

(ALL BATCHES)
DATE: 02.08.2018 **MAXIMUM MARKS: 100** **TIMING: 3¼Hours**

PAPER 2 : Taxation**SECTION - A****Answer:1****(a)** Computation of total income and tax liability of Dr. Niranjana for A.Y. 2018-19

Particulars	Rs.	Rs.	Rs.
I Income from Salary Basic Salary (Rs. 7,500 × 12)			[1M] 90,000
II Income from house property Gross Annual Value (GAV)		27,000	
Less : Municipal taxes paid		2,000	
Net Annual Value (NAV)		25,000	
Less: Deduction u/s 24 @ 30% of Rs. 25,000		7,500	[2M] 17,500
III Income from profession Net profit as per Income and Expenditure account		4,40,400	
Less : Items of income to be treated separately			
(i) Rent received	[½M] 27,000		
(ii) Dividend from units of UTI	[½M] 10,500		
(iii) Winning from game show on T.V.(net of TDS)	[½M] 35,000		
(iv) Income tax refund	[½M] 5,450	77,950	
Less : Allowable expenditure Depreciation on Clinic equipments on Rs. 5,00,000 @ 15% on Rs. 2,00,000 @ 7.5% (On equipments acquired during the year in December 2017 she is entitled to depreciation @ 50% of normal depreciation, since the same are put to use for less than 180 days during the year) Additional deduction of 50% for amount paid to scientific research association (Since weighted deduction of 150% is available in respect of such payment)	[½M] 75,000 [½M] 15,000		
	[½M] 75,000	1,65,000	
		1,97,450	
Add: Items of expenditure not allowable while computing business income			

	(i) Rent for her residential accommodation included in Income and Expenditure A/c	[½M]30,000		
	(ii) Municipal tax paid relating to residential house at Surat included in administrative expenses	[½M]2,000	32,000	2,29,450
IV	Income from other sources			
	(a) Interest on income-tax refund		[½M]450	
	(b) Dividend from UTI	10,500		
	Less : Exempt under section 10(35)	10,500	[½M]Nil	
	(c) Winnings from the game show on T.V. (Rs. 35,000 + Rs. 15,000)		[1M]50,000	50,450
	Gross Total Income			3,87,400
	Less: Deductions under Chapter VI A:			
	(a) Section 80C - Tuition fee paid to university for full time education of her daughter		[½M]1,00,000	
	(b) Section 80D - Medical insurance premium (fully allowed since she is a senior citizen)		[1M]28,000	
	(c) Section 80E - Interest on loan taken for higher education is deductible		[1M]55,000	1,83,000
	Total income			2,04,400

Notes:

- (i) The principal amount received towards income-tax refund will be excluded from computation of total income. Interest received will be taxed under the head "Income from other sources".
- (ii) Winnings from game show on T.V. should be grossed up for the chargeability under the head "Income from other sources" (Rs. 35,000 + Rs. 15,000). Thereafter, while computing tax liability, TDS of Rs. 15,000 should be deducted to arrive at the tax payable. Winnings from game show are subject to tax @30% as per section 115BB.
- (iii) Since Dr. Niranjana is staying in a rented premise in Surat itself, she would not be eligible for deduction u/s 80GG, as she owns a house in Surat which she has let out.

(b) Computation of total income of Mr. X & Mr. Y for the A.Y. 2018-19

Sr. No.	Particulars	Mr. X (Rs.) (Non-Resident) (Rs.)	Mr. Y (Rs.)
1.	Interest on Canada Development Bonds (only 50% of interest received in India)	50,000	40,000

[1M]

2.	Dividend from British Company received in London (See Note 3)	-	20,000	[1M]
3.	Profit from a business in Nagpur but managed directly from London (See Note 2)	1,00,000	1,40,000	[½M]
4.	Fees for technical services rendered in India, but received in Canada (See Note 2)	1,00,000	-	[1M]
5.	Interest on savings bank deposit in UCO Bank, Delhi (See Note 2)	7,000	12,000	[½M]
6.	Agricultural income from a land in Andhra Pradesh (See Note 4)	-	-	[1M]
7.	Income from house property at Bhopal (See Note 5)	70,000	42,000	[1M]
	Gross Total income	3,27,000	2,54,000	
	Less: Deduction under chapter VI-A			
	Section 80C-Life insurance premium paid	-	30,000	[1M]
	Section 80TTA (See Note 6)	7,000	10,000	[1M]
	Total Income	3,20,000	2,14,000	

Notes:

- Mr. X is a non-resident since he has been living in Canada since 1995. Mr. Y, who is settled in Delhi, is a resident.
- In case of a resident, his global income is taxable as per section 5(1). However, as per section 5(2), in case of a non-resident, only the following incomes are chargeable to tax:
 - (i) Income received or deemed to be received in India; and
 - (ii) Income accruing or arising or deemed to accrue or arise in India.
 Therefore, fees for technical services rendered in India would be taxable in the hands of Mr. X, even though he is a non-resident.
 The income referred to in Sl. No. 3,4,5 and 7 are taxable in the hands of both Mr. X and Mr. Y since they accrue or arise in India.
 Interest on Canada Development Bond would be fully taxable in the hands of Mr. Y, whereas only 50% which is received in India is taxable in the hands of Mr. X.
- Dividend received from British company in London by Mr. X is not taxable since it accrues and is received outside India. However, dividend received by Mr. Y is taxable, since he is a resident. Exemption under section 10(34) would not be available in respect of dividend received from a foreign company.
- Agricultural income from a land situated in India is exempt under section 10(1) in the case of both non-residents and residents.
- Income from house property-

	Mr. X (Rs.)	Mr. Y (Rs.)
Rent received	1,00,000	60,000
Less: Deduction under section 24 @ 30%	30,000	18,000
Net income from house property	70,000	42,000

- The net income from house property in India would be taxable in the hands of both Mr. X and Mr. Y, since the accrual and receipt of the same are in India.
- In case of an individual, interest upto Rs. 10,000 from savings account with, inter alia, a bank is allowable as deduction under section 80TTA.

Answer:2

(a)

Computation of Gross Total Income of Mr. X for A.Y. 2018-19

Particulars	Rs.	
Basic Salary = Rs. 20,000 x 10	2,00,000	[½M]
Dearness Allowance = 50% of basic salary	1,00,000	[½M]
Gift Voucher (See Note - 1)	6,000	[1M]
Transfer of car (See Note - 2)	56,000	[2M]
Gratuity (See Note - 3)	80,769	[2M]
Uncommuted pension (Rs. 5000 x 2)	10,000	[1M]
Commuted pension (See Note - 5)	<u>1,50,000</u>	[1M]
Taxable Salary /Gross Total Income	<u>6,02,769</u>	

Notes:

- (1) As per Rule 3(7)(iv), the value of any gift or voucher or token in lieu of gift received by the employee or by member of his household not exceeding Rs. 5,000 in aggregate during the previous year is exempt. In this case, the amount was received on his retirement and the sum exceeds the limit of Rs. 5,000.

Therefore, the entire amount of Rs. 6,000 is liable to tax as perquisite.

Note - An alternate view possible is that only the sum in excess of Rs.5,000 is taxable in view of the language of Circular No.15/2001 dated 12.12.2001 that such gifts upto Rs.5,000 in the aggregate per annum would be exempt, beyond which it would be taxed as a perquisite. As per this view, the value of perquisite would be Rs. 1,000 and gross taxable income would be Rs. 5,97,769.

- (2) **Perquisite value of transfer of car:** As per Rule 3(7)(viii), the value of benefit to the employee, arising from the transfer of an asset, being a motor car, by the employer is the actual cost of the motor car to the employer as reduced by 20% of such cost for each completed year during which such motor car was put to use by the employer on a written down value basis. Therefore, the value of perquisite on transfer of motor car, in this case, would be:

Particulars	Rs.
Purchase price (1.2.2015)	5,00,000
Less: Depreciation @ 20%	<u>1,00,000</u>
WDV on 31.1.2016	4,00,000
Less: Depreciation @ 20%	<u>80,000</u>
WDV on 31.1.2017	3,20,000
Less: Depreciation @ 20%	<u>64,000</u>
WDV on 31.1.2018	2,56,000
Less: Amount recovered	<u>2,00,000</u>
Value of perquisite	<u>56,000</u>

The rate of 15% as well as the straight line method adopted by the company for

depreciation of vehicle is not relevant for calculation of perquisite value of car in the hands of Mr. X.

(3) **Taxable gratuity**

Particulars	Rs.
Gratuity received	6,00,000
Less : Exempt under section 10(10) - Least of the following:	
(i) Notified limit = Rs. 10,00,000	
(ii) Actual gratuity = Rs. 6,00,000	
(iii) $15/26 \times 30,000 \times 30 =$ Rs. 5,19,231	5,19,231
Taxable Gratuity	<u>80,769</u>

(4) **Commuted Pension**

Since Mr. X is a non-government employee in receipt of gratuity, exemption under section 10(10A) would be available to the extent of $1/3^{rd}$ of the amount of the pension which he would have received had he commuted the whole of the pension.

Particulars	Rs.
Amount received	3,00,000
Exemption under section 10(10A) = $\frac{1}{3} \times \left[3,00,000 \times \frac{3}{2} \right]$	1,50,000
Taxable amount	<u>1,50,000</u>

(5) The taxability provisions under section 56(2)(vii) are not attracted in respect of television received from colleagues, since television is not included in the definition of property therein.

(b)

- (i) Allowable as deduction: As per Rule 6DD, in case the payment is made for purchase of agricultural produce directly to the cultivator, grower or producer of such agricultural produce, no disallowance under section 40A(3) is attracted even though the cash payment for the expense exceeds Rs.10,000. Therefore, in the given case, disallowance under section 40A(3) is not attracted since, cash payment for purchase of oil seeds is made directly to the farmer.
- (ii) Not allowable as deduction: Income-tax of Rs.20,000 paid by the employer in respect of non-monetary perquisites provided to its employees is exempt in the hands of the employee under section 10(10CC). As per section 40(a)(v), such income-tax paid by the employer is not deductible while computing business income.

1M
each

Answer:3

- (a) As per section 2(10), "Average Rate of tax" means the rate arrived at by dividing the amount of income-tax calculated on the total income, by such total income. Section 2(29C) defines "Maximum marginal rate" to mean the rate of income-tax (including surcharge on the income-tax, if any) applicable in relation to the highest slab of income in the case of an individual, AOP or BOI, as the case may be, as specified in Finance Act of the relevant year.

2M
each



- (b) (1) Section 194E provides that the person responsible for payment of any amount to a non-resident sportsman for contribution of articles relating to any game or sport in India in a newspaper has to deduct tax at source @ 20%. Further, since Jacques Kallis, a South African cricketer, is a non-resident, education cess @2% and secondary and higher education cess @1% on TDS should also be added. Therefore, tax to be deducted = Rs. 27,000 x 20.60% = Rs. 5,562.
- (2) Provisions of tax deduction at source under section 194C are attracted in respect of payment by a company to a sub-contractor. Under section 194C, tax is deductible at the time of credit or payment, whichever is earlier @ 1% if the payment is made to an individual or HUF and 2% for others. Assuming that sub-contractor to whom payment has been made is an individual and the aggregate amount credited during the year is Rs. 4,20,000, tax is deductible @ 1% on Rs. 4,20,000. Tax to be deducted = Rs. 4,20,000 x 1% = Rs. 4,200
- (3) Under section 194BB, tax is to be deducted at source, if the winnings from horseraces exceed Rs.10,000. The rate of deduction of tax at source is 30%. Assuming that winnings are paid to the residents, education cess@2% and secondary and higher education cess@1% has not been added to the tax rate of 30%. Hence, tax to be deducted = Rs.1,50,000 x 30% = Rs.45,000.
- (4) As per section 194LA, any person responsible for payment to a resident, any sum in the nature of compensation or consideration on account of compulsory acquisition under any law, of any immovable property, is required to deduct tax at source @ 10%, if such payment or the aggregate amount of such payments to the resident during the financial year exceeds Rs.2,50,000. In the given case, there is no liability to deduct tax at source as the payment made to Mr. A does not exceed Rs.2,50,000.

1.5M
each**Answer:4**

- (a) (i) The deduction of Rs. 75,000 under section 80DD is allowed in full, irrespective of the amount of expenditure incurred or paid by the assessee. If the expenditure is incurred in respect of a dependant with severe disability, the deduction allowable is Rs. 1,25,000.
- (ii) The assessee Rajan has deposited Rs. 25,000 for maintenance of handicapped dependent. The assessee is, however, eligible to claim Rs. 75,000 since the deduction of Rs. 75,000 is allowed in full, irrespective of the amount deposited with LIC. In the case of dependant with severe disability, the deduction allowable is Rs. 1,25,000.
- (iii) Section 80DD allows a deduction of Rs. 75,000 irrespective of the actual amount spent on maintenance of handicapped dependent and/or actual amount deposited with LIC. Therefore, the deduction will be Rs. 75,000 even though the total amount incurred/deposited is Rs. 45,000. If the dependant is a person with severe disability the quantum of deduction is Rs. 1,25,000.
- (iv) Amount paid by an Indian Company to an electoral trust is eligible for deduction under section 80GGB from gross total income, since such payment is made otherwise than by way of cash.

1M
each

(b) Computation of taxable capital gain of Mr. 'X' for A.Y. 2018-19

Particulars	Rs.	Rs.	
Sale consideration received on sale of 10,000 shares @ Rs. 500 each		50,00,000	[1M]
Less: Indexed cost of acquisition			
(a) 5,000 shares received as gift from father on 1.6.2000	27,20,000		[1M]
Indexed cost 5,000 x Rs. 200 x 272/100			
(b) 2,000 bonus shares received from AB Ltd	[1M]	Nil	
Bonus shares are acquired on 21.7.2008 i.e. after 01.04.2001. Hence, the cost is Nil.			
(c) 3000 shares purchased on 1.2.2011 @ Rs. 350 per share.	17,10,180	44,30,180	[1M]
The indexed cost is Rs. 3000 x Rs. 350 x 272/167			
Long term capital gain		5,69,820	
Less : Exemption under section 54F(See Note below)			
Rs.5,69,820 x Rs.25,00,000 / Rs.50,00,000		2,84,910	[2M]
Taxable long term capital gain		2,84,910	

Note: Exemption under section 54F can be availed by the assessee subject to fulfillment of the following conditions:

- (a) The assessee should not own more than one residential house on the date of transfer of the long-term capital asset;
- (b) The assessee should purchase a residential house within a period of 1 year before or 2 years after the date of transfer or construct a residential house within a period of 3 years from the date of transfer of the long-term capital asset.

In this case, the assessee has fulfilled the two conditions mentioned above. Therefore, he is entitled to exemption under section 54F.

Answer:5

(a) Computation of Gross Total Income of Mr. Soohan for the A.Y. 2018-19

Particulars	Rs.	Rs.	
Salaries			
Income from salary	3,00,000		
Less: Loss from house property set-off against salary income as per section 71	(40,000)	2,60,000	[2M]
Profits and gains of business or profession			
Income from sugar business	50,000		
Less: Brought forward loss from iron-ore business set off as per section 72(1)	(50,000)	Nil	[2M]
Balance business loss of Rs. 70,000 of P.Y. 2012-13 to be carried forward to A.Y. 2019-20			
Capital gains			
Long term capital gain	40,000		
Less: Short term capital loss set-off	(40,000)	Nil	[1M]
Balance short-term capital loss of Rs. 20,000 to be carried forward			
Short-term capital loss of Rs. 10,000 under section 111A also to be carried forward	[½M]		
Income from other sources			
Winnings from lottery	50,000		
Winnings from card games	6,000		
Bank interest	5,000	61,000	[1.5M]
Gross Total Income		3,21,000	

Losses to be carried forward to A.Y.2019-20		
Loss of iron-ore business	70,000][1M]
Short term capital loss (Rs. 20,000 + Rs. 10,000)	30,000	

Notes:

1. The following income are exempt under section 10 -
 - (i) Dividend income [Exempt under section 10(34)], assuming that dividend is received from a domestic company.
 - (ii) Agricultural income [Exempt under section 10(1)].
 - (iii) Long-term capital gains on which STT is paid [Exempt under section 10(38)].
2. It is presumed that loss from iron-ore business relates to P.Y. 2012-13, the year in which the business was discontinued.

(b) Since Mr. Vineet has income only under the heads "Salaries", "Income from house property" and "Income from other sources", he does not fall under the category of a person whose accounts are required to be audited under the Income-tax Act, 1961 or any other law in force. Therefore, the due date of filing return for A.Y.2018-19 under section 139(1), in his case, is 31st July, 2018. Since Mr. Vineet had submitted his return only on 12.9.2018, the said return is a belated return under section 139(4). As per section 139(5), a return furnished under section 139(1) or a belated return u/s 139(4) can be revised. Thus, a belated return under section 139(4) can also be revised. Therefore, Mr. Vineet can revise the return of income filed by him under section 139(4) in January 2019, to claim deduction under section 80TTA, since the time limit for filing a revised return is upto the end of the relevant assessment year, which is 31.03.2019. } [1.5M]

However, he cannot revise return had he discovered this omission only on 21-04-2019, since it is beyond 31.03.2019, being the end of A.Y. 2018-19. } [1/2M]

Answer:6

Computation of Business Profit of R

	Rs.	Rs.
Balance as per Profit & Loss Account		1,76,300
Add: Disallowed expenses		
Proprietor's salary	60,000	
Interest on proprietor's capital	15,000	
Reserve for future losses	4,000	
Income-tax	7,100	
Life insurance premium	6,000	
Advance income-tax	4,000	
Help to poor student	1,000	
Motor car expenses 1/4	2,125	
Wooden show window	6,000	
Excess depreciation	2,000	
Cost of small machine	5,000	1,12,225
		2,88,525
Less: Depreciation on small machine [5000 x 15%]	750	
Less: Depreciation on show window [6000 x 10%]	600	1,350
		2,87,175

[1/2M for each adjustment & 1M for notes]

Less: Incomes not taxable under this head:			
Profit on sale of residential house	90,000		
Bad debt recovered disallowed earlier being exempted	24,000		
Interest on Government securities	14,000		
Dividends	6,000		
Interest on bank deposits	2,000		
Horse racing income	10,000	1,46,000	
Business Income		<u>1,41,175</u>	

SECTION - B

Answer:7

(a) (i) Mr. B can rectify the discrepancy in valid GSTR-3 for the month of September, 2017 in terms of section 42(5). **[1M]**

As per section 39(9), the maximum time limit for the rectification of the discrepancy is the earlier of the following two dates:

(a) Due date of filing of return for the month of September following the end of the financial year 2017-18 [i.e., 20th October, 2018]

or

(b) Actual date of filing of the relevant annual return i.e., 10th November, 2018. **[2M]**

Thus, Mr. B cannot rectify the discrepancy beyond 20th October, 2018.

(ii) If Mr. B does not rectify the discrepancy in his valid return for September, 2017, the excess ITC claimed by Mr. A will be added in the output tax liability of Mr. A in his GSTR-3 for the month of October, 2017. If Mr. B does not rectify the discrepancy by 20th October, 2018, Mr. A will never be able to reclaim ITC of Rs. 15,000. **[2M]**

(b) Thread and lining material are inputs which are used for making taxable as well as exempt supplies. Therefore, credit on such items will be apportioned and credit attributable to exempt supplies will be added to the output tax liability in terms of rule 42 of the CGST Rules, 2017.

Credit attributable to exempt supplies = Common credit x (Exempt turnover/ Total turnover)

Common credit = Rs. 15,000 + Rs. 5,000 = Rs. 20,000

Exempt turnover = Rs. 1 crore

Total turnover = Rs. 5 crore [Rs. 1 crore + Rs. 4 crore]

Credit attributable to exempt supplies = (Rs. 1 crore /Rs. 5 crore) x Rs. 20,000 = Rs. 4,000. **[5M]**

Ineligible credit of Rs.4,000 will be added to the output tax liability for the month of July. Credit of Rs. 16,000 will be eligible credit for the month of July.

Answer:8

- (a) (i) Section 7 of the CGST Act, *inter alia*, provides that supply must be made for a consideration except the activities specified in Schedule I and in course or furtherance of business. Since, both these elements are missing, donation of clothes and toys to children living in slum area would not amount to supply under section 7 of the CGST Act.
- (ii) Schedule I of CGST Act, *inter alia*, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business. Further, where a person who has obtained or is required to obtain registration in a State in respect of an establishment, has an establishment in another State, then such establishments shall be treated as establishments of distinct persons [Section 25 of the CGST Act]. In view of the same, factory and depot of Sulekha Manufacturers are establishments of two distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under section 7 of the CGST Act. [1M each]
- (iii) Schedule I of CGST Act, *inter alia*, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. In the given case, Raman has received legal services from his brother free of cost in a personal matter and not in course or furtherance of business. Hence, services provided by Raman's brother to him would not be treated as supply under section 7 of the CGST Act.
- (vi) In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman's brother to him would be treated as supply under section 7 of the CGST Act as the same are provided in course or furtherance of business though received from a related person.
- (b) Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:
 (i) before/at the time of supply
 or
 (ii) 6 months from the date of removal whichever is earlier. [2M]
- (c) As per section 2(117) of CGST Act, "valid return" means a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full. Hence, in such a case, the return is not considered as a valid return and also input tax credit will not be allowed to the recipient of supplies. [4M]

Answer:9

- (a) There are three lists as follows :-
- List-1 :- Union list - In this central govt. is empowered to levy tax on matter given in list-1
- List-2 :- State list - In this State govt. is empowered to levy tax on matter given in list-2
- List-3 :- Concurrent list - In this State govt. & Central govt. commonly are empowered to levy tax on matter given in list-3 [2M]

(b) Government may notify [on the recommendations of the GST Council] specific categories of services the tax on intra-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it. Services by way of providing accommodation in hotels through electronic commerce operator is a specified service for said purpose. [2M]

Thus, person liable to pay GST in this case is the Electronic Commerce Operator Cool Trips. All the provisions of the GST law shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services. [1M]

Cool Trips does not have a physical presence in India, person liable to pay tax is the person representing the Electronic Commerce Operator -Cool Trips for any purpose in India. [1M]

(c) Section 25(1) of the CGST Act stipulates the time-period within which registration needs to be obtained in various cases. It provides the following time-limits:

In case of	registration needs to be obtained
a person who is liable to be registered under section 22 or section 24	within 30 days from the date on which he becomes liable to registration
a casual taxable person or a non-resident taxable person	at least 5 days prior to the commencement of business

[2M]

In view of the aforesaid provisions:
 (a) A casual taxable person must obtain registration at least 5 days prior to the commencement of its business. [1M]

(b) As per section 24 of the CGST Act, person making inter-State taxable supply is liable to get compulsorily registered. Therefore, such person must obtain registration within 30 days from the date on which he becomes liable to registration. [1M]

Answer:10

(a) **Computation of value of taxable supply**

Particulars	(Rs.)
Fees charged for yoga camp conducted by a charitable trust [Note-1]	Nil
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil
Amount charged by cord blood bank for preservation of stem cells [Note-3]	Nil
Service provided by commentator to a recognized sports body [Note-4]	5,20,000

[1M each]

Notes:

1. Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
2. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
3. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST.
4. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.

[1M]

(b) Computation of value of taxable supply

Particulars	Rs.
Service charges	5,00,000
Payment made by New Moon Pvt. Ltd to vendor of Samriddhi Advertisers [Liability of the supplier being discharged by the recipient, is includible in the value in terms of section 15(2)(b)]	20,000
Interest for delay in payment of consideration [Includible in the value in terms of section 15(2)(d) – Refer note below] (rounded off)	12,712
Value of taxable supply	5,32,712

[1M]

[2M]

[2M]

Note: The interest for delay in payment of consideration will be includible in the value of supply but the time of supply of such interest will be the date when such interest is received in terms of section 13(6). Such interest will be taken to be inclusive of GST and the value will be computed by making back calculations [Interest /100 + tax rate) x 100].

Answer:11

(a)

S. No.	Date of receipt of goods	Date of payment by recipient of goods	Date of issue of invoice by supplier of goods	Date immediately following 30 days from date of invoice	Time of supply of goods [Earlier of (1), (2) & (4)]
	(1)	(2)	(3)	(4)	(5)
(i)	July 1	August 10	June 29	July 30	July 1
(ii)	July 1	June 25	June 29	July 30	July 25
(iii)	July 1	Part payment mode on June 30 and balance amount paid on July 20	June 29	July 30	June 30 for part payment made and July 1 for balance amount
(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	July 2	June 28 (i.e., when payment is entered in the books of account of the recipient)

[½M each]

(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	July 30	June 26 (i.e., when payment is debited in the recipient in the recipient's bank account)
(vi)	August 1	August 10	June 29	July 30	July 30 (i.e., 31st day from issuance of invoice)

(b) Computation of value of taxable supply Particulars

Particulars	Rs.	
List price of the goods (exclusive of taxes and discounts)	50,000	[1M]
Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	5,000	[1M]
CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]		
Packing charges [Includible in the value as per section 15(2)(c)]	1,000	[1M]
Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	2,000	[1M]
Total	58,000	
Less: Discount @ 2% on Rs. 50,000 [Since discount is known at the time of supply, it is deductible from the value in terms of section 15(3)(a)]	1,000	[1M]
Value of taxable supply	57,000	

(c) Under section 17(5)(a)(i)(C) of the CGST Act, ITC is allowed on aircraft if they are used to make the taxable supply of imparting training on flying an aircraft. Therefore, the credit is correctly taken. [2M]