Final Course
(Revised Scheme of Education and Training)
Study Material
(Modules 1 to 4)

Paper 8
Indirect Tax Laws
Part – I: Goods and Services Tax

Module – 1
(Relevant for May, 2020 and November, 2020 examinations)

BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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BEFORE WE BEGIN …

The role of a chartered accountant is evolving continually to assume newer responsibilities in a dynamic environment. There has been a notable shift towards strategic decision making and entrepreneurial roles that add value beyond traditional accounting and auditing. The causative factors for the change include globalisation leading to increase in cross border transactions and consequent business complexities, significant developments in information and technology and financial scams underlining the need for a stringent regulatory set up. These factors necessitate an increase in the competence level of chartered accountants to bridge the gap in competence acquired and competence expected from stakeholders. Towards this end, the scheme of education and training is being continuously reviewed so that it is in sync with the requisites of the dynamic global business environment; the competence requirements are being stepped up to enable aspiring chartered accountants to acquire the requisite professional competence to take on new roles.

Concurrent Practical Training along with academic education: Key to achieving the desired level of Professional Competence

Under the Revised Scheme of Education and Training, at the Final Level, you are expected to apply the professional knowledge acquired through academic education and the practical exposure gained during articleship training in addressing issues and solving practical problems. The integrated process of learning through academic education and practical training should also help you inculcate the requisite technical competence, professional skills and professional values, ethics and attitudes necessary for achieving the desired level of professional competence.

Goods and Services Tax: The game changer indirect tax

Indirect Tax Laws is one of the dynamic subjects of the chartered accountancy course. The subject of Indirect Tax Laws at the Final level is divided into two parts, namely, Part I: Goods and Services Tax for 75 marks and Part II: Customs & Foreign Trade Policy (FTP) for 25 marks.

With GST, there has been a paradigm shift in the indirect tax landscape of the country. GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus, paving the way for an
integrated economy at the national level. By subsuming most of the Central (excise duty, service tax, central sales tax) and State taxes (State-Level VAT) into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it would mitigate the ill effects of cascading and improve competitiveness. It follows a multi-stage collection mechanism where tax is collected at every stage and the credit of tax paid at the previous stage is available as a set off at the next stage of transaction.

The nitty-gritties of this new tax law coupled with its inherent dynamism, makes the learning, understanding, application and analysis of the provisions of this law in problem solving very interesting and challenging.

**Know your Syllabus – Read the same along with Study Guidelines**

The syllabus of Part I: Goods and Services Tax of Paper 8: Indirect Tax Laws covers the provisions of the Central Goods and Services Tax Act, 2017 and Integrated Goods and Services Act, 2017 and of Part II: Customs & FTP covers Customs Law as contained in the Customs Act, 1962 and the Customs Tariff Act, 1975 and Foreign Trade Policy to the extent relevant to the indirect tax laws. Further, a concept of Study Guidelines has been introduced in the Revised Scheme of Education and Training in this subject, in line with the international best practices, to specify topic-wise exclusions from the syllabus. The Study Guidelines for an examination is issued after the expiry of cut-off date for amendments relevant for that examination. The Study Guidelines for this subject are also applicable for the corresponding paper in the Old Course.

For understanding the coverage of syllabus, it is important to read the Study Material as the content therein has been developed keeping in mind the extent of coverage of various topics as envisaged in the syllabus. Therefore, the provisions which do not form part of the syllabus are not discussed or explained in the Study Material. However, while discussing the relevant applicable provisions, a reference may have been made to some of these excluded provisions at certain places either by way of a footnote or otherwise.

Further, the Study Material should also be read along with the Study Guidelines. It may be noted that the Study Material is issued prior to the issuance of Study Guidelines. Therefore, the Study Material may have discussion on certain provisions which, post issuance of Study Material, get excluded from the syllabus by way of Study Guidelines. Such provisions will, therefore, be not relevant from the examination point of view.
It may be noted that in Part II: Customs and FTP, certain topics have been excluded from the syllabus by way of Study Guidelines. These have not been discussed in the Study Material.

**Know your Study Material**


Further, the Finance (No.2) Act, 2019 has come into force from 01.08.2019 after receiving the assent of the President of India. However, the amendments made in the CGST Act and IGST Act vide the Finance (No .2) Act, 2019 have not become effective till the time this Study Material is being released for printing¹. Therefore, the applicability or otherwise of the amendments made by the Finance (No.2) Act, 2019 for May 2020 and/or November 2020 examinations shall be announced by the ICAI only after the same become effective.

In the Study Material the existing provisions² are compared with the provisions as amended by the Finance (No.2) Act, 2019 at the end of each chapter, wherever relevant. Once the announcement for applicability of such amendments for examination(s) is made by the ICAI, students should read the amended provisions in place of the related provisions discussed in the Chapter.

The content discussed in Part II: Customs & FTP is based on the customs law as amended by the Finance (No.2) Act, 2019 and significant notifications and circulars issued till 30.04.2019.

The latest amendments are highlighted in **bold and italics** in the Study Material.

**The Study Material is, therefore, relevant for May, 2020 and November, 2020 examinations. The amendments made subsequent to 30th April, 2019 and till the cut off date relevant for the examination³ will be compiled and hosted**

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¹ Section 103 of the Finance (No. 2) Act, 2019 amending section 95 of the CGST Act, 2017 prescribing definitions relating to advance ruling, has come into force on 01.09.2019. The same has been incorporated in Chapter 23: Advance Ruling.
² Provisions existing as on the date when the Study Material was released for printing
³ The cut off date for amendments for May 2020 and November 2020 examinations are 31st October, 2019 and 30th April, 2020 respectively.

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on the Institute’s website. The Study Material should be read along with such Statutory Update.

Efforts have been made to present the complex indirect tax laws in a lucid manner. Care has been taken to present the chapters in a logical sequence to facilitate easy understanding by the students. The Study Material has been divided into four modules for ease of handling by students. The first three modules are on GST and the fourth module is on customs and FTP.

The various chapters of this subject have been structured uniformly and comprise of the following components:

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<th>Components of each Chapter</th>
<th>About the component</th>
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<tr>
<td>1. Learning Outcomes</td>
<td>Learning outcomes which you need to demonstrate after learning each topic have been detailed in the first page of each chapter/unit. Demonstration of these learning outcomes will help you to achieve the desired level of technical competence</td>
</tr>
<tr>
<td>2. Content</td>
<td>The concepts and provisions of indirect tax laws are explained in student-friendly manner with the aid of examples/illustrations/diagrams/flow charts. Diagrams and flow charts would help you understand and retain the concept/provision learnt in a better manner. Examples and illustrations would help you understand the application of concepts/provisions. These value additions would, thus, help you develop conceptual clarity and get a good grasp of the topic.</td>
</tr>
<tr>
<td>5. Test Your Knowledge</td>
<td>This section comprises of variety of questions which will help you to analyse the provisions of indirect laws and apply the same in problem solving, thus, sharpening your application skills. In effect, it will test your ability to analyse and apply the concepts/provisions learnt in solving problems and addressing issues. Small case scenarios have also been given to test your analytical ability and interpretational skills.</td>
</tr>
</tbody>
</table>
After you work out the problems/questions given under the section “Test Your Knowledge”, you can verify your answers with the answers given under this section. This way you can self-assess your level of understanding of the provisions or concepts of a chapter.

The recent significant select Supreme Court and High Court rulings in customs law have been reported at the end of chapters of Part II Customs & FTP to help you appreciate the interpretation of the provisions of customs law by the Courts.

Students may make note of the following while reading the Study Material:


- Unless otherwise specified, the section numbers and rules referred to in the chapters of Part I: Goods and Services Tax pertain to CGST Act and CGST Rules respectively (except Chapter 5 : Place of Supply, where the section numbers and rule numbers pertain to IGST Act and IGST Rules).

- The illustrations, examples, questions and answers given under ‘Test Your Knowledge’ in Part I: Goods and Services Tax are solved/answered on the basis of the position of law as existing on 30th April, 2019. The reference to years/months subsequent to such date in the examples, illustrations, questions and answers is only for the purpose of explaining the concepts and provisions as the position of law may change subsequently.

Though all efforts have been taken in developing this Study Material, the possibilities of errors/omissions cannot be ruled out. You may bring such
errors/omissions, if any, to our notice so that the necessary corrective action can be taken.

We hope that these student-friendly features in the Study Material improves your learning curve and sharpens your analytical and interpretational skills.

Since the entire syllabus of subject of Indirect Tax Laws is same for both New and Old Course, this Study Material is also relevant for Final (Old Course) - Paper 8: Indirect Tax Laws.

Happy Reading and Best Wishes!
SYLLABUS

PAPER – 8 : Indirect Tax Laws
(One paper — Three hours – 100 Marks)

Part-I: Goods and Services Tax (75 Marks)

Objective:
To acquire the ability to analyze and interpret the provisions of the goods and services tax law and recommend solutions to practical problems.

Contents:
   (i) Introduction to GST in India including Constitutional aspects
   (ii) Levy and collection of CGST and IGST – Application of CGST/IGST law; Concept of supply including composite and mixed supplies, inter-State supply, intra-State supply, supplies in territorial waters; Charge of tax including reverse charge; Exemption from tax; Composition levy
   (iii) Place of supply
   (iv) Time and Value of supply
   (v) Input tax credit
   (vi) Computation of GST liability
   (vii) Procedures under GST including registration, tax invoice, credit and debit notes, electronic way bill, accounts and records, returns, payment of tax including tax deduction at source and tax collection at source, refund, job work
   (viii) Liability to pay in certain cases
   (ix) Administration of GST; Assessment and Audit
   (x) Inspection, Search, Seizure and Arrest
(xi) Demand and Recovery
(xii) Offences and Penalties
(xiii) Advance Ruling
(xiv) Appeals and Revision
(xv) Other provisions

Part-II: Customs & FTP (25 Marks)

Objectives:
(a) To develop an understanding of the customs laws and acquire the ability to analyze and interpret the provisions of such laws.
(b) To develop an understanding of the basic concepts of foreign trade policy to the extent relevant to indirect tax laws, and acquire the ability to analyse such concepts.

Contents:

1. Customs Law as contained in the Customs Act, 1962 and the Customs Tariff Act, 1975
   (i) Introduction to customs law including Constitutional aspects
   (ii) Levy of and exemptions from customs duties – All provisions including application of customs law, taxable event, charge of customs duty, exceptions to levy of customs duty, exemption from custom duty
   (iii) Types of customs duties
   (iv) Classification and valuation of imported and export goods
   (v) Officers of Customs; Appointment of customs ports, airports etc.*
   (vi) Import and Export Procedures including special procedures relating to baggage, goods imported or exported by post, stores

4 The entire CGST and IGST laws are included in the syllabus at the Final level. Any residuary provision under the CGST Act, 2017 and IGST Act, 2017, not covered under any of the above specific provisions, would be covered under “Other provisions”. Further, if any new Chapter is included in the CGST Act, 2017 and IGST Act, 2017, the syllabus will accordingly include the provisions relating thereto.
(vii) Provisions relating to coastal goods and vessels carrying coastal goods*

(viii) Warehousing*

(ix) Drawback

(x) Demand and Recovery*; Refund

(xi) Provisions relating to prohibited goods, notified goods, specified goods, illegal importation/exportation of goods*

(xii) Searches, seizure and arrest; Offences; Penalties; Confiscation and Prosecution*

(xiii) Appeals and Revision; Advance Rulings; Settlement Commission*

(xiv) Other provisions*

2. Foreign Trade Policy to the extent relevant to the indirect tax laws

(i) Introduction to FTP – legislation governing FTP, salient features of an FTP, administration of FTP, contents of FTP and other related provisions

(ii) Basic concepts relating to import and export

(iii) Basic concepts relating to export promotion schemes provided under FTP

Note – If any new legislation(s) is enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation ceases to have effect, the syllabus will accordingly exclude such legislation with effect from the date to be notified by the Institute. Students shall not be examined with reference to any particular State GST Law.

Further, the specific inclusions/exclusions in any topic covered in the syllabus will be effected every year by way of Study Guidelines, if required.

* The topics marked with asterisk have been excluded from the syllabus by way of Study Guidelines and hence have not been discussed in the Study Material.

5 The entire customs law is included in the syllabus at the Final level. Any residuary provision under the Customs Act, 1962 or Customs Tariff Act, 1975, not covered under any of the above specific provisions, would be covered under “Other Provisions”. Further, if any new Chapter is included in the Customs Act, 1962 or Customs Tariff Act, 1975, the syllabus will accordingly include the provisions relating thereto.
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