

2022

COMMERCE

Paper : CC-204

(Indirect Tax and Corporate Tax Planning)

[Module - I and II]

Full Marks : 40

*The figures in the margin indicate full marks.**Candidates are required to give their answers in their own words as far as practicable.*

Module - I

Answer *any two* questions.

1. From the information given below, assuming that the taxable person follows the practice of utilizing ITC (IGST) balance available after adjustment against output IGST, 60% against output CGST, to the extent required, and balance against output SGST. Calculate : GST Payable and ITC to be carried forward :

Input Tax Credit		Tax on outward Supply		
	Amount (₹)		Situation 1	Situation 2
			Amount (₹)	Amount(₹)
IGST	10,000	IGST	3,000	12,000
CGST	8,000	CGST	4,000	7,000
SGST	5,000	SGST	5,000	4,000

8+7

2. (a) Under a combo offer one 100 gram Sensodyne toothpaste and a Sensodyne toothbrush are sold by Dental Care, a registered supplier in Kolkata to a consumer in Kolkata for a single price of ₹ 350 in Kolkata. Applicable GST rates: toothbrush - CGST 6% SGST 6%, toothpaste - CGST 9% SGST 9%.
Calculate :
- GST payable.
 - Bill value payable by the customer.
 - Also state the destination of the GST revenue in the given case.
- (b) On 25.04.22 Mr. K. K. Podder, a Delhi-based businessman, ordered a Samsung mobile dealer in Kolkata to supply a new phone to his mother (Mrs. R. B. Podder) residing in Kolkata for ₹ 45,000 along with the exchange of an old phone. Value of the new phone without exchange offer is ₹ 50,000. The Samsung mobile dealer delivered the set to Mrs. R. B. Podder on 29.04.22, however the bill is sent on 01.05.22.
- Calculate GST payable. Rate of GST: CGST 6%, SGST 6%.
 - State the date within which GST is payable.

7+8

Please Turn Over

3. (a) KGF Ltd. imported on 20th December, 2021 a consignment of goods which were chargeable to basic customs duty @ 35%. The vessel arrived in Mumbai port on 5th January, 2022. 'Into bond' Bill of Entry for warehousing the goods was completed and presented on 8th January, 2022. The assessable value of the imported goods was US \$ 20,000. The customs officer issued an order permitting the deposit of the said goods. The goods were cleared from the port for warehousing and duly warehoused on 10th January, 2022. In the meantime, an exemption notification was issued on 9th January, 2022 reducing the effective basic customs duty to 18%. The importer filed 'Ex-bond' Bill of Entry for home consumption on 20th March, 2022. Compute the total customs duty payable by the company based on the following additional information:

Additional Information:

(i)

Particulars	8th January, 2022	10th January, 2022	20th March, 2022
Exchange Rate notified by CBIC : per US \$	₹ 74.60	₹ 74.00	₹ 75.21
Basic Customs Duty	35%	18%	20%

(ii) Social Welfare Surcharge - 10%

IGST u/s 3(7) of the Customs Tariff Act, 1975-18% and GST Compensation Cess u/s 3(9) of the Customs Tariff Act, 1975-Nil.

- (b) SK Ltd., an importer from Mumbai, imported an equipment from Donald Ltd. of the London, UK. From the information given below, determine the assessable value of the imported goods under the Customs Act, 1962:

FOB cost of the equipment	£ 10,000
Engineering and design charges paid to a firm in London	£ 500
License fee relating to imported equipment payable by the buyer as a condition of sale (as % of FOB Cost)	@ 15%
Buying commission paid by the buyer to its agent in UK.	£ 200
SK Ltd. incurred in India for certain development activities with respect to the imported equipment	₹ 1,00,000
Materials and components supplied by the buyer at free of cost	₹ 80,000
Commission payable to local agent - (in % of FOB cost in local currency)	@ 8%
Air freight paid	£ 2,800
Insurance charges	Not available
The importer company paid towards demurrage charges for delay in clearing the equipment from the airport	₹ 50,000

The following rates are available :

Particulars	Exchange Rate notified in ₹ per £ 1	
	RBI	CBIC
Date of presentation of Bill of Entry: 15.02.2022	94.00	95.00
Date of Entry Inward: 18.02.2022	92.50	93.30

(c) Write a short note on Agriculture Infrastructure and Development Cess (AIDC). 5+7+3

4. (a) State the GST implication of the following supplies :

- (i) Prakash Pathak of Kolkata, sold used personal car to Car-care Centre of Patna, a registered, second hand car seller.
- (ii) Sen Automobiles of Kolkata, a registered car seller, sold used cars to Car-care Centre of Patna, a registered, second hand car seller for ₹.
- (iii) Ministry of Commerce, Government of India, sold used cars to Car-care Centre of Patna, a second hand car seller, where :
 - (A) Car-care Centre is registered under GST
 - (B) Car-care Centre is unregistered

(b) Compute the export duty payable based on the following information of ABC Ltd. :

- (i) Goods exported to London by Ship.
- (ii) FOB price of the goods - ₹ 8,00,000
- (iii) Additional Information :

Particulars	Date of Submission/ Order	Export Duty
Shipping bill presented electronically	28.03.2022	5%
Order permitting clearance and loading of the goods for exportation made by the proper officer	01.04.2022	15%
Ship left Mumbai port for London	04.04.2022	12%
Ship crossed the territorial waters of India on	08.04.2022	Exempt from Duty

2+2+(3+3)+5

Please Turn Over

Module - IIAnswer *any one* question.

5. (a) On 01.04.20 Pink Dove Ltd. started a business (specified u/s 35AD) and supplied the following information for the P.Y. 2020-21 :

	₹
(i) Plant & machinery purchased on 18.06.2020	6,00,000
(ii) Profit for the year 20-21 (after considering normal and additional depreciation)	50,00,000
(iii) Deduction u/s 80G	30,000
(iv) Deduction u/s 80JJAA	1,20,000

The company wishes to opt sec 35AD.
Advise Pink Dove Ltd.

- (b) Yellow Tiger Ltd. is incorporated on 05.07.20 to commence manufacturing of computer software in Goa. Manufacturing activities started on 08.10.20. The company furnished the following information for the P.Y. 2020-21 :

• Income from manufacturing of computer software	₹ 90,00,000
• STCG on sale of land	₹ 18,00,000

Other information :

- (i) Business income has been computed after considering normal depreciation of ₹ 7,00,000 and additional depreciation of ₹ 4,00,000.
- (ii) The company donated ₹ 5,00,000 to P.M's National Relief Fund. The company wishes to pay tax u/s 115BAB.

Advise Yellow Tiger Ltd.

4+6

- 6, (a) Mask Ltd. was planning to sale its investment in listed equity shares of Micron Ltd. other than through recognized stock exchanges in India during February 2021 at ₹ 31,70,000. The investment in Micron Ltd. was made by Mask Ltd. on 12.06.2016 at ₹ 22,00,000.

From the above information, you are asked to comment whether it was appropriate for the company to sale the listed shares:

- I. other than through recognized stock exchanges in India (without payment of STT), or
II. through recognized stock exchanges in India (after payment of STT).

Fair market value of the shares as on 31.01.2018 was ₹ 23,40,000.

[CII for 2016-17 = 264; 2017-18 = 272; 2020-21= 301]

- (b) Exxon Ltd., an Indian company, reported the following income for the previous year 2020-21.
- Dividend from its investments in the shares of other Indian companies : ₹ 17.6 lakhs
 - Business income (other than above dividend income) : ₹ 58.4 lakhs

The Board of Directors of Exxon Ltd. was considering two options as follows regarding distribution of dividends of ₹ 12 lakhs to its shareholders for the P. Y. 2020-21:

- I. To distribute the dividend by September 2021, or
II. To distribute the dividend after September 2021.

Given that due date of filling return was 31.10.2021, advise the company about the best option from the tax planning point of view for the A.Y. 2021-22.

7+3