

(All Batches)

DATE: 25.09.2018

MAXIMUM MARKS: 100

TIMING: 3¼Hours

TAXATION**Q. No. 1 is compulsory.**

Candidates are also required to answer any four questions from the remaining five questions.

Wherever necessary suitable assumptions should be made by the candidates.

Working notes should form part of the answer.

DIRECT TAX

Answer 1:

(a) Computation of total income of Mr. Y for the A.Y. 2018-19

| Particulars | Rs. |
|---|--------------------|
| Profits and gains of business or profession (<i>See Working Note 1 below</i>) | 10,71,500 |
| Income from other sources (<i>See Working Note 2 below</i>) | 32,500 |
| Gross Total Income | ½M11,04,000 |
| Less: Deduction under section 80C (Investment in NSC) | 1M15,000 |
| Total Income | 10,89,000 |

Working Notes :

1. Computation of profits and gains of business or profession

| Particulars | Rs. | Rs. |
|--|--------|-------------------|
| Net profit as per profit and loss account | | 11,20,000 |
| Add: Expenses debited to profit and loss account but not allowable as deduction | | |
| Salary paid to brother disallowed to the extent considered unreasonable [Section 40A(2)] | 2,500 | 1M |
| Motor car expenses attributable to personal use not allowable (Rs. 78,000 × ¼) | 19,500 | 1M |
| Depreciation debited in the books of account | 55,000 | 1M |
| Drawings (not allowable since it is personal in nature) [See Note (iii)] | 10,000 | ½M |
| Investment in NSC [See Note (iii)] | 15,000 | ½M1,02,000 |
| | | 12,22,000 |
| Add: Under statement of closing stock | | 1M12,000 |
| | | 12,34,000 |
| Less: Under statement of opening stock | | 1M8,000 |
| | | 12,26,000 |
| Less: Contribution to a University approved and notified under section 35(1)(ii) is eligible for weighted deduction@150%. Since only the actual contribution (100%) has been debited to profit and loss account, the additional 50% has to be deducted. | | 1M50,000 |
| | | 11,76,000 |

| | | | |
|-------|---|--------|-----------|
| Less: | Incomes credited to profit and loss account but not taxable as business income | | |
| | Income from UTI [Exempt under section 10(35)] | 22,000 | ½M |
| | Interest on debentures (taxable under the head "Income from other sources") | 17,500 | ½M |
| | Winnings from races (taxable under the head "Income from other sources") | 15,000 | ½M 54,500 |
| | | | 10,21,500 |
| Less: | Depreciation allowable under the Income-tax Rules, 1962 | | 50,000 |
| | | | 10,71,500 |

{ Depreciation 55,000 Add, 50,000 Less (1M), Direct 5,000 Add (1M) }

Notes :

- (i) Advertisement expenses of revenue nature, namely, gift of dry fruit to important customers, is incurred wholly and exclusively for business purposes. Hence, the same is allowable as deduction under section 37.
- (ii) Disallowance under section 40A(3) is not attracted in respect of cash payment exceeding Rs. 10,000 to A & Co., a good transport operator, since, in case of payment made for plying, hiring or leasing goods carriages, an increased limit of Rs. 35,000 is applicable (i.e. payment of upto Rs. 35,000 can be made in cash without attracting disallowance under section 40A(3))
- (iii) Since drawings and investment in NS have been given effect to in the profit and loss account, the same have to be added back to arrive at the business income.

2. Computation of "Income from other sources"

| Particulars | Rs. |
|-------------------------------|-----------|
| Interest on debentures | 17,500 1M |
| Winnings from races | 15,000 1M |
| | 32,500 |

Notes :

The following assumptions have been made in the above solution:

- 1. The figures of interest on debentures and winnings from races represent the gross income (i.e., amount received plus tax deducted at source).
- 2. In point no. 9 of the question, it has been given that depreciation as per Income-tax Rules, 1962 is Rs. 50,000. It has been assumed that, in the said figure of Rs. 50,000, only the proportional depreciation (i.e., 75% for business purposes) has been included in respect of motor car.

(b) Computation of Income from house property for A.Y. 2018-19

| Particulars | Rs. | Rs. |
|---|--------|-----|
| (A) Rented unit (50% of total area—See Note 1 below) | | |
| Step I - Computation of Expected Rent | | |
| Municipal valuation (Rs. 1,90,000 x ½) | 95,000 | |
| Fair rent (Rs. 1,85,000 x ½) | 92,500 | |
| Standard rent (Rs. 1,62,000 x ½) | 81,000 | |

| | | |
|---|-----------------|-----------------|
| Expected Rent is higher of municipal valuation and fair rent, but restricted to standard rent | 81,000 | |
| Step II - Actual Rent | | |
| Rent receivable for the whole year (Rs. 8,000 x 12) | 96,000 | |
| Step III – Computation of Gross Annual Value | | |
| Actual rent received owing to vacancy (Rs. 96,000 – Rs. 16,000) | 80,000 | |
| Since, owing to vacancy, the actual rent received is lower than the Expected Rent, the actual rent received is the Gross Annual Value | | |
| Gross Annual Value | | 2M80,000 |
| Less: Municipal taxes (15% of Rs. 95,000) | | 1M14,250 |
| Net Annual value | | 65,750 |
| Less : Deductions under section 24 - | | |
| (i) 30% of net annual value | 1M19,725 | |
| (ii) Interest on borrowed capital (Rs. 750 x 12) | 1M9,000 | 28,725 |
| Taxable income from let out portion | | 37,025 |
| (B) Self occupied unit (50% of total area – See Note 1 below) | | |
| Annual value | Nil | 2M |
| Less : Deduction under section 24 - | | |
| Interest on borrowed capital (Rs. 750 x 12) | 1M9,000 | (9,000) |
| Income from house property | | 28,025 |

Note: No deduction will be allowed separately for light and water charges, lease money paid, insurance charges and repairs.

Answer 2:**(a)**

(i) Not allowable as deduction: As per section 40A(7), no deduction is allowed in computing business income in respect of any provision made by the assessee in his books of account for the payment of gratuity to his employees except in the following two cases:

- (1) where any provision is made for the purpose of payment of sum by way of contribution towards an approved gratuity fundor;
- (2) where any provision is made for the purpose of making any payment on account of gratuity that has become payable during the previous year.

Therefore, in the present case, the provision made on the basis of actuarial valuation for payment of gratuity has to be disallowed under section 40A(7), since, no payment has been actually made on account of gratuity.

Note: It is assumed that such provision is not for the purpose of contribution towards an approved gratuity fund.

(1 Mark Each)

- (ii) **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.
- (iii) **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.
- (iv) **Allowable as deduction:** Payment for fire insurance is allowable as deduction under section 36(1). Since payment by credit card is covered under Rule 6DD, which contains the exceptions to section 40A(3), disallowance under section 40A(3) is not attracted in this case.
- (v) **Not allowable as deduction:** Disallowance under section 40(a)(iii) is attracted in respect of salary payment of Rs. 2,00,000 outside India by a company without deduction of tax at source.
- (vi) **Allowable as deduction:** The limit for attracting disallowance under section 40A(3) for payment otherwise than by way of account payee cheque or account payee bank draft is Rs. 35,000 in case of payment made for plying, hiring or leasing goods carriage. Therefore, in the present case, disallowance under section 40A(3) is not attracted for payment of Rs. 30,000 made in cash to a transporter for carriage of goods.

(b)

| | Taxable / Not Taxable | Amount liable to tax (Rs.) | Reason |
|-------|-----------------------|-----------------------------|--|
| (i) | Taxable | 7,00,000 | As per section 9(1)(iii), salaries payable by the Government to a citizen of India for services rendered outside India shall be deemed to accrue or arise in India. Therefore, salary paid by Central Government to Mr. John for services rendered outside India would be deemed to accrue or arise in India since he is a citizen of India. |
| (ii) | Taxable | 5,00,000 | As per section 9(1)(v)(c), interest payable by a non-resident on moneys borrowed and used for the purposes of business carried on by such person in India shall be deemed to accrue or arise in India in the hands of the recipient. |
| (iii) | Partly Taxable | Nil | The interest on Post Office Savings Bank Account, would be exempt under section 10(15)(i), only to the extent of Rs. 3,500 in case of an individual account. The remaining Rs. 8,500, being less than Rs. 10,000, would be allowed as deduction under section 80TTA from Gross Total Income. |
| (iv) | Not Taxable | - | Royalty paid by a resident to a non-resident in respect of a business carried outside India would not be taxable in the hands of the non-resident provided the same is not received in India. This has been provided as an exception to deemed accrual mentioned in section 9(1)(vi)(b). |

(1 Mark Each)

Answer 3:

(a)

| Particulars | Rs. |
|---|----------|
| First daughter (Including Scholarship received Rs. 5,000) = 5,000-1500 | 2M3,500 |
| Second Daughter =8,500 - 1500 | 1M7,000 |
| Third Daughter (Suffering from disability specified U/s80U) | 2M- |
| Son = 40,000 - 1,500 | 1M38,500 |
| Total | 49,000 |

(b)

- (i) **True** : Section 139A(2) provides that the Assessing Officer may, having regard to the nature of transactions as may be prescribed, also allot a PAN to any other person, whether any tax is payable by him or not, in the manner and in accordance with the procedure as may be prescribed.
- (ii) **False**: Section 140(b) provides that where the Karta of a HUF is absent from India, the return of income can be verified by any other adult member of the family; such member can be a male or female member.

(2 Marks Each)

Answer 4:

(a) Computation of total income of Mr. Karan for assessment year - 2018-19

| | |
|---|-----------|
| Income from other sources :- | |
| Gift from his sister in Amsterdam (Sister is in definition of relative) | 1M exempt |
| Gift from his friend on his birthday | 1M 10,000 |
| Dividend from shares of various Indian companies (section 10(34)) | 1M exempt |
| Gift from his mother's friend on his engagement | 1M 25,000 |
| Gift from his fiancée | 1M 75,000 |
| Interest on bank deposits (Fixed Deposit) | 1M 25,000 |
| Income from house property :- | |
| Income from house property (computed) | 62,000 |
| Total Income | 1,97,000 |

(b)

- (i) No tax is required to be deducted at source under section 194C by M/s Ltd. on payment to transporter Mr. R, since he satisfies the following conditions:
 - (1) He owns ten or less goods carriages at any time during the previous year.
 - (2) He is engaged in the business of plying, hiring or leasing goods carriages;
 - (3) He has furnished a declaration to this effect along with his PAN.
- (ii) As per section 194J, liability to deduct tax is attracted only in case the payment made as fees for technical services and royalty, individually, exceeds Rs. 30,000 during the financial year. In the given case, since, the individual payments for fee of technical services i.e. Rs. 25,000 and royalty Rs. 20,000 is less than Rs. 30,000 each, there is no liability to deduct tax at source. It is assumed that no other payment towards fees for technical services and royalty were made during the year to Mr. Shyam.
- (iii) Provisions of section 194C are not attracted in this case, since the payment for repair of building on 30.06.2017 to M/s. X Ltd. is less than the threshold limit of Rs. 30,000.

(1 Mark Each)

- (iv) According to section 194C, the definition of “work” does not include the manufacturing or supply of product according to the specification by customer in case the material is purchased from a person other than the customer.
- Therefore, there is no liability to deduct tax at source in respect of payment of Rs. 2,00,000 to Mr. A, since the contract is a contract for ‘sale’.

Answer 5:

(a) Computation of total income of Mr. Krishna for the A.Y 2018-19

| | Particulars | Rs. | Rs. |
|-------------|---|-------------------|---------------------|
| I. | Income from house property | | |
| | Gross Annual Value | 4,32,000 | |
| | Less: Municipal taxes paid | 32,000 | |
| | Net Annual Value (NAV) | 4,00,000 | |
| | Less: Deductions under section 24 | | |
| | (a) 30% of NAV | 1,20,000 | |
| | (b) Interest on housing loan | - | 1M2,80,000 |
| II. | Income from business | | |
| | Income from business | 1,75,000 | |
| | Less: Current year depreciation under section 32(1) | 1/2M40,000 | |
| | | 1,35,000 | |
| | Less: Set-off of brought forward business loss of A.Y. 2014-15 under section 72 | 1/2M70,000 | |
| | | 65,000 | |
| | Less: Unabsorbed depreciation set-off [See Note 3] | 1/2M65,000 | 1/2MNil |
| III. | Capital gains | | |
| | Long term capital gain on sale of debentures | 60,000 | |
| | Less: Unabsorbed depreciation set-off [See Note 3] | 1/2M60,000 | 1/2MNil |
| | | | |
| | Short term capital gain on sale of land [See Note 2] | 2,30,000 | |
| | Less: Unabsorbed depreciation set-off [See Note 3] | 1/2M30,000 | 1/2M2,00,000 |
| IV. | Income from other sources | | |
| | Dividend on shares (whether held as stock-in-trade or from a company carrying on agricultural operations) – exempt under section 10(34) | - | 1/2MNil |
| | Total income | | 4,80,000 |

Notes:

- (1) Loss from an exempt source cannot be set-off against gains from a taxable source. Since long-term capital gains on sale of listed equity shares through a recognized stock exchange is eligible for exemption under section 10(38) if STT is paid at the time of acquisition of such shares, consequently, long-term capital loss on sale of listed equity shares, being loss from an exempt source, cannot be set-off against long-term capital gains on sale of debentures. } 1/2 M
- (2) Since land is held for a period of less than 24 months, the gain of Rs. 2,30,000 arising from sale of such land is a short-term capital gain.
- (3) Brought forward unabsorbed depreciation can be adjusted against any head of income. However, it is most beneficial to set-off unabsorbed depreciation first against long-term capital gains, since it is taxable at a higher rate of 20% (the other income of the assessee falling in the 10% slab rate). Therefore, unabsorbed depreciation is first set-off against long-term capital gains to the extent of Rs. 60,000. The remaining unabsorbed depreciation is adjusted against business income to the extent of Rs. 65,000 and the balance of Rs. 30,000 is adjusted against short-term capital gains.
In the alternative, the balance of Rs. 30,000 may also be set-off against income from house property, in which case, the net income from house property would be Rs. 2,50,000 and short-term capital gains would be Rs. 2,30,000. The gross total income and total income would, however, remain unchanged.
- (b) The income of an assessee for a previous year is charged to income-tax in the assessment year following the previous year. However, in a few cases, the income is taxed in the previous year in which it is earned. These exceptions have been made to protect the interests of revenue. The exceptions are as follows:
- (i) Where a ship, belonging to or chartered by a non-resident, carries passengers, livestock, mail or goods shipped at a port in India, the ship is allowed to leave the port only when the tax has been paid or satisfactory arrangement has been made for payment thereof. 7.5% of the freight paid or payable to the owner or the charterer or to any person on his behalf, whether in India or outside India on account of such carriage is deemed to be his income which is charged to tax in the same year in which it is earned.
- (ii) Where it appears to the Assessing Officer that any individual may leave India during the current assessment year or shortly after its expiry and he has no present intention of returning to India, the total income of such individual for the period from the expiry of the respective previous year up to the probable date of his departure from India is chargeable to tax in that assessment year.
- (iii) If an AOP/BOI etc. is formed or established for a particular event or purpose and the Assessing Officer apprehends that the AOP/BOI is likely to be dissolved in the same year or in the next year, he can make assessment of the income up to the date of dissolution as income of the relevant assessment year.
- (iv) During the current assessment year, if it appears to the Assessing Officer that a person is likely to charge, sell, transfer, dispose of or otherwise part with any of his assets to avoid payment of any liability under this Act, the total income of such person for the period from the expiry of the previous year to the date, when the Assessing Officer commences proceedings under this section is chargeable to tax in that assessment year.
- (v) Where any business or profession is discontinued in any assessment year, the income of the period from the expiry of the previous year up to the date of such discontinuance may, at the discretion of the Assessing Officer, be charged to tax in that assessment year. } (1 Mark each any four)

Answer: 6

**Computation of income under the head "Capital Gains" of
Mr. Martin for A.Y. 2018-19**

| Particulars | Rs. | Rs. |
|--|--------------------|------------------|
| Long-term capital gain | | |
| Full value of consideration [As per section 50C, in case the actual sale consideration (i.e., Rs. 70 lakhs, in this case) is less than the stamp duty value (i.e., Rs. 80 lakhs, in this case) assessed by the stamp valuation authority (Sub- registrar, in this case), the stamp duty value shall be deemed as the full value of consideration] | 80,00,000 | 2M |
| Less: Expenses in connection with transfer (brokerage paid for sale of property) | 1,00,000 | 1M |
| | 79,00,000 | |
| Less: Indexed cost of acquisition [Rs. 20,50,000 x 272/122] | 2M45,70,492 | 33,29,508 |
| Less: Exemption under section 54: | | |
| -Purchase of new residential house property within two years from the date of sale of residential house | 1M15,00,000 | |
| -Deposit in Capital Gains Accounts Scheme on or before the due date of filing of return of income u/s 139(1) for construction of additional floor on such house property. | 1M10,00,000 | |
| | 25,00,000 | |
| Exemption under section 54EC: | | |
| Investment in capital gains bond of NHAI within 6 months from the date of transfer (i.e., before 8.12.2017) | 5,00,000 | 1M3000000 |
| Taxable Capital Gains/Total Income | | 3,29,508 |
| Total Income (rounded off) | | 3,29,510 |

Computation of tax liability of Mr. Martin for A.Y. 2018-19

| Particulars | Rs. |
|---|-----------------|
| Tax on Rs. 79,510 @ 20% [i.e., long term capital gain less basic exemption limit (Rs. 3,29,510 – Rs. 2,50,000)] | 15,902 |
| Less: Rebate under section 87A | 2,500 |
| | 13,402 |
| Add: Education cess@2% & SHEC@ 1% | 402 |
| Tax Payable | 13,804 |
| Tax Payable (rounded off) | 2M13,800 |

Notes:

- (1) Since Mr. Martin is a resident individual, the basic exemption limit of Rs. 2,50,000 has been adjusted against long term capital gains and the balance long-term capital gains is chargeable to tax @ 20% under section 112. Further, since his total income is less than Rs. 3.5 lakh, he is eligible for rebate under section 87A.
- (2) Exemption under section 54 is available in respect of reinvestment of capital gains on sale of residential house in one residential house in India. In this case, exemption would be available for amount invested in purchase of new residential house and amount deposited for construction of additional floor in the same house, since they together constitute one residential house.

INDIRECT TAX

Answer 7:

The composite tax liability of A Ltd. shall be as under:

(1) Computation of Aggregate Turnover and composite tax:

| Particulars | Rs. |
|--|-------------|
| (1) Supplies made under forward charge | 1M30,00,000 |
| (2) Supplies made which are which are chargeable to GST at Nil rate | 1M18,00,000 |
| (3) Supplies which are wholly exempt under section 11 of CGST Act, 2017 | 1M2,40,000 |
| (4) Value of inward supplies on which tax payable under RCM (GST Rate 5%) (not to be included) | Nil |
| (5) Intra State Supplies of Goods Y chargeable @ 18% GST | 1M30,00,000 |
| Aggregate turnover | 80,40,000 |
| Rate of composite tax | 1% |
| Total Composite tax | 2M80,400 |

(2) Tax payable under reverse charge basis:

| Particulars | Rs. |
|---|-------------------|
| Value of inward supplies on which tax payable under RCM | 5,00,000 |
| Rate of GST | 5% |
| Tax payable under RCM | 2M25,000 |
| Total tax liability | 2M1,05,400 |

Answer 8:

Computation of Value of taxable supply:

| | Particulars | Rs. |
|-----|---|-------------|
| (1) | Transportation of passengers by National Waterways [Since National Waterways are covered in definition of inland Waterways – Exempt from GST vide Entry 17 of Notification No. 12/2017-CT (Rate)] | 1MNil |
| (2) | Transportation of passengers by Air conditioned Stage Carriage (Liable to GST) | 1M25,00,000 |
| (3) | Transportation of passenger by non air conditioned Stage carriage [Exempt from GST vide Entry 15 of Notification No. 12/2017-CT (Rate)] | 1MNil |
| (4) | Transportation of passengers by contract carriage for tourism (Liable to GST) | 1M20,00,000 |
| (5) | Transportation of passenger from Mumbai to Chennai port in a vessel [Being a public transport in a vessel sailing in India and not for tourism – Exempt from GST vide Entry 17 of Notification No. 12/2017-VY (Rate)] | 1MNil |
| (6) | Transportation of passenger in Metered Cab [Exempt from GST vide Entry 17 of Notification No. 12/2017-CT (Rate)] | 1MNil |
| (7) | Service of transportation of passengers in Radio Taxis (Liable to GST) | 1M10,00,000 |

| | | |
|--------------------------------|---|---------------------|
| (8) | Service of transportation of passengers in non air-conditioned contract carriages [Exempt from GST vide Entry 15 of Notification No. 12/2017-CT (Rate)] | 1M Nil |
| (9) | Service of transportation of passengers in air-conditioned contract carriages (Liable to GST) | 1M 15,00,000 |
| Value of Taxable Supply | | 1M 70,00,000 |

Answer 9:

(a)

| S.No. | Date of issue of invoice by supplier of service | Date immediately following 60 days from invoice | Date of payment by recipient of services | Time of supply of services [Earlier of (2) & (3)] |
|-------|---|---|--|--|
| | (1) | (2) | (3) | (4) |
| (i) | 29-08-2017 | 29-10-2017 | 10-10-2017 | 10-10-2017 |
| (ii) | 01-08-2017 | 01-10-2017 | 10-10-2017 | 01-10-2017 |
| (iii) | 29-08-2017 | 29-10-2017 | Part payment made on 30-08-2017 and balance amount paid on 01-11-2017 | 30-08-2017 for part payment and 29-10-2017 for balance amount |
| (iv) | 01-08-2017 | 01-10-2017 | Payment is entered in the books of account on 28-08-2017 and debited in recipient's bank account on 30-08-2017 | 28-08-2017 (i.e. when payment is entered in the books of account of the recipient) |
| (v) | 29-08-2017 | 29-10-2017 | Payment is entered in the books of account on 30-08-2017 and debited in recipient's bank account on 26-08-2017 | 26-08-2017 (i.e. when payment is debited in the recipient's bank account) |

(1 Mark Each)

(b) Computation of value of taxable supply:

| Particulars | Rs. |
|--|------------------|
| List price of the goods (exclusive of taxes and discounts) | 1,25,000 |
| Add: Tax levied by Municipal Authority on the sale of such goods [WN-1] | 1M 15,000 |
| CGST and SGST chargeable on the goods [WN-1] | 1M - |
| Packing charges [WN-1] | 1M 15,500 |
| 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)] | 1M 9,500 |
| Total | 1,65,000 |
| Less: Discount @ 4% on Rs. 1,25,000 [WN-1] | 1M 5,000 |
| Value of taxable supply | 1,60,000 |

Working Notes:

(1) The value of supply shall include any taxes, duties, cess, fees and charges levied under any law for the time being in force other than the CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier. [Section 15(2)(a) of CGST Act, 2007]

- (2) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, cost of packing shall form a part of the transaction value of the supply. [Section 15(2)(c) of CGST Act, 2017]
- (3) The value of supply shall not include any discount which is given before or at the time of supply. [Section 15(3)(a) of CGST Act, 2017]
- (4) The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Hence, subsidy received from non profit making organisation for timely supply of goods will be included in the value of taxable supply. [Section 15(2)(e) of CGST Act, 2017]

Answer10:

(a) Computation of Input Tax credit available with Posco Ltd.:

| Inward supplies | GST (Rs.) |
|---|------------------|
| Input used for the manufacture of the final product | 1M72,000 |
| Food and Beverages procured form Sweet Caterers for being used in dealer's meet [WN-1] | 1MNil |
| Goods used for providing services during warranty period <i>(Since used in course of business hence, input tax credit shall be available)</i> | 1M12,000 |
| Goods used for setting up Telecommunication Towers being immovable property [WN-2] | 1MNil |
| Inputs stolen from the factory store [WN-3] | 1MNil |
| Total Input tax credit available | 84,000 |

(b) Annual return [Section 44]:

1. Annual return to be furnished electronically upto 31st December of succeeding financial year [Section 44(1)]: Every registered person, other than:

- an Input Service Distributor,
- a person paying tax under Section 51 i.e persons deducting tax at source,
- a person paying tax under Section 52 i.e persons collecting tax at source,
- a casual taxable person, and
- a non-resident taxable person.

shall furnish an annual return for every financial year electronically in **GSTR 9(1M)** form through common portal on or before the **31st day of December(1M)** following the end of such financial year.

Composition scheme supplier:

A person paying tax under composition scheme is required to file the Annual Return in Form GSTR-9A.

(2 Marks)

(1M)

Answer11:

(a) Compulsory registration in certain cases [Section 24]:

The following category of persons are mandatorily required to obtain the registration under GST irrespective of their turnover:

- (i) persons making any inter-State taxable supply **[It must be noted that Central Government has granted exemption from Registration to person making interstate supplies of taxable services having aggregate turnover not exceeding Rs. 20 lakh (Notification No. 10/2017-IT dated 13-10-2017 w.e.f. 13-10-2017)];**
- (ii) Casual taxable person who does not have a fixed place of business in the State or Union Territory from where he wants to make supply;

- (iii) persons who are required to pay tax under reverse charge i.e. recipient of supply is liable to pay tax;
- (iv) person who are required to pay tax under section 9(5) i.e. E-Commerce operator who is required to pay tax on specified services;
- (v) non-resident taxable persons making taxable supply;
- (vi) persons who are required to deduct tax under section 51, whether or not separately registered under this Act;
- (vii) persons who making taxable supply of goods or services or both on behalf of other taxable persons whether as an agent or otherwise;
- (viii) Input Service Distributor, whether or not separately registered under this Act;
- (ix) persons who supply goods or services or both, other than supplies specified under section 9(5), through such electronic commerce operator who is required to collect tax at source under section 52;
- (x) every electronic commerce operator who provide platform to the suppliers to supply through it;
- (xi) every person supplying online information and database access or retrieval services from a place outside India to a person in India, other than a registered person; and
- (xii) such other person or class of persons as may be notified by the Government on the recommendation of the Council.

(½ Mark for Each Correct Point)

(b) The relevant terms are discussed as under:

- (1) CPIN:** CPIN stands for Common portal Identification Number. It is created for every Challan successfully generated by the taxpayer. It is a 14-digit unique number to identify the challan. CPIN remains valid for a period of 15 days.
- (2) CIN:** CIN or Challan Identification Number is generated by the banks, once payment in lieu of a generated Challan is successful. It is a 17-digit number that is 14-digit CPIN plus 3-digit Bank Code. CIN is generated by the authorized banks/Reserve Bank of India (RBI) when payment is actually received by such authorized banks or RBI and credited in the relevant government account held with them. It is an identification that the payment has been realized and credited to the appropriate government account. CIN is communicated by the authorized bank to taxpayer as well as to GSTN.
- (3) BRN:** BRN or Bank Reference Number is the transaction number given by the bank for a payment against a Challan.
- (4) E-FPB:** E-FPB stands for Electronic Focal Point Branch. These are branches of authorized banks which are authorized to collect payment of GST. Each authorized bank will nominate only one branch as its E-FPB for pan India transaction. The E-FPB will have to open accounts under each major head for all governments. Any amount received by such E-FPB towards GST will be credited to the appropriate account held by such E-FPB. For NEFT/RTGS Transactions, RBI will act as E-FPB.

(1 Mark Each)
