CMR Institute of Technology, Bangalore			
Department(s): **MBA**			
Semester: **IV**	Section(s): **A & B**	Lectures/week: 04	
Subject: **INDIRECT TAXATION**		Code: **20MBAFM403**	
Solution to VTU Examination Paper 20MBAFM403 June/July 2023			

Question No.1(a)
Dual GST model or dual GST structure is a simple tax with two different taxation components. Central Goods and Service Tax (CGST) and the State Goods and Service Tax (SGST) are the tax components that can be levied on a single transaction in India within a state on account of its federal nature.

1(b)
Compulsory registration in certain cases under GST:
Registration under GST is mandatory for all businesses whose annual turnover exceeds Rs 40 lakhs in a financial year. This threshold is Rs 20 lakhs for special category states such as Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand.

1(c) Confiscation of Cover Goods Section 119 of the Customs Act, 1962 provides that any goods (excluding conveyance used a means of transport) used for concealing smuggled goods shall also be liable to confiscation.
F: Confiscation of Smuggled goods mixed with other goods Section 120 of the Customs Act, 1962 provides that smuggled goods may be confiscated notwithstanding any change in their form, or their being in an inseparable mixture form with other goods.
G. Confiscation of sale proceeds of smuggled goods
Under Section 121 of the Customs Act, 1962, where any smuggled goods are sold by a person having knowledge or reason to believe that the goods are smuggled goods, the sale proceeds thereof shall be liable to confiscation.
Statutory Provisions for Imposition of Monetary Penalty The Statutory Provisions providing for imposition of monetary Penalty on the importer/exporters and other offenders are as explained in the following paragraphs.

2(a) Concept of supply : In the GST system, a taxable event is called a Supply. For an event to be considered as a supply by the government, it should have the following characteristics.

Supply should be of goods or services.
Supply should be taxable.
Supply should be made by a taxable person.
Supply should be made within a taxable territory.
Supply should be made in exchange for cash or reward (consideration).
Supply should be made in the course of business or in the interest of growing a business.

2(b) Penalty under 114AB and 114AC :
[SECTION 114AA. Penalty for use of false and incorrect material. - If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.]
[SECTION 114AB. Penalty for obtaining instrument by fraud, etc. - Where any person has obtained any instrument by fraud, collusion, wilful misstatement or suppression of facts and such instrument has been utilised by such person or any other person for discharging duty, the person to whom the instrument was issued shall be liable for penalty not exceeding the face value of such instrument.
Explanation.—For the purposes of this section, the expression "instrument" shall have the same meaning as assigned to it in the Explanation 1 to section 28AAA]
[SECTION 114AC. Penalty for fraudulent utilisation of input tax credit for claiming refund. -Where any person has obtained any invoice by fraud, collusion, willful misstatement or suppression of facts to utilise input tax credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of such duty or tax, such person shall be liable for penalty not exceeding five times the refund claimed.
Explanation.—For the purposes of this section, the expression "input tax credit" shall have the same meaning as assigned to it in clause (63) of section 2 of the Central Goods and Services Tax Act, 2017.]

2(c) Provisions under GST filing:
According to the GST Act, a taxable person has established a business in India, in any state, and is eligible to be registered under the act. This person must be a part of a trade or commerce or any economic activity. This includes local authority, LLP, HUF, individuals, cooperative society, trust, and an AOP/BOI. All such entities must then file GST returns as specified by the GST scheme.
The GST regime has stated that all businesses need to file GST returns but the frequency of the returns and when to file depends on the total annual turnover and the type of business.
The businesses that have an aggregate turnover of up to Rs. 5 crores can choose to file their GST returns under the QRMP scheme. They will need to file 9 GST returns per year; 4 GSTR-1 returns, 4 GSTR-3B returns, and one annual return must be submitted.
The businesses that have an aggregate annual turnover of over Rs. 5 crores and those who have not chosen the QRMP scheme are required to file GST returns twice per month. Moreover, they must file one annual return. That makes up a total of 25 GST returns per year. Note that in many cases such as composition dealers, there are other returns required to be filed and submitted according to the GST regime.
Upcoming dates to file GST return

Return form	Due date	Filing frequency
GSTR-1	11th day of the next month	Monthly

	13th day of the month after the quarter	Quarterly for those under QRMP scheme
IFF (optional according to the QRMP scheme)	13th day of the next month	Monthly (for the initial two months of the quarter)
GSTR-3B	20th day of the next month	Monthly
	For those with annual aggregate turnover less than or equal to Rs. 5 crore who also have opted for the QRMP scheme the 22nd day of the month after the quarter for category X states and UTs, and 24th day of the month after the quarter for category Y states and UTs	Quarterly for those under QRMP scheme
CMP-08	18th day of the month after the quarter	Quarterly
GSTR-4	30th day of the month after the financial year	Annually
GSTR-5	20th day of the next month	Monthly
GSTR-5A	20th day of the next month	Monthly
GSTR-6	13th day of the next month	Monthly
GSTR-7	10th day of the next month	Monthly
GSTR-8	10th day of the next month	Monthly
GSTR-9	31st December of succeeding financial year	Annually
GSTR-9C	31st December of succeeding financial year	Annually
GSTR-10	Within three months since the cancellation	Once only when cancellation or surrendering occurs
GSTR-11	28th day of the month that comes after the month during which the statement was filed	Monthly
ITC-04	25th April	Annually (for AATO less than and equal to Rs. 5 crore)
	25th October and 25th April	Half-yearly (for AATO more than Rs. 5 crore)

3(a) RCM : Reverse Charge means the liability to pay tax is on the recipient of supply of goods or services instead of the supplier of such goods or services in respect of notified categories of supply.

3(b) M/s X Ltd. being a manufacturer of laptops has four factories in Chennai, Salem, Coimbatore and Madurai.

Place	P.Y. Turnover (₹ in lakhs) (Including Taxes @ 18%)
Thane	60.82
Kolhapur	14.00

Pune	8.20
Sholapur	30.00
Nashik	43.20
Total	

Is M/s X Ltd is eligible for composition levy in the current year?
Solution:

Thane	60.82
Kolhapur	14
Pune	8.2
Sholapur	30
Nashik	43.2
Total	156.22

Therefore, 156.22 X 100/118 = 132.38 lakhs and hence is eligible for composition scheme.

3 (c)	$		
FOB Value		10000	
Transport charges to port of shipment		500	
Handling charges	50		**10550**
FOB value of exporter			
Add : Cost of transport			1000
Add: Insurance cost on actual basis			118.6875
			11668.6875
Exchange Rate as per CBIC Rs.65 (in Indian Rs.)		**758464.6875**	

4(a) ITC: Input Tax Credit' or 'ITC' means the Goods and Services Tax (GST) paid by a taxable person on any purchase of goods and/or services that are used or will be used for business. ITC value can be reduced from the GST payable on the sales by the taxable person only after fulfilling some conditions.

4(b)

Varshini Pvt. Ltd. is a registered person under GST. PY turnover was ₹ 100 lakhs. Applicable GST 18%. Inputs cost ₹ 7,80,000 (exclusive of GST 18%). Profit margin is 40% on cost. Find the invoice price and advicethe best option to pay tax if any. There is no opening balance and closing balance for the tax period.

Composition levy		Normal provision		
Particulars	Value in Rs.	Particulars	Value in Rs.	
Cost of inputs	7,80,000	Cost of inputs	7,80,000	
Add: GST 18% on inputs	1,40,400	Add: GST 18% on inputs	Not cost	
Total cost	9,20,400	Total cost	7,80,000	
Add: Profit margin 40%	3,68,160	Add: Profit margin @40%	3,12,000	
Invoice Price	12,88,560	Add: GST 18% CGST &SGST	1,96,560	
CGST 2.5%	32,214	Invoice Price	12,88,560	
SGST 2.5%	32,214		CGST 9%	SGST 9%
Total GST liability	64,428	Output tax	98,280	98,280
		Less: ITC	-70,200	-70,200
		Let Liability	28,080	28,080
		Total Tax is ₹ 56,160		

4(c)

FOB	
COST	10000
Packing charges	500
FOB	10500
Add: Commission paid to brokerage	100
Add: Cost of transport 20%	2100
Add: Insurance @1.125%	131.25
CIF Value or assessable value £	12831.25
Exchange rate 1P = Rs.80	1026500
CIF Value or assessable value in Indian Rs.	10,26,500

5(a) Anti-dumping Duty: Anti-dumping duties are taxes imposed on imported goods in order to compensate for the difference between their export price and their normal value, if dumping causes injury to producers of competing products in the importing country.

5(b) Need for GST in India: Before the introduction of GST, the indirect tax regime of India suffered from various drawbacks and limitations. needs of GST is there was a burden of tax-on-tax in the pre-GST system of central excise duty and the sales tax system of the states.
GST had to take under its wings, a profusion of indirect taxes of the states and the centre. It has integrated taxes on goods and services to set off relief. Further, this regime has also captured value additions in the distributive trade. Currently, the service sector constitutes a tax base with cast potential that has not been exploited yet in India.
GST is justified as it has covered almost all the services for taxation. Since major state and central indirect taxes are included under GST, the multiplicity of taxes has been substantially reduced, reducing the operation cost of the national tax system. The uniformity in procedures and tax rates across the country will go a long way in reducing the cost of compliance. In crux, GST is a comprehensive indirect levy of tax on manufacturer, consumption and sale of goods, and services at the country level.

5(c) Composite supply – naturally bundled (i), (v), (viii), (x)
Mixed supply – not naturally bundled (ii), (iii), (iv), (vi),(vii), (ix)

6(a) Baggage: The owner of any baggage shall, for the purpose of clearing it, make a declaration of its contents to the proper officer. The rate of duty and tariff valuation, if any, applicable to baggage shall be the rate and valuation in force on the date on which a declaration is made in respect of such baggage under section 77.

6(b)

Assessable value	Rs.500
Add: BCD @37.5%	Rs.187.50
Add: SWS @10%	Rs.18.75
Total value for levy of Integrated Tax 3(7)	Rs.706.25
Add: Integrated tax @28%	Rs.197.75
Add: GST Compensation Cess @60%	Rs.423.75
Total cost of imported goods	Rs.1327.75
Total customs duty, integrated tax & GST Compensation Cess:	Rs.**827.75**

6(c)

Date of removal	Date of Invoice	Date of payment	Explanation
15.03.2021	18.03.2021	26.03.2021	since invoice is not issued on or

			before the date of removal of goods, TOS is date of removal of goods ie., 15.03.2021
15.04.2021	14.04.2021	16.04.2021	since invoice is issued before the date of removal of goods, TOS is date of removal of goods ie., 14.04.2021
02.08.2021	16.08.2021	19.08.2021	since invoice is not issued on or before the date of removal of goods, TOS is date of removal of goods ie., 02.08.2021
04.10.2021	06.10.2021	10.10.2021	since invoice is not issued before the date of removal of goods, TOS is date of removal of goods ie., 04.10.2021
05.12.2021	10.12.2021	25.12.2021	since invoice is not issued before the date of removal of goods, TOS is date of removal of goods ie., 05.12.2021

7(a) GSTN: Goods and Services Tax Network (GSTN) has built Indirect Taxation platform for GST to help taxpayers in India to prepare, file returns, make payments of indirect tax liabilities and do other compliances.

7(b) Date of purchase of goods by the holder of voucher 01.01.2022.

7(c) Powers and functions of GST Council: In order to implement GST, Constitutional (122nd Amendment) Bill (CAB for short) was introduced in the Parliament and passed by Rajya Sabha on 03rd August, 2016 and Lok Sabha on 08th August, 2016. The CAB was

passed by more than 15 states and thereafter Hon’ble President gave assent to “The Constitution (One Hundred And First Amendment) Act, 2016” on 8th of September, 2016. Since then the GST council and been notified bringing into existence the Constitutional body to decide issues relating to GST.
On September 16, 2016, Government of India issued notifications bringing into effect all the sections of CAB setting firmly into motion the rolling out of GST. This notification sets out an outer limit of time of one year, that is till 15-9-2017 for bringing into effect GST.

GST COUNCIL

As per Article 279A (1) of the amended Constitution, the GST Council has to be constituted by the President within 60 days of the commencement of Article 279A. The notification for bringing into force Article 279A with effect from 12th September, 2016 was issued on 10th September, 2016.
As per Article 279A of the amended Constitution, the GST Council which will be a joint forum of the Centre and the States, shall consist of the following members: -
Union Finance Minister - Chairperson

b) The Union Minister of State, in-charge of Revenue of finance - Member

c) The Minister In-charge of finance or taxation or any other Minister nominated by each State Government - Members

As per Article 279A (4), the Council will make recommendations to the Union and the States on important issues related to GST, like the goods and services that may be subjected or exempted from GST, model GST Laws, principles that govern Place of Supply, threshold limits, GST rates including the floor rates with bands, special rates for raising additional resources during natural calamities/disasters, special provisions for certain States, etc.
The Union Cabinet under the Chairmanship of Prime Minister Shri Narendra Modi approved setting up of GST Council on 12th September, 2016 and also setting up its Secretariat as per the following details:
(a) Creation of the GST Council as per Article 279A of the amended Constitution;

b) Creation of the GST Council Secretariat, with its office at New Delhi;

(c) Appointment of the Secretary (Revenue) as the Ex-officio Secretary to the GST Council;

(d) Inclusion of the Chairperson, Central Board of Excise and Customs (CBEC), as a permanent invitee (non-voting) to all proceedings of the GST Council;

(e) Create one post of Additional Secretary to the GST Council in the GST Council Secretariat (at the level of Additional Secretary to the Government of India), and four posts of Commissioner in the GST Council Secretariat (at the level of Joint Secretary to the Government of India). The Cabinet also decided to provide for adequate funds for meeting the recurring and non-recurring expenses of the GST Council Secretariat, the entire cost for which shall be borne by the Central Government. The GST Council Secretariat shall be manned by officers taken on deputation from both the Central and State Governments.

Rules for conduct of business in GST Council; View
GST Council Meetings
The GST Council is a constitutional body responsible for making recommendations on issues related to the implementation of the Goods and Services Tax (GST) in India. The first

meeting of the GST Council was held on September 22-23, 2016, and since then, the Council meets periodically to deliberate and decide on various issues related to GST.
The Council has been instrumental in deciding key issues related to the GST such as tax rates, exemptions, thresholds, and administrative procedures. During its meetings, the GST Council takes decisions through a consensus-based approach every decision of the GST Council shall be taken by a majority of not less than three-fourths of the weighted votes of the members present and voting with a weightage of one-third of the total votes cast to the Centre and a weightage of two-thirds of the total votes cast to the States, promoting the spirit of the co-operative federalism.

The Council has so far held 49 meetings to date, and its decisions have had a significant impact on the GST implementation in India. Some important decisions taken in the GST Council meeting are:-

For encouraging the self-reporting businesses, the GST Council in its 24th Meeting introduced new e-way bill mechanism.

The GST Council in its 47th Meeting approved certain trade facilitation measures by way of amendment in CGST Rules like change in formula for calculation of refund in inverted duty cases, further waiver of late fees for delay in filing of GSTR-4, additional modes for payment of tax, etc.

The Council in its 49th meeting has approved the creation of National Bench of the Goods and Services Tax Appellate Tribunal (GSTAT) in principle. The National Bench of the Appellate Tribunal shall be situated at New Delhi. GSTAT shall be presided over by its President and shall consist of one Technical Member (Centre) and one Technical Member (State).

All GST anti-profiteering complaints are now dealt by the Competition Commission of India (CCI) from December 1, 2022. Prior, the National Anti-profiteering Authority (NAA) was set up in November, 2017 to check unfair profiteering activities by registered suppliers and ensure that commensurate benefits of reduction in GST rates on goods and services and of the input tax credit are passed on to consumers by way of reduction in prices. Initially, it was set up for two years till 2019, but was later extended further.

- Simplification and auto-population of GST Returns, making compliance easier for taxpayers.
- Integrating e-invoices with the e-way bill system and GST returns, promoting ease of doing business.
- Introduction of the dynamic QR code on invoices to facilitate digital payment.
- Rate Rationalization: 226 Items under 28% GST slab reduced to 37 items till now.

8(a) Sweet Ltd. Mumbai

Statement of Taxable Supply made for the month of Oct., 2021

Question does not specify the GST rate. It is assumed as 18%

List price of goods supplied inter-state (exclusive of taxes)	12,40,000
Subsidy received from Central Government for supply of taxable goods toGovernment School.	NIL
Subsidy received from a NGO for supply of taxable goods to an old age home	30,000
Tax levied by Municipal Authority	24,000
Packing charges	12,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000
Total	13,11,000

(i) If Late fee assumed to be exclusive of taxes: Rs.13,11,000

(ii) If Late fee assumed to be inclusive of taxes: Rs.5000*100/118 = Rs.4,237
In which case, the answer will be 13,11,000-762 = Rs.13,10,237
But the question is silent on the exclusiveness/inclusiveness

8(b)

List price of the goods	5,50,000
Tax levied by MA 10%	55,000
CGST SGST	Not to include
Packing charges	15,000
Subsidy received from NGO	25,000

Total	6,45,000

Less: Discount @1% on LP	5,500
Value of supply	**Rs.6,39,500**