

Internal Assessment Test – I

Sub:	Indirect Taxation	Code:	22M
Date:	04.08.2023	Duration:	90 mins
		Max Marks:	50
		Sem:	IV
		Branch:	MB
SET 3			

Marks

Part A - Answer Any Two Full Questions (2* 20 = 40 marks)

1 (a) What is the concept of levy?

[03]

GST is levied on the taxable value of goods and services, which includes the transaction value, any taxes, duties, and other charges. GST is collected from the customer by the registered supplier and deposited with the government

(b) Elucidate the importance of ‘Place of Supply’ in respect of categories of services.

[07]

Place of supply is important to determine the kind of tax that is to be levied. The IGST is levied in case of inter-state supply whereas CGST and SGST become applicable in case of intra state supply. Whether a supply is inter-state or intra state, it depends upon the location of supplier and the place of Supply.

When the location of supplier and the place of supply are in two different States, it will be an Inter-State supply and IGST will be applicable but when the two are in the same State, then it will be an Intra-State supply and CGST & SGST/UTGST is applicable.

(c) Nisha Enterprises had made supplies of ₹ 9,00,000 to D.K. Enterprises on which a tax of ₹ 90,000 was levied by Municipal Authorities. The CGST and SGST chargeable on the supply @ 5% was of ₹ 45,000. Packing charges of ₹ 25,000 are not being included in the price of supply value of ₹ 9,00,000.

[10]

Nisha Enterprises received a subsidy of ₹ 60,000 from an NGO on the sale of such goods and the price mentioned above of ₹ 9,00,000 is after taking into account the subsidy so received. A discount of 1% is also offered by Nisha Enterprises as being mentioned on the invoice.

Determine the value of supply as per the provision of the CGST Act, 2017.

Solution:

Particulars	Amount (₹)
Amount of supply	9,00,000
Add: Taxes by Municipal Authority [are includible in the value of supply in terms of section 15(2) of the CGST Act, 2017]	90,000
Packing Charges	25,000

Subsidy from NGO	60,000
Total Value	10,75,000
Less: Discount @ 1% of 9,00,000	9,000
Value of Supply	10,66,000

2 (a) Discuss the Time of Supply in case of supply of vouchers in respect of goods. [03]

Time of supply in the case of single purpose voucher i.e. case where supply is identifiable at the time of issuance of voucher is the date of issue of voucher. However, in all other cases of supply of vouchers, the time of supply is the date of redemption of voucher.

(b) Discuss the taxability of following activities relating to a bank: [07]

- (a) Bank extended housing loan of Rs.50 lakhs to Mr.A
- (b) Bank received Rs.50000 as loan processing fee from Mr.A
- (c) Bank received Rs.6 lakhs as interest on loan from Mr.A.

- (a) transaction in money hence not service
- (b) Liable for GST : 50000*18%
- (c) Exempt vide Entry 27

(c) Enumerate the eligibility and conditions for taking Input Tax Credit under Sec.16. [10]

The reference from the GST Law has been described as below: (1) Every registered person shall, subject to such conditions and restrictions as may be prescribed and in the manner specified in section 49, be entitled to take credit of input tax charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person. (2) Notwithstanding anything contained in this section, no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless,— (a) he is in possession of a tax invoice or debit note issued by a supplier registered under this Act, or such other tax paying documents as may be prescribed; (b) he has received the goods or services or both. [Explanation.— For the purposes of this clause, it shall be deemed that the registered person has received the goods or, as the case may be, services— (i) where the goods are delivered by the supplier to a recipient or any other person on the direction of such registered person, whether acting as an agent or otherwise, before or during movement of goods, either by way of transfer of documents of title to goods or otherwise; (ii) where the services are provided by the supplier to any person on the direction of and on account of such registered person;]. (c) subject to the provisions of section 41, the tax charged in respect of such supply has been actually paid to the Government, either in cash or through utilisation of input tax credit admissible in respect of the said supply; and (d) he has furnished the return under section 39: Provided that where the goods against an invoice are received in lots or instalments, the registered person shall be entitled to take credit upon receipt of the last lot or instalment: Provided further that where a recipient fails to pay to the supplier of goods or services or both, other than the supplies on which tax is payable on reverse charge basis, the amount towards the value of supply along with tax payable thereon within a period of one hundred and eighty days from the date of issue of invoice by the supplier, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability, along with interest thereon, in such manner as may be prescribed: Provided also that the recipient shall be entitled to avail of the credit of input tax on payment made by him of the amount towards the value of supply of goods or services or both along with

tax payable thereon. (3) Where the registered person has claimed depreciation on the tax component of the cost of capital goods and plant and machinery under the provisions of the Income tax Act, 1961, the input tax credit on the said tax component shall not be allowed. (4) A registered person shall not be entitled to take input tax credit in respect of any invoice or debit note for supply of goods or services or both after the due date of furnishing of the return under section 39 for the month of September following the end of financial year to which such invoice or invoice relating to such debit note pertains or furnishing of the relevant annual return, whichever is earlier. [Provided that the registered person shall be entitled to take input tax credit after the due date of furnishing of the return under section 39 for the month of September, 2018 till the due date of furnishing of the return under the said section for the month of March, 2019 in respect of any invoice or invoice relating to such debit note for supply of goods or services or both made during the financial year 2017-18, the details of which have been uploaded by the supplier under sub-section (1) of section 37 till the due date for furnishing the details under sub-section (1) of said section for the month of March.

3 (a) 'What do you understand by composition levy? [03]

composition levy is required to pay reverse charge on inward supplies from unregistered taxpayer's or based on a list of goods or services notified by the government on the recommendations of the GST Council and will not take input tax credit on the same.

(b) A company provides the service of 24 hours accommodation in a houseboat which is situated in Kerala and Karnataka states in as much as the guests board the house boat in Kerala and stay there for 22 hours but it also moves into Karnataka for 2 hours. The place of supply of this service is in the states of Kerala and Karnataka. Calculate the service ratio quoting the rules of Sec.12(3). [07]

Solution:

12(3) In relation to immovable property accommodation at hotel, for social, religious function etc. or services ancillary to it Location at which the immovable property or boat or vessel is located or intended to be located, and if located outside India, location of service recipient.

22:2 or 11:1 sharing

(c) PPQRR an entity registered under Sec 12AB of the Income Tax Act 1961 has furnished their activities. You are required to compute the GST liability from the information given below. [10]

Particulars	
Yoga fee charged by the trust	600000
amount received for advancement of educational program relating to abandoned, orphaned or homeless children	1050000
amount received for renting of commercial property owned by the trust	3500000
payment made for the services received from a service provider located in England for the purpose of providing charitable activities	1000000

amount received for activities relating to preservation of forests and wildlife	1235000
donation received from Mr. Dhana for construction of orphanage in memory of his father	3000000
receipts of old age home meant for residents of 60 years or more	1000000
Rate of GST is 18%.	

Solution:

Excepting renting of commercial property for 3500000/- all others are exempted services since it is registered under 12AB of the IT Act, 1961. Hence, 18% on 350000 ie., Rs.6,30,000 is payable as tax.

Part B - Compulsory (01*10=10 marks)

4

ABC India Ltd. is engaged in the manufacture of some taxable goods. It purchased the following goods in the month of October, 2018:-

Items	GST paid
Raw material used for the production of the final product	1,00,000
Goods used for generation of electricity for captive consumption	20,000
Goods used for providing free warranty – Value of such free warranty provided by ABC India Ltd. is included in the price of the final product and is not charged separately from the customers	10,000
Light diesel oil	5,000

Note: ABC India Ltd. is also purchased High Speed Diesel oil by paying central excise duty of ₹ 12,000, which is also used in the manufacturer of taxable output.

(a) Solve for the amount of input tax credit available to ABC India Ltd.

Items	ITC in ₹
Raw material used for the production of the final product	1,00,000
Goods used for generation of electricity for captive consumption	20,000
Goods used for providing free warranty – Value of such free warranty provided by ABC India Ltd. is included in the price of the final product and is not charged separately from the customers	10,000
Light diesel oil	5,000
High Speed Diesel oil	Not allowed

Total input tax credit**1,35,000**

(b) infer your answer by substantiating with rules of GST.

HPMAN is still out of GST Ambit.

Any raw material and production facilities are eligible for Input Tax Credit.

Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5
CO1:	Have clarity about GST system in India	1a,1b	1c	-	-	-
CO2:	Understanding of levy and collection of GST in India	2a,2b,3b	3a,	3c	2c	-
CO3:	Have an overview of customs duty in India			-	-	-
CO4:	Understanding of valuation for customs duty.	-	-	-	-	-

Cognitive level	KEYWORDS
L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	asses, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Effective Communication Skills; PO3–Leadership Qualities; PO4 –Sustained Research Orientation; PO5 –Self-Sustaining Entrepreneurship

CI**CCI****HOD**