FINAL EXAMINATION | SET - 2
MODEL QUESTION PAPER | TERM – DECEMBER 2025
PAPER – 19 | SYLLABUS 2022

INDIRECT TAX LAWS AND PRACTICE

Time Allowed: 3 Hours | **Full Marks: 100**

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option: **[15 × 2=30]**

(i) In which of these cases is a supply outside the scope of GST (i.e. not even deemed or taxable)?
a) Services by an employee to his employer in course of employment
b) Services of funeral, burial, crematorium
c) Actionable claims, other than lottery, betting, and gambling
d) All of the above

(ii) Which of the following is not included in the definition of "supply" under Section 7 of the CGST Act?
a) Sale, transfer, barter, exchange
b) Import of services (whether or not in course or furtherance of business)
c) Permanent transfer of business assets without consideration (if ITC was availed)
d) Services by any court or Tribunal.

(iii) A GST-registered restaurant supplies complimentary desserts (free of charge) to its customers after a qualifying spending. The cost of desserts is small compared to overall bill. Which statement is correct?
a) This is a supply (because part of business activity) and taxable
b) This is not a supply because there is no consideration
c) This is a supply only if the value exceeds ₹5,000
d) This is a deemed supply only if the restaurant had claimed ITC on ingredients

(iv) X issues an invoice on 10th April for goods supplied on 5th April. He receives payment on 20th April. What is the time of supply?
a) 10th April
b) 15th April
c) 5th April
d) 20th April

(v) An unregistered individual based in Hyderabad contacts a travel agent in Delhi to book an international flight from Mumbai to Dubai. What is the place of supply for GST purposes?
a) Delhi
b) Hyderabad
c) Mumbai
d) Dubai

(vi) Mr. C, a practicing Cost Accountant purchased 3 laptops each having tax element of ₹1,25,000 in his firm name. Two laptops he utilized in his office whereas one laptop he gifted to his sister. What is the amount of ineligible ITC?
a) ₹1,25,000
b) ₹2,50,000
c) ₹3,75,000
d) None of the above

(vii) Time limit for furnishing the details of outward supplies in Form GSTR-1 for each quarter/tax period by Registered person opting for QRMP- Scheme is
a) 20th day of the month succeeding such tax period
b) 10th day of the month succeeding such tax period
c) 11th day of the month succeeding such tax period
d) 13th day of the month succeeding such tax period.

(viii) Under GST, refund of unutilized ITC under inverted duty structure is allowed when:
a) Input tax rate is less than output tax rate
b) Output supplies are zero-rated
c) Input tax rate is higher than output tax rate
d) Inputs are exempt but outputs are taxable

(ix) The fee for filing an application for Advance Ruling is:
a) ₹5000/- under CGST Act
b) ₹5000/- under SGST Act
c) ₹5000/- each under CGST and SGST Act
d) ₹10000/- under any of the above Act

(x) The Anti-Profiteering Authority can order:
a) Reduction in prices
b) Imposition of GST penalties
c) Cancellation of GST registration
d) All of the above

(xi) 1,00,000 MT goods are imported for ₹10 lakh but goods actually received are 95,000 MT. In this case, value of goods liable to duty is—
a) 10,00,000
b) 9,50,000
c) 50,000
d) 10,50,000

(xii) From following data, find out the assessable value of imported goods: Cost of the machine at the factory of the exporting country- $ 5,000; Transport charges incurred by the exporter from his factory to the port for shipment- $ 250; Handling charges paid for loading the machine in the ship- $25; Buying commission paid by the importer- $25; Freight charges from exporting country to India (including handling charges $ 100)- $500. Exchange rate to be considered: 1 $ = ₹45.

a) ₹2,62,545.47
b) ₹2,61,000
c) ₹2,59,875
d) None of the above

(xiii) Which of the following items is not permitted to be imported as baggage under GFA?

a) Laptop
b) Alcohol exceeding 2 liters
c) Personal jewellery
d) Used clothes

(xiv) The maximum drawback allowed under Section 74 if goods are exported without use is:

a) 98% of duty paid
b) 90% of FOB value
c) 50% of CIF value
d) Full refund of duty

(xv) Which of the following is not a condition for availing benefits under EPCG scheme?

a) Export obligation must be fulfilled
b) Imported goods must be capital goods only
c) Goods imported must be used within 1 year from import
d) License must be utilized within 18 months from issue

SECTION – B

Answer any 5 questions out of 7 questions given. Each question carries 14 marks.

[5 × 14 = 70]

2. **(a)** Explain the activities or transactions specified in Schedule III of the CGST Act, 2017 which shall be treated as neither a supply of goods nor a supply of services. [7]

(b) Analyse the structure and key components of Form GSTR-1 under the GST regime. Highlight at least ten major headings included in the form. [7]

3. **(a)** From the following particulars, calculate the transaction value as per Rule 30 of the CGST Rules, 2017 for GST purpose. Out of 1,000 units manufactured, 800 units have been cleared to a sister unit for further production of taxable goods on assessee's behalf, the balance 200 units are lying in the stock:

Particulars	(₹)
Direct material consumed (inclusive of IGST @ 18%)	2,36,000
Direct labour and direct expenses	1,60,000
Works overheads	40,000
Research and development costs	25,000
Administration overheads (75% related to production)	80,000
Input received free of cost from sister units	35,000
Abnormal losses (not included above)	24,000
Advertisement and selling costs	36,000
VRS compensation to employee (not included above)	1,20,000
Realisable value of scrap/wastage	20,000

[7]

(b) Ram & Co., being a registered person under GST supplied the following in the month of January 2025:

Particulars	Value in ₹
Taxable supply of goods	20,00,000
Exempted supply of goods	5,00,000
Sale of land	12,50,000
Recovery Agent services supplied to OK Bank	2,50,000
Deposit on which interest received	2,00,000
Total	42,00,000

Common inputs for the relevant tax period is ₹2,00,000.

GST applicable rate on outward supply of goods @28%. Calculate the GST liability? [7]

4. **(a)** Discuss the important provisions relating to filing of Annual Return in Form GSTR-9 under the CGST Act, 2017. [7]

(b) Analyse the provisions related to Distinct persons as per CGST Act, 2017. [7]

5. **(a)** Samy Pvt. Ltd., owned by Rang Tarang- a famous classical singer - wishes to organise a 'Rang Tarang Music Concert' in Gurugram (Haryana). Samy Pvt. Ltd. (registered in Ludhiana, Punjab) enters into a contract with an event management company, Pooja (P) Ltd. (registered in Delhi) for organising the said music concert at an agreed consideration of ₹10,00,000. Pooja (P) Ltd. books the lawns of Hotel Dumdum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ₹4,00,000. Samy Pvt. Ltd. fixes the entry fee to the music concert at ₹5,000. 400 tickets for 'Rang Tarang Music Concert' are sold.

You are required to Calculate the CGST and SGST or IGST liability, as the case may be, in respect of the supplie(s) involved in the given scenario.

Will your answer be different if the price per ticket is fixed at ₹ 450?

Note: Rate of CGST and SGST is 9% each and IGST is 18%. All the amounts given above are exclusive of taxes, wherever applicable. [7]

(b) LIC of India provides you the following information for the month of April 2025. You are required to compute GST payable by the company if the company has opted to pay GST as per Rule 32(4) of CGST Rules, 2017:

(1) General policies: Total premiums collected ₹ 12,000 lakhs (Out of which 1st year premium is ₹ 5,000 lakhs)

(2) Only Risk Cover Policies: Premiums collected ₹ 500 lakhs.

(3) Variable Insurance Policies: Premiums collected ₹ 8,000 lakhs. (80% of the amount is allocated for investments on behalf of policy holder for which policy holder is given separate break up in premium receipts).

Note: Applicable rate of GST 18%. For all transaction's location of supplier and place of supply is within the same State. [7]

6. **(a)** Explain the provisions relating to relinquishment of title to imported goods under Section 23(2) of the Customs Act, 1962. [7]

(b) Explain the concept of a Special Economic Zone (SEZ) and discuss the applicability of taxes and duties to SEZ units. Also, state the major incentives available to SEZ units and developers. [7]

7. **(a)** X Ltd has exported following goods to USA. Discuss whether any duty drawback is admissible under section 75 of the Customs Act, 1962.

Product rate	FOB Value of Exported goods	Market Price of goods	Duty drawback
A	2,50,000	1,80,000	30% of FOB
B	1,00,000	50,000	0.75% of FOB
C	8,00,000	8,50,000	3.50% of FOB
D	2,000	2,100	1.50% of FOB

Note: Imported value of product C is ₹9,50,000. [7]

(b) A Ltd., sell in India from a price list which grants favourable unit prices for purchases made in larger quantities.

Sale quantity	Unit price in ₹ (Exclusive of duties and taxes)	Number of sales
1-10 units	100	10 sales of 5 units 5 sales of 3 units
11-25 units	95	5 sales of 11 units
Over 25 units	90	1 sale of 30 units 1 sale of 50 units

The selling price includes the following post shipment expenses:
Freight from port to factory in India for ₹24,000
Insurance to cover transit damage from port to factory in India for ₹6,000
Number of units imported from high seas 5,000 units. Calculate the assessable value and total customs duty.
Note: BCD @12%. [7]

8. (a) Raja Bhai, registered in Uttrakhand has supplied 30 tons of a chemical @ ₹50,000 per ton (excluding taxes) to P of Uttrakhand on 8th September, 2025. The invoice for the supply has also been issued on the same date. Further, following additional amounts were also charged from P:

Particulars	(₹)
Freight	1,80,000
Packing charges	1,10,000
Weighing charges	20,000
Cost of instrument specially purchased by Singhals Brothers to manufacture the chemical	3,10,000

As per the terms of the contract of supply, Raja Bhai is required to get the chemical inspected by an independent testing agency before the delivery of the same to P. P has paid such inspection charges amounting to ₹12,000 directly to the testing agency. Raja Bhai has also received ₹50,00,000 as a subsidy from State Government for setting up chemical manufacturing plant in Uttrakhand.

P is required to make payment within 15 days of supply in terms of the contract. However, P delayed the payment of consideration and made payment in November, 2025 thus paid ₹15,000 as interest. You are required to calculate the GST liability in this case and due date of deposit. Assume the rate of GST to be 18%.

Note: Raja Bhai and P are not related and price is the sole consideration for the supply. [7]

(b) The goods manufactured by Royal Ltd. have been exempted from GST with effect from 15th November 2025.
Earlier these goods were liable to tax @18%. Its inputs were liable to GST @ 12%. Following information is supplied on 15th November 2025:
(i) The inputs costing ₹1,44,720 are lying in stock.
(ii) The inputs costing ₹77,184 are in process.
(iii) The finished goods valuing ₹4,82,400 are in stock, the input cost is 50% of the value. Royal Ltd. also purchased capital goods for ₹2,00,000 by paying GST 28% (invoice dated 10th July 2025) The balance in electronic credit ledger account shows credit balance of ₹2,79,104.

The department has asked Royal Ltd. to reverse the credit taken on inputs referred above. However, Royal Ltd. contends that credit once validly taken is indefeasible and not required to be reversed. Discuss.

What would be your answer if the balance in electronic credit ledger receivable account as on 15th November 2025 were ₹29,104? [7]