Skillshort

Self-Study Preparation Pack

CMA INTERMEDIATE

Paper 7: Direct and Indirect Taxation (DITX)

Mock Test 2 – Full Paper with Model Answers

ICMAI Syllabus 2022 pattern: 100 marks · 3 hours · Section A – 15 MCQs × 2 (compulsory) · Section B – any 5 of Q2–Q8 (14 marks each) · Income tax A.Y. 2026-27; GST and Customs as amended to 31 May 2026 · Original Skillshort questions, figures verified in Python

Time: 3 hours | Max marks: 100 | No negative marking | Model answers follow the paper

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This subject pack has 6 parts

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Prepared by Skillshort for self-study. Original explanations and questions; not an official ICAI/ICMAI/ICSI publication. Items marked VERIFY should be checked against the latest official material.

Section A – Multiple Choice Questions (30 marks)

Q1. Choose the correct option (2 × 15 = 30). Unless stated, individuals are resident, below 60 years, and pay tax under the default regime u/s 115BAC.

1. Which of the following is a capital receipt?

(a) Interest on deposits
(b) Compensation received for loss of a capital asset
(c) Rent received
(d) Sale proceeds of stock-in-trade

2. Income from letting out a cricket stadium for matches and events, where the owner provides no services, is taxable under

(a) Income from house property
(b) PGBP
(c) Capital gains
(d) Income from other sources

3. Interest on capital paid by a firm to a partner in excess of 12% p.a. is

(a) Fully allowed
(b) Disallowed to the extent above 12% (s. 40(b))
(c) Fully disallowed
(d) Allowed only if paid in cash

4. Presumptive income u/s 44ADA of a professional with gross receipts of ₹60 lakh (cash receipts below 5%) is at least

(a) ₹3,60,000
(b) ₹30,00,000
(c) ₹4,80,000
(d) ₹18,00,000

5. The time limit for investing in s. 54EC bonds to claim exemption is

(a) 6 months from the date of transfer
(b) 1 year before or 2 years after
(c) 3 years
(d) Before the due date of return

6. Advance tax is not payable by a resident senior citizen who

(a) Has income only from pension
(b) Has no income chargeable under PGBP
(c) Is above 70 years
(d) Has total income below ₹10 lakh

7. Which of the following was **not** subsumed in GST?

(a) Central excise on most goods
(b) Service tax
(c) Basic customs duty
(d) VAT

8. Under Article 246A, the power to levy GST on **inter-State** supplies lies exclusively with

(a) States
(b) Parliament
(c) GST Council
(d) Both

9. Supply of goods by a registered person where the recipient is located in the same State but the place of supply is in another State is

(a) Intra-State
(b) Inter-State
(c) Exempt
(d) Not a supply

10. Under Rule 30 of the CGST Rules, where the value is based on cost, it is

(a) 100% of cost
(b) 110% of cost of production, manufacture or acquisition
(c) 120% of cost
(d) Market value

11. Which of the following is a blocked credit u/s 17(5)?

(a) Inputs used for taxable supplies
(b) Motor car for transport of employees (seating capacity ≤ 13), not covered by exceptions
(c) Machinery for production
(d) Raw material

12. A composition taxpayer files its annual return in Form

(a) GSTR-1 (b) GSTR-3B
(c) GSTR-4 (d) GSTR-9C

13. Where freight is not ascertainable for goods imported by sea, it is taken at

(a) 1.125% of FOB (b) 10% of FOB
(c) 20% of FOB (d) 25% of CIF

14. Safeguard duty under s. 8B of the Customs Tariff Act can be imposed for a total period not exceeding

(a) 4 years (b) 5 years
(c) 10 years (d) 15 years

15. The rate of duty on imported goods is the rate in force on the date of

(a) Arrival of the vessel
(b) Filing the bill of entry or entry inwards, whichever is later
(c) Payment of duty
(d) Out-of-charge order

Section A – Answer key with reasons

Q	Ans	Explanation / working
1	(b)	Compensation for a **capital asset** is a capital receipt (taxed as capital gains only if there is a transfer).
2	(a)	A stadium is a **building with land appurtenant**; rent from it is income from house property unless the letting is a business with services.
3	(b)	s. 40(b)(iv) – interest allowed up to **12% simple** p.a. if authorised by the deed.
4	(b)	**50%** of gross receipts – ₹30,00,000 (limit ₹75 lakh where cash receipts ≤ 5%).
5	(a)	Within **6 months** of transfer; maximum ₹50 lakh.
6	(b)	s. 207(2) – resident individual aged **60 or more** without PGBP income.
7	(c)	**BCD** remains; only CVD and SAD on imports were replaced by IGST.
8	(b)	Art. 246A(2) – **Parliament**.
9	(b)	Location of supplier and place of supply in **different States** → inter-State (s. 7 IGST).
10	(b)	**110%** of cost.
11	(b)	Motor vehicles for persons with seating capacity ≤ 13 are **blocked** unless used for further supply, transport of passengers or training.
12	(c)	**GSTR-4** by 30 April following the year; quarterly payment in CMP-08.
13	(c)	Rule 10(2) – **20% of FOB**.
14	(c)	Initially up to 4 years, extendable, but the total cannot exceed **10 years**.
15	(b)	**s. 15** – later of the two dates.

Section B – Descriptive Questions (70 marks)

Answer any FIVE questions from Q2 to Q8. Each question carries 14 marks. Income tax: A.Y. 2026-27. GST rates are as given.

Q2 (a) (7 marks). Mr. Peter, a US citizen, came to India for the first time in P.Y. 2018-19. He was in India for 100 days in each of P.Y.s 2018-19 to 2024-25 and for 190 days in P.Y. 2025-26. His incomes for P.Y. 2025-26: (i) salary from an Indian company for services rendered in India, received in the USA ₹12,00,000; (ii) dividend from a UK company received in the UK ₹1,50,000; (iii) profit from a business in London controlled from India ₹4,00,000; (iv) rent from a house in Paris received in Paris and later remitted to India ₹3,00,000; (v) interest on debentures of an Indian company received abroad ₹80,000; (vi) past untaxed foreign income brought into India ₹5,00,000. Determine his residential status and gross total income. Also compute GTI if he were (a) ROR and (b) non-resident.

(b) (7 marks). Ms. Kavita's tax on returned income is ₹2,00,000 and TDS ₹20,000. She paid advance tax: 15 June ₹20,000; 15 September ₹50,000; 15 December ₹40,000; 15 March ₹60,000. Compute interest u/s 234B and 234C.

Q3 (a) (7 marks). Mr. Tarun, a resident trader, has a turnover of ₹2.80 crore in P.Y. 2025-26, of which ₹11.20 lakh was received in cash and the rest through account payee cheques/digital modes before the due date of return. He wishes to declare income under s. 44AD. (i) Is he eligible? (ii) Compute presumptive income. (iii) By when must he pay advance tax? (iv) What happens if he declares income below the presumptive rate in P.Y. 2026-27 after opting in P.Y. 2025-26?

(b) (7 marks). Mr. Sharma holds 25% of the shares in Nexa Pvt. Ltd. His wife, who has no technical or professional qualification, is employed by Nexa at a salary of ₹6,00,000. Mr. Sharma's income from salary from another employer (computed) is ₹15,00,000. On 1-4-2025 he gifted ₹10,00,000 to his wife, which she deposited in a 7% fixed deposit (interest ₹70,000); she also earned ₹3,000 of interest by re-investing the interest of earlier years. She has business income of ₹2,00,000. Their minor son earned ₹30,000 of interest on an FD gifted by his grandfather, and their minor daughter won ₹50,000 in a singing competition. Both spouses pay tax under the default regime. Compute the total income of Mr. and Mrs. Sharma.

Q4 (14 marks). Mr. Dev Kapoor (aged 52, resident) works for a private company in **Mumbai**. For P.Y. 2025-26:

#	Particulars	₹
1	Basic salary ₹1,50,000 p.m.	18,00,000
2	HRA ₹60,000 p.m.; he pays rent of ₹70,000 p.m. for a flat in Mumbai	7,20,000
3	Professional tax paid	2,500
4	Employer's and employee's contributions to the recognised PF – 12% of basic each	2,16,000 each
5	Interest credited to RPF @ 10% on the balance of ₹10,00,000	1,00,000
6	Dividend from Indian companies	50,000
7	Interest – savings account ₹18,000; fixed deposits ₹70,000	88,000
8	Winnings from a TV game show (gross)	1,00,000
9	STCG on listed equity shares (STT paid) – s. 111A	2,00,000

Q5 (a) (7 marks). Rohan and Mohan, brothers, are equal co-owners of a flat in Pune, let out throughout P.Y. 2025-26 at ₹40,000 p.m. Municipal value ₹4,20,000; fair rent ₹4,50,000; standard rent ₹5,00,000. Municipal taxes of ₹30,000 were paid by them. Interest on a joint housing loan for the year ₹1,80,000; pre-construction interest ₹1,00,000 (construction completed in 2023). Mohan also lives in his own house, on which he pays interest of ₹2,50,000 on a loan for its construction. Rohan is under the default regime; Mohan has opted out. Compute the income from house property of each.

(b) (7 marks). Explain (i) the provisions of s. 140A on self-assessment tax and (ii) the adjustments that can be made while processing a return u/s 143(1), and the time limit for sending the intimation.

Q6 (a) (7 marks). State five Central and five State taxes that were subsumed in GST, and explain the defects of the erstwhile indirect tax structure that GST sought to remove.

(b) (7 marks). Explain the constitutional provisions introduced by the Constitution (101st Amendment) Act, 2016 to levy GST.

Q7 (a) (10 marks). Shree Events Pvt. Ltd. is registered in Chennai, Tamil Nadu (event management, GST @ 18%). Details for October 2026 (amounts exclusive of GST unless stated):

#	Transaction	₹
1	Business conference organised in Chennai for a client registered in Bengaluru	10,00,000
2	Wedding event in Goa organised for an unregistered person living in Chennai	6,00,000
3	Tickets to a classical dance show in Chennai at ₹400 per person	3,00,000
4	Fee paid to a classical artist for performing at the dance show	1,20,000
5	Sponsorship money received from ABC Ltd. (body corporate) for a festival	5,00,000
6	Advance received (GST inclusive) from a registered Chennai client for a December event	2,36,000
7	Event in Chennai for an unregistered Chennai resident	3,00,000
8	Security services received from a proprietorship security agency	1,00,000
9	Legal services received from a firm of advocates	50,000

Input tax: outdoor catering used for the events – CGST ₹30,000 and SGST ₹30,000; equipment hired from Bengaluru – IGST ₹40,000; motor car for the MD – CGST ₹50,000 and SGST ₹50,000; club membership for directors – CGST ₹5,000 and SGST ₹5,000; services used only for the dance show – CGST ₹2,000 and SGST ₹2,000. Opening ITC nil. Compute the minimum GST payable in cash.

(b) (4 marks). Determine the place of supply: (i) hotel accommodation in Shimla for a registered person of Delhi; (ii) transport of goods by a Chennai GTA for a registered person of Mumbai, from Chennai to Hyderabad; (iii) air travel for an unregistered person who boards at Kolkata for Delhi; (iv) training at Delhi for employees of a registered company of Pune; (v) beauty treatment in Jaipur for a tourist from Delhi.

Q8 (a) (7 marks). Mr. Ravi, a trader in Lucknow, opted for composition for 2026-27 (preceding year turnover ₹1.2 crore). For the quarter July–September 2026: taxable goods sold ₹40,00,000; exempt goods sold ₹5,00,000; legal services received from an advocate ₹20,000. Compute his tax for the quarter, state the return he files, and state whether he may supply services of ₹6,00,000 during the year without losing eligibility.

(b) (7 marks). Om Industries imported a machine **by sea** from Germany. FOB value €20,000; freight not ascertainable; insurance €250; cost of special packing borne by the buyer €300 (not included in FOB); royalty of €1,000 payable to the seller as a condition of sale; installation charges after importation €800 (shown separately). CBIC exchange rate ₹96 per €. BCD 10%, SWS 10%, IGST 18%. Compute the assessable value and the customs duty, and list four other types of customs duties.

Model Answers – Section B

SOLUTION Q2(a) Mr. Peter – residential status and GTI

Status: 190 days in P.Y. 2025-26 ≥ 182 → **resident**. He is **not ordinarily resident** because his stay in the 7 preceding years is 700 days (≤ **729 days**) – s. 6(6)(a). (He was resident in P.Y.s 2022-23 to 2024-25 under the 60 + 365-day test, so the "non-resident in 9 of 10 years" limb does not apply; the 729-day limb alone makes him RNOR.)

Income	RNOR (actual)	ROR	NR
Salary for services in India (accrues in India)	12,00,000	12,00,000	12,00,000
Dividend from UK company received in UK	–	1,50,000	–
Business in London controlled from India	4,00,000	4,00,000	–
Paris rent received abroad (later remittance is irrelevant)	–	3,00,000	–
Interest on Indian company's debentures	80,000	80,000	80,000
Past untaxed foreign income brought into India	–	–	–
Gross total income	**16,80,000**	**21,30,000**	**12,80,000**

SOLUTION Q2(b) Interest u/s 234B and 234C

Assessed tax = 2,00,000 − TDS 20,000 = **₹1,80,000**. **s. 234B:** advance tax paid ₹1,70,000 ≥ 90% (₹1,62,000) – **no interest**.

Instalment	Required	Paid (cumulative)	Shortfall (rounded down to ₹100)	Interest
15 June (15%; no interest if ≥ 12% = 21,600)	27,000	20,000	7,000	1% × 3 = 210
15 Sept (45%; no interest if ≥ 36% = 64,800)	81,000	70,000	– (≥ 36%)	Nil
15 Dec (75%)	1,35,000	1,10,000	25,000	1% × 3 = 750
15 March (100%)	1,80,000	1,70,000	10,000	1% × 1 = 100

Interest u/s 234C = ₹1,060.

SOLUTION Q3(a) Mr. Tarun – s. 44AD

(i) Turnover ₹2.80 crore exceeds ₹2 crore, but cash receipts (₹11.20 lakh = **4%**) do not exceed **5%**, so the higher limit of **₹3 crore** applies – **eligible**. (ii) Presumptive income = 6% × 2,68,80,000 (digital/banking receipts) + 8% × 11,20,000 = 16,12,800 + 89,600 = **₹17,02,400**; no further deduction for expenses or depreciation (deemed allowed). (iii) Advance tax – **100% by 15 March 2026** (s. 211(1)(b)). (iv) s. 44AD(4): if he opts in a year and then declares income below the presumptive rate in any of the **next five years**, he cannot use s. 44AD for the **five years** after that year; he must keep books u/s 44AA and get them audited u/s 44AB if total income exceeds the basic exemption limit.

SOLUTION Q3(b) Clubbing – Mr. and Mrs. Sharma

Total income before clubbing: Mr. Sharma ₹15,00,000; Mrs. Sharma 5,25,000 (6,00,000 − 75,000) + 70,000 + 3,000 + 2,00,000 = ₹7,98,000.

Particulars	Mr. Sharma (₹)	Mrs. Sharma (₹)
Own salary	15,00,000	–
Wife's salary from Nexa – Mr. Sharma has substantial interest (≥ 20%), she has no technical qualification – s. 64(1)(ii) (6,00,000 − 75,000)	5,25,000	–
Interest on FD from money gifted by husband – s. 64(1)(iv)	70,000	–
Interest on re-investment of earlier interest (accretion – not clubbed)	–	3,000
Her business income	–	2,00,000
Minor son's interest – clubbed with the parent with higher income; no ₹1,500 exemption in default regime	30,000	–
Minor daughter's prize – earned by her **skill**, not clubbed (taxed in her own hands)	–	–
Total income	**21,25,000**	**2,03,000**

SOLUTION **Q4 Mr. Dev Kapoor – total income and tax, A.Y. 2026-27**

Particulars	Optional (₹)	Default (₹)
Basic salary	18,00,000	18,00,000
HRA received 7,20,000 less exempt (least of 7,20,000; rent – 10% salary = 8,40,000 – 1,80,000 = 6,60,000; 50% of salary 9,00,000) – optional regime only	60,000	7,20,000
Employer's PF contribution 12% – not taxable (aggregate with NPS/superannuation within ₹7,50,000)	–	–
Interest on RPF above 9.5% (0.5% × 10,00,000)	5,000	5,000
Gross salary	18,65,000	25,25,000
Less: standard deduction	(50,000)	(75,000)
Less: professional tax – s. 16(iii)	(2,500)	–
Salaries	**18,12,500**	**24,50,000**
House 2: GAV – ER = higher of MV and FR (5,40,000) limited to SR = 5,00,000; actual rent 6,00,000 is higher → **6,00,000**; NAV 5,60,000; less 30% 1,68,000; less interest 2,20,000 + 1/5 of pre-construction interest 30,000	1,42,000	1,42,000
House 1 (s. 23(2)(b) – annual value nil): interest ₹1,50,000 – optional regime only	(1,50,000)	–
House property	**(8,000)**	**1,42,000**
Other sources: dividend 50,000 + interest 88,000	1,38,000	1,38,000
Winnings from game show (s. 115BB)	1,00,000	1,00,000
STCG u/s 111A	2,00,000	2,00,000
Gross total income	**22,42,500**	**30,30,000**
Less: 80C (employee PF 2,16,000 – limited) 1,50,000; 80CCD(1B) 50,000; 80D 22,000 + 50,000; 80TTA 10,000; 80G 20,000	(3,02,000)	–
Total income	**19,40,500**	**30,30,000**
Tax on normal income (16,40,500 / 27,30,000)	3,04,650	3,99,000
STCG @ 20% + winnings @ 30%	70,000	70,000
Total; add cess @ 4%	3,74,650 + 14,986	4,69,000 + 18,760
Tax liability (rounded)	**3,89,640**	**4,87,760**

80G working: adjusted GTI = 22,42,500 − STCG 2,00,000 − winnings 1,00,000 − other VI-A deductions 2,82,000 = 16,60,500; qualifying limit 10% = 1,66,050; donation 40,000 is within it → deduction 50% = **₹20,000**. **Advice:** the **optional regime** saves **₹98,120**; as he has no business income, he can opt for it in his return filed by the due date u/s 139(1).

SOLUTION Q5(a) Co-owned property – s. 26

Each co-owner is assessed on his share; the property is computed as a whole and divided.

Particulars	₹
Expected rent = higher of MV 4,20,000 and FR 4,50,000, limited to SR 5,00,000	4,50,000
Actual rent (40,000 × 12)	4,80,000
Gross annual value (higher)	**4,80,000**
Less: municipal taxes paid	(30,000)
Net annual value	**4,50,000**
Less: standard deduction 30%	(1,35,000)
Less: interest – current year 1,80,000 + 1/5 of pre-construction 1,00,000	(2,00,000)
Income from the let-out flat	**1,15,000**
Share of each (50%)	57,500

Rohan (default regime): ₹57,500. **Mohan (old regime):** let-out share 57,500 less loss from self-occupied property (interest limited to **₹2,00,000** u/s 24(b)) = **(₹1,42,500)** – a loss under the head, which he may set off against other heads (within ₹2,00,000). Under the default regime no deduction would be allowed for the self-occupied house.

SOLUTION Q5(b) Self-assessment and intimation

(i) **s. 140A:** if tax is payable on the return after advance tax, TDS, TCS, relief and tax credits, the assessee must pay it with **interest u/s 234A/234B/234C** and fee u/s 234F **before** filing the return, and attach proof. Payment is adjusted first towards **fee, then interest, then tax**. If he fails to pay, he is an **assessee in default** (penalty u/s 221).

(ii) **s. 143(1):** the return is processed to make adjustments for (a) arithmetical errors; (b) incorrect claims apparent from information in the return; (c) disallowance of loss claimed if the return of that year was belated; (d) disallowance of expenditure or increase in income indicated in the audit report not taken into account; (e) deductions u/s 10AA or 80IA–80IE claimed in a belated return. Before an adjustment, an intimation is given electronically and the response (within **30 days**) is considered. The tax, interest and fee are computed and an **intimation** is sent showing the sum payable or refund – **within 9 months from the end of the financial year** in which the return is furnished. The intimation is deemed a **notice of demand u/s 156**.

SOLUTION Q6(a) Subsumed taxes and defects

Central: Central Excise duty; Additional Excise duties; Service Tax; Additional Customs duty (CVD); Special Additional Duty of Customs (SAD); Central surcharges and cesses on goods and services. **State:** VAT/sales tax; Central Sales Tax (levied by Centre, collected by States); entertainment tax (except by local bodies); octroi and entry tax; purchase tax; luxury tax; taxes on lottery, betting and gambling.

Defects removed: (1) **cascading** – Central and State taxes could not be set off against each other, and CST was not creditable; (2) multiplicity of taxes, returns and authorities; (3) disputes on classification as goods or services (software, works contracts); (4) different VAT rates across States; (5) check-posts and delays in inter-State movement; (6) a narrow base of service tax and excise exemptions for small units.

SOLUTION Q6(b) Constitution (101st Amendment) Act, 2016

(1) **Art. 246A** – Parliament and State Legislatures have power to make laws on GST imposed by the Union or the State; **Parliament exclusively** for inter-State supplies. (2) **Art. 269A** – GST on supplies in the course of **inter-State trade** and on **imports** is levied and collected by the Government of India and apportioned between the Union and the States on the recommendation of the GST Council. (3) **Art. 279A** – constitution and functions of the **GST Council**. (4) **Art. 366(12A)** – GST is a tax on supply of goods or services or both **except alcoholic liquor for human consumption**; Art. 366(26A) – services; Art. 366(26B) – State includes a UT with legislature. (5) **Seventh Schedule** – Union List entry 84 limited to excise on tobacco and petroleum products; entries 92 and 92C omitted; State List entry 54 limited to sales tax on petroleum products and alcoholic liquor; entries 52 and 55 omitted. (6) **Art. 268A** (service tax) omitted. (7) Parliament to provide **compensation to States** for loss of revenue for five years (s. 18 of the Amendment Act).

SOLUTION Q7(a) Shree Events Pvt. Ltd. – GST payable, October 2026

#	Particulars and reason	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
1	Organising a conference for a **registered** recipient – PoS = recipient's location (Karnataka) → inter-State	10,00,000	–	–	1,80,000
2	Organising an event for an **unregistered** person – PoS = where the event is held (Goa) → inter-State	6,00,000	–	–	1,08,000
3	Admission to a dance show at ≤ ₹500 per person – **exempt**	3,00,000	–	–	–
4	Inward service by a classical artist ≤ ₹1,50,000 – exempt; no output tax	–	–	–	–
5	Sponsorship to a body corporate – tax payable by ABC Ltd. under **RCM**	–	–	–	–
6	Advance for **services** – taxable on receipt: 2,36,000 × 100/118	2,00,000	18,000	18,000	–
7	Event in Chennai for an unregistered person – PoS Tamil Nadu	3,00,000	27,000	27,000	–
	Forward-charge tax		**45,000**	**45,000**	**2,88,000**
8	Security services from a non-body-corporate to a registered person – RCM	1,00,000	9,000	9,000	–
9	Legal services by a firm of advocates – RCM	50,000	4,500	4,500	–
	RCM tax (cash only)		**13,500**	**13,500**	–

Eligible ITC: outdoor catering used in a taxable **composite** supply of event management – allowed (proviso to s. 17(5)(b)): CGST/SGST 30,000 each; equipment hire IGST 40,000; RCM tax paid 13,500 each. **Not allowed:** motor car (s. 17(5)(a)), club membership (s. 17(5)(b)(ii)), services used only for exempt supplies (s. 17(2)). ITC: CGST **43,500**, SGST **43,500**, IGST **40,000**.

Utilisation	CGST (₹)	SGST (₹)	IGST (₹)
Forward-charge tax	45,000	45,000	2,88,000
Less: IGST credit	–	–	(40,000)
Less: CGST / SGST credit	(43,500)	(43,500)	–
Balance + RCM tax in cash	1,500 + 13,500	1,500 + 13,500	2,48,000
Cash payable	**15,000**	**15,000**	**2,48,000**

Minimum GST payable in cash = ₹2,78,000.

SOLUTION Q7(b) Place of supply – s. 12 IGST Act

(i) Hotel accommodation – location of the **immovable property**: **Himachal Pradesh**. (ii) Transportation of goods for a **registered** person – location of the recipient: **Maharashtra**. (iii) Passenger transport for an unregistered person – where he **embarks**: **West Bengal**. (iv) Training for a **registered** person – location of the recipient: **Maharashtra**. (v) Beauty treatment – where **actually performed**: **Rajasthan**.

SOLUTION Q8(a) Mr. Ravi – composition

Tax for a **trader** = 0.5% CGST + 0.5% SGST on turnover of **taxable** goods only (exempt goods excluded – proviso to Rule 7): 1% × 40,00,000 = **₹40,000** (₹20,000 + ₹20,000). RCM on legal services at the **normal rate**, without ITC: 18% × 20,000 = **₹3,600**. Total **₹43,600**, paid through **CMP-08** by **18 October 2026**; annual return **GSTR-4** by 30 April 2027. Services: a composition supplier may supply services (other than restaurant) up to the **higher of 10% of turnover in the State in the preceding year (₹12 lakh) and ₹5 lakh** – ₹6 lakh of services is allowed.

SOLUTION Q8(b) Assessable value – Om Industries

Item	€
FOB value	20,000
Add: cost of packing borne by the buyer (Rule 10(1)(a)(iii))	300
Add: royalty payable as a condition of sale (Rule 10(1)(c))	1,000
Add: freight not ascertainable – 20% of FOB	4,000
Add: insurance	250
Installation after importation (shown separately) – not added	–
CIF value	**25,550**

Item	₹
Assessable value (25,550 × ₹96)	**24,52,800**
BCD 10%	2,45,280
SWS 10% of BCD	24,528
Value for IGST	27,22,608
IGST 18%	4,90,069
Total customs duty	**7,59,877**

Other duties: safeguard duty (s. 8B CTA); countervailing duty on subsidised goods (s. 9 CTA); anti-dumping duty (s. 9A CTA); protective duty (s. 6 CTA); GST compensation cess (s. 3(9) CTA); export duty.