

CBCS SCHEME

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18MBAFM403

Fourth Semester MBA Degree Examination, July/August 2021 Indirect Taxation

Time: 3 hrs.

Max. Marks:100

Note: Answer any FIVE full questions.

- 1 a. Mention the various types of GST. (03 Marks)
b. Write a note on Input tax credit. (07 Marks)
c. Explain the benefits of implementing GST. (10 Marks)
- 2 a. What is meant by mixed supply? (03 Marks)
b. Write a note on HSN code. (07 Marks)
c. Determine the Time of supply where supply does not involve movement of goods. (10 Marks)

Sl. No.	Date of Delivery of goods	Date of Issue of Invoice	Date when goods are made available	Date of receipt of payment
1	3/11/2019	4/11/2019	5/11/2019	15/09/2019
2	6/09/2019	4/09/2019	7/09/2019	25/11/2019
3	4/12/2019	4/12/2019	6/12/2019	1/11/2019
4	5/11/2019	30/09/2019	8/10/2019	26/11/2019

- 3 a. What do you mean by works contract? (03 Marks)
b. Discuss the concept of RCM in GST. (07 Marks)
c. Explain the powers of GST council. (10 Marks)
- 4 a. What is zero rated supply and exempt supply? (03 Marks)
b. Discuss the levy of customs duty. (07 Marks)
c. Mr. Vikas is a registered person in Bangalore provides the following information for the month of April 2020. Compute the value of Taxable turnover and the output tax.
(i) Supply to a dealer in Pune GST 12% for Rs.800,000/-.
(ii) Supply to a dealer in Delhi Rs.200,000 (Nil rate).
(iii) Sale to a dealer in Mangalore – Rs. 980,000 (GST : 5%)
(iv) Exported to Denmark Rs.15,00,000 (GST : 12%)
(v) Supply to a dealer in Haryana Rs. 200,000 (GST : 12%)
(vi) Sold to an unregistered dealer in Mysore Rs.15,00,000 (GST : 12%)
(vii) Supply to SEZ developer in Udupi Rs.800,000 (GST : 5%)
(viii) Sold to a dealer in Punjab Rs.400,000 (GST : 12%)
(ix) Exempt goods supplied to a dealer in Rajasthan Rs. 400,000.
(x) Sale to a dealer in Hassan who has registered under composition scheme (12% GST for Rs.500,000).
(xi) Sold to a unit of SEZ in Chennai Rs.200,000 (GST 5%)
(xii) Supply to a registered dealer with in the rate for Rs.600,000 (GST : 18%) (10 Marks)
- 5 a. Who is a casual taxable person? (03 Marks)
b. Explain the provision of GST Act in respect of place of supply of goods. (07 Marks)
c. Discuss different types of customs duty. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg. 42+8 = 50, will be treated as malpractice.

- 6 a. What is meant by Baggage? (03 Marks)
 b. What are the different types of GST Registration? (07 Marks)
 c. Explain the situations where a business unit requires GST registration. (10 Marks)
- 7 a. What are dutiable goods? (03 Marks)
 b. Write a note on composition scheme of GST. (07 Marks)
 c. An importer has imported machinery from America at a cost of \$ 48,000. Other details are as follows, Calculate Assessable value and customs duty payable :
 Cost of spare parts \$ 2,000.
 Goods were packed for which packing charges were charged \$ 4,000. Goods were stuffed in returnable containers, the price of which was \$ 2,000.
 Licence fees paid the exporter's Franchises in Germany - \$ 1,000
 Installation charges to technician \$ 300.
 Loading and Unloading charges Rs.45,000
 Importer had paid commission to broker in America who arranged the transaction - \$ 500.
 Date of submission of Bill of Entry 31st January, exchange rate \$1 = Rs.65,
 Customs duty – 12.5%, Date of entry inwards 2nd February. Exchange Rate \$1 = Rs.66.
 Customs duty – 10%, GST levied on such materials in India – 18%. (10 Marks)
- 8 Suman, Registered Taxable person under GST, provides following particulars for a tax period. Compute net GST payable.
 (i) Supply of goods (18%) : Intra state Rs. 15,00,000, Inter-state Rs. 18,00,000.
 (ii) Supply of goods (12%) : Intrastate Rs.20,00,000, Inter-state Rs. 12,00,000.
 (iii) Supply of services (18%) : Intrastate Rs.10,00,000, Inter-state Rs.8,00,000.
 (iv) Purchase of goods (18%) : Intra state Rs.9,00,000, Inter-state Rs.11,00,000
 (v) Purchase of goods (12%) : Intra state Rs.13,00,000, Inter-state Rs. 7,00,000
 (vi) Services received (18%). Intra state Rs.6,00,000, Inter-state Rs.5,00,000.
 The above amounts are excluding GST. The ITC at the beginning of the relevant period :
 IGST Rs.1,50,000 ; CGST Rs.1,60,000 and SGST Rs.1,50,000.
 Assume that details of all invoices / Debit notes have been uploaded by all the suppliers in the relevant returns within the due date. (20 Marks)

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Signature of Scrutinizer

Subject Title: Indirect TaxationSubject Code: 18MBAFM403

Question Number	Solution	Marks Allocated
1.a.	Various types of GST - (CGST, SGST, UTGST and IGST - with explanation)	(03)
1.b.	Input Tax credit (ITC) - ITC is the tax that a business pays on a purchase and that it can use to reduce the tax liability when it makes sale. Eligibility to claim ITC - (a) dealer should be in possession of invoice (b) goods or services have been received (c) Returns have been filed (d) tax is paid by the supplier (e) In possession of all supporting documents	(07)
1.c.	Benefits of Implementing GST (a) Reduction in cascading effect of taxes (b) Cover all reduction in prices (c) Common national market (d) Self-regulated tax system (e) Simplified tax regime (f) Consumption based tax (g) Enhanced productivity of logistics (h) Easy doing business (i) Reduction of litigation (j) Tackling corruption & tax leakage	(10)
2a.	Mixed supply is two or more independent products or services which are offered together as a bundle but can also be sold separately. In a mixed supply, the item of goods or service with the highest GST is treated as mixed principal supply.	(03)

Question Number	Solution	Marks Allocated																				
2 b.	<p>HSN (Harmonised System Nomenclature) is a six digit code that classifies more than 5000 products, arranged in a logical and legal structure. To achieve uniform classification, the HSN is supported by well defined rules and is accepted worldwide. India has already been using HSN system since 1986 in the central Excise and Customs regime</p>	(07 marks)																				
2 c.	Determination of Time of Supply																					
	<table border="1"> <thead> <tr> <th data-bbox="303 795 391 873">Sl no</th> <th data-bbox="391 795 885 873">Criteria</th> <th data-bbox="885 795 1077 873">Date</th> <th data-bbox="1077 795 1316 873">Time of Supply</th> </tr> </thead> <tbody> <tr> <td data-bbox="303 873 391 1086">1</td> <td data-bbox="391 873 885 1086"> Date of Invoice Due date of Invoice U/S 31(C) Date of Payment received w.e is earlier </td> <td data-bbox="885 873 1077 1086"> 4/11/2019 5/11/2019 15/9/2019 </td> <td data-bbox="1077 873 1316 1086">15/9/2019</td> </tr> <tr> <td data-bbox="303 1086 391 1243">2</td> <td data-bbox="391 1086 885 1243"> Date of Invoice Due date of Invoice U/S 31(C) Date of Payt received, w.e is earlier </td> <td data-bbox="885 1086 1077 1243"> 4/9/2019 7/9/2019 15/9/2019 </td> <td data-bbox="1077 1086 1316 1243">4/9/2019</td> </tr> <tr> <td data-bbox="303 1243 391 1433">3</td> <td data-bbox="391 1243 885 1433"> Date of Invoice Due date of Invoice U/S 31(C) Date of Payt received, w.e is earlier </td> <td data-bbox="885 1243 1077 1433"> 4/12/2019 6/12/2019 1/11/2019 </td> <td data-bbox="1077 1243 1316 1433">1/11/2019</td> </tr> <tr> <td data-bbox="303 1433 391 1635">4</td> <td data-bbox="391 1433 885 1635"> Date of Invoice Due date of Invoice U/S 31(C) Date of Payt received, w.e is earlier </td> <td data-bbox="885 1433 1077 1635"> 30/9/2019 8/10/2019 26/11/2019 </td> <td data-bbox="1077 1433 1316 1635">30/9/2019</td> </tr> </tbody> </table>	Sl no	Criteria	Date	Time of Supply	1	Date of Invoice Due date of Invoice U/S 31(C) Date of Payment received w.e is earlier	4/11/2019 5/11/2019 15/9/2019	15/9/2019	2	Date of Invoice Due date of Invoice U/S 31(C) Date of Payt received, w.e is earlier	4/9/2019 7/9/2019 15/9/2019	4/9/2019	3	Date of Invoice Due date of Invoice U/S 31(C) Date of Payt received, w.e is earlier	4/12/2019 6/12/2019 1/11/2019	1/11/2019	4	Date of Invoice Due date of Invoice U/S 31(C) Date of Payt received, w.e is earlier	30/9/2019 8/10/2019 26/11/2019	30/9/2019	(10 marks)
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3 a.	<p>Works Contract means a Contract for building, construction, fabrication, completion, erection, installation, fitting out, improvement, modification, repair, maintenance, renovation of any immovable property in goods is involved in the execution of such Contract</p>	(03 marks)																				

Question Number	Solution	Marks Allocated
2b.	<p>Reverse Charge Mechanism (RCM) means liability to pay GST by the recipient of supply of goods and services or both instead of supplier. RCM is applicable in following cases</p> <ol style="list-style-type: none"> (i) Supply from an Unregistered dealer (ii) Service through e-Commerce operator (iii) Supply of certain goods and services specified by CBEC. 	(07marks)
2c.	<p>Powers of GST Council - GST Council shall make recommendation on the following matters:</p> <ol style="list-style-type: none"> (i) Subsuming of various taxes, cess and surcharge in GST (ii) Details of goods and services that may be subjected to or exempted from GST (iii) On-threshold limit below which services and goods will be exempted from GST (iv) Rates, flat rates, band special rates (v) Special provisions relating to special category rates (vi) Determination of place of supply (vii) The Council is vested with all powers to regulate all aspects relating to GST 	(10marks)
4a.	<p>Zero rated supply refers to supply of goods or services to SEZ developer or SEZ unit. Exempt supply refers to those supply which attracts nil rate of tax. It includes non-taxable supply.</p>	(03marks)
4b.	<p>L levy of customs duty --- Section 12 of the customs Act 1962 is the charging section. It states that the duties of custom shall be levied at such rates as may be prescribed under the Customs Tariff Act 1975.</p>	

Question Number	Solution						Marks Allocated
	goods imported or exported from India						(07 marks)
A.c.	Computation of Taxable Turnover and output Tax for April 2020						
Sl.No	Particulars	Taxable Turnover	GST Rate	output Tax			
				I GST	CGST	SGST	
1	Supply to dealer in Pune	800,000	12%	96,000	-	-	
2	Supply to dealer in Delhi	-	0%	-	-	-	
3	Sale to dealer in M'la	980,000	5%	-	24,500	24,500	
4	Exported to Denmark	-	0%	-	-	-	
5	Supply to dealer in Haryana	2,00,000	12%	24,000	-	-	
6	Sold to unreg. dealer in Mysore	15,00,000	12%	-	90,000	90,000	
7	Supply to SEZ developer	-	0%	-	-	-	
8	Sold to dealer in Punjab	400,000	12%	48,000	-	-	
9	Supply to reg. dealer in Rajasthan (Exempt)	-	0%	-	-	-	
10	Sale to dealer in Haryana	500,000	12%	-	30,000	30,000	
11	Sale to a Unit in SEZ	-	0%	-	-	-	
12	Sale to dealer with in the state	600,000	18%	-	54,000	54,000	
	Taxable Turnover & output Tax	49,80,000		1,68,000	1,98,500	1,98,500	
5a.	Casual Taxable Person is a person who supplies taxable goods or services occasionally in a taxable territory where he does not have a fixed place of business.						(03 marks)
5b.	Provisions of GST Act in respect of place of supply of goods.						
	a) Movement of goods (b) Goods delivered on behalf of third party (c) No movement of goods (d) Installation of goods at site (e) goods supplied on Board						(07 marks)
	(with explanation & Examples)						

Question Number	Solution	Marks Allocated
5c.	<p>Types of Customs Duty</p> <p>(i) Basic customs duty (ii) Additional (Country Vailing) duty (iii) Export duty (iv) Protective duty (v) Countervailing duty on subsidised goods (vi) Anti-dumping duty (vii) Safeguard duty (viii) National Calamity Contingent duty (ix) Education lev on customs duty (With explanation)</p>	(10 marks)
6.a.	<p>Baggage is the luggage of the passenger travelling by air or sea from one country to another. It also means all dutiable goods imported by a passenger or a member of crew in his/her baggage.</p>	(03 marks)
6b.	<p>Different types of GST Registration.</p> <ul style="list-style-type: none"> * Normal Tax Payer * Composition Tax Payer * Casual Taxable Person * Non-Resident Taxable Person 	(07 marks)
6c.	<p>As per GST Act, the following persons should mandatorily require GST registration</p> <ol style="list-style-type: none"> (i) Aggregate Turnover Criteria (ii) Mandatory Registration Criteria - with subpoint (iii) Person having service tax & VAT or Central Excise registration. 	(10 marks)
7.a.	<p>Dutiable goods are those which are chargeable to duty and on which duty has not been paid</p>	(03 marks)
7b.	<p>GST Composition Scheme is a tax paying mechanism offered to small business units.</p>	

Scheme & Solution

Q.No.

Subject Indirect Taxation

Subject Code 18MBAFM403

Small tax payers can get rid of tedious GST formalities and pay GST at a fixed rate of turnover. The scheme can be opted by any taxpayer whose turnover is less than Rs 1.5 crore. There will be uniform rate of 1% on composition scheme for dealers and manufacturers and restaurant services pay 5% of turnover under composition scheme. Composition scheme can be opted by any person except manufacturer of ice cream, pan masala and tobacco, a person making interstate supplies, a casual taxable person or non-resident taxable person and business concerns which supply goods through an e-commerce operator. (OT)

T.C

Computation of Assessable value

	\$	₹ \$ = ₹65
Price of Machinery	48,000	31,20,000
Price of spare parts	2,000	1,30,000
Add: Brokerage to the agent	500	32,500
Packing charges	4,000	2,60,000
License fees	1,000	65,000
FOB Price		36,07,500
Add: Transportation charges (20% of FOB)		7,21,500
Transit Insurance (1.25% of FOB)		40,584
Assessable Value (AV)		43,69,584

Computation of customs Duty Payable

Basic customs duty @ 10% of 43,69,584	₹ 43,69,584
Add Social welfare surcharge @ 10% of BED (10% of 43,69,584)	₹ 43,69,584
A ←	₹ 87,39,168
Add IGST @ 18% of AV + A	₹ 873,043
18% of (43,69,584 + 87,39,168)	₹ 13,53,697
Total customs duty Payable	₹ 13,53,697 (10 marks)

Subject: Indirect Taxation

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8. Case study: Computation of output Tax

Details of Outward Supply	Value	GSTR Rate	IGST	CGST	SGST
Supply of goods - Intra state	15,00,000	18%	-	135,000	135,000
Supply of goods - Interstate	18,00,000	18%	324,000	-	-
Supply of goods - Intra state	20,00,000	12%	-	120,000	120,000
Supply of goods - Interstate	12,00,000	12%	144,000	-	-
Supply of Service - Intra state	10,00,000	18%	-	90,000	90,000
Supply of Service - Interstate	8,00,000	18%	144,000	-	-
Total I/O & output Tax	83,00,000		612,000	345,000	345,000

(08)

Computation of Input credit Available

Details of Inward Supply	Value	GSTR Rate	IGST	CGST	SGST
Purchase of goods - Intra state	9,00,000	18%	-	81,000	81,000
" " Interstate	11,00,000	18%	198,000	-	-
" " Intra state	13,00,000	12%	-	78,000	78,000
" " Interstate	7,00,000	12%	84,000	-	-
Services used - Intra state	6,00,000	18%	-	54,000	54,000
" " - Interstate	5,00,000	18%	90,000	-	-
Total Input Tax			372,000	213,000	213,000
Add: Opening balance ITC			150,000	160,000	150,000
Total ITC Available			522,000	373,000	363,000

(08)

Computation of Net GST Payable

Total output tax (A)	IGST	CGST	SGST
	612,000	345,000	345,000
Less: ITC available	(522,000)		
a) IGST - used to pay IGST		345,000	
(b) CGST - 373,000 first used to CGST fully, then balance (373,000 - 345,000) = 28,000 for IGST	(28,000)		
(c) SGST - 363,000 - used to pay SGST fully, then balance for IGST (363,000 - 345,000) = 18,000	(18,000)		345,000
	44,000	-	-

(04)

Net GST Payable.