



# The Institute of Chartered Accountants of India

Code: IN4IT793889  
Subject: INDIRECT TAXES

Total Marks: 28  
Marks Obtained: 26

Subject: GST - INDIRECT TAX

Number of Answer Books used : Main + ..... additional sheets

For use by ICAI only

793889



28 NOV 2020



Q.No.	To be ticked (✓) by the candidate against the Questions answered	Marks Awarded (To be filled by Examiner)					Total
		a	b	c	d	e	
1							
2							
3							
4							
5	✓						
6	✓						
7							
8	✓						
9							
10							
11							
12							
13							
14							
Total							

**B**

Use only Blue / Black Ball Point Pen to write and shade the circles.  
**AVOID RED PEN.**  
Write the marks in the boxes before shading the respective circles.

Total Marks awarded

0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9

Total Marks awarded (in words) \_\_\_\_\_

Examiner's Signature \_\_\_\_\_



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## INSTRUCTIONS TO THE CANDIDATE

are not to be written on this page



1. Answers should be written in figures and words in the allotted space at the right hand corner of the answer book and nowhere else including additional answer book/s and graph paper.
2. Answers should be written in the box in numbers and darken the appropriate circles of the OMR bubbles provided in the right hand corner of the cover page with **Black / Blue** ball point pen.
3. Particulars such as name of Examination, Paper No. and subject at the appropriate space should be written in the left hand upper corner.
4. Remove the Bar Code sticker of the particular paper from the Attendance sheet and affix the same on the box provided in the right hand corner of the cover page.
5. Since a machine will read the Roll no., please check and ensure that Roll number written in numbers, words and circles darkened are correct. In case any candidate fills this information wrongly, Institute will not take any responsibility for rectifying the mistake.
6. The answers should be written neatly and legibly.
7. The answer to each question must be commenced on a fresh page and question number prominently written at the top of each answer. Alternatively, the question number should be distinctly written in the margin.
8. The answer to each question in all parts should be fully completed in one page or in a consecutive set of pages, before the next question is taken up.
9. **The candidates are required to write answers of Section A in the answer booklet with the marking (A) on the cover page and answers of Section B in the answer booklet with the marking (B) on the cover page. In case a candidate writes the answers in wrong set of answer books the same will be not be valued and no correspondence in this regard will be entertained.**
10. Writing of Roll number in place/s other than the space provided for the purpose or writing distinguishing mark, symbols like "OM", "Sri", "Jesus", "786", etc., will tantamount to adoption of "unfair means"
11. Before submission of answer book to the invigilator take care to score out (X) blank pages, if any, that you might have left.



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Ques 5

(i) Computation of Eligible ITC

	CGST	SGST
(i) Raw Materials A (N1)	10,000	10,000
<input checked="" type="checkbox"/> (ii) Raw Material B (N2)	45,000	45,000
<input checked="" type="checkbox"/> (iii) Construction of Pipeline outside factory (N3)	Nil	Nil
<input checked="" type="checkbox"/> (iv) Insurance charges paid for trucks used for transportation of goods (N4)	55,000	55,000
<input checked="" type="checkbox"/> 2 5Step1 <input checked="" type="checkbox"/> 1 5Step3 Total ITC available	1,10,000	1,10,000

(ii) Computation of Not GST Payable

Particulars	CGST	SGST	IGST
Outward Supply:			
Inter State (N5)	-	-	15,30,000
<input checked="" type="checkbox"/> Intra State (N6)	1,35,000	1,35,000	-
Total Tax Payable	1,35,000	1,35,000	15,30,000



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	(-) ITC used	(1,10,000) (COST)	(1,10,000) (COST)	
<input checked="" type="checkbox"/>	Net cost payable in cash	25,000	25,000	15,30,000

2.5 5Step4

NI: (i) ITC of Raw Material A will be restricted to 10% of the eligible ITC of invoices, details of which have been uploaded by the supplier in GSTR-1 and reflecting in GSTR-2A of recipient.

(ii) Since, ITC based on invoices, details of which have not been uploaded by suppliers in GSTR-1 is restricted to 10% of ITC, details of which have been uploaded

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1.5 5Step2

Q So, Eligible ITC =

$$10\% \text{ of } (45,000 + 55,000) = \frac{10,000}{\text{each}}$$

Ans: Q As per section 17(f),

ITC is blocked for goods lost, stolen, damaged or otherwise disposed off or gifted as free samples.

Q Therefore, ITC in respect of 10% of Raw Material is not available as it have been destroyed in transit.

Q So, Eligible ITC =

$$90\% \times 50,000 = \frac{45,000}{\text{each}}$$

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N3: (a) As per section 17(5),

ITC is blocked on works contract services

X

except when they are used for providing further work contract services.

(b) Since, in the given case, it is for the company itself,

therefore, ITC is blocked.

N4: (a) As per section 17(5),

X

ITC is blocked on motor vehicles used for transportation of passengers.

Therefore, ITC on trucks used for transportation of goods is available.

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~~Ques 6~~

N's: Output tax payable  
on inter-state supply =

$$\text{Output ST} = 85,00,000 \times 18.1\% = \underline{15,30,000}$$

Nb: An inter-state supply =



$$\text{CST} = 15,00,000 \times 9\% = \underline{1,35,000}$$

$$\text{SST} = 15,00,000 \times 9\% = \underline{1,35,000}$$

7 5

(P.T.O)



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Ques 6

6A

Computation of Taxable Value of Supply

	Particulars	₹
	List Price of Machine	9,50,000
<input checked="" type="checkbox"/>	Add: Municipal Taxes (N1)	45,000
<input checked="" type="checkbox"/>	Add: Outward Freight Charges (N2)	65,000
<input checked="" type="checkbox"/>	Interest Payable received (N3)	Nil
<input checked="" type="checkbox"/>	Subsidy from Govt (N4)	Nil
<input checked="" type="checkbox"/>	TCS collected (N5)	Nil
		10,60,000
	Less: Discount at final payment (N6)	Nil
<input checked="" type="checkbox"/>	Taxable value of supply	10,60,000

2 6aStep1

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Q1: As per section 15(2)(a),

Any taxes, cesses, fees charged under any law, shall be included in value of supply.

Therefore, Municipal taxes are included.

Q2: As per section 15(2)(c),

~~Any~~ Incidental expenses, or anything done by the supplier in relation to supply of goods or services before ~~at~~ or at time of supply,

is included in value of supply.

Therefore, outward freight charges will be included.



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N3: As per section 15(2)(d),

any interest, fees, charged  
paid for delay in consideration  
are included.



Since, in the given case,  
interest is incurred and not  
actually received, therefore  
not included.

N4: Since, subsidy is not  
directly linked with  
price, therefore it is  
not included.



N5: TCS collected under Income  
Tax Act, 1961 is  
not included in  
value of supply.



N6: Discount was not known  
at the time of supply  
and also not as per  
agreement,  
hence, it is not deductible.

4 6a Step 2

6 6a

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6B (i) Where CTA pays GST  
~~@ 18%~~ @ 12%, then the  
tax would paid on  
forward charge by such  
CTA.



However, where such CTA  
services are provided  
to a person who is not  
one of specified recipients  
i.e. unregistered individual  
end consumer,



then such services are exempt  
from GST.

① In the given case,  
the services were provided  
to Dilip & company, which  
is not registered.



② Therefore, such CTA services  
are exempt from GST.



6bStep1



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(ii) As per sub-section (3) and (4) of section 8,

✓ Service provided by author, music composer, artist, by way of transfer of copyright covered under section 13(1)(a) of Copyright Act, 1957 to, a publisher, director or any other person,

are covered under reverse charge mechanism.

✓ Therefore, in the given case, since services are provided by author as mentioned above.

✓ Person liable to pay GST is PQR Publications Ltd.

1 6b Step 2 Due to Reverse Charge Mechanism

3 6b 9 Q6



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[Ques 8]

[2A]

⊙ where any person avails ITC, though he is ineligible to avail,



⊙ then, the chief commissioner, or the commissioner, or any other officer authorized by him,



⊙ can ~~restrict~~ put restrictions on such person for utilization of ITC available in electronic credit ledger.

⊙ circumstances under which restrictions, restrictions may be put are :-



⊙ when the registered person has availed ITC on the basis of a Tan Invoice or any other document :



3 8aStep1



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- |                                     |  |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | (a) issued by a <del>for</del> <u>non-existent</u> <u>supplier</u> .   |
| <input checked="" type="checkbox"/> | (b) who does <u>not</u> carry any <u>business</u> from the <u>registered</u> <u>place</u> of <u>business</u> .                             |
| <input checked="" type="checkbox"/> | (c) who has paid <del>not</del> <u>tax</u> on such <u>supply</u> of <u>goods</u> or <u>services</u> or <u>both</u> .                       |
| <input checked="" type="checkbox"/> | (d) <u>without</u> <u>receipt</u> of <u>goods</u> .  |
|                                     | (2) The registered person is <u>non-existent</u> .   |
| <input checked="" type="checkbox"/> | (3) The registered person is <u>not</u> carrying <u>business</u> from the <u>registered</u> <u>place</u> of <u>place</u> <u>business</u> . |
| <input checked="" type="checkbox"/> | (4) The registered person is <u>not</u> in <u>possession</u> of any <u>tax</u> <u>paying</u> <u>invoice</u> or <u>document</u> .           |

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① However, ~~to~~ such restriction on utilization of ITC available in Electronic Credit ledgers can be imposed



only upto 1 year. ~~from~~

2 8aStep2

② The chief commissioner, or the commissioner, or any other ~~post~~ officer, as the case may be,

may lift such restrictions for the reasons to be recorded in writing,

or, may reject the application for lifting restrictions.

However, the application should not be rejected without giving registered person reasonable opportunity of being heard.

5 8a



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8C) (i) As per Section 7(i),  
supply includes,



8cStep1

Importation of services, for  
a consideration, whether  
or not in the course  
or furtherance of business.

(ii) Further, as per Schedule I,



Importation of services, from  
a related or distinct person,  
in the course or furtherance  
of business,  
will be treated as supply.  
Even without consideration.



8cStep2

(PTD)





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therefore, situations when  
importation of services:

① will be treated as supply:

(a) when received for consideration  
AND



either, in the course of business  
OR, not in course or furtherance  
of business.

② when received from a  
related or distinct person

AND

in the course or furtherance  
of business



AND

either, for consideration  
or not for consideration.



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(a) will not be treated as supply.

(a) when received from a related person or distinct person not in course or furtherance of business.



(b) when received from not a related person or distinct person and not in course of business.



(c) when received without consideration,

5

8c

whether, or not in the course or furtherance of business.

10

Q8

(d) when received in course of business but without consideration.

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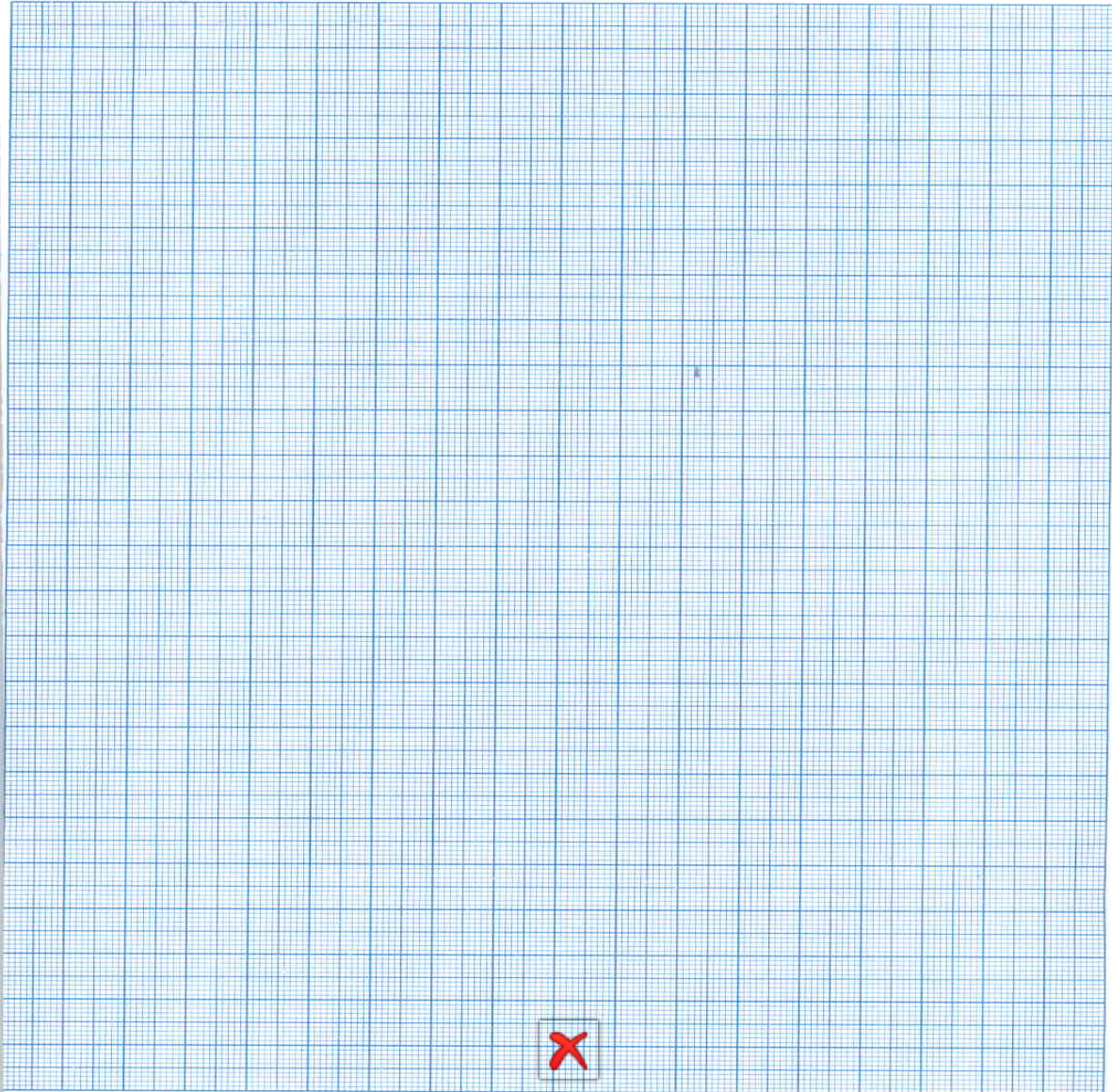


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## Result Overview

Awarded Marks: 26

Max Marks:28

**NA** Not Attempted

**O** Optional

**M** Marked

Q5\_Compulsory (Score: 7/8 )

Question No	Awarded Marks	Maximum Marks	Status
5	7	8	M

Q6\_Q8 (Score: 19/20 )

Question No	Awarded Marks	Maximum Marks	Status
Q6	9	10	M
6a	6	6	M
6b	3	4	M
Q7	0	10	O
7a	0	4	O
7b	0	3	O
7c	0	3	O
Q8	10	10	M
8a	5	5	M
8b	0	5	O
8c	5	5	M