

(GI-5+7, GI-6, GI-8, GI-9, SI-2+4, SI-3 & VI-2)

DATE: 31.08.2019

MAXIMUM MARKS: 100

TIMING: 3¼ Hours

TAXATION**SECTION – A : INCOME TAX LAW (60 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 Question in Division A, working notes are not required.

Your answers should be based on the provisions of Income-tax law as amended by the Finance Act, 2018. The relevant assessment year is A.Y. 2019-20

DIVISION A – MULTIPLE CHOICE QUESTIONS**Total Marks: 18 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.

1. Ms. Sheetal and her brother jointly own a bungalow. They had taken a housing loan to purchase the bungalow. The loan is sanctioned in the name of Ms. Sheetal and her brother in the year 2015. Interest on housing loan for the P.Y. 2018-19 amounted to Rs. 4,50,000 which is paid by Ms. Sheetal (Rs. 2,25,000) and her brother (Rs. 2,25,000). The bungalow is used by them for their residence. In this case, what will be the amount of deduction available under section 24(b) to Ms. Sheetal and her brother?
 - (a) Rs. 30,000 each
 - (b) Rs. 2,00,000 each
 - (c) Rs. 2,25,000 each
 - (d) Rs. 4,50,000 each

(1 Mark)

2. On 31.08.2018, Mr. Kashyap moved to Japan for employment. His family accompanied him, owing to long term nature of employment. Mrs. Kashyap is also planning to start a fashion boutique in Japan soon, once she gets settled. Both Mr. & Mrs. Kashyap are Indian citizens and have been working in India for more than a decade now. Comment on their residential status for A.Y. 2019-20, assuming they did not visit India after August 2018 -
 - (a) Mr. & Mrs. Kashyap will qualify to be non-resident
 - (b) Mr. Kashyap will qualify to be non-resident and Mrs. Kashyap will be resident but not ordinarily resident
 - (c) Mr. Kashyap will qualify to be non-resident and Mrs. Kashyap will be resident and ordinarily resident
 - (d) Mr. & Mrs. Kashyap will qualify to be resident but not ordinarily resident

(1 Mark)

3. Mr. Arjun, a businessman, whose total income (after allowing deduction under chapter VI-A except under section 80GG) for AY 2019-20 is Rs. 5,50,000. He does not own any house property and is staying in a rented accommodation in Patna for a monthly rent of Rs. 8,000. Deduction allowance under section 80GG for A.Y. 2019-20 is:
 - (a) Rs. 41,000
 - (b) Rs. 1,37,500
 - (c) Rs. 60,000
 - (d) Rs. 96,000

(1 Mark)

4. Mr. Sumit is an Indian citizen and a member of the crew of an America bound Indian ship engaged in carriage of freight in international traffic departing from Kochi on 25th April, 2018. From the following details for the P.Y. 2018-19, determine the residential status of Mr. Sumit for A.Y. 2019-20, assuming that his stay in India in the last 4 previous years preceding P.Y. 2018-19 is 365 days and last seven previous years preceding P.Y. 2018-19 is 730 days:
Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr. Sumit: 25th April, 2018
Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr. Sumit: 24th October, 2018
Mr. Sumit has been filing his income tax return in India as a Resident for previous 2 years. What is his residential status for A.Y. 2019-20:
- (a) Resident and ordinarily resident
 - (b) Resident but not-ordinarily resident
 - (c) Non-resident
 - (d) Non-resident till 24.10.2018 and resident till 31.03.2019
- (1 Mark)**
5. Ram owns 500, 15% debentures of Reliance Industries Ltd. of Rs. 500 each. Annual interest of Rs. 37,500 was declared on these debentures for P.Y. 2018-19. He transfers interest income to his friend Shyam, without transferring the ownership of these debentures. While filing return of income for A.Y. 2019-20, Shyam showed Rs. 37,500 as his income from debentures. As tax advisor of Shyam, do you agree with the tax treatment done by Shyam in his return of income
- (a) Yes, since interest income was transferred to Shyam therefore, after transfer it becomes his income.
 - (b) No, since Ram has not transferred debentures to Shyam, interest income on the debentures is not taxable income of Shyam.
 - (c) Yes, if debentures are not transferred, interest income on debentures can be declared by anyone, Ram or Shyam, as taxable income depending upon their discretion.
 - (d) No, since Shyam should have shown the income as interest income received from Mr. Ram and not as interest income earned on debentures.
- (1 Mark)**
6. Mr. Rajan incurred loss of Rs. 5.3 lakh in the P.Y. 2018-19 in toy business. Against which of the following income earned during the same year, can he set-off such loss?
- (a) profit of Rs. 2 lakh from wholesale cloth business
 - (b) speculative business income of Rs. 80,000
 - (c) long-term capital gains of Rs. 1.20 lakhs on sale of land
 - (d) All of the above
- (1 Mark)**
7. Mr. P is a professional who is responsible for paying a sum of Rs. 2,00,000 as rent for use of building to Mr. Harshit for the month of February, 2019. The gross receipts of Mr. P are as under:
From 01.04.2017 to 31.03.2018: Rs. 55,00,000
From 01.04.2018 to 28.02.2019: Rs. 45,00,000
Find out whether Mr. P is responsible for deducting any tax at source from the rent of Rs. 2,00,000 payable to Mr. Harshit.
- (a) Tax at source is required to be deducted u/s 194-I at the rate of 10%.
 - (b) Tax at source is required to be deducted u/s 194-IB at the rate of 5%.
 - (c) Tax at source is required to be deducted u/s 194-IB at the rate of 10%.
 - (d) No tax is required to be deducted at source.
- (2 Mark)**

8. Mr. Kabir (a non-resident and aged 70 years) is a retired person, earning rental income of Rs. 45,000 per month from a property located in Mumbai. He is residing in Canada. Apart from rental income, he does not have any other source of income. Is he liable to pay advance tax in India?
- Yes, he is liable to pay advance tax in India as he is a non-resident and his tax liability in India exceeds Rs. 10,000.
 - No, he is not liable to pay advance tax in India as his tax liability in India is less than Rs. 10,000.
 - No, he is not liable to pay advance tax in India as he is a senior citizen and has no income chargeable Under the head "Profits and gains of business or profession".
 - Both (b) and (c)

(2 Marks)

9. Mr. Vikram sold his old residential house in May, 2017 for Rs. 25,00,000. Long-term capital gain arising on transfer of old house amounted to Rs. 8,70,000. In December, 2017 he purchased another residential house worth Rs. 4,50,000. The new house was however, sold in May, 2018 for Rs. 14,00,000 (stamp duty value of the new house was Rs. 13,00,000). What will be amount of taxable capital gains in the hands of Mr. Vikram for the A.Y. 2018-19 and 2019-20?
- Long term capital gain of Rs. 4,20,000 in A.Y. 2018-19 and short-term capital gain of Rs. 14,00,000 in A.Y. 2019-20
 - Long term capital gain of Rs. 4,20,000 in A.Y. 2018-19 and long term capital gain of Rs. 4,50,000 and short-term capital gain of Rs. 14,00,000 in A.Y. 2019-20
 - Long term capital gain of Rs. 4,20,000 in A.Y. 2018-19 and long term capital gain of Rs. 4,50,000 and short-term capital gain of Rs. 9,50,000 in A.Y. 2019-20
 - Long term capital gain of Rs. 4,20,000 in A.Y. 2018-19 and long term capital gain of Rs. 4,50,000 and short-term capital gain of Rs. 8,50,000 in A.Y. 2019-20.

(2 Marks)

10. M/s ABC & Co., a firm carrying on business, furnishes the following particulars for the P.Y. 2018-19.

Particulars	Rs.
Book profits (before setting of unabsorbed depreciation and brought forward business loss)	2,50,000
Unabsorbed depreciation of P.Y.2012-13	1,20,000
Brought forward business loss of P.Y.2017-18	2,00,000

Compute the amount of remuneration allowable under section 40(b) from the book profit.

- Rs. 2,25,000
- Rs. 1,80,000
- Rs. 1,50,000
- Rs. 1,17,000

(2 Marks)

11. M/s ABC, an eligible assessee, following mercantile system of accounting, carrying on eligible business under section 44AD provides the following details:
- ◆ Total turnover for the financial year 2018-19 is Rs. 130 lakh
 - ◆ Out of the above:

- Rs.25 lakh received by A/c payee cheque during the financial year 2018-19;
- Rs.50 lakh received by cash during the financial year 2018-19;
- Rs. 25 lakh received by A/c payee bank draft before the due date of filing of return;
- Rs. 30 lakh not received till due date of filing of return.

Compute the amount of deemed profits of M/s ABC under section 44AD(1) for A.Y. 2019-20.

- (a) Rs. 10.4 lakh
- (b) Rs. 7.0 lakh
- (c) Rs. 5.5 lakh
- (d) Rs. 9.4 lakh

(2 Marks)

12. Mr. Ajay is a recently qualified doctor. He joined a reputed hospital in Delhi on 01.01.2019. He earned total income of Rs. 3,40,000 till 31.03.2019. His employer advised him to claim rebate u/s 87A while filing return of income for A.Y. 2019-20. He approached his father to enquire regarding what is rebate u/s 87A of the Act. His father told him:

- (i) An individual who is resident in India and whose total income does not exceed Rs. 3,50,000 is entitled to claim rebate under section 87A.
- (ii) An individual who is resident in India and whose total income does not exceed Rs. 5,00,000 is entitled to claim rebate under section 87A.
- (iii) Maximum rebate allowable under section 87A is Rs. 5,000.
- (iv) Rebate under section 87A is available in the form of exemption from total income.
- (v) Maximum rebate allowable under section 87A is Rs. 2,500.
- (vi) Rebate under section 87A is available in the form of deduction from tax liability.

As a tax expert, do you agree with the explanation given by Mr. Ajay’s father? Choose the correct option from the following:

- (a) (ii), (iii), (vi)
- (b) (i), (v), (vi)
- (c) (ii), (iii), (iv)
- (d) (i), (iv), (v)

(2 Marks)

DIVISION B : DESCRIPTIVE QUESTIONS

Questions No. 1 is compulsory

Attempt any two questions the remaining three questions

Total Marks: 42 Marks

Question 1:

Mr. Murari, a resident individual, age 48 years provides consultancy services in the field of accountancy. His Income and Expenditure account for the year ended 31st March, 2019 is as follows:

Income and Expenditure account for the year ending 31st March, 2019

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
To Salary	3,00,000	By Consulting fees	8,00,000
To Motor car expenses	58,000	By Share of Profit from HUF	25,000
To Depreciation	47,500	By Interest on saving bank deposits	15,000
To Medical expenses	70,000	By Interest on income tax refund	8,000
To Purchase of computer	80,000		

To Bonus	10,000		
To General expenses	55,000		
To Office & administrative	75,000		
To Excess of income over Expenditure	1,52,500		
	8,48,000		8,48,000

The following other information relates to the financial year 2018-19:

- (1) Salary includes a payment of Rs. 12,000 per month to his brother-in-law who is in-charge of the marketing department. However, in comparison to similar business, the reasonable salary of a marketing supervisor is Rs. 10,000 per month.
- (2) Interest on saving bank deposit belongs to his wife who has deposited the money out of the pocket money given to her every month.
- (3) Written down value of the assets as on 1st April, 2018 are as follows: Motor Car (40% used for personal use) Rs. 2,00,000 Furniture and Fittings Rs. 50,000.
- (4) Medical expenses includes:
 - Family planning expenditure Rs. 15,000 incurred for the employees which was revenue in nature.
 - Medical expenses for his father Rs. 35,000. (Father's age is 55 years)
- (5) The computer was purchased on 5th June, 2018 on credit. The total invoice was paid in the following manner:
 - Rs. 18,000 paid in cash as down payment on the date of purchase.
 - Remaining amount was paid through account payee cheque on 10th August, 2018.
- (6) Bonus was paid on 30th September, 2019.
- (7) General expenses include commission payment of Rs. 22,000 to Mr. Sridhar for the promotion of business on 17th September, 2018 without deduction of tax at source.
- (8) He also received gold coins from a family friend on the occasion of marriage anniversary on 5th December, 2018. The market value of the coins on the said date was Rs. 55,000.

Compute the total income and the tax liability of Mr. Murari for the assessment year 2019-20.

(14 Marks)

Question 2:

- (a)** Mr. Darshan aged 61 years, working with G Ltd., submits the following particulars of investments and payments made by him during the previous year 2018-19:
- Deposit of Rs. 1,50,000 in public provident fund.
 - Payment of life insurance premium of Rs. 62,000 on the policy taken on 01.4.2017 to insure his life (Sum assured – Rs. 3,00,000).
 - Deposit of Rs. 55,000 in a five year term deposit with bank.
 - Contributed Rs. 1,95,000, being 15% of his salary (basic salary plus dearness allowance, which forms part of retirement benefits) to the NPS of the Central Government. A matching contribution was made by G Ltd.
 - On 1.4.2018, mediclaim premium of Rs. 1,08,000 and Rs. 80,000 paid as lumpsum to insure his and his wife (aged 58 years) health, respectively for four years medical insurance and incurred Rs. 46,000 towards medical expenditure of his father, aged 90 years, not dependent on him. No insurance policy taken for his father.
 - He spent Rs. 6,000 for the preventive health-checkup of his wife.
 - He has incurred an expenditure of Rs. 90,000 for the medical treatment of his mother, being a person with severe disability.
- His income comprises of income from salary of Rs. 18,50,000 and interest on fixed deposits of Rs.75,000.

Compute the deduction available to Mr. Darshan under Chapter VI-A for A.Y.2019-20.

Would your answer be different, if Mr. Darshan contributed Rs. 1,30,000 (being, 10% of his salary) towards NPS of the Central Government?

(7 Marks)

- (b)** On 10th April, 2018, Mr. Mayur made a gift of Rs. 4,45,000 to his handicapped son, Master Tanmay aged 10 years. He deposited such amount in a fixed deposit account in a Nationalised bank. The bank credited a sum of Rs. 42,500 as interest on fixed deposit on 31st March, 2019.

Mayur’s father gifted 10,000 unlisted equity shares of an Indian company to Master Tejas, another son of Mr. Mayur (Date of birth 19th June, 2011) in September 2011 which were purchased by him on 18th December, 2004 for Rs. 95,000. Tejas received a dividend of Rs. 10,000 on these shares in October 2018. He sold these shares on 1st December, 2018 for Rs. 4,80,000 and deposited Rs. 3,10,000 in a company at 14% interest per annum.

Cost Inflation Index

Financial Year	Cost Inflation Index
2004-05	113
2011-12	184
2018-19	280

Mr. Mayur has a taxable income of Rs. 4,50,000 from his profession during the financial year 2018-19. Compute his Gross Total Income for the A.Y. 2019-20.

(5 Marks)

- (c)** Examine the applicability of tax deduction at source provisions, the rate and amount of tax deduction in the following cases for the financial year 2018-19:

(i) On 1.6.2018, Mr. Gyaneshwar made three nine month fixed deposits of Rs. 1 lakh each carrying interest@9% with Laxmi Nagar Branch, Mayur Vihar Branch and Rohini Branch of ABC Bank, a bank which has adopted CBS. The fixed deposits mature on 28.2.2019.

(ii) Sky TV, a television channel, made payment of Rs. 70 lakhs to a production house ABC Ltd. for production of programme for telecasting as per the specifications given by the channel. The copyright of the programme is also transferred to Sky TV.

(2 Marks)

Question 3:

- (a)** Mr. A and B constructed their houses on a piece of land purchased by them at New Delhi. The built up area of each house was 1,000 sq. ft. ground floor and an equal area in the first floor.

A started construction on 01.04.2017 and completed on 31.03.2018. A occupied the entire house on 01.04.2018. A has availed a housing loan of Rs. 20 lakhs @ 12% p.a. on 01.04.2017 and has also submitted a certificate from the lender certifying the amount of interest.

B started construction on 01.07.2017 and completed on 01.07.2018. B occupied the ground floor on 01.07.2018 and let out the first floor for a rent of Rs. 15,000 per month. However, the tenant vacated the house on 31.12.2018 and B occupied the entire house during the period 01.01.2019 to 31.03.2019. B has availed a housing loan of Rs. 12 lakhs @ 10% p.a. on 01.07.2017 and has also submitted a certificate from the lender certifying the amount of interest.

Following are the other information:

- (i) Fair rental value of each unit (Ground floor / First floor) 6,00,000 per annum
 - (ii) Municipal value of each unit (Ground floor / First floor) 3,00,000 per annum
 - (iii) Municipal taxes paid by
 - A - 8,000
 - B - 8,000
 - (iv) Repair and maintenance charges paid by
 - A - 28,000
 - B - 30,000
- No repayment was made by either of them till 31.03.2019.
 Compute tax liability for the assessment year 2019-20.

(7 Marks)

- (b)** Mr. X, a resident individual, retires from C Ltd. Delhi w.e.f. 1st February, 2019 after 25 years of service. He joined T Ltd. on the same day i.e. 1st February, 2019. The following information is provided by him about his incomes/outgoing during the Previous Year 2018- 19:

- (a)** Salary/allowances/perquisites/other payment from 01.04.2018 to 31.01.2019 from C Ltd.

	Rs.
(i) Basic salary	12,000 p.m.
(ii) Dearness allowance (One-half includible for superannuation benefits)	3,000 p.m.
(iii) Commission, 5% on turnover achieved by him	6,000
(iv) House accommodation, rent paid by company	5,000 p.m.
(v) Best suggestion award for total quality management scheme (in kind)	12,000
(vi) Lunch Facility (cost per meal is upto Rs. 50)	500 p.m.
(vii) Gratuity under Gratuity Act, 1972	3,35,000
(viii) Pension	3,000 p.m.
(ix) Commuted value of one-half pension w.e.f. 01.02.2019	2,25,000
(x) Refund of employer contribution from unrecognised provident fund (Including interest of Rs. 1,00,000)	2,50,000
(xi) Refund of employee contribution from unrecognised provident fund (Including interest of Rs. 1,00,000)	2,50,000
(b) Salary/allowances/perquisites etc. from 01.02.2019 to 31.03.2019 from T Ltd.	
(i) Salary	8,000 p.m.
(ii) House rent allowance	1,500 p.m.
(iii) Free use of motorcar (exceeding 1.6 litres engine capacity) (expenses met by employer)	
(iv) Rent paid by assessee	2,000 p.m.

You are required to compute his income under the head Salary and Tax Liability for the Assessment Year 2019-20.

(7 Marks)

Question 4:

- (a)** Mr. X has let out one House property and rent received is Rs. 90,000 p.m. after TDS. He paid Municipal Tax Rs. 1,00,000 and Interest u/s 24 (b) is Rs. 2,00,000. He has received Rs. 9,00,000 in connection with professional services after TDS. The Assessee made the payment of tax on 10.05.2019. Compute Total Income and Tax Payable and also Compute Interest u/s 234A, 234B & 234C.

(4 Marks)

- (b)** Mr. X, a mentally retarded minor, has a total income of Rs. 1,20,000 for the assessment year 2019-20. The total income of his father Mr. Y and of his mother Mrs.

Y for the relevant assessment year is Rs. 2,40,000 and Rs. 1,80,000 respectively. Discuss the treatment to be accorded to the total income of Mr. X for the relevant assessment year.

(3 Marks)

(c) Mr. X has received royalty of Rs. 8,00,000 in connection with a patent right registered in his name. Other information's are as given below:

1. He has donated Rs. 30,000 to a political party by cheque.
 2. He donated Rs. 10,000 by cheque to Delhi University notified under section 80G
 3. He donated Rs. 10,000 by cheque to Government for the purpose of promoting family planning.
 4. He paid premium of medi-claim policy Rs. 6,000 by cheque in the name of his major married independent son.
 5. LIC premium paid Rs. 25,000 on 15.01.2019 (Policy value Rs. 1,00,000)
 6. Repayment of housing loan to Indian Bank Rs. 50,000
 7. Payment made to LIC pension fund notified under section 80CCC Rs. 20,000
- Compute income tax liability for A.Y 2019-20.

(7 Marks)

SECTION B - INDIRECT TAXES (40 MARKS)

QUESTIONS

- (i) Working Notes should form part of the answers. However, in answers to Question in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of note.
- (iii) All questions should be answered on the basis of the position of GST law as amended up to 31st October, 2018.
- (iv) The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. Further, GST compensation cess should be ignored in all the questions, wherever applicable.

DIVISION A - MULTIPLE CHOICE QUESTIONS

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.

Total Marks: 12 Marks

Question Nos. 1 and 2 carries 2 Marks each

1. Rama Ltd. has provided following information for the month of September:
 - (i) Intra-State outward supply Rs. 8,00,000/-
 - (ii) Inter-State exempt outward supply Rs. 5,00,000/-
 - (iii) Turnover of exported goods Rs. 10,00,000/-
 - (iv) Payment made for availing GTA services Rs. 80,000/- Calculate the aggregate turnover of Rama Ltd.
 - (a) Rs. 8,00,000/-
 - (b) Rs. 23,80,000/-
 - (c) Rs. 23,00,000/-
 - (d) Rs. 18,00,000/-

(2 Marks)

2. Which of the following services received without consideration amount to supply?

- (i) Import of services by a person in India from his son well-settled in USA
(ii) Import of services by a person in India from his brother well-settled in Germany
(iii) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
(iv) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
(a) (1), (3) and (4)
(b) (2), (3) and (4)
(c) (2) and (3)
(d) (1) and (2)
- (2 Marks)**
3. Services by way of admission to _____ are exempt from GST.
(a) Museum
(b) National park
(c) Tiger reserve
(d) All of the above
- (1 Mark)**
4. A supplier takes deduction of depreciation on the GST component of the cost of capital goods as per Income- tax Act, 1961. The supplier can-
(a) avail only 50% of the said tax component as ITC
(b) not avail ITC on the said tax component
(c) avail 100% ITC of the said tax component
(d) avail only 25% of the said tax component as ITC
- (1 Mark)**
5. Which of the following persons is not eligible for composition scheme even though their aggregate turnover does not exceed Rs. 1.5 crore in preceding FY, in Uttar Pradesh?
(a) A person supplying restaurant services
(b) A person supplying restaurant services and earning bank interest
(c) A person supplying restaurant services and warehousing of rice
(d) A person supplying restaurant services and warehousing of processed tea.
- (1 Mark)**
6. The time of supply of service in case of reverse charge mechanism is
(a) Date on which payment is made to the supplier
(b) Date immediately following 60 days from the date of issue of invoice
(c) Date of invoice
(d) Earlier of (a) and (b)
- (1 Mark)**
7. Which of the following services does not fall under reverse charge provisions as contained under section 9(3) of the CGST Act?
(a) Services supplied by arbitral tribunal to business entity
(b) Sponsorship provided to any partnership firm
(c) Sponsorship provided to any body corporate
(d) None of the above
- (1 Mark)**
8. Transport of by rail are exempt from GST:
(a) Milk

- (b) Salt
(c) Defence equipments
(d) All of the above

(1 Mark)

9. Alcoholic liquor for human consumption is subjected to

- (a) State excise duty
(b) Central Sales Tax/Value Added Tax
(c) Both (a) and (b)
(d) GST

(1 Mark)

10. Taxes subsumed in GST are

- (a) Service tax
(b) Luxury tax
(c) VAT
(d) All of the Above

(1 Mark)

DIVISION B - DESCRIPTIVE QUESTIONS

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks: 28 Marks

Question 1:

M/s. Shri Durga Corporation Pvt. Ltd. is a supplier of goods and services at Kolkata. It has furnished the following information for the month of February, 2020:

	Particulars	Amount (Rs.)
(i)	Intra-State sale of taxable goods including Rs. 1,00,000 received as advance in January, 2020, the invoice for the entire sale value is issued on 15th February, 2020	4,00,000
(ii)	Goods purchased from unregistered dealer on 20th February, 2020 (Inter-State purchases are worth Rs.30,000 and balance purchases are intra-State)	1,00,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Goods transport services received from a GTA. GTA is paying tax @12% (It is an inter-State transaction)	2,00,000

Compute net GST liability (CGST, SGST or IGST, as the case may be) of M/s Shri Durga Corporation Pvt. Ltd. for the month of February, 2020.

Assume the rates of GST, unless otherwise specified, as under:

CGST	9%
SGST	9%
IGST	18%

Note:-

- (i) The turnover of M/s. Shri Durga Corporation Pvt. Ltd. was Rs. 2.5 crore in the previous financial year.
(ii) All the amounts given above are exclusive of taxes.

(8 Marks)**Question 2:**

(a) ABC limited started its business on 01-07-2019 and purchased goods Rs. 48,00,000

+ CGST 10% + SGST 10% and purchased capital goods for conducting business for Rs. 18,00,000 + CGST 10% + SGST 10%. Company sold 50% of the goods upto 31-12-2019 for Rs. 40,00,000 and applied for registration on 1-1-2020 and registration was granted on 15-01-2020. Company purchased one Plant and machinery on 01-01-2020 Rs. 6,00,000 + CGST @ 10% + SGST @ 10% . Company sold this plant on 01-03-2020 for Rs. 5,70,000 and rate was CGST 12% and SGST 12% at the time of sale.

Compute ITC allowed at the time of registration and ITC to be reversed at the time of sale of Plant and machinery.

(6 Marks)

(b) Write a note on suspension of registration.

(4 Marks)

Question 3:

(a) Cloud Seven Private Limited, a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of February, 2020:

	Particulars	GST paid (Rs.)
(i)	Trucks used for the transport of raw material	1,20,000
(ii)	Foods and beverages for consumption of employees working in the factory	40,000
(iii)	Inputs are to be received in five lots, out of which third lot was received during the month	80,000
(iv)	Membership of a club availed for employees working in the factory	1,50,000
(v)	Capital goods (out of five items, invoice for one item was missing and GST paid on that item was Rs. 50,000	4,00,000
(vi)	Raw material (to be received in March, 2020)	1,50,000

Determine the amount of input tax credit available with Cloud Seven Private Limited for the month of February, 2020 by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

(6 Marks)

(b) Pure Oils, Delhi has started the supply of machine oils and high speed diesel in the month of April, 2019. The following details have been furnished by it for the said month:-

Sl. No.	Particular	Rs. Excluding GST
(i)	Supply of machine oils in Delhi	2,00,000
(ii)	Supply of high speed diesel in Delhi	4,00,000
(iii)	Supply made through Fortis Lubricants - an agent of Pure Oils in Delhi	3,75,000
(iv)	Supply made by Pure Oils from its branch located in Punjab	1,80,000

Determine whether Pure Oils is liable for registration. Will your answer change, if Pure Oils supplies machine oils amounting to Rs. 2,50,000 from its branch located in Manipur in addition to the above-mentioned supplies?

(4 Marks)

Question 4:

(a) Kesar Maharaj, a registered supplier, gave a classical dance performance in an auditorium. The consideration charged for the said performance is Rs. 1,48,500. Is Kesar Maharaj liable to pay GST on the consideration received for the said performance if such performance is not for promotion of any product/services? If yes, determine his GST liability (CGST and SGST or IGST, as the case may be).

Will your answer be different if:

- (i) Kesar Maharaj is a brand ambassador of a food product and aforesaid performance is for the promotion of such food product?
- (ii) the dance performance given by Kesar Maharaj is not a classical dance performance, but a contemporary Bollywood style dance performance?
- (iii) Consideration charged by Kesar Maharaj for the classical dance performance is Rs. 1,60,000?

Notes:

- 1. Services provided by Kesar Maharaj are intra-State supplies.
- 2. Wherever applicable, GST has been charged separately.
- 3. Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(5 Marks)

(b) Discuss any two significant benefits of GST.

(2 Marks)

(c) State the necessary elements for a supply to be chargeable to GST.

(3 Marks)
