



Sanjay Ghodawat University, Kolhapur

2018-19

Established as State Private University under Govt. of Maharashtra. Act No XL, 2017

SY MBA

School of Commerce and

MANAGEMENT

Management

MMC FM 618

Contemporary Issues in Taxation

Semester – Even (IV)

Day & Date Tuesday

End Semester Examination

Time: 3 hrs, Max Marks: 100

04/06/2019

2-30 to 5-30 PM

Instructions: 1) All Questions are compulsory.

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rks	Os	Level

Q.1 Answer the Following

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|---|----|---|---|
| a) Laxmi Ltd., Bhopal (Madhya Pradesh) is a supplier of machinery. Laxmi Ltd. has supplied machinery to PQR Enterprises in Indore (Madhya Pradesh) on 1st October, 2017. The invoice for supply has been issued on 1st October, 2017. Laxmi Ltd. of Bhopal us, the time of supply of machinery is 1st October, 2017. Laxmi Ltd. and PQR Enterprise are not related. | 10 | 1 | 3 |
|---|----|---|---|

Following information is provided:

Basic price of machinery excluding all taxes but including design and engineering charges of `10,000 and loading charges of `20,000 - `20,00,000.

Laxmi Ltd. provides 2 years free warranty for the machinery. Laxmi Ltd. also provides an extended one year warranty on payment of additional charges of `1,00,000.

PQR Enterprises opted for one year warranty. Laxmi Ltd. has collected consultancy charges in relation to pre-installation planning of `10,000 and freight and insurance charges from place of removal to buyer's premises of `20,000.

Laxmi Ltd. received subsidy of `50,000 from Central Government for supplying the machinery to backward region since receiver was located in a backward region.

Laxmi Ltd. also received `50,000 from the joint venture partner of PQR Enterprises for making timely supply of machinery to the recipient.

A cash discount of 1% on the basic price of the machinery is offered at the time of supply, if PQR Enterprises agrees to make the payment within 30 days of the receipt of the machinery at his premises. Discount @ 1% was given to PQR Enterprises as it agreed to make the payment within 30 days.

The machinery attracts CGST and SGST @ 18% (9% + 9%) and IGST @18%.

Compute the CGST and SGST or IGST payable, as the case may be, on the machinery.

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- b) Mr. Nagarjun, a registered supplier of Chennai, has received the following amounts in respect of the activities undertaken by him during the month ended on 30th September, 2017: 10 1 3

Sr. No.	Particulars	Amount
(i)	Amount charged for service provided to recognized sports body as selector of national team.	50,000
(ii)	Commission received as an insurance agent from insurance company	65,000
(iii)	Amount charged as business correspondent for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts.	15,000
(iv)	Service to foreign diplomatic mission located in India	28,000

He received the services from unregistered goods transport agency for his business activities relating to serial numbers (i) to (iii) above and paid freight of `45,000 (his aggregate turnover of previous year was `9,90,000).

Note: All the transactions stated above are intra-State transactions and also are exclusive of GST.

You are required to calculate gross value of taxable supply on which GST is to be paid by Mr. Nagarjun for the month of September, 2017. Working notes should form part of your answer.

OR

- b) Examine whether the following activities would amount to supply under section 7 of the CGST Act: 10 1 4
- 1) Damodar Charitable Trust, a trust who gets the eye treatment of needy people done free of cost, donates clothes and toys to children living in slum area.
 - 2) Sulekha Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold.
 - 3) Raman is an Electronic Commerce Operator in Chennai. His brother who is settled in London is a well-known lawyer. Raman has taken legal advice from him free of cost with regard to his family dispute.

Would your answer be different if in the above case, Raman has taken advice in respect of his business unit in Chennai?

Q.2 Answer the Following

- a) ABC Co. Ltd. is engaged in the manufacture of heavy machinery. It procured the following items: 10 2 4
- Electrical transformers to be used in the manufacturing process 5,20,000
Trucks used for the transport of raw material 1,00,000

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Raw material 2,00,000

Confectionery items for consumption of employees working in the factory. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment. 25,000

Determine the amount of ITC available with ABC Co. Ltd., for the month of July by giving necessary explanations for treatment of various items.

Note:

All the conditions necessary for availing the ITC have been fulfilled.

ABC Co. Ltd. is not eligible for any threshold exemption

- b) Determine whether the supplier in the following cases are eligible for composition levy provided their turnover in preceding year does not exceed ` 1 crore: 10 2 2
- Mohan is engaged in providing only legal services in Rajasthan and is registered in the same State.
- Sugam Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighboring States

OR

- b) Mohan Enterprises has two registered business verticals in Delhi. Its aggregate turnover for the preceding year for both the business verticals was ` 90 lakh. It wishes to pay tax under composition levy for one of the vertical in the current year while under normal levy for other vertical. You are required to advice Mohan Enterprises whether he can do so? 10 2 5

Q.3 Answer the Following

- a) Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons: 10 3 3

Particulars	Gross amount charged
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	5,20,000

OR

- a) Discuss whether GST is payable in respect of transportation services provided by Raghav Goods Transport Agency in each of the following independent cases: 10 3 3

Customer	Nature of services provided	Amount charged
A	Transportation of milk	20,000

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B	Transportation of books on a consignment transported in a single goods carriage	3,000
C	Transportation of chairs for a single consignee in the goods carriage	600

Q.4 Answer the Following

- a) Determine the time of supply in the following cases assuming that GST is 10 3 2 payable under reverse charge.

Sr. No.	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods
(i)	July 1	August 10	June 29
(ii)	July 1	June 25	June 29
(iii)	July 1	Part payment made on June 30 and Balance paid on July 20	June 29
(iv)	July 5	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1
(v)	July 1	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29
(vi)	August 1	August 10	June 29

- b) 1) Mezda Banners, an advertising firm, gives an interest-free credit period of 30 days for payment by the customer. Its customer ABC paid for the supply 32 days after the supply of service. Mezda Banners waived the interest payable for delay of two days. The Department wants to add interest for two days as per contract. Should notional interest be added to the value? 10 3& 4 4
- 2) Crunch Bakery Products Ltd sells biscuits and cakes through its dealers, to whom it charges the list price minus standard discount and pays GST accordingly. When goods remain unsold with the dealers, it offers additional discounts on the stock as an incentive to push the sales. Can this additional discount be reduced from the price at which the goods were sold and concomitant tax adjustments made?
- 3) A philanthropic association makes a substantial donation each year to a reputed private management institution to subsidise the education of low income group students who have gained admission there. The fee for these individuals is reduced thereby, coming to `3 lakh year compared to `5 lakh a year for other

students. What would be the value of the service of coaching and instruction provided by the institution to the low income group students?

- c) 1) What is input tax? 10 3&
2) What are the conditions necessary for obtaining ITC? 4 3
3) Can a person take ITC without payment of consideration for the supply along with tax to the supplier?
4) What is the time limit for taking ITC and reasons therefor?
5) What is the ITC entitlement of a newly registered person?
6) What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods?

OR

- c) i) Mr. X, a composition tax payer, did not render any taxable supply during the quarter July-September. Is he required to file any goods and service tax return? 10 4 3
ii) If a return has been filed, how can it be revised if some changes are required to be made?

Q.5 Answer the Following

- a) A garment factory receives a Government order for making uniforms for a 10 3 5
commando unit. This supply is exempt from tax under a special notification. The fabric is separately procured for the supply, but thread and lining material for the collars are the ones which are used for other taxable products of the factory.
The turnover of the other products of the factory and exempted uniforms in July is ` 4 crore and ` 1 crore respectively, the ITC on thread and lining material procured in July is ` 5000 and ` 15000 respectively.
Calculate the eligible ITC on thread and lining material
- b) 1) Can a person without GST registration collect GST and claim ITC? 10 3 3
2) If a person is operating in different States, with the same PAN number, can he operate with a single registration?
3) Can a person having multiple business verticals in a State obtain separate registrations for each business vertical?
4) Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST?

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