides following details regarding outward and inward activities during the month of October 2025:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Amount (in ₹)</th></tr>
<tr><td colspan="2">Outward transactions:</td><td></td></tr>
<tr><td>(i)</td><td>Sale proceeds received from sale of cars with option of one year of extended warranty during the month of October 2025:
<table>
<tr><th>Type of car</th><th>Quantity</th><th>Rate per car (in ₹)</th></tr>
<tr><td>Petrol cars Hatchback upto 1200 cc (Inter-State)</td><td>10</td><td>6,50,000</td></tr>
<tr><td>Electric cars (Intra-State)</td><td>8</td><td>8,50,000</td></tr>
<tr><td>Diesel SUV cars above 1500 cc (Intra-State)</td><td>5</td><td>11,00,000</td></tr>
</table></td><td>As given inside the table.</td></tr>
</table>

	Extended warranty is taken only by purchasers of electric car amounting to ₹ 50,000 per car at the time of purchase. (This ₹ 50,000 is not included in above car rates.)	
(ii)	*Received ₹ 12,00,000 from Maharshi Automobiles registered in Udaipur (Rajasthan) for sale of used demo cars being diesel car below 1500 cc, these cars are originally purchased as used cars from registered person on 01/04/2025 and ZAPL used these cars only for display in the showroom and for test drive for prospective customers, other details are as below:* *Originally purchased for: ₹ 11,70,000* *Minor refurbishment expenses made in relation to this by ZAPL ₹ 50,000 to registered suppliers during the month of October 2025.*	*As given inside the table.*
(iii)	*ZAPL issued taxable debit note to VTZ Motors Ltd. for repair services in addition to replacement of parts to customers without any consideration as part of the warranty on behalf of the VTZ Motors Ltd.*	*2,20,000*
(iv)	*Sale of electric car on 15.10.2025, which was repossessed from defaulter of loan Mr. Shikhar, an unregistered person, who purchased the car on 01.01.2024 for ₹ 7,00,000.*	*5,00,000*
(v)	*ZAPL replaced the goods and parts on 15th October 2025 to the customer without any consideration under warranty on behalf of the VTZ Motors Ltd., out of the supply already received from VTZ Motors Ltd. during the month of August 2025.* *VTZ Motors Ltd. issued taxable credit note on 25th October, 2025 of ₹ 2,50,000 in respect of goods and parts so replaced.*	-
Inward transactions:		
(i)	*Cars being petrol variant above 1200 cc purchased from VTZ Motors Ltd. for ₹ 10,00,000 each.* *Out of these cars, 2 cars were used exclusively for transportation of staff and remaining cars were used exclusively for trial run and to demonstrate features of vehicle to prospective buyers.*	*50,00,000*

(ii)	*VTZ Motors Ltd. supplied 5 electric cars on ex-works contract basis to ZAPL, billed and handed over on behalf of ZAPL to transporter at VTZ Motor's factory gate on 29th October 2025. The cars reached the location of ZAPL on 2nd November 2025.*	*60,00,000*

Additional information:

(a) Personal guarantee provided without consideration by Mr. Mahesh Kumar, director of ZAPL, to the ASR Bank Ltd for sanctioning of cash credit facility of ₹ 12 crore to ZAPL.

(b) During the month, ZAPL gave shares of its holding company Graymord Co. Inc, located in New Zealand, to employees as Restricted Stock Units (RSU) on meeting performance standards as per the terms of the employment. Cost of these shares is ₹ 45,00,000 which ZAPL paid to holding company against the issue of shares. Holding company also charged commission of ₹ 12,00,000 on this transaction.

(c) Extended warranty amounting to ₹ 3,00,000 has been taken by the few customers in the month of October 2025 for petrol cars of 1400 cc which were purchased by them in the previous month.

(d) In respect of above points at Sr. No (ii) and (iv) of outward transactions, no ITC has been claimed on cars purchased and also no depreciation has been claimed.

(e) All conditions necessary for availing Input Tax Credit (ITC) has been complied with except mentioned otherwise.

(f) All the figures given are exclusive of GST.

(g) Place of supply to be taken as intra-State supply, wherever a detail for determination of same is not provided with.

(h) Assume the applicable GST rates (for new as well as for old items) as follows and ignore the effect of any notification/clarification of reduction or restriction of GST rates:

Cars	***Engine capacity***	***GST rates***
Petrol	*Upto 1200 cc*	*9% CGST, 9% SGST and 18% IGST*
Diesel	*Upto 1500 cc*	

Petrol	*Above 1200 cc*	*20% CGST, 20% SGST and 40% IGST*
Diesel	*Above 1500 cc*	
Electric cars	-	*2.5% CGST, 2.5% SGST and 5% IGST*
Extended warranty service	-	*9% CGST, 9% SGST and 18% IGST*

(i) Assume that all other inward and outward supplies are taxable at 9% CGST, 9% SGST and 18% IGST.

(j) All motor vehicles mentioned here are for transportation of persons having approved seating capacity of not more than 13 persons (including the driver).

(k) There is no opening balance of any ITC but ZAPL wants to pay minimum amount of CGST as far as possible as per norms.

Compute the net minimum GST liability to be paid in cash by ZAPL for the month of October 2025.

Note: *Computation of tax to be calculated separately for each transaction and treatment to each transaction should be accompanied by the relevant legal provisions of the GST law, except for the provision of the place of supply.*

(14 Marks)

Answer

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

S. No.	Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
	GST payable under forward charge				
(i)	Supply of Petrol cars (upto 1200cc)	65,00,000	-	-	11,70,000 [65,00,000 x 18%]
	Supply of electric cars [Since extended warranty was taken	72,00,000 [68,00,000 + 4,00,000]	1,80,000 [72,00,000 x 2.5%]	1,80,000 [72,00,000 x 2.5%]	-

	at the time of purchase of electric car, it is a composite supply with supply of electric car being principal supply; thus, rate of electric car (2.5% CGST/SGST) will be applicable.]				
	Supply of Diesel SUV cars (above 1500cc)	55,00,000	11,00,000 [55,00,000 x 20%]	11,00,000 [55,00,000 x 20%]	-
(ii)	Sale of used demo car [Tax is payable on the margin[1]. Margin[2] = Sale Price - Purchase Price [12,00,000 -11,70,000 = 30,000]. Further, it is an inter-State supply.]	30,000	-	-	5,400 [30,000 x 18%]
(iii)	Debit note for repair services provided to VTZ Motors Ltd. [Taxable, being repair services provided to VTZ Motors Ltd. It is an inter-State supply.]	2,20,000	-	-	39,600 [2,20,000 x 18%]

[1] Since ITC has not been availed and depreciation has not been claimed under the Income-Tax Act,1961.

[2]Refurbishment expenses shall not be considered while determining the margin.

(iv)	Sale of repossessed electric car [Value of supply = Sale price - (Purchase price reduced by 5% per quarter or part thereof) i.e. 5,00,000 – 4,20,000 (7,00,000 × 5% × 8 quarters)[3].]	80,000	2,000 [80,000 x 2.5%]	2,000 [80,000 x 2.5%]	-
(v)	Extended warranty on petrol cars [Since extended warranty was taken after purchase of car/was not taken at the time of purchase of car, it is a separate supply of services, taxable at the applicable rate for extended warranty[4].]	3,00,000	27,000 [3,00,000 x 9%]	27,000 [3,00,000 x 9%]	-
	Total output tax		**13,09,000**	**13,09,000**	**12,15,000**
Less:	ITC available for set off [Refer working note below.]				
	IGST credit is being first utilized for payment of IGST liability and then for		(4,56,000)	-	(12,15,000)

[3]*Place of supply has been taken as Intra-State supply, since details for determination of place of supply are not provided with.*
[4]*Place of supply has been taken as Intra-State supply, since details for determination of place of supply are not provided with.*

	payment of CGST liability.				
	CGST and SGST credit is being utilized for payment of CGST and SGST liability respectively.		(4,500)	(4,500)	-
	Net tax payable		**8,48,500**	**13,04,500**	**Nil**
	GST payable under reverse charge				
Add:	Commission charged by Graymord Co. [Tax on import of services is payable under reverse charge. Since it is not an output tax, it has to be paid in cash and not by utilizing ITC.]		-	-	2,16,000 [12,00,000 x 18%]
	Minimum net GST payable in cash		**8,48,500**	**13,04,500**	**2,16,000**

Working note - Computation of eligible ITC available for set off

Particulars	**Amount (₹)**	**CGST (₹)**	**SGST (₹)**	**IGST (₹)**
Purchase of Petrol Cars above 1200cc [Since demo vehicles promote sales, they are considered as being used for further supply of such motor vehicles and thus, ITC on 3 cars used for demo is allowed. ITC on 2 motor	30,00,000	-	-	12,00,000 [30,00,000 x 40%]

vehicles used for transportation of staff is blocked. Further, it is an inter-State supply.]				
Purchase of 5 Electric Cars [ITC is admissible on the cars purchased for further supply[5]. In an ex-factory transaction, cars are deemed to be received when handed over to transporter at supplier's factory gate; hence, ITC can be claimed in October. Further, it is an inter-State supply.]	60,00,000	-	-	3,00,000 [60,00,000 x 5%]
Personal guarantee by director [No tax is payable since open market value of personal guarantee provided without consideration by the director being a related person is nil[6]. Thus, no ITC is available.]	-	-	-	-
Commission charged by Graymord Co. [RSUs issued by an overseas holding company to employees of an Indian subsidiary as part of	12,00,000	-	-	2,16,000 [12,00,000 x 18%]

[5] Since it has been mentioned in the question that ZAPL is car dealer, it has been assumed that electric cars have been purchased for further supply only.

[6] Open market value is nil since the RBI Guidelines mandates that no consideration by way of commission, brokerage fees or any other form, can be paid to the director by the company, directly or indirectly, in lieu of providing personal guarantee to bank for the company.

employment, reimbursed on cost-to-cost basis, are not a supply as these are transactions in securities, and thus, are not liable to GST. However, commission charged by the holding company is liable to GST being consideration for facilitating transaction in securities. Further, it is an inter-State supply.]				
Minor refurbishment expenses [ITC in respect services used in used in the course or furtherance of business is available[7].]	50,000	4,500 [50,000 x 9%]	4,500 [50,000 x 9%]	-
Less: Credit note issued by VTZ Motors Ltd. [ITC is to be reversed.]	2,50,000	-	-	(45,000) [2,50,000 x 18%]
Total ITC available		**4,500**	**4,500**	**16,71,000**

Question 2

(a) *FUN TOURS Limited, registered as a regular dealer under GST in the State of Punjab, provides the following information related to the month of October 2025:*

Sr. No.	***Particulars***	***Amount (in ₹)***
(i)	*Provided services as a tour operator to entire New Zealand Cricket Team of a club, which was on visit to*	*7,00,000*

[7]*Place of supply has been taken as Intra-State supply, since details for determination of place of supply are not provided with.*

	India to Play T20 club cricket series. The said tour was organized wholly in Nepal and Bhutan for 4 days.	
(ii)	*Snacks and magazines supplied on board the omni bus from Chandigarh (Punjab) to Delhi; Such goods were taken on board in Panipat, Haryana State.*	*50,000*
(iii)	*Paid fine as per law to Uttar Pradesh State Government for over speeding of its bus in expressway.*	*10,000*
(iv)	*Provided intra-State transportation of passengers by omni bus through an e-commerce operator website.*	*1,60,000*
(v)	*Sponsored a 'Summer Tour Fair' organized by Green City Lions Club of Punjab, an NGO, during the month.*	*2,00,000*

Additional information:

(1) All the amounts given above are exclusive of tax, wherever applicable.

(2) Assume the rate of tax for CGST/SGST/IGST as 9%, 9% and 18% respectively for both inward and outward supplies.

(3) Place of supply to be taken as intra-State supply, wherever a detail for determination of same is not provided with.

From the details given above, you are required to determine gross tax liability of FUN TOURS Limited for the above given month before the set off of the Input Tax Credit (ITC), if any.

Correct reason for treatment of each time should form part of your answer separately. ***(5 Marks)***

(b) Parikh Industries Ltd., registered under GST in Ahmedabad, Gujarat, is engaged in manufacturing of electric bicycles. On 1st October 2025, the company bought 100 VIP tickets for ₹ 5,000 each for an upcoming final cricket match to be played on 30th October, 2025.

The company distributes these tickets complimentary as under:

Sr. No.	***Particulars***
(i)	*20 tickets to top 5 clients (not related) as a goodwill gesture.*
(ii)	*2 tickets each to 15 dealers (not related) as part of a scheme where dealers were promised to 2 complimentary tickets of the final*

	cricket match if they achieved 50% more than their actual half yearly target.
(iii)	*15 tickets to Mr. Surendra, marketing executive as performance reward.*
(iv)	*20 tickets to Mr. Patel, accounts executive as part of 'Family Sports Day' benefit defined in the employment letter.*
(v)	*15 tickets to 15 employees as performance reward. No other complimentary benefits given to these employees till date.*

Compute the value of the taxable supply under the GST law in each of the above case separately along with correct legal provisions for the same in brief. ***(5 Marks)***

(c) XYZee Ltd. imports a machine from USA. The invoice value of the machine was 30,000 USD plus 1% loading charges at the load airport.

Following additional amounts were paid by XYZee Ltd.:

Sr. No.	***Particulars***	***Amount***
(i)	*Charges paid to the exporter for the right to reproduce in India, the imported machine manufactured in USA.*	*5,000 USD*
(i)	*Erection and assembling charges paid for assembling at Indian airport to a company incorporated at USA.*	*₹ 1,50,000*

Additional information:

(i) Materials and components (not included / deducted at above) supplied by buyer to the exporter in USA at reduced rate at 3,000 USD. The actual cost of the said material was 4,000 USD.

(ii) The cost of air freight and insurance charges are also not included in the invoice value since the same are not ascertainable.

(iii) Exchange rate to be considered as 1 USD for ₹ 80.

From the above information determine the assessable value of imported machine (rounded off to the nearest rupee) under the Customs Act, 1962 with appropriate working notes in brief. ***(4 Marks)***

Answer

(a) Computation of gross tax liability of Fun Tours Ltd. for the month of October 2025

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Services as a tour operator [Tour operator services to a foreign tourist in relation to a tour conducted wholly outside India are exempt or not taxable.]	7,00,000	Nil	Nil	-
Snacks and magazines supplied on board [Taxable. It is inter-State supply since place of supply is Haryana being location at which such goods were taken on board and supplier is in Punjab.]	50,000	-	-	9,000 [50,000 x 18%]
Fine paid to UP State Government [Fine imposed for violation of laws is not consideration for any supply received and are thus not leviable to GST.]	10,000	Nil	Nil	-
Intra-State transportation of passengers by omni bus through an e-commerce operator [Even though transportation of passengers services by an omnibus provided through an ECO are notified services, tax	1,60,000	14,400 [1,60,000 x 9%]	14,400 [1,60,000 x 9%]	-

is not payable by ECO, instead it is payable by supplier itself because supplier is a company.]				
GST payable under reverse charge				
Sponsored a Summer Tour Fair [Since sponsorship services are provided by a person other than a body corporate (NGO[8])to a body corporate, tax is payable under reverse charge. It is intra-State supply since both place of supply (being location of recipient) and location of supplier are in Punjab.]	2,00,000	18,000 [2,00,000 x 9%]	18,000 [2,00,000 x 9%]	
Gross tax liability		**32,400**	**32,400**	**9,000**

(b) Computation of value of taxable supply

Particulars	Value (₹)
20 tickets to top 5 clients [Not a supply since tickets are given without consideration to unrelated persons and it is not covered under Schedule I.]	Nil
2 tickets each to 15 dealers [Not a supply since transaction is being undertaken without consideration and is not covered under Schedule I.]	Nil
15 tickets to Mr. Surendra, marketing executive as performance reward	75,000

[8] *It has been assumed that NGO is not a body corporate. If it is assumed that NGO is a body corporate, tax will be payable under forward charge and thus, no tax will be payable by FUN TOURS Limited, but by the supplier-NGO.*

[Tickets given without consideration to employee exceeding ₹ 50,000 in a financial year are deemed as supply under Schedule I.]	
20 tickets to Mr. Patel, accounts executive [Services provided by an employee to employer in course of his employment are neither supply of goods nor as supply of services.	Nil
15 tickets to 15 employees as performance reward [Not a supply since tickets given without consideration to employee upto ₹ 50,000 in a financial year are not deemed as supply.]	Nil
Value of taxable supply	**75,000**

(c) Computation of assessable value of imported machine

Particulars	Amount ($)
FOB price of machine	30,000
Add: Materials and components supplied by the buyer [Includible in assessable value.]	4,000
FOB	**34,000**
Add: Air freight [Notes – 1 &4] [20% of Customs FOB = 20% [30,000+4000+300]	6,860
Add: Insurance [1.125% of Customs FOB =1.125% (30,000+4000+300)]	382.50
CIF value	**41,182.5**
Rate of exchange	₹ 80
Assessable value	**32,99,670**

Notes:

(1) Loading charges are not separately added since they are already included in the freight computed at 20% of Customs FOB. However, to arrive at freight charges & insurance, it needs to be considered.

(2) Charges for right to reproduce machine in India are not includible in assessable value.

(3) Erection and assembling charges paid for assembling, being charges incurred post import, are not includible.

(4) In the case of goods imported by air, the cost of transport, loading, unloading and handling charges associated with the delivery of the imported goods to the place of importation shall not exceed 20% of the FOB value of the goods. [Fifth proviso to rule 10(2) of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.

Question 3

(a) Determine the time of supply for the purpose of the payment of tax in each of the following independent transactions with explaining relevant provisions under the CGST Act, 2017 in brief:

(i) Cuteex Pvt. Ltd. is registered in the State of Karnataka under GST. It has taken a residential house for its Managing Director (MD) on rent from Mr. Rathi, also registered under GST in Karnataka. The invoice for rent for the month of August 2025 was issued on 31st July 2025 by Mr. Rathi. The due date for payment was 7th August 2025, but since the MD was on a business trip, payment was made online by IMPS system on 15th October 2025 but recorded in advance in the books of the accounts of the company on the 14th October 2025. The amount was credited in Mr. Rathi's bank account on 15thOctober, 2025. ***(2 Marks)***

(ii) Ziva Telecom Ltd. is a telecom operator providing mobile network services in India by securing the right to use spectrum from the Government of India as per the spectrum allocation model. As per the contract, the company has to make periodic payments over a period of 12 months in 12 installments to the Government. The due date for payment was 20th October 2025 and payment was made by the company on 19th October 2025 since it was a Sunday on 20th October 2025.

Also discuss in brief the provision related to due date of issue of the invoice in the above case. ***(3 Marks)***

(b) Examine the following independent cases and answer the relevant questions with regards to provision of the GST law:

(i) Blue Bank Ltd. had lent a term loan to SKY Powers for setting up a solar plant on an agreed repayment schedule. Due to crunch in working

capital, SKY Powers missed a few installments and the bank charged penal charges for breach of repayment contract.

Whether these penal charges collected by the bank are liable for GST?

(2 Marks)

(ii) 'Highway', an e-commerce operator (ECO), provides various services in its online platform. In one of the services, it is liable to pay tax as notified under section 9(5) of the CGST Act, 2017. Its tax consultant advised that it can discharge its liability under section 9(5) by utilizing its available Input Tax Credit (ITC) but it needs to reverse proportionate ITC in respect of said turnover reported.

You are approached to evaluate the correctness of the advice of the tax consultant. ***(3 Marks)***

(c) Charkha Spinning Mills Ltd imported polyester fibre from Turkey on 10th July, 2025. The said goods entered in the territorial waters of India on 25th July, 2025 and were stored in a bonded warehouse on the same day. The goods were wholly exempt from levy of customs duty vide a notification issued by the Central Government under section 25(1) of the Customs Act, 1962.

The said goods were removed from the bonded warehouse on 25th September 2025, on which date the exemption notification had been rescinded and the exemption granted thereunder was withdrawn and the goods were leviable to 25% duty.

The Customs Department demanded duty of 25% as per the new notification.

The company argued that since the goods entered the territorial waters on 25th July 2025 on which date the goods were exempted from levy of customs duty, no duty is leviable when the goods were removed from the warehouse.

Whether the company is correct in its stand?

Discuss with the help of the decided case law if any, along with relevant legal provisions under the Customs law in brief.

Note: *Citation of the case law is not required.* ***(4 Marks)***

Answer

(a) (i) Tax on renting of residential dwelling services is payable under reverse charge since they are being provided to a registered person (Cuteex Pvt. Ltd.)

Time of supply is earliest of:

(i) Date of recording payment in books of recipient-14th October 2025

(ii) Date of debit from bank account of recipient -15th October 2025

(iii) Date immediately following 60 days from issue of invoice (61st day from issue of invoice) - 30th September 2025

Accordingly, time of supply is 30th September 2025.

(ii) Spectrum allocation services are 'continuous supply of services' since they are:

- provided continuously
- under a contract for over 3 months
- with periodic payments.

Since the due date of payment is clearly ascertainable from contract, the invoice must be issued on or before due date of payment, i.e., on or before 20th October 2025.

Tax on said services provided by Government is payable under reverse charge.

Thus, time of supply is as and when the payments are due or made, whichever is earlier, 19thOctober 2025.

(b) (i) Liquidated damages are not a consideration for tolerating an act/situation and are thus not a supply. They are amount for preventing breach of contract and thus, are not subject to GST.

Accordingly, no GST is payable on the penal charges collected by bank.

(ii) The advise of consultant of Highway is not correct since:

- ECO has to pay the full tax liability under section 9(5) only in cash i.e. only through electronic cash ledger.
- ECO is not required to reverse the ITC on his inputs and input services used for making such supplies.

(c) Supreme Court, in a landmark judgment, held that in case of warehoused goods, import gets completed only when goods cross customs barriers and not when goods land in India or enter territorial waters.

In case of warehoused goods, import takes place only when the goods are cleared from the warehouse. Duty is leviable once the import gets completed.

Further, section 15 of the Customs Act provides that relevant date for determining rate of duty is date on which a bill of entry for home consumption in respect of such goods is presented.

In view of the above, since the goods are leviable to 25% duty on the date of removing the goods from the warehouse[9], applicable rate on such goods is 25% and thus, the stand taken by the company is not correct.

Question 4

(a) Go Global Inc., a firm registered under GST, submits the following information pertaining to the month of September 2025:

(i) Export of fruit jam: 1,000 bottles

(ii) Domestic inter-State sale of fruit jam: 2,500 bottles

(iii) Eligible Input Tax Credit (ITC) of IGST for the given month for inputs, input service and capital goods amount to ₹ 1,50,000, ₹ 2,50,000 and ₹ 3,00,000 respectively.

(iv) Rate of fruit jam for domestic supply was priced at ₹ 120 per bottle.

(v) For export, the same product was priced at ₹ 200 per bottle.

(vi) In domestic market, the product is taxed at 18% under IGST.

The firm had duly filed LUT for making export without payment of tax in accordance with the provisions of the IGST Act, 2017. FOB value declared in the shipping bill and value as per tax invoice was one and the same.

Determine the eligible refund amount that can be claimed by Go Global Inc. for the given month under the GST law.

Note: Assume all the conditions for refund have been complied with.

(5 Marks)

(b) Twinkle Toys Ltd., a manufacturer of toys and registered under GST in the State of Gujarat, handed over boxes of toys along with duly filled in Part A of the e-way bill on 22nd October 2025 at 15:30 hrs to M/s Zoom Roadways

[9] *It has been most logically assumed that ex-bond bill of entry has been filed on date of removal of goods from warehouse.*

(transporter) for transportation by road. The goods were to be delivered to M/s Happy Toys, a registered dealer in the State of Rajasthan located at a distance of 610 km from the warehouse of Twinkle Toys Ltd. The transporter entered XYXY as the vehicle number of the normal truck in which the goods were to be transported in Part-B of the e-way bill on 24th October 2025 at 10.30 hrs. However, the goods could not be transported due to a sudden strike of transporters till midnight of 26th October 2025.

The transporter decided to transport the said goods as soon as the strike ended on midnight of 26th October 2025 along with the e-way bill already generated earlier with XYXY as the vehicle number but in another truck whose number was ABCD.

Discuss the followings in brief with relevant provisions of the CGST Act. 2017:

(i) Can the transporter transport the goods in truck number ABCD instead of XYXY or does he need to generate another e-way bill?

(ii) Transporter think that the time for cancellation of e-way bill has already expired so new e-way bill required.

Note**: XYXY and ABCD are just given for the purpose of reference only and may not be the actual truck number.* ***(5 Marks)

Alternative

(b) Manyur Enterprises, a registered person in Nagpur, Maharashtra, sent goods for job work purpose to Kechime Enterprise located in Imphal, Manipur, not registered under GST. Aggregate turnover of Manyur Enterprise in the preceding financial year was ₹ 7.50 crore.

You are required to answer the below stated questions as per the provisions of GST law:

(i) What will be the due date of submitting intimation in Form GST ITC-04?

(ii) Who is required to generate e- way bill?

(iii) Whether Kechime Enterprise required to take registration under CGST Act, 2017, if their aggregate turnover during the current year is ₹ 9 lakh?

(5 Marks)

(c) Keeyan Limited imported machine spares from Italy. Both provisional and final assessment took place for such import, details of which are as follows:

Date of provisional assessment: 31.07.2025

Date of final re-assessment: 30.09.2025

Duty demanded based on final re-assessment: ₹ 4,00,000

Date of payment of duty demanded: 10.10.2025

You are required to briefly state the relevant provision of the Customs Act, 1962 and calculate the interest payable (nearest to one rupee), if any, by Keeyan Limited on the final re-assessment. ***(4 Marks)***

Answer

(a)

$$\text{Refund amount} = \frac{\text{(Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services)}}{\text{Adjusted Total Turnover}} \times \text{Net ITC}$$

where,

(A) Turnover of zero-rated supply of goods is <u>lower</u> of:

(i) Value of zero-rated supply of goods = ₹ 2,00,000 [1,000 × ₹ 200]

or

(ii) 1.5 times the value of like goods domestically supplied = ₹ 1,80,000 [(1,000 × ₹ 120) ×1.5]

i.e. ₹ 1,80,000.

(B) Adjusted Total Turnover = Turnover of zero-rated supply of goods + Turnover in State

= ₹ 1,80,000 + 3,00,000 [2,500 × ₹ 120]

= ₹ 4,80,000

(C) Net ITC on inputs and input services **=** ₹ 4,00,000

$$\text{Refund Amount} = \frac{1,80,000}{4,80,000} \times 4,00,000$$

= ₹ 1,50,000

(b) (i) The transporter can transport the goods in truck number ABCD by updating the vehicle number in Part-B of the e-way bill, within the validity period.

E-way bill validity is:

- 1 day for the first 200 km of distance and 1 additional day for every 200 km or part thereof,
- counted from the time of first entry in Part-B (Vehicle details)
- with each day ending at midnight of the following day.

Since in given case, distance is 610 km, e-way bill remains valid till midnight of 28th October 2025, and thus, the vehicle number can be updated and goods can be transported accordingly.

Another e-way bill is not required.

(ii) Although time for cancellation of e-way bill, i.e. 24 hours of generation, has expired, new e-way bill is not required as existing e-way bill is still valid; only vehicle details need to be updated.

(b) Alternative

(i) Since the aggregate turnover of Manyur Enterprises during preceding F.Y. exceeds ₹ 5 crore, Form GST ITC-04 is required to be filed on half yearly basis by 25th October & 25th April.

(ii) Principal - Manyur Enterprises is required to generate e-way bill.

(iii) Since the job worker – Kechime Enterprises – supplies inter-State job work services from a Special Category State – Manipur, it is required to obtain registration only when its aggregate turnover exceeds ₹ 10 lakh.

Since its aggregate turnover is ₹ 9 lakh, it is not required to obtain registration.

(c) An importer is liable to pay interest at the rate of 15% p.a. on any amount payable consequent to the re-assessment order from the first day of the month in which the duty is provisionally assessed till the date of payment.

Therefore, in the given case, Keeyan Ltd. is liable to pay following interest:

= ₹ 4,00,000 × 15% × 102/365

= ₹ 16,767 (rounded off)

Question 5

(a) Mr. Rajaram issued a tax invoice to Mr. Balram without any actual supply of goods or services involving total Input Tax Credit (ITC) of ₹ 60 lakh on 5th October 2025. Mr. Balram avails ITC on the basis of the said tax invoice. Mr. Balram further issues tax invoice to Mr. Lilaram with total ITC amounting to ₹ 70 lakh without actual supply of goods or services on the same day. All the three persons are registered under GST in the same State.

The Department conducts an inquiry and proves that no service/goods ever moved between any of the persons.

On the basis of the above given facts, answer the following with reference to GST law:

(i) Determine the amount of penalty to be paid by Mr. Balram, if any.

(ii) Whether any other action can be taken against Mr. Balram under any of the provisions of the GST law?

(iii) Calculate the minimum and maximum compounding amount as per the provisions of section 138 of the CGST Act, 2017, payable by Mr. Rajaram, if any.

Note**: Calculations must be done separately for CGST and SGST or IGST as the case may be.* ***(5 Marks)

(b) Shivam Tools Limited filed an appeal before the First Appellate Authority (AA) against order of the proper officer under section 74A of the CGST Act, 2017. The Authorized Representative (AR) of the company, who appeared in appeal proceedings, provides the following updates on the said appeal,

(i) AR forgot to submit the bank statements to prove the stand of the appellant. These bank statements hold complete evidence in favour of the appellant.

(ii) AA called for certificate from the supplier of the appellant as per notification issued by the CBIC in respect of payment of tax by the supplier.

Since the supplier was admitted in hospital for two weeks, the AR could not produce the said evidence.

AA dismissed the present appeal and the appellant decided to appeal before the GST Appellate Tribunal.

You are approached to advise the appellant as to the admissibility of the above evidences before the Tribunal, which could not be filed before the AA, by briefly explaining the relevant provisions /circumstances in brief.

(c) List any two exporters and any two capital goods eligible for the Export Promotion Capital Goods Scheme (EPCG) under the Foreign Trade Policy.

Answer

(a) (i) Since Balram has availed ITC on the basis of tax invoice issued by Rajaram, without actual receipt of goods and/or services, said ITC is ineligible and thus, Balram is liable to a penalty, viz., **higher** of:

(i) ₹ 10,000

or

(ii) Amount equivalent to the ITC availed of / passed on irregularly

₹ 60 lakh (CGST & SGST)

i.e. ₹ 30 lakh each under CGST and SGST

Further, since Balram has issued tax invoice without actual supply of goods and/or services, he is liable to a penalty, viz., **higher** of:

(i) ₹ 10,000

or

(i) Amount equivalent to the tax evaded

₹ 70 lakh (CGST & SGST)

i.e. ₹ 35 lakh each under CGST and SGST

(ii) Other action to be taken against Balram is as follows:

Since Balram issued invoice without supply of goods and/or services and availed ITC in violation of the provisions of the GST law, his GST registration is liable to be cancelled.

(iii) Prosecution cannot be initiated against Rajaram since the tax involved in issuing invoices without actual supply does not exceed ₹ 1crore.

As compounding of offences is allowed only where prosecution is invokable, compounding is not applicable in Rajaram's case.

Nevertheless, a person accused of issuing invoices without actual supply is not eligible for compounding of that offence.

(b) The appellant shall not be allowed to produce before Appellate Tribunal any evidence other than the evidence produced by him during the course of proceedings before Adjudicating Authority or Appellate Authority, except under the following specified circumstances:

(a) where the adjudicating authority or, as the case may be, the AA has refused to admit evidence which ought to have been admitted; or

(b) where the appellant was prevented by sufficient cause from producing the evidence which he was called upon to produce by the adjudicating authority or, as the case may be, the AA; or

(c) where the appellant was prevented by sufficient cause from producing before the adjudicating authority or, as the case may be, the AA any evidence which is relevant to any ground of appeal; or

(d) where the adjudicating authority or, as the case may be, the AA has made the order appealed against without giving sufficient opportunity to the appellant to adduce evidence relevant to any ground of appeal.

In view of the above, the appellant cannot produce before the Appellate Tribunal the additional evidence of the Bank Statement.

However, it can produce the additional evidence of Certificate from supplier provided Appellate Tribunal records in writing the reasons for its admission.

(c) Exporters eligible for EPCG scheme:

(i) Manufacturer exporters with or without supporting manufacturer(s),

(ii) Merchant exporters tied to supporting manufacturer(s), and

(iii) Service providers including service providers designated as Common Service Provider (CSP) subject to prescribed conditions.

Capital goods eligible for EPCG scheme:

(i) Capital Goods including capital goods in CKD/SKD condition

(ii) Computer systems and software which are a part of the Capital Goods being imported

(iii) Spares, moulds, dies, jigs, fixtures, tools & refractories [any three]

(iv) Catalysts for initial charge plus one subsequent charge

Question 6

(a) How is the amount realized from the sale of goods or conveyance, movable or immovable property be appropriated for the recovery of dues from a defaulter or for recovery of penalty under section 129(3) of the CGST Act, 2017?

Answer with reference to section 79(1)(d) of the CGST Act, 2017 and rules of the CGST Rules, 2017. ***(6 Marks)***

(b) Mention the reasons for which taxable person can go for provisional assessment and the time period by which the proper officer has to pass the provisional assessment order and final assessment order as per the provision of section 60 of the CGST Act 2017. ***(4 Marks)***

(c) While calculating export performance for grant of One Star Export House Status category, certain units / exports are granted double weightage.

List those categories of units / exports with reference to the Foreign Trade Policy. ***(4 Marks)***

Answer

(a) The amounts so realised from the sale of goods or conveyance, movable or immovable property, for the recovery of dues from a defaulter or for recovery of penalty payable under section 129(3) shall:

(a) first, be appropriated against the administrative cost of the recovery process;

(b) next, be appropriated against the amount to be recovered or to the payment of the penalty payable under section 129(3), as the case may be;

(c) next, be appropriated against any other amount due from the defaulter under GST law; and

(d) the balance, if any, shall be credited to the electronic cash ledger of the owner of the goods or conveyance as the case may be, in case the person is registered under the GST law, and where the said person is not required to be registered under the GST law, the said amount shall be credited to the bank account of the person concerned;

(e) where it is not possible to pay the balance of sale proceeds, as above, to the person concerned within a period of 6 months from the date of sale of such goods or conveyance or such further period as the proper officer may allow, such balance of sale proceeds shall be deposited with the Consumer Welfare Fund.

(b) Taxable person can go for provisional assessment for following reasons:

(i) he is unable to determine the value of goods or services or both

(ii) he is unable to determine the rate of tax applicable thereto.

The proper officer has to pass the provisional assessment order within 90 days from the date of receipt of request for provisional assessment.

The proper officer has to pass the final assessment order within 6 months (extendible on sufficient cause being shown and for reasons to be recorded in writing) from the date of the communication of the provisional assessment order.

(c) While calculating export performance for grant of One Star Export House Category, following units/exports are granted double weightage:

- Exports by IEC holders under Micro and Small Enterprises,
- Manufacturing units having ISO/BIS certification,
- Units located in Northeastern States including Sikkim and Union Territories of Jammu, Kashmir and Ladakh
- Export of fruits and vegetables