Intermediate Course: Group – I		**(Mock Test Paper : 1)**
DATE: 27.07.2024	**MAXIMUM MARKS: 100**	**TIMING: 3¼ Hours**

PAPER 3 : TAXATION

SECTION - A : INCOME TAX LAW (50 MARKS)

Working Notes should form part of the answer. Whenever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answers to Questions in Division A, working notes are not required.

THE RELEVANT ASSESSMENT YEAR IS A.Y. 2024-25

DIVISION A - MULTIPLE CHOICE QUESTIONS

TOTAL MARKS: 15 MARKS

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

Ans. 1 to Ans. 4 :
CASE SCENARIO

1. Ans. (b)
2. Ans. (c)
3. Ans. (c)
4. Ans. (d)

MCQ [4 MCQ of 2 Marks Each : Total 8 Marks]

Ans. 5 to Ans. 7 :
CASE SCENARIO

5. Ans. (a)
6. Ans. (c)
7. Ans. (a)

MCQ [3 MCQ of 2 Marks Each : Total 6 Marks]

8. Ans. (c) **}{1 M}**

DIVISION B - DESCRIPTIVE QUESTIONS

QUESTIONS NO. 1 IS COMPULSORY.
ATTEMPT ANY TWO QUESTIONS FROM THE REMAINING THREE QUESTIONS

TOTAL MARKS: 35 MARKS

Answer 1:

Computation of total income and tax liability of Mr. Rajesh for A.Y. 2024-25

Particulars	Rs.	Rs.	Rs.
Income from House Property			
Gross annual value 1 (Rs. 35,000 x 12)		4,20,000	
Less: Municipal taxes paid by Mr. Rajesh		8,200	
Net annual value		4,11,800	
Less: Deductions under section 24			
(a) 30% of Net Annual Value		1,23,540	
(b) Interest on house borrowing (allowed in full in case of let out property)		2,01,500	

			86,760	}{1 M}
Profits and gains of business or profession Income from profession				
Fees from legal services		49,60,000		
Less: Expenses allowable as deduction				
- Staff salary and bonus	17,50,000			
- Other general and administrative expenses	22,00,000			
- Office rent	1,48,000			
- Motor car maintenance (Rs. 72,000 x 2/3)	48,000			
- Car loan interest - not allowable, since Mr. Rajesh follows cash system of accounting and no interest is paid during the previous year)		41,46,000		
		8,14,000	}{2 M}	
Less: Depreciation u/s 32				
- Motor Car Rs. 9,50,000 x 15% x 50% x 2/3, being put to use for less than 180 days	47,500			
- Books being annual publications [Rs. 80,000 x 40%]	32,000			
Computer @ 40% of Rs. 52,000 x 50%, since the same is put to use for less than 180 days	10,400	89,900	}{2 M}	
		7,24,100		
For the P.Y. 2023-24, the gross receipts of Mr. Rajesh is Rs. 49,60,000. Since, it does not exceed Rs. 50,00,000, he is eligible to opt for presumptive tax scheme under section 44ADA In such case, his professional income would be Rs. 24,80,000, being 50% of Rs. 49,60,000 It is more beneficial for Mr. Rajesh to declare profit of Rs. 7,24,100 as per books of accounts which is lower than the profits computed on presumptive basis under section 44ADA. However, for declaring lower profits, he has to maintain books of account under section 44AA and get the same audited under section 44AB				
Income from share speculation business	1,20,000			
Less: Loss from commodity speculation business set off against income from share speculation business. Balance loss of Rs. 60,000 from commodity speculation business to be carried forward to A.Y. 2024-25	1,20,000	Nil	7,24,100	}{2 M}
Capital Gains Long-term capital gains on sale of 5800 listed shares Sale consideration		5,95,000		
Less: Cost of acquisition is higher of		4,35,000		
- Cost of acquisition	1,21,800			
- Lower of Rs. 4,35,000 (Rs. 75 x 5800), being fair market value as on 31.01.2018 and Rs. 5,95,000, being full value of consideration on transfer	4,35,000		1,60,000	}{2 M}
Income from other sources Cash Gift of Rs. 84,000 i.e., Rs. 21,000 x 4, received from his four friends is taxable u/s 56(2)(x), since aggregate amount of cash gifts exceeds Rs. 50,000			**84,000**	}{1 M}

Gross Total Income			**10,54,860**	}{1 M}
Less: Deduction under Chapter VI-A Section 80C				
Life insurance premium	49,000			
Repayment of housing loan	1,80,000			
PPF subscription	1,50,000			
	3,79,000			
Restricted to Rs. 1,50,000		1,50,000		
Section 80G				
Contribution to PM Cares Fund (100% of Rs. 1,21,000) by way of bank draft		1,21,000		
Section 80GGC				
Donation of registered political party made by way of cheque		3,50,000		
			6,21,000	}{1 M}
Total Income			**4,33,860**	
Tax Liability				
Tax @ 10% under section 112A on long-term capital gains exceeding Rs. 1,00,000 i.e. Rs. 60,000				
Tax @ 5% on Rs. 23,860 [Rs. 2,73,860 (total income excluding LTCG u/s 112A) - Rs. 2,50,000, being basic exemption limit			1,193	
			7,193	
Less: Rebate u/s 87A [Since the total income does not exceed Rs. 5 lakhs. Rebate u/s 87A is not available on tax on LTCG taxable u/s 112A]			1,193	
			6,000	
Add: Health and Education Cess @ 4%			240	
Tax Liability			**6,240**	}{3 M}

Answer 2:
(a)

	Rs.	
Basic Salary [(22,000 x 4) + (25,000 x 8)]	2,88,000.00	}{1 M}
Dearness Allowance [(4,000 x 4) + (6,000 x 8)]	64,000.00	
Leave Salary {Sec 10(10AA)}	2,28,000.00	}{1 M}
Working Note:		
1. Rs. 5,00,000		
2. Rs. 3,00,000		
3. Rs. 10 x 2,72,000/10 = Rs. 2,72,000		
4. 2,72,000 /10 x 19= Rs. 5,16,800		
Received = Rs. 5,00,000		
Exempt = (Rs. 2,72,000)		
Taxable = Rs. 2,28,000		
Calculation of average salary		
Basic Pay		
[(22,000 x 2) + (25,000 x 8)] = 2,44,000		
Dearness Allowance		
[(2,000 x 2) + (3,000 x 8)] = 28,000		
Average Salary = 2,72,000/10		

= 27,200			
Computation of leave at credit			
Leave Entitlement	=	30	
Less: Leave Availed	=	(7)	
Less: Leave Encashed	=	(4)	
Leave at Credit	=	19	
Gross Salary			5,80,000.00 }{1 M}
Less: Standard Deduction u/s 16(ia)			(50,000.00)
Income under the head Salary			5,30,000.00
Gross Total Income			5,30,000.00
Less: Deduction u/s 80C to 80U			Nil
Total Income			5,30,000.00 }{1 M}
Computation of Tax Liability			
Tax on Rs. 5,30,000 at slab rate			18,500.00
Add: HEC @ 4%			740.00
Tax Liability			19,240.00 }{1 M}

Answer:

(b) As per the amendments now two house shall be treated as self-occupied.

	Rs.
House I & II is self-occupied	
Income from house I & II	(30,000.00)
Income under the head House Property	(30,000.00) }{1 M}
Add: Unrealised rent received (2,000 – 600)	1,400.00 }{1 M}
Loss under the head House Property	(28,600.00) }{1 M}
Income under the head Capital Gains (LTCG)	20,00,000.00 }{1 M}
Gross Total Income	19,71,400.00
Less: Deduction u/s 80C	Nil
Total Income	19,71,400.00
Computation of Tax Liability	
Tax on Rs. 17,21,400 (Rs. 19,71,400 – Rs. 2,50,000) @ 20%	3,44,280.00
Add: HEC @ 4%	13,771.20
Tax Liability	3,58,051.20
Rounded off u/s 288B	3,58,050.00 }{1 M}

Answer 3:

(a) Computation of income under the head Business/profession

Sale price	18,00,000.00
Less: Purchase Price	(5,00,000.00)
Less: Manufacturing expenses	(2,00,000.00)
Less: Depreciation on plant and machinery (2,60,000 x 15%)	(39,000.00)
Income under the head Business/profession	10,61,000.00 }{1 M}
Gross Total Income	10,61,000.00
Less: Deduction u/s 80C	
National Saving Certificate	(5,000.00)
Public Provident Fund	(10,000.00)
LIC policy in name of major married independent daughter	(5,000.00)
LIC policy in name of major married independent son	(2,000.00)
Home Loan Account Scheme	(5,000.00)

Units of Mutual Funds	(5,000.00)	
Equity Shares of Infrastructure Companies	(5,000.00)	
Total Income	10,24,000.00	}{1 M}
Computation of Tax Liability		
Tax on Rs. 10,24,000 at slab rate	1,19,700.00	
Add: HEC @ 4%	4,788.00	
Tax Liability	1,24,488.00	
Rounded off u/s 288B	1,24,490.00	}{2 M}

Answer:

(b) Computation of Gross Total Income of Shri Raj Kumar

Income under the head salary

Salary received	1,80,000.00	
Less: Standard deduction u/s 16(ia)	(50,000.00)	
Income under the head salary	1,30,000.00	}{1 M}
Income under the head house property		
Gross Annual value (9,000 x 5)	45,000.00	
Less: Municipal taxes	Nil	
Net Annual value	45,000.00	
Less: Standard deduction @ 30% u/s 24(a)	(13,500.00)	
Less: Interest on capital borrowed u/s 24(b)	Nil	
Income from house property	31,500.00	}{1 M}
Income under the business/Profession		
Interest income from Firm	36,000.00	
Income under the head other sources		
Interest income of debentures (39,000 /3,30,000 x 30,000)	3,545.45	
Gross Total Income	2,01,045.45	}{1 M}
Computation of Gross Total Income of Smt. Raj Kumar		
Income under the head salary		
Salary received	2,40,000	
Less: Standard deduction u/s 16(ia)	(50,000)	
Income under the head salary	1,90,000	
Income under the head house property (Transferred with adequate consideration)		
Gross Annual value (9,000 x 7)	63,000	
Less: Municipal taxes	Nil	
Net Annual value	63,000	
Less: Standard deduction @ 30% u/s 24(a)	(18,900)	
Less: Interest on capital borrowed u/s 24(b)	Nil	
Income from house property	44,100	}{1 M}
Income under the business/Profession		
Interest income from Firm	64,000	
Income of Minor son – Kunsh		
Income from house property	15,000	
Less: Exemption u/s 10(32)	(1,500)	
Income under the head house property	13,500	}{1 M}
Income under the head other sources		
Interest on debentures (3,00,000 x 10%)	30,000.00	
Interest income of debentures shall be clubbed u/s 64(1)	35,454.55	

(39,000 /3,30,000 x 3,00,000) Income under the head other sources	65,454.55	
Gross Total Income	3,77,054.55	}{1 M}

Note:

(i) Mother of Shri Raj Kumar transferred a Property to master Kunsh, it is not mentioned it is House Property, hence it is presumed that it is other than House Property. Accordingly income has been clubbed after exemption under section 10(32).

(ii) In case of transfer of debentures date of transfer is not given and whether it is transferred for adequate consideration or not is not mentioned. Above solution is given on the assumption that it is transferred for inadequate consideration and clubbing provisions shall be applicable.

Answer 4:

(a) Computation of total income of Mr. Sanjay for the Assessment Year 2024-25

	Rs.	Rs.	
Income (loss) House property			
House –I	36,000		
House-2 –Self occupied	(20,000)		
House-3	60,000		
Income from House Property		76,000	}{1 M}
Profits and gains of business and profession			
Textile business	2,00,000		
Automobile business	(3,00,000)		
Speculation business	2,00,000		
Income from business or profession representing speculation business profit (after set off of loss of automobile business)		1,00,000	}{1 M}
Capital Gains			
Long term capital gain from sale of shares (STT paid) u/s 112A	1,50,000		
Long term capital gain from sale of vacant site	2,00,000		
Short term capital loss from sale of building	(1,00,000)		
Long term capital gain-after set off of short term loss against	1,00,000		
long term capital gain		2,50,000	}{1 M}
Income from Other sources			
Gift from a friend (non relative) on 05.06.2023	60,000		
Gift from maternal uncle (on 25.02.2024) Rs. 1,00,000, not taxable since maternal uncle is covered by the definition of the term' relative' given in explanation to section 56(2)	Nil		
Gift from grand father's younger brother on 10.02.2024. This amount is taxable as grandfather's younger brother is not covered by the definition of 'relative'.	1,00,000	1,60,000	}{1 M}
Gross Total Income		5,86,000	
Less: Deduction u/s 80C to 80U		Nil	
Total income		**5,86,000**	}{2 M}

Answer:
(b)

	Particulars of the payer	Nature of payment	Aggregate of payment in the F.Y. 2023 - 24	Whether TDS provisions are attracted?
1.	Mr. Ramesh, an individual carrying on retail business with turnover of ₹ 2.5 crores in the P.Y. 2022-23	Contract Payment for repair of residential house	₹ 5 lakhs	No, TDS under section 194C is not attracted since the payment is for personal purpose and TDS under section 194M is not attracted as aggregate of contract payment to the payee in the P.Y. 2022-23 does not exceed ₹ 50 lakh.
		Payment of commission to Mr. Kailash for business purposes	₹ 80,000	Yes, u/s 194H, since the payment exceeds ₹15,000, and Mr. Ramesh's turnover exceeds ₹1 crore in the P.Y. 2022-23.
2.	Mr. Harish	Contract Payment for reconstruction of residential house	₹ 55 lakhs	Yes, under section 194M, since the aggregate of payments (i.e., ₹55 lakhs) exceed ₹50 lakhs, Since his turnover is below ₹100 lakhs in the P.Y. 2022-23. Hence, TDS provisions under section 194C are not attracted in respect of payments made in the P.Y. 2023-24.
3.	Mr. Manish, a salaried individual	Payment of brokerage for buying a residential house	₹ 51 lakhs	Yes, under section 194M, since the payment of ₹ 51 lakhs made in March 2024 exceeds the threshold limit of ₹50 lakhs. Since Mr. Manish is a salaried individual, the provisions of section 194H are not applicable in this case.
4.	Mr. Veer, a pensioner	Contract payment for reconstruction of residential house	₹ 48 lakhs	TDS provisions under section 194C are not attracted since Mr. Veer is a pensioner and TDS provisions under section 194M are also not applicable in this case, since the payment of ₹ 48 lakhs does not exceed the threshold limit of ₹ 50 lakhs.

{1 M for Each 4 Points}

OR

Answer:
(b) Computation of total income of Mr. Jitendra for the A.Y. 2024-25

(a) Computation of tax liability (age 45 years)

Particulars	Rs.
Income under the head salary	3,40,000 **}{1 M}**
Income under the head house property	3,00,000
Gross Total Income	**6,40,000**
Less: Deductions under Chapter VI-A	Nil
Total Income	**6,40,000** **}{1 M}**
Agricultural income (1,80,000 – 1,20,000) =	60,000
Computation of tax liability	
Step 1: Tax on (Rs. 6,40,000 + Rs. 60,000 = Rs. 7,00,000)	52,500
Step 2: Tax on (Rs. 2,50,000 + Rs. 60,000) = Rs. 3,10,000)	(3,000)
Step 3: Rs. 52,500 – Rs. 3,000	49,500

Tax before health & education cess	49,500
Add : HEC @ 4%	1980
Tax Liability	51,480 }{1 M}
(b) Computation of tax liability (age 70 years)	
Step 1: Tax on (Rs. 6,40,000 + Rs. 60,000 = Rs. 7,00,000)	50,000
Step 2: Tax on (Rs. 3,00,000 + Rs. 60,000 = Rs. 3,60,000)	(3,000)
Step 3: Rs. 50,000 – Rs. 3,000	47,000
Tax before health & education cess	47,000
Add : HEC @ 4%	1880
Tax Liability	48,880 }{1 M}

SECTION - B : GOODS AND SERVICES TAX (50 MARKS)

(i) **Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.**
(ii) **Whenever necessary, suitable assumptions may be made by the candidates and disclosed by way of a notes.**
(iii) **All questions should be answered on the basis of position of the GST law as amended by provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2023, including significant notifications and circulars issued, up to 31st October, 2023.**

DIVISION A - MULTIPLE CHOICE QUESTIONS

TOTAL MARKS: 15 MARKS

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

Ans. 1 to Ans. 5 :
CASE SCENARIO

1. Ans. (a)
2. Ans. (d)
3. Ans. (c)
4. Ans. (a)
5. Ans. (c)

MCQ [5 MCQ of 2 Marks Each : Total 10 Marks]

6. Ans. (c) } **{2 M Each}**
7. Ans. (a)
8. Ans. (b) **}{1 M}**

DIVISION B - DESCRIPTIVE QUESTIONS

QUESTION NO. 1 IS COMPULSORY
ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.

TOTAL MARKS: 35 MARKS

Answer 1:
(a)

Raw material –R1		
Purchase price	2,00,000.00	
Add: CGST @10%	20,000.00	
Add: SGST @10%	20,000.00	
	2,40,000.00	
Input Tax Credit		
CGST	20,000.00	
SGST	20,000.00	
Cost of Raw Material	2,00,000.00	**}{1 M}**
Raw material –R2		
Purchase price	3,00,000.00	
Add: IGST @ 20%	60,000.00	
	3,60,000.00	

Input Tax Credit		
IGST	60,000.00	
Cost of Raw Material	3,00,000.00	}{1 M}
Plant & Machinery		
Purchase price	10,00,000.00	
Add: IGST @ 10%	1,00,000.00	
	11,00,000.00	
Input Tax Credit		
IGST	1,00,000.00	
Cost of Asset	10,00,000.00	}{1 M}
Services	3,00,000.00	
Add: CGST @ 9%	27,000.00	
Add: SGST @ 9%	27,000.00	
	3,54,000.00	
Input Tax Credit		
CGST	27,000.00	
SGST	27,000.00	
Cost of service	3,00,000.00	}{1 M}
Cost of final product		
Raw material –R1	2,00,000.00	
Raw material –R2	3,00,000.00	
Depreciation on Capital goods (10,00,000 @ 20%)	2,00,000.00	
Services	3,00,000.00	
Other processing charges	5,00,000.00	
Profit	3,00,000.00	
Transaction Value	18,00,000.00	}{2 M}
Add: CGST @ 10%	1,80,000.00	
Add: SGST @ 10%	1,80,000.00	
	21,60,000.00	

Computation of Net Tax Payable

	CGST ₹	
Output Tax	1,80,000.00	
Less:		
ITC Raw material – R2 –IGST	(60,000.00)	
ITC Plant and machinery – IGST	(73,000.00)	
ITC Raw material – R1 – CGST	(20,000.00)	
ITC – Services – CGST	(27,000.00)	
Net tax payable	Nil	}{2 M}

	SGST ₹	
Output Tax	1,80,000.00	
Less:		
ITC Plant and machinery – IGST	(27,000.00)	
ITC Raw material – R1 –SGST	(20,000.00)	
ITC Services – SGST	(27,000.00)	
Net tax payable	1,06,000.00	}{2 M}

Assessee has the option to adjust ITC of IGST either from output CGST or from output SGST.

Answer:

(b) Computation of GST liability of MTCT (amount in Rs.)—

Fees charged for yoga camp conducted by the trust [WN-1]	Nil
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children [WN-1]	Nil
Amount received for activities relating to preservation of forests and wildlife [WN-1]	Nil
Receipts of old age home meant for residents of 60 years or more [Consideration per month per member is Rs. 5,000 (inclusive of boarding lodging and maintenance) [WN-4]	Nil
Amount received for renting of commercial property owned by the trust [WN-3]	35,00,000
Value of Taxable supply	**35,00,000**
GST payable @ 18% [A]	**6,30,000**
Services to be taxed on reverse charge basis : Payment made for the services received from a service provider located in England for the purposes of providing 'charitable activities' **[B]** [WN-2]	Nil
GST liability [(A) + (B)]	**6,30,000**

{1/2 M Each x 6 = 3 M}

Working Notes :

(1) Services provided by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST vide Exemption Notification No. 12/2017-CT (R) dated 28-06-2017. The definition of term charitable activities, inter alia, means activities relating to :
   (a) advancement of yoga;
   (b) advancement of educational programmes relating to abandoned, orphaned or homeless children
   (c) preservation of environment including watershed, forests and wildlife.

(2) Service recipient is liable to pay GST in case of a taxable service provided by any person located in a nontaxable territory and received by any person located in the taxable territory. However, services received from a provider of service located in a non-taxable territory by an entity registered under section 12AA of the Income-tax Act, 1961 for the purposes of providing charitable activities are exempt from GST vide Entry 10 of Notification No. 9/2017-IT (R) dated 28-06-2017.

(3) Renting of commercial property owned by the trust is liable to GST.

(4) Services by an old age home run by an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance are exempt from tax vide Entry 9D of Notification No. 12/2017-CT (R).

{2 M}

Answer 2:

(a) In the given scenario, only one e-way bill is required to be issued. Part A can be filled by either Mr. Suresh or recipient of goods or Sharma Transporter on the appropriate authorisation. Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in Part B. **{2 M}**

Thus, on reaching Kheda, Mr. Suresh or the recipient of the goods, who has filled Part A of the e-way bill, or Sharma Transporter can, before the transfer and further movement of goods, update the details of conveyance in Part B of the e-way bill. Further, the consignor or the recipient, who has furnished the information in Part A, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B for further movement of the consignment. Thus, on reaching Kheda, Mr. Suresh or the recipient of the goods, or Sharma Transporter can assign the said e-way bill to Mahesh Transporter who will thereafter update the details of conveyance in Part B. However, upon updation of the details of the conveyance by Mahesh transporter in Part B, Mr. Suresh or recipient, as the case may be, who has furnished the information in Part A shall not be allowed to assign the e-way bill number to another transporter. {3 M}

Answer:
(b)

S. No.	Particulars	Taxable / Not Taxable	
1.	Speed post service provided by post office to Delhi Govt.	Not Taxable	{1 M}
2.	Express parcel post service provided by post office to Rajasthan Ltd.	Taxable	{1 M}
3.	Services provided to RBI	Taxable	{1 M}
4.	Service provided by Delhi Metro Rail Corporation for transport of passengers	Not Taxable	{1 M}
5.	Services provided by an Indian railway for the transport of passengers in first class AC	Taxable	{1 M}
6.	Service provided in non taxable territory	Not Taxable	

Answer 3:
(a) **<u>As per section 22</u>,** every supplier of goods shall be liable to be registered in the State / Union Territory, if his aggregate turnover in a financial year exceeds the specified limit which is given below:

Limit for person supplying within the State/UT. {3 M}

SL. No.	Name of State/UT	Limit for person supplying only goods
01	Mizoram	10,00,000
02	Meghalaya	20,00,000
03	Jammu	40,00,000

SL. No	Name of State/UT	Limit for person supplying Specified goods i.e. ice cream and other edible ice, pan masala, Tobacco etc.
01	Jammu	20,00,000

(i) As per the above limits Mr. Mohammed of Jammu is engaged in the supply of tobacco based pan masala with an aggregate turnover exceeding ₹20,00,000, hence he liable to registration.

(ii) As per the above limits Mr. Carzil of Mizoram is engaged in the supply of paper with an aggregate turnover exceeding ₹10,00,000, hence he liable to registration.

{1 M Each}

Yes answer will change if Mr. Carzil is located in Meghalaya limit of 20,00,000 shall be applicable and aggregate turnover is less than 20,00,000 hence he is not liable for registration.

Answer:

(b) (1) A supplier of goods / services is mandatorily required to issue a tax invoice. However, during the course of trade or commerce, after the invoice has been issued there could be situations like:

- The supplier has erroneously declared a value which is more than the actual value of the goods / services provided.
- The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods / services supplied.
- The quantity received by the recipient is less than what has been declared in the tax invoice.
- The quality of the goods / services supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value.
- Any other similar reasons.

{2 M}

(2) (i) Credit note can be issued as the supplier has erroneously declared a value which is more than the actual value of goods.

(ii) Debit Note can be issued by the supplier as tax charged is lesser than the actual tax.

{1 M}

(iii) Debit Note can be issued by the supplier as the supplier has erroneously declared a value which is less than the actual value of goods. {1 M}

(3) Maximum time limit available for declaring credit note in the GST Return is 20th October of the subsequent year (Due date for filing return of Sept). {1 M}

Answer 4:

(a) Composite supply comprises of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. {1 M}

Mixed supply means two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled and also the invoice for the supply shows separate values for each item i.e., the package is not supplied for a single price.

Therefore, supply of such items as a package will neither constitute a composite supply nor a mixed supply. Thus, the various items of the package will be treated as being supplied individually. {3 M}

Note: The question specifies that the various items are supplied at a 'single rate'. The "single rate" expression is construed as single rate of tax in the above answer. Further, the "single rate" may also be construed as single price as given in the below mentioned answer.

Items such as double bed, refrigerator, washing machine and wooden wardrobe are not naturally bundled. Therefore, supply of such items as a package will not constitute composite supply. Further, a single price has been charged for the package.

Consequently, supply of such items as a package will be treated as mixed supply. {1 M}

Answer:

(b) Net Tax Payable for the Month of August

ITC	**Rs.**	
Goods A		
Transaction Value	4,00,000.00	
Add: CGST @ 10%	40,000.00	
Add: SGST @ 10%	40,000.00	
	4,80,000.00	
Tax Liability		
First Bill (TOS 31/08/2023)	6,00,000.00	
Add: CGST @ 10%	60,000.00	
Add: SGST @ 10%	60,000.00	
	7,20,000.00	}{1 M}
Net Tax Payable		
Output CGST	60,000.00	
Less: ITC CGST	(40,000.00)	
Tax Payable	20,000.00	
Output SGST	60,000.00	
Less: ITC SGST	(40,000.00)	
Tax Payable	20,000.00	}{1 M}
Net Tax Payable for the Month of September		
ITC	**Rs.**	
Goods B		
Transaction Value	5,00,000.00	
Add: CGST @ 10%	50,000.00	
Add: SGST @ 10%	50,000.00	
	6,00,000.00	}{1 M}
Goods C		
Transaction Value	7,00,000.00	
Add: CGST @ 10%	70,000.00	
Add: SGST @ 10%	70,000.00	
	8,40,000.00	}{1 M}
Net Tax Payable for the Month of December		
Output Tax		
Goods B	Nil	
Goods C (TOS 31-12-2023)		
Transaction Value	7,00,000	
IGST@ 20%	1,40,000	
Less: ITC CGST Goods B	(50,000)	
Less: ITC CGST Goods C	(70,000)	
Less: ITC SGST Goods B	(20,000)	
Net Tax Payable	Nil	
ITC to be carried forward		
SGST	1,00,000	}{1 M}

OR

Answer:

(b) Suspension of registration Rule 21A

(1) Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.

(2) Where the proper officer has reasons to believe on his own that the registration of a person is liable to be cancelled, he may, after affording the said person a reasonable opportunity of being heard, suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.

(3) A registered person, whose registration has been suspended, shall not issue a tax invoice and shall not charge tax on supplies made by him during the period of suspension and shall not be required to furnish any return under section 39.

(4) The suspension of registration shall be deemed to be revoked upon completion of the proceedings by the proper officer and such revocation shall be effective from the date on which the suspension had come into effect.

(5) Where any order having the effect of revocation of suspension of registration has been passed, the provisions of clause (a) of sub-section (3) of section 31 and section 40 in respect of the supplies made during the period of suspension and the procedure specified therein shall apply.

{1 M Each}

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