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## PART - II

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XYZ Ltd., a registered supplier under GST in the State of Tamil Nadu is engaged in providing various kinds of supplies of goods and services. It provides the following information for the month of October, 2023 :

S.No.	Particulars	Amount (₹)
	<b>OUTWARD SUPPLY :</b>	
(i)	Supplies a consignment of goods in the territorial waters to M/s Vikram Industries, registered in <u>Kerala</u> . The said territorial waters is located at a distance of 12 nautical miles from the baseline of State of Kerala and 11 nautical miles from the baseline of State of Tamil Nadu.	5,00,000
(ii)	Provided pure labour services of construction of a single commercial unit located in <u>Delhi not forming part of any residential complex</u> to a customer in Delhi.	12,00,000
(iii)	Supplied 25 Televisions over the counter to Mr. <u>Vijay</u> , an <u>unregistered</u> buyer, who took it to his residence in Haryana.	14,00,000
	<b>INWARD SUPPLY :</b>	
(i)	Received a debit note in respect of inward <u>intra-state</u> taxable supplies received in the financial year 2020-21 for the quantity difference as agreed. These inward supplies were used for all goods manufactured in factory. Date of <u>debit note</u> is <u>17<sup>th</sup> October, 2023</u> .	3,00,000

RWD2

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(3)

RWD2

(ii)	Purchased Silk yarn (to be used as raw material) from Mr. Ravi, who manufactures silk yarn from raw silk. Mr. Ravi is registered in the state of Rajasthan.	8,00,000
(iii)	Availed services of an arbitral tribunal in Chennai, Tamil Nadu for a worth to settle a case relating to Companies Act.	6,00,000
(iv)	Purchased raw material from ABK Ltd., registered in the State of Andhra Pradesh.	15,00,000
(v)	Purchased a new truck from a dealer in Cochin, Kerala for transport of materials.	14,00,000

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NO ITC

**Notes :**

The company provided the following additional information related to above said transactions or otherwise :

- (i) The company claimed depreciation under the Income-tax Act, 1961 on the value of new truck purchased including all applicable taxes.
- (ii) The company provided a corporate guarantee of ₹ 2.5 crore to BYH LTD, its related company, having registered office in the State of Maharashtra, for loan availed by the later from Mangal Bank Ltd., Maharashtra. No consideration has been charged against this corporate guarantee.
- (iii) In the Month of March, 2023. Company had availed services in an inter-state transaction with a taxable value of ₹ 9,00,000 and a tax rate of 18%. This transaction was liable to tax under reverse charge. Payment for the same to the supplier was not made till the current month (overdue for 181 days during October, 2023). However, tax due under the said transaction was paid to Government and input tax credit availed in the month of transaction itself.

RWD2

P.T.O.



~~(iv)~~ The accountant of the company did not claim input tax credit in respect of debit note received for the reason that the original purchase was related to earlier years for which ITC claim eligibility has become time barred.

~~(v)~~ Invoice issued to Mr. Vijay for televisions mentions only his name and State. However, his complete address of Haryana is missing in the invoice.

(vi) ABK Ltd. is mandatorily required to issue e-invoice. However, it did not issue e-invoice with Invoice Reference Number (IRN). Although the invoice was reflected in GSTR-2B.

~~(vii)~~ Turnover of XYZ Ltd. for the previous financial year was ₹ 190 lakh.

~~(viii)~~ Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supply of goods and services involved.

~~(ix)~~ All the amounts given above are exclusive of GST, wherever applicable. There is no opening balance of any Input Tax credit and all the conditions necessary for availing the input tax credit have been fulfilled except if mentioned otherwise and also that details of GST paid on inward supplies are available in GSTR 2B.

~~(x)~~ Assume that all the inward supplies have been used only for taxable outward supply.

~~(xi)~~ Company is not covered under any of the exception of rule 86B of CGST Rules, 2017 regarding restriction on use of available Input Tax Credit.

Compute the net minimum GST liability of M/s XYZ Ltd, to be paid in cash if any, after utilizing Input tax credit if any, for the Month of October, 2023.

**Note :** Working notes along with legal reasoning of each item should form part of your answer.



(5)

RWD2

(a) A banking company M/s. YVPAY Bank Ltd. is registered under GST laws and provided the following services during the month of October, 2023.

S.No.	Particulars	Amount (₹)
(i)	Discount earned on bills discounted	6,00,000
(ii)	Interest earned on reverse repo transaction	2,00,000
(iii)	Penal interest recovered from the borrower for the delay in payment of loan EMIs/Dues	5,00,000
(iv)	Services to merchants accepting credit/debit card payments using Point Of Sale (POS) machine of Bank. (In 50% cases, the amount per transaction was up to ₹ 1,500 while in the other cases, the amount was between ₹ 1500 to ₹ 2,000)	6,50,000
(v)	Commission received for debt collection service	12,00,000
(vi)	Interest charges for late payment of Credit card dues	4,00,000

M/s. YVPAY Bank Ltd. had opted for optional method, under Section 17(4) of CGST Act, 2017, for claiming input tax credit in respect of its operations. For the month of October, 2023, the relevant details for input tax credit are as follows :

- Amount of GST paid on eligible input services – ₹ 8,00,000
- Amount of GST paid on eligible capital goods – ₹ 6,00,000
- Amount of GST paid on items whose credit is blocked under Section 17(5) of CGST Act 2017 ₹ 3,00,000
- Applicable rate of GST is 18% on services provided.

Based on the information given above, calculate the net GST payable by the Bank for the month of October, 2023. Ignore bifurcation of CGST and SGST or IGST.

RWD2

P.T.O.



- (b) M/s Winhere 2407 is an online money gaming platform operating from Singapore. It provides its users a platform to play and win money in different games etc. that are available on its web portal.

In the month of October 2023, Mr. Anil (player), an unregistered person located in India, deposited an amount of ₹ 15,000 (inclusive of GST) in the master wallet available on the portal of M/s Winhere 2407. Subsequently, following transactions were undertaken by Mr. Anil during the month of October, 2023 :

- (i) Mr. Anil utilized the amount of ₹ 2,500 from the master wallet towards playing a virtual racing game on the portal. As a winning amount, ₹ 11,000 was credited to the master wallet of Mr. Anil.
- (ii) On another portal operated by M/s Winhere 2407 in the name of Win 90, Mr. Anil placed a bet of face value of ₹ 12,000 on an international cricket match. The amount of such bet was paid through the master wallet with applicable taxes and accordingly the bet amount of ₹ 12,000 with applicable taxes was transferred from the master wallet of Mr. Anil to the bank account of Win 90. However, he lost the bet.
- (iii) Mr. Anil transferred the balance amount from the master wallet to his bank account after doing the aforesaid transactions.

Based on the information provided above, answer the following questions, providing reasons in brief :

- (1) Compute the taxable Value under GST law and total GST payable on the aforesaid given transactions in the hands of M/s Winhere 2407 in India.
- (2) Determine the net amount transferred by Mr. Anil from the master wallet to his bank account after the aforesaid transactions.



**Note :**

Assume all the above transactions to be exclusive of GST unless otherwise specified. Rate of GST applicable is 28% (ignore the bifurcation of GST amount into CGST and SGST or IGST). Calculate amount of value and tax rounded off to nearest rupee.

- (c) Calculate the Assessable value (rounded off to nearest one rupee) under Customs Act, 1962 with appropriate working notes from the following particulars related to import of a machine (by sea) by Daksh Industries from USA in the month of October, 2023 :

S.No.	Particulars	Amount
(i)	Cost of machine at the Port of exportation ✓	US \$ 8,200 ✓
(ii)	Freight from Port of Export to Port of Import ✓	US \$ 1,800 ✓
(iii)	Daksh Industries had paid to seller cost for Packing. (not as condition of sale but included in Cost of machine at point (i) above) ✓	US \$ 400 ✓
(iv)	Actual selling commission paid by the Daksh Industries to local agent of exporter. ✓	₹ 20,000 ✓
(v)	Actual insurance charges paid are also not ascertainable. ✓	—
(vi)	Ship demurrage charges paid by the Daksh Industries at port of importation. ✓	₹ 15,000
(vii)	Engineering Charges paid by the Daksh Industries to Consultancy firm in Mumbai as a <u>condition of sale</u> . ✓	₹ 1,25,000



**Note :**

- (i) Rate of exchange to be considered ₹ 80 for one US \$
- (ii) Relevant legal reasoning should form part of your answer

3. (a) Determine the 'place of supply' along with justification for the following independent cases : 5

- I. Crystal Clear Water Ltd (CCWL) is a manufacturer of mineral water and registered under GST in Mumbai, Maharashtra. CCWL enters into a contract with Global Advertising Agency (GAA) registered under GST in Ahmedabad, Gujarat for displaying its advertisement on hoardings at an awards event organized at Convention Centre Gandhinagar, Gujarat on 31.10.2023. The structure on which the hoardings are to be displayed is taken on rent by GAA from Mr. Kapoor (unregistered person based in Delhi.). Determine the 'place of supply' for tax invoice to be raised by GAA to CCWL.
- II. Mr. Sunil (unregistered person under GST), is a resident of Delhi and currently posted in Dehradun, Uttarakhand. He went on an official visit to Arunachal Pradesh. He purchased a leather bag on 15.10.2023 from Arunachal Pradesh and shop keeper M/s ABC issued a tax invoice in the name of Mr. Sunil only. Mr. Sunil returned back to Dehradun along with leather bag. Determine the 'place of supply' for tax invoice issued by M/s. ABC to Mr. Sunil.
- III. Mr. Pintu (unregistered person under GST), resident of Karnal, Haryana went to visit Shimla, Himachal Pradesh along with his family during holidays in the month of October 2023. Due to some medical emergency he purchased some medicines on 20.10.2023 from a medical store at Mall Road Shimla and the tax invoice was issued in the name of Mr. Pintu mentioning the address as Karnal, Haryana only. The medicines purchased were consumed in Shimla during the period of stay. Determine the 'place of supply' for tax invoice issued by medical store to Mr. Pintu.



(9)

RWD2

- (b) Mr. Sharma, Director of VEE Ltd. provides personal guarantee on 31.10.2023 to a nationalized bank for sanctioning the cash credit facility of ₹ 100 lakhs sanctioned in favour of VEE Ltd. Mr. Sharma was not paid any consideration for the same by VEE Ltd. 5

Whether the said activity provided by Mr. Sharma will be considered as supply ? If yes, what will be the value of such services ? Explain in brief the relevant provisions of GST Act.

- ~~(c)~~ GHN Ltd. had imported certain items on 14<sup>th</sup> October 2023. According to GHN Ltd, these items should be classified under chapter heading No. XXXX.AB of the Customs Tariff schedule. Whereas department's view was that these items should be classified under different chapter heading Number XXXX.AC, so there was dispute going on between GHN Ltd. and department regarding classification of product. 4

Meanwhile an exemption notification issued on 26<sup>th</sup> October 2023 which exempted the disputed goods by classifying it under chapter heading Number XXXX.AB. For the future imports from 30<sup>th</sup> October 2023 onwards.

Now GHN Ltd. claimed that since department exempted product under chapter heading XXXX.AB hence, its items is also to be classified under the same heading even though it imported goods earlier.

Discuss with the help of decided case law if any, whether the contention of the GHN Ltd. is correct as per law ?

Note : Chapter headings given above are just an example and not the real one.

RWD2

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(10)

RWD2

4. (a)

Rajwada Operators Limited (ROL) is registered under GST in the State of Karnataka as an Electronic Commerce Operator (ECO). It owns and operates a web portal which supplies various goods and services on behalf of various sellers/service providers to its ultimate customers.

Details of supplies undertaken through ROL in the month of October, 2023 are as under :

- 125000
- (i) Sale of goods worth ₹ 1,47,500/- (including GST) by A Ltd., registered supplier of Rajasthan to B Ltd., Gujarat. Also goods worth taxable value of ₹ 1,40,000/- sold by A Ltd., Rajasthan to B Ltd., Gujarat in the month of September, 2023 were returned back in the month of October, 2023.
  - (ii) Value of services provided from 21.10.23 to 30.10.23 by way of transportation of passengers by motor vehicles by X Ltd., registered under GST in Karnataka to Z Ltd., registered under GST in Karnataka amounting to ₹ 5,50,000/- (it includes ₹ 1,50,000/- against transportation services provided by omnibus).
  - (iii) Miss Zara of Mumbai books a room for 3 days and 2 nights in Raj Niwas Palace, Jodhpur, Rajasthan through Maharaja Resorts Ltd. (MRL) - also an ECO registered under GST in Karnataka. MRL is integrated with ROL who has an agreement with Raj Niwas Palace. Raj Niwas Palace is registered under GST in Rajasthan and raises an invoice for ₹ 1,50,000/- to Miss Zara and receives ₹ 1,45,000/- from ROL for the same.

All the figures given above are exclusive of GST except wherever specified separately. Assume rate of CGST and SGST to be 9% each and IGST to be 18% on all inward and outward supplies of goods and services.

Compute the amount of TCS to be collected by ROL for the month of October 2023.

Working notes should form part of your answer.

RWD2



(11)

RWD2

- (b) Bhagwan Manufacturers & Exporters Company (BMEC) is registered under GST in the State of Rajasthan and supplies various goods in domestic as well as in international markets. It is engaged in both manufacturing and trading of goods. It exports goods without payment of tax under bond or letter of undertaking in accordance with the provisions of Section 16(3) of the IGST Act, 2017.

BMEC provides the following information in relation to various supplies made by it during October, 2023 tax period :

S.N.	Particulars	(₹)
1	Taxable value of goods 'Star' supplied within India	14,00,000/-
2	Taxable value of goods 'Sun' exported without payment of tax under letter of undertaking. (However, taxable value of such goods when supplied domestically by BMEC in similar quantities is ₹ 6,00,000).	10,00,000/-
3	Taxable value of goods 'Moon' exported without payment of tax under bond. (However, taxable value of such goods when supplied domestically by BMEC in similar quantities is ₹ 1,50,000)	2,00,000/-

The Input Tax Credit (ITC) availed for the above tax period is as follows :

S.N.	Particulars	₹
1	Input tax credit availed on capital goods	1,00,000/-
2	Input tax credit availed on inputs	3,00,000/-
3	Input tax credit availed on inputs services	1,50,000/-

RWD2

P.T.O.



(12)

RWD2

	BMEC also provides following additional information :
(i)	All the above inputs, input services and capital goods are used in manufacturing process. And all the conditions for availing input tax credit have been complied with.
(ii)	The balance in the electronic credit ledger of BMEC at the time of filing the refund application is ₹ 1,50,000/-.
(iii)	The balance in the electronic credit ledger of BMEC at the end of the October, 2023 tax period for which the refund claim is being filed after GSTR-3B for the said period has been filed is ₹ 3,25,000/-

You are required to compute the amount refundable to Bhagwan Manufacturers & Exporters Company against accumulated unutilized input tax credit for the October, 2023 tax period according the provisions of GST law by giving necessary explanations for treatment of various items.

- (c) Varun Goyal, an IT professional and a person of Indian origin, is residing in USA for the last 14 months. He wishes to bring a used microwave oven (costing approximately ₹ 1,85,500/- and weighing 15 kg) with him during his permanent return to India. He purchased the oven in USA 6 months before and he has been using that oven for his personal use in his kitchen. He is not aware of Indian customs rules.

Analyze and summarize the related legal provision of Baggage Rules, 2016 and provide him some advice in this regard. Relevant legal provisions should form part of your answer.

RWD2



- 5 X (a) In an order passed dated 1<sup>st</sup> April, 2023 issued to Sita Ram Pvt. Ltd., the Commissioner of Central Tax, being Revisionary Authority has confirmed IGST demand of ₹ 1400 crore, penalty of ₹ 200 crore and interest of ₹ 20 crore. 5

Sita Ram Pvt. Ltd. admits the tax liability, penalty and interest to the extent of ₹ 200 crore, ₹ 20 crore and ₹ 10 crore respectively but wishes to litigate the balance amount of demand and thus, Sita Ram Pvt. Ltd. deposits the required amount of pre-deposit on 12<sup>th</sup> April, 2023 and files an appeal with the GSTAT.

GSTAT decides the appeal in favour of Sita Ram Pvt. Ltd. on 12<sup>th</sup> June, 2023. Sita Ram Pvt. Ltd. submits an application seeking refund of the pre-deposit along with applicable interest on 2<sup>nd</sup> July, 2023 and the department acknowledges the application on the same day. The amount of pre-deposit is refunded to Sita Ram Pvt. Ltd. on 15<sup>th</sup> October, 2023.

With reference to provisions of GST law, compute the amount of pre-deposit required to be deposited before filing appeal to GSTAT and interest payable by the department on refund of such pre-deposit, if any along with necessary explanations.

- (b) GST Department initiated prosecution proceedings against Mr. Sahil, a taxable person under GST. Mr. Sahil collected ₹ 8 crore as GST but failed to pay the same to the Government beyond the period of three months from the date on which such payment became due. 5



(14)

RWD2

He approached the Commissioner on 15.10.2023 with a request for compounding of offence. Mr. Sahil made full and true disclosure of facts relating to the case. After considering the request, the Commissioner directed him to pay an amount of ₹ 5.2 crore as compounding amount on 20.10.2023.

As per the provisions of Section 138 of the CGST Act, 2017 read with relevant rule of the CGST Rules, 2017, examine the issue and provide the answers with supporting explanatory note to the following :-

- (1) Determine the minimum and maximum compounding amount which can be determined by the commissioner.
  - (2) Is the amount determined by the Commissioner in this case within the limits prescribed under the GST law ?
  - (3) In what time period will Mr. Sahil have to pay the compounding amount ordered by the Commissioner ?
- (c) Mr. Pandya imported certain raw material from Japan. However Mr. Pandya was not able to furnish certain supporting documents related to the said raw material imported along with the Bill of Entry for home consumption. Mr. Pandya requested the customs officials to deposit the said imported goods in a public bonded warehouse for a period of 20 days so as he obtains required documents. The Customs officer initially denied for allowing warehousing and afterwards insisted Mr. Pandya to execute an indemnity bond for the goods to be deposited in the warehouse.

Examine the correctness of the stand taken by the Customs Officer.

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**RWD2**

6. (a) Under what circumstances, the Revisional Authority (RA) cannot exercise the powers of revision under Section 108 of the CGST Act, 2017. **6**

Is there any exception to the above provision ?

- (b) What is Search Warrant ? Who is the competent authority to issue Search Warrant under the CGST Act ? What details should be contained in a Search Warrant ? **4**

**OR**

- (b) Which officers under Section 72 of the CGST Act are empowered and are required to assist proper officers in the implementation of the CGST Act ? **4**

- (c) Under Foreign Trade Policy (FTP), what does the National Trade Facilitation Action Plan aims to achieve ? Enumerate the trade facilitation measures which are provided under Foreign Trade Policy (FTP). **4**