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Question Paper	
Indirect Tax Laws	Duration: 65
Details: Test – 7 (CH-7)	Marks: 35

Instructions:

- All the questions are compulsory
- Properly mention test number and page number on your answer sheet, Try to upload sheets in arranged manner.
- In case of multiple choice questions, mention option number only Working notes are compulsory wherever required in support of your solution
- Do not copy any solution from any material. Attempt as much as you know to fairly judge your performance.

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Q-1: Reet Trade Links Pvt. Ltd. is a registered manufacturer of premium ceiling fans. It sells its fans exclusively through distributors appointed across the country. The maximum retail price (MRP) printed on the package of a fan is Rs.10,000. The company sells the ceiling fans to distributors at Rs.7,000 per fan (exclusive of applicable taxes). The applicable rate of GST on ceiling fans is 18%.

The stock is dispatched to the distributors on quarterly basis - stock for a quarter being dispatched in the second week of the month preceding the relevant quarter. However, additional stock is dispatched at any point of the year if the company receives a requisition of that effect from any of its distributors. The company charges Rs.1,000 per fan from distributors towards packing expenses.

The company has a policy of offer a discount of 10% (per fan) on fans supplied to the distributors for a quarter, if the distributors sell Rs.500 fans in the preceding quarter. The discount is offered on the price at which the fans are sold to the distributors (excluding all charges and taxes).

The company appoints Sachin Sales as a distributor on 1st April and dispatches 750 fans on 8th April as stock for the quarter April-June. Sachin Sales places a purchase order of 1,000 fans with the company for the quarter July-September. The order is dispatched by the company on 10th June and the same is received by the distributor on 18th June. The distributor makes the payment for the fans on 26th June and avails applicable input tax credit. The distributor reports sales of 700 fans for the quarter April-June and 850 fans for the quarter July-September.

Examine the scenario with reference to Section 15 of the CGST Act, 2017 and compute the taxable value of fans supplied by Reet Trade Links Pvt. Ltd. to Sachin Sales during the quarter July-September.

Note: Make suitable assumptions, wherever necessary.

(6 Marks)

Q-2: M/s. Vishnu Care Ltd. has introduced a new product 'CLOVE' toothpaste. Determine the GST payable if rate of tax is 18% on tooth paste and tooth brush:

- (i) 1,000 pieces having retail sale price (RSP) Rs. 70 per piece are sold in retail packages to wholesale dealer at Rs.50 per piece.
- (ii) 2,500 pieces having RSP Rs. 70 per piece are sold in retail packages, but buyer is charged for 2,400 pieces only at 50 per piece (100 pieces have been given free as quantity discount).
- (iii) 50 pieces were given away as free samples, without any RSP on the pack.
- (iv) 200 multi-packs were cleared at 90 per pack, each containing two toothpaste tubes and one tooth brush free (without any RSP on it).

The amounts charged from the dealers/buyers are exclusive of GST.

(4 Marks)

Q-3: Surinder Pvt. Ltd., Noida (Uttar Pradesh) is engaged in various company has kinds of commercial activities. It manufactures taxable goods as also provides certain services branch office in New Delhi. The Head office at Noida and the branch office in New Delhi are registered under GST. The branch office at New Delhi is eligible for full input tax credit.

The company has reported a total turnover of Rs.256 crore (exclusive of GST) for the month of August 2021. The following information is provided by the company in relation to such turnover:

- (i) The turnover includes Rs.45 crore from sale of securities which were purchased for Rs.30 crore in the month of January last year.
- (ii) The company supplied goods worth Rs.50 crore to ABC Ltd. in UK under a letter of undertaking (LUT). The total export proceeds are received in the month of August 2021 itself; Rs. 30 crore in foreign currency and balance Rs. 20 crore in Indian rupees.

- (iii) The company provided consulting services to Sherpa & Sons in Nepal for 30 crore under a LUT. The entire consideration is received in Indian rupees in the month of August 2021 itself, with the permission of RBI.
- (iv) The turnover includes supply of goods worth Rs. 10 crore to Shanghai Jianguo Trading Company Ltd., a company based in China. As per the sale contract, the goods were to be assembled at Shanghai Jianguo Trading Company Ltd.'s office in Gurugram, Haryana. The payments of the goods are received in convertible foreign exchange in the month of August 2021 itself.
- (v) Goods worth Rs.20 crore are supplied under a LUT to DEF Pvt. Ltd. located in a SEZ in the State of Uttar Pradesh
- (vi) Goods worth Rs.40 lakh were being procured from a vendor in Japan. While the goods were in transit, the company secured an order for the said goods for Rs. 50 lakh from a buyer in Thailand. Thus, the goods were directly sent to Thailand without entering India.
- (vii) The company owns three immovable properties in Noida. The first building is let out for running a printing press at Rs. 10 lakh per month. The second building is let out for residential purpose at Rs. 5 lakh per month. The third building is let out to a Cold Storage operator at Rs. 5 lakh per month. The cold storage operator sub-lets the building as a warehouse to store potatoes.
- (viii) The remaining turnover comprised of taxable goods sold within the State and outside the State in the ratio of 3:2.

Total turnover of Rs.256 crore includes the turnover referred to in points (i) to (viii) above.

In addition to above –

- (i) The company transferred its stock (taxable goods) from Noida to Delhi branch without any consideration; the value declared in the invoice is Rs.4.5 crore (exclusive of GST). The cost of production of such goods is Rs.10 crore. Such stock is sold to independent buyers at Rs.15 crore (exclusive of GST).
- (ii) the company had sent goods worth Rs.12 crore (exclusive of GST) to M/s. Sharma Traders in Haryana on approval basis on 15th January, 2021, 15th February 2021 & 15th March 2021

(Rs. 4 crore each month). Goods sent during all the three months are approved in the month of September 2021.

Compute the GST liability (CGST & SGST or IGST, as the case may be] of Skylark Pvt. Ltd., Noida for the month of August 2021. Make suitable assumptions wherever required.

Assume the rates of taxes to be as under:

Particulars	CGST	SGST	IGST
Goods	6%	6%	12%
Services	9 %	9 %	18%

(8 Marks)

Q-4: Sumith P Ltd. (SPL), having its registered office at Salem, Tamil Nadu, is a manufacturer of dyeing machinery. It manufactures and installs the machinery at the places opted by the buyers. For each machine manufactured and installed by it, SPL gets a subsidy of Rs.3 lakhs.

Ankita Goyal Ltd. (AGL), having their registered office at Coimbatore, Tamil Nadu has ordered machinery from SPL, to be erected at their place of manufacture at Palghat, Kerala.

The base price of the machine is Rs. 25 lakhs. For each machinery, there is a separate handling charge of Rs. 50,000.

AGL have opted to take an additional warranty for Rs. 20,000 for an extended service period of 1 year, in addition to the free warranty provided by SPL. The installation costs of Rs. 80,000 charged by SPL, will be met by PDL. SPL offers a cash discount of 2%, where the payment is made within a month. If the payment is not so made, it not only recovers the discount earlier offered, but also charges interest at 18% for the period of delay.

A machinery was supplied on 21st November, 2019, the tax invoice also being issued the same day.

Ascertain the transaction value of the machine sold to MTL and the GST payable [SGST & CGST or IGST] by SPL. You are further informed that MTL made the actual payment only on 10th January, 2020.

You are informed that the GST rates applicable for the product as under:

SGST	6%
CGST	6%
IGST	12%

(6 Marks)

Q-5: Determine the value of supply for purpose of GST under the CGST Act, 2017 in the following cases:

- (i) A supplier supplied his goods for Rs. 118 per piece and does not charge any GST in his invoice. Subsequently it was found that the goods were not exempted from but were liable at 18% advalorem.
- (ii) Certain goods were supplied for Rs. 118 per piece and 18% advalorem is the rate of GST. Subsequently it was found that the price cum tax was in fact Rs. 138 per piece as the supplier had collected Rs. 20 per piece separately.
- (iii) The cum tax price per piece was Rs. 118 and the supplier had paid tax at 18% advalorem. Subsequently it was found that the rate of tax was 28% advalorem and the supplier had not collected anything over and above Rs. 118 per piece.

(6 Marks)

MCQ

1. M/s Shyam Rice Mills (P) Ltd, a registered person under GST engaged in the business of milling of Paddy into Rice, loading, unloading, packing , storage & warehousing of Paddy/Rice in the state of Odisha. The Company made following supplies during the month of December 2019.

- 1) Amount received towards milling of Paddy Rs.50 lakhs
- 2) Warehousing charges received for Paddy/Rice Rs.10 lakhs
- 3) Loading/unloading charges collected for Paddy /rice Rs.8 lakhs.

Determine the amount of GST payable on above supplies by the company, assuming GST rate 5%?

- A. Rs.3,40,000
- B. Rs.2,50,000
- C. Rs.2,90,000
- D. Rs. Nil

2. M/s Pave Infra got a contract of Rs. 2 Crores from Kolkata Municipal Corporation (KMC) for repair & maintenance of Sewage system. The work involves composite supply of goods & services of which goods constitute Rs.40 lakhs (i.e 20%) of total value of work. Determine the tax liability, assuming GST rate 18%?

- A. Rs.28.80 lakhs
- B. Exempt supply
- C. Rs.36 lakhs
- D. Rs. 7.20 lakhs

3. Mr. A sells the goods to Mr. B for Rs.20,000 on 1st April, 2021 and allows him a credit period on 15 days post that penalty of Rs.10 per day shall levied on the same. Mr. B makes a payment of Rs.20,000 on 30th April, 2021 and Mr. A agreed for the same. What shall be the value on which tax shall be levied?

- A.** Rs.20,000
- B.** Rs.20,150
- C.** Rs.20,300
- D.** Any of the above

4. XY, Bangalore, Karnataka furnishes following information:

- (i) 10 MT of inputs stock transferred to branch located in Chennai, Tamil Nadu on 10th April, 20XX. Transfer value of the inputs shown in the invoice is Rs.10,000.
- (ii) 5 MT of inputs supplied to customer located in Chennai at Rs.12,500 on 10th April, 20XX.
- (iii) Cost of production of 1 MT of input is Rs.750.
- (iv) Chennai branch is eligible for full input tax credit

The value of the inputs stock transferred to Chennai Branch is

- A.** Rs. 10,000
- B.** Rs.25,000
- C.** Rs. 8,250
- D.** Rs.12,500

5. Venus Traders is an importer and Harsha Export & Import Agency is a customs broker. Venus Trader approaches Harsha Export & Import Agency for customs clearance work with respect to

an import consignment. Harsha Export & Import Agency agrees to provide the clearance service for a consideration of Rs.90,000. The clearance of import consignment and delivery of the consignment to Venus Trader would also require taking service of a transporter. So Venus Trader authorizes Harsha Export & Import Agency to incur expenditure on their behalf for procuring the transportation and agrees to reimburse the actual expenditure to Harsha Export & Import Agency. Harsha Export & Import Agency incurred the following expenditure:

(i) Transportation Expense = Rs.25,000

(ii) Customs Duty = Rs.20,000

(iii) Dock charges = Rs. 5,000

Determine the taxable value as in accordance with applicable provisions of GST?

- A. 90,000/-
- B. 1,10,000/-
- C. 1,20,000/-
- D. 1,40,000/-

(1 × 5 = 5 Marks)

