

(GI-1, GI-2, GI-3, GI-4, VI-1 & SI-1)

DATE: 29.09.2019

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. Mr. Anish's, aged 40 years, total income comprises of long -term capital gains on sale of land Rs. 5 lakhs; short-term capital gains on sale of STT paid listed equity shares Rs. 3 lakhs; income from lottery Rs. 2 lakh and savings bank interest Rs. 50,000. He invests Rs. 1.50 lakhs in PPF. His tax liability for A.Y. 2019-20 is –
 - (a) Rs. 2,13,200
 - (b) Rs. 2,11,150
 - (c) Rs. 1,61,200
 - (d) Rs. 1,59,650

(2 Marks)
2. Mrs. Kareena, wife of Mr. Shyam, is a partner in a firm. Her capital contribution of Rs. 7 lakhs to the firm as on 1.4.2018 included Rs. 3.5 lakhs contributed out of gift received from Shyam. On 10.4.2018, she further invested Rs. 2 lakh out of gift received from Shyam. The firm paid interest on capital of Rs. 50,000 and share of profit of Rs. 60,000 during the F. Y. 2018 -19 . The entire interest has been allowed as deduction in the hands of the firm. Which of the following statements is correct?
 - (a) Share of profit is exempt but interest on capital is taxable in the hands of Mrs. Kareena
 - (b) Share of profit is exempt but interest of Rs. 25,000 is includible in the income of Mr. Shyam and interest of Rs. 25,000 is includible in the income of Mrs. Kareena
 - (c) Share of profit is exempt but interest of Rs. 30,556 is includible in the income of Mr. Shyam and interest of Rs. 19,444 is includible in the income of Mrs. Kareena
 - (d) Share of profit to the extent of Rs. 25,000 and interest on capital to the extent of Rs. 30,556 is includible in the hands of Mr. Shyam

(2 Marks)
3. Kamal is employed by ABC Ltd. On 15.07.2009, ABC Ltd. has given an option to each employee to get 1,000 shares in the company at a pre-determined price of Rs. 15 per share under a notified Employees Stock Option Plan (ESOP). Consequently, X has been allotted 1,000 shares @ Rs. 15 per share on 25.07.2009. On 15.11.2018, Kamal gifts his ESOP shares to a friend (market value Rs. 210 per share). On 15.12.2018, he gifts a house property to another friend. Find out the tax implications in the hands of Kamal.

- (a) Capital gains will arise on gift of ESOP shares. However, no capital gain will arise on gift of house property.
- (b) Capital gains will not arise on gift of ESOP shares. However, capital gain will arise on gift of house property.
- (c) No tax implication shall arise in the hands of Kamal.
- (d) Capital gains will arise on gift of ESOP shares as well as gift of house property.

(2 Marks)

4. An amount of Rs. 80,000 was paid to Mr. Himesh on 01-07-2018 towards professional services without deduction of tax at source. Subsequently, another payment of Rs. 50,000 was due to Mr. Himesh on 28-02-2019, from which tax @ 10% (amounting to Rs. 13,000) on the entire amount of Rs. 1,30,000 was deducted. However, this tax of Rs. 13,000 was deposited only on 23-07-2019. Compute the amount of interest chargeable under section 201(1A).

- (a) Rs. 975
- (b) Rs. 1,610
- (c) Rs. 1,690
- (d) Rs. 1,615

(2 Marks)

5. The last date of filing ROI u/s 139(1) for AY 2019-20 in case of assessee who is required to furnish Transfer Pricing Report u/s 92E relating to International transaction/Specified Domestic transaction is:

- (a) 30th November of PY
- (b) 30th November of AY
- (c) 31st September of AY
- (d) 31st September of PY

(1 Mark)

6. Mr. P purchased a house for Rs. 20 lacs on 1.1.2017. On 1.1.2018 he had constructed one additional floor at the cost of Rs. 5 lacs. On 30.10.2018 this house has been sold off for Rs. 51 lacs & selling expenses have been Rs. 1 lacs. Calculate Capital Gains for PY 2018-2019.

- (a) Rs. 14,00,000
- (b) Rs. 23,00,000
- (c) Rs. 50,00,000
- (d) Rs. 25,00,000

(1 Mark)

7. PC Ltd. constructed staff quarters & let out the same during the AY 2019-20. Its rent received Rs. 7,50,000 by way of rent from employees during the year. The rental receipt is taxable as.

- (a) Income from house property
- (b) Income from business
- (c) Perquisite in the hands of employees
- (d) Income from other sources

(1 Mark)

8. Mr. P is Citizen of India & left India for USA on 16.8.2018 for doing business meetings on behalf of his employer, which is India company, for exporting goods to USA. He came back to India on 15.9.2018. He has been resident in India for past 10 years. For AY 2019-20, X is_____.
- (a) ROR
 - (b) RNOR
 - (c) NR
 - (d) None
- (1 Mark)**
9. Income which accrue outside India from business controlled from India is not taxable in India in case of:
- (a) ROR
 - (b) RNOR
 - (c) NR
 - (d) All
- (1 Mark)**
10. In Case of Succession, Amalgamation, Demerger, Business Re-organization etc, depreciation shall be calculated on the assumption that & then amount of depreciation so calculated shall be apportioned between predecessor & successor in the ratio of for which the asset is by them.
- (a) Separately for predecessor & successor
 - (b) Combined for predecessor & successor
 - (c) No change in ownership has taken place; number of days ; used
 - (d) Change in ownership has taken place; number of months ; held
- (1 Mark)**
11. Weighted deduction u/s 35CCD is allowed to .
- (a) All assesses
 - (b) A company assessee only
 - (c) All assessee other than a company
 - (d) Assessee being an individual only
- (1 Mark)**
12. When shares of a listed company held for more than 36 months are transferred privately for Rs. 8 lac, with original cost of acquisition of Rs. 1 lac whose indexed cost of acquisition is Rs. 2 lac, the income tax payable would be.
- (a) Rs. 1,44,200
 - (b) Rs. 72,800
 - (c) Rs. 1,23,600
 - (d) Rs. 68,100
- (1 Mark)**
13. When an advance received for transfer of capital asset is forfeited on or after 1.4.2014, such forfeited amount shall be
- (a) Deducted from the cost of asset
 - (b) Exempt
 - (c) Taxable as income u/h IFOS
 - (d) None
- (1 Mark)**

14. The partial integration of agriculture income with non-agricultural income is done in case of:
- (1) Any assessee other than who is liable to be taxable at flat rate of income tax
 - (2) Individual, HUF, AOP-BOI & AJP
 - (a) (1) is correct (2) is incorrect
 - (b) Both are correct
 - (c) (1) is incorrect (2) is correct
 - (d) Both are incorrect

(1 Mark)

DIVISION B : DESCRIPTIVE QUESTIONS

Questions No. 1 is compulsory

Attempt any two questions the remaining three questions

Total Marks: 42 Marks

Question 1:

Mr. Yusuf Khan, a resident individual aged 55, furnishes the following information pertaining to the year ended 31.3.2019:

- (i) He is a working partner in ABC & Co. He has received the following amounts from the firm:
 - Interest on capital at 15% : Rs. 3,00,000
 - Salary as working partner (at 1% of firm's sales) (allowed fully to the firm): Rs. 90,000
- (ii) He is engaged in a business of manufacturing. The Profit and Loss account pertaining to this proprietary business (summarised form) is as under:

Particulars	Rs.	Particulars	Rs.
To Salaries	1,20,000	By Gross profit	12,50,000
To Bonus	48,000	By Interest on Bank FD (Net of TDS)	45,000
To Car expenses	50,000	By Agricultural income	60,000
To Machinery repairs	2,34,000	By Pension from LIC Jeevan Dhara	24,000
To Advance tax	70,000		
To Depreciation on:			
- Car	3,00,000		
- Machinery	1,25,000		
To Net profit	4,32,000		
	13,79,000		13,79,000

Details of assets:

Particulars	Rs.
Opening WDV of assets are as under:	
Car	3,00,000
Machinery (Used during the year for 179 days)	6,50,000
Additions to machinery:	
Purchased on 23.9.2018 by cash in single payment	2,00,000
Purchased on 12.11.2018 by account payee cheque	3,00,000
Second hand machinery purchased on 12.4.2018 by bearer cheque in Single payment	1,25,000

(All assets added during the year were put to use immediately after purchase) One-fifth of the car expenses are towards estimated personal use of the assessee. Salary includes Rs. 15,000 paid by way of a single cash payment to manager.

- (i) In February, 2016, he had sold a house at Chennai. Arrears of rent relating to this house amounting to Rs. 75,000 was received in March, 2019.
- (ii) Details of his Savings and Investments are as under:

Particulars	Rs.
Life insurance premium for policy in the name of his major son employed in a multinational company, at a salary of Rs. 10 lakhs p.a. (Sum assured Rs. 2,00,000) (Policy taken on 1.07.2013)	30,000
Contribution to PPF	70,000
Medical Insurance premium for his father aged 79, who is not dependent on him	30,000

You are required to compute the total income of Mr. Yusuf Khan for the assessment year 2019-20.

(14 Marks)

Question 2:

- (a) Mr. Honey is working with a domestic company having a production unit in the U.S.A. for last 15 years. He has been regularly visiting India for export promotion of company's product. He has been staying in India for at least 184 days every year. He submits the following information:
 Salary received outside India (For 6 months) Rs. 50,000 P. M.
 Salary received in India (For 6 months) Rs. 50,000 P. M.
 He has been given rent free accommodation in U.S.A. for which company pays Rs. 15,000 per month as rent, but when he comes to India, he stays in the guest house of the company. During this period he is given free lunch facility. During the previous year company incurred an expenditure of Rs. 48,000 on this facility.
 He has been provided a car of 2000 cc capacity in U.S.A. which is used by him for both office and private purposes. The actual cost of the car is Rs. 8,00,000. But when he is in India, the car is used by him and the members of his family only for personal purpose. The monthly expenditure of car is Rs. 5,000. His elder son is studying in India for which his employer spends Rs. 12,000 per year where as his younger son is studying in U.S.A. and stays in a hostel for which Mr. Honey gets Rs. 3,000 per month as combined allowance.
 The company has taken an accident insurance policy and a life insurance policy. During the previous year the company paid premium of Rs. 5,000 and Rs. 10,000 respectively.
 Compute Mr. Honey's taxable income from salary for the Assessment Year 2019-20.

(7 Marks)

- (b) Star Enterprises has transferred its unit R to A Ltd. by way of Slump Sale on January 23, 2019. The summarized Balance Sheet of Star Enterprises as on that date is given below:

Liabilities	Amount (Rs. in lacs)	Assets	Amount (Rs. in lacs)
Own Capital	1,750	Fixed Assets :	
Accumulated P & L balance	670	Unit P	200
Liabilities:		Unit Q	150
Unit P	90	Unit R	600
Unit Q	160	Other Assets :	
Unit R	140	Unit P	570
		Unit Q	850
		Unit R	440
Total	2,810	Total	2,810

Using the further information below, compute the Capital Gains arising from slump sale of Unit R for Assessment year 2019–20.

- (i) Slump sale consideration on transfer of Unit R was Rs. 930 lacs.
- (ii) Fixed Assets of Unit R includes land which was purchased at Rs. 110 lacs in the year 2008 and was revalued at Rs. 140 lacs.
- (iii) Other fixed assets are reflected at Rs. 460 lacs. (i.e. Rs. 600 lacs less value of land) which represents written down value of those assets as per books. The written down value of these asset is Rs. 430 lacs.
- (iv) Unit R was set up by Star Enterprises in Oct, 2007.

Note: Cost of Inflation Indices for the financial year 2006 – 08 and financial year 2018- 19 are 122 and 272 respectively.

(5 Marks)

- (c) Discuss the taxability of the following receipts in die hands of Mr. Sanjay Kamboj under the Income Tax Act, 1961 for A.Y. 2019-20:

- (i) Rs. 51,000 received from his sister living in US on 1-6-2018.
- (ii) Received a car from his friend on payment of Rs. 2,50,000, the FMV of which was Rs. 5,50,000.

Provisions of taxability or Non-taxability must be discussed.

(2 Marks)

Question 3:

- (a) From following information furnished for the year ended 31-03-2019, compute the total income of Mr. Arihant for A.Y. 2019-20 and show the items eligible for carry forward and upto which assessment year:

Particulars	Amount (Rs.)
Long-term capital gain from sale of urban land	2,30,000
Long-term capital loss on sale of shares (STT not paid)	85,000
Long-term capital loss on sale of listed shares in recognized stock exchange (STT paid both at the time of acquisition and sale)	1,02,000
Loss from speculative business X	25,000
Income from speculative business Y	15,000
Loss from specified business covered under section 35AD	40,000
Income from salary	3,50,000
Loss from house property	2,20,000
Income from trading business	75,000

Following are details of unabsorbed depreciation and the brought forward losses:

- (i) Unabsorbed depreciation of Rs.11,000 pertaining to A.Y 2018-19.
- (ii) Losses from owning and maintaining of race horses pertaining to A.Y. 2018-19 Rs. 5,000.
- (iii) Brought forward loss from trading business Rs. 8,000 relating to A.Y.2015-16.

(7 Marks)

- (b) You are required to compute the total income and tax liability of Mr. Anoop, a resident individual aged 55 years, for the Assessment Year 2019-20 from the following information shown in his Profit and Loss Account for the year ended 31st March 2019:

- (i) The net profit was Rs. 8,40,000.
- (ii) Depreciation debited in the books of account was Rs. 1,05,000.

- (iii) The following incomes were credited in the Profit & Loss Account :
 - (a) Interest on notified government securities Rs. 32,000
 - (b) Dividend from a foreign company Rs. 28,000.
 - (c) Gold chain worth Rs. 78,000 received as gift from his mother.
- (iv) Interest on loan amounting to Rs. 82,000 was paid in respect of capital of Rs. 8,20,000 borrowed for the purchase of new plant & machinery which has been put to use on 12th April, 2019.
- (v) General expenses included:
 - (a) An expenditure of Rs. 18,500 which was paid by a bearer cheque.
 - (b) Compensation of Rs. 4,500 paid to an employee while terminating his services in business unit.

Additional Information:

- (1) Depreciation allowable as per Income-tax Act, 1961 was Rs. 1,16,000 [without considering depreciation on new plant & machinery referred to in (iv) above].
- (2) He contributed the following amounts by cheque:
 - (a) Rs. 48,000 in Sukanya Samridhi Scheme in the name of his minor daughter Anya.
 - (b) Rs. 23,000 to the Clean Ganga Fund set up by the Central Government.
 - (c) Rs. 28,000 towards premium for health insurance and Rs. 2,500 on account of preventive health check-up for self and his wife.
 - (d) Rs. 25,000 on account of medical expenses of his father aged 82 years (no insurance scheme had been availed on the health of his father).

(7 Marks)

Question 4:

- (a) Mr. Atharv filed his return of income on 30th September, 2019 related to Assessment Year 2019-20. In the month of October 2019, his tax consultant found that the interest on fixed deposit was omitted in the tax return. Can Mr. Atharv file a revised return?

Assume that the due date for furnishing return of income in his case, was 31st July, 2019 and the assessment was not completed till the month of October 2019.

(3 Marks)

- (b) Mr. Sahil, a citizen of India, serving in the Ministry of Human Resources in India, was transferred to Indian Embassy in Germany on 15th March 2018. His income during the financial year 2018 – 19 is given here under:

Particulars	Rs.
Rent from a house situated at Australia, received in Australia. Thereafter, remitted to Indian bank account.	4,80,000
Interest accrued on National Saving Certificate	25,600
Interest on Post office savings bank account	3,200
Salary from Government of India	8,55,000
Foreign Allowances from Government of India (Not include Above)	9,00,000

Mr. Sahil did not come to India during the financial year 2018-19. Compute his Gross Total Income for the Assessment year 2019-20

(4 Marks)

- (c) Mr. Chauhan is having a trading business and his Trading and Profit & Loss Account for the financial year 2018 – 19 is as under:

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening stock	1,50,000	By Sales	2,70,00,000
To Purchase	2,49,00,000	By Closing stock	1,00,000
To Gross profit	20,50,000		
Total	2,71,00,000	Total	2,71,00,000
Salary to employees(Including Contribution to PF)	5,00,000	By Gross Profit b/d	20,50,000
Donation to Prime Minister Relief Fund	1,00,000		
Provision for bad debts	50,000		
Bonus to employees	50,000		
Interest on bank loan	50,000		
Family planning expenditure incurred on employees	20,000		
Depreciation	30,000		
Income-tax	1,00,000		
To Net profit	11,50,000		
Total	20,50,000	Total	20,50,000

Other information:

- He incurred expenditure on furniture & fixtures of Rs. 35,000, which is paid in cash on 25.7.2018 to M/s Décor World.
- Depreciation allowable Rs. 40,000 [excluding depreciation on furniture & fixtures refer in (i) above] as per Income-tax Rules, 1962.
- No deduction of tax at source on payment of interest on bank loan has been made.
- Out of salary, Rs. 25,000 pertains to his contributions to recognized provident fund which was deposited after the due date of filing return of income. Further, employee's contribution of Rs. 25,000 was also deposited after the due date of filing return of income.

Compute business income of Mr. Chauhan for the Assessment Year 2018 – 19.

(7 Marks)

SECTION B - INDIRECT TAXES (40 MARKS)

QUESTIONS

- Working Notes should form part of the answer Rs. However, in answers to Question in Division A, working notes are not required.
- Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of note.
- All questions should be answered on the basis of the position of GST law as amended up to 31stOctober, 2018.
- 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

1. The officers appointed under which of the following Acts are authorised to be the proper officers for the purposes of the CGST Act, 2017:
 - (a) State Goods and Services Tax Act
 - (b) Union Territory Goods and Services Tax Act
 - (c) Both (a) and (b)
 - (d) None of the above

(1 Mark)

2. 'P' Ltd. has its registered office under the Companies Act, 2013 in the State of Maharashtra. It also has a corporate office in the State of Telangana. What will be the place of business of 'P' Ltd. under the CGST Act, 2017?
 - (a) Telangana
 - (b) Maharashtra
 - (c) Both (a) and (b) above
 - (d) None of the above

(1 Mark)

3. As compared to normal agent, Del-Credere Agent charges:
 - (a) No commission
 - (b) Higher commission
 - (c) Lower commission
 - (d) Differential commission

(1Mark)

4. Can Input tax credit standing in the Electronic credit ledger be utilized for payment of tax under Reverse Charge Mechanism?
 - (a) Yes
 - (b) No
 - (c) Not Applicable
 - (d) May be

(1 Mark)

5. Is ITC available to the supplier, supplying goods/ services under Reverse Charge Mechanism
 - (a) Yes
 - (b) No
 - (c) Not applicable
 - (d) Yes, if permitted by the authority

(1 Mark)

6. Due date of filing GSTR 4 is:
 - (a) 18th day of April following the end of such FY
 - (b) 20th day of the succeeding quarter
 - (c) 25th day of the succeeding quarter
 - (d) 30th day of April following the end of such FY

(1 Mark)

7. Varun purchased certain goods worth INR 17,000 from Dushyant foods Pvt. Ltd. As a matter of security, Varun made a request to the supplier to provide for an additional packaging on the given item for safe transportation which cost around INR 1500. The supplier charged value of the additional packaging separately after the supply was made. What is the final value of such supply made?
- (a) Rs. 17000
 - (b) Rs. 18500
 - (c) Rs. 15500
 - (d) None of the above
- (1 Mark)**
8. While repairing the factory shed, few goods were also supplied along with the labour service. Whether it is a :
- (a) Composite Supply
 - (b) Mixed Supply
 - (c) Works Contract Service
 - (d) None of the above
- (1 Mark)**
9. Mr. A was liable to pay GST of Rs.10,000 on 20.8.2018 but he failed to pay. Later he decided to pay tax on 26.10.2018. what would be the period for which interest has to be paid by him?
- (a) 66 days
 - (b) 67 days
 - (c) 68 days
 - (d) 70 days
- (1 Mark)**
10. In case of renting of land, inside an Industrial estate, by State Government to a manufacturing company, GST is:
- (a) Exempted
 - (b) Applicable under Normal Charge
 - (c) Applicable under Reverse Charge
 - (d) None of the above
- (1 Marks)**
11. Goods are handed over by consignor to transporter on Friday evening at 17:00 hrs and the transporter starts the movement of goods on Monday evening at 17:00 hrs after generating e- way bill. When will the validity period for e-way bill end if the distance is upto 75 Km?
- (a) Tuesday at 24:00 hrs
 - (b) Monday at 24:00 hrs
 - (c) Tuesday at 17:00 hrs
 - (d) Saturday at 24:00 hrs
- (1 Mark)**
12. Mr.A was enrolled as a sales tax practitioners or tax return preparer under the earlier law for the period of 8 years, by when he has to pass the GSTP exam?
- (a) 18 months form appointed date
 - (b) 18 months form date of filling GSTP Form
 - (c) 18 months form date of receiving GSTP certificate
 - (d) 30 months form appointed date
- (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. Comfortable (P) Ltd. is registered under GST in Chennai, Tamil Nadu. It is engaged in the manufacture of iron and steel products. It has carried out following transactions in the financial year 20XX-XY:—

- (a) Purchased 1,000 Metric Ton (MT) iron @ 1,000 per MT (excluding GST) from M/s. Hard Ltd. of Chennai. M/s. Hard Ltd. has fulfilled the order as follows:

Date	Quantity (MT)	Taxable Value
28-Feb-20XY	200	2,00,000/-
10-Mar-20XY	250	2,50,000/-
25-Mar-20XY	250	2,50,000/-
28-Mar-20XY	200	2,00,000/-

Balance order requirement has been fulfilled by Hard Ltd. on 5-Apr-20XY. However, Hard Ltd. has raised the invoice for full order at the time of dispatch of first lot, i.e. on 28-Feb-20XY. M/s. Comfortable (P) Ltd. has made the full payment on 28-Feb-20XY for the order.

- (b) Company has received IT engineering service from M/s. Dynamic Infotech (P) Ltd. of Chennai for Rs. 11,00,000/- (excluding GST) on 28-Oct-20XX. Invoice for service rendered was issued on 5-Nov-20XX. M/s Comfortable (P) Ltd. made part-payment of Rs. 4,13,000/- on 31-Dec-20XX. Being unhappy with service provided by M/s Dynamic Infotech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by M/s Dynamic Infotech (P) Ltd. by 15-Feb-20XY. M/s. Comfortable (P) Ltd. made payment of Rs. 2,95,000/- on 15-Feb-20XY towards full and final settlement of the dues and did not pay the balance amount.
- (c) Company has made the following intra State supplies (excluding GST) for the financial year 20XX-XY:—

S.No.	Particulars	Amount (Rs.)
1.	Value of intra-State supplies made to registered persons	10,00,000
2.	Value of intra- State supplies made to unregistered persons	2,00,000

- (i) Compute the GST liability (CGST, SGST or IGST, as the case may be) of M/s. Comfortable (P) Ltd. for the financial year 20XX-XY:-
- (ii) Compute the amount of input tax credit to be reversed in the FY 20XX-XY and/or in the next FY 20XY-YZ, if any.

Assume the rates of GST as under:

CGST 9%

SGST 9%

IGST 18%

Note

- (i) All the conditions necessary for availing input tax credit have been fulfilled.
- (ii) Ignore interest, if any

(8 Marks)**Question 2:**

- (a) M/s. Handsome and Likemi Company, a partnership firm at Mumbai is running a mobile phone showroom. Along with mobile phone showroom, it is also engaged in providing health and fitness services.

Turnover of the mobile phone showroom was Rs. 78 lakh and receipts of the health

and fitness service was Rs. 26 lakh in the preceding financial year.

- (i) With reference to the provisions of the CGST Act, 2017, examine whether the firm can opt for the composition scheme,
- (ii) Will your answer change, if the turnover of the mobile phone showroom was Rs. 74 lakh and receipts of the health and fitness service was Rs. 18 lakh in the preceding financial year?
- (iii) If M/s. Handsome and Likemi Company obtain separate registration for their mobile phone showroom & for health fitness centre, can it opt for composition scheme only for mobile phone showroom?

(6 Marks)

- (b) If a return has been filed, how can it be revised if some changes are required to be made?

(4 Marks)

Question 3:

- (a) Sungrow Pvt. Ltd. (a registered taxable person) having the gross receipt of Rs. 50 lakh in the previous financial year provides the following information relating to their services for the month of July, 2018.

Sr. No.	Particulars	Amount (Rs.)
(1)	Running a boarding school	2,40,000
(2)	Fees from prospective employer for campus interview	1,70,000
(3)	Education services for obtaining the qualification recognised by law of foreign country	3,10,000
(4)	Renting of furnished flats for temporary stay to different persons (Rent per day is less than Rs. 1,000 per flat)	1,20,000
(5)	Conducting Modular Employable Skill Course, approved by National Council of Vocational Training	1,40,000
(6)	Conducting private tuitions amount	3,00,000
(7)	Running martial arts academy for young children	55,000
(8)	Conducting career counseling session	1,65,000

Compute the value of taxable supply and the amount of GST payable. The above receipts don't include the GST amount. Rate of GST is 18%.

(6 Marks)

- (b) Discuss the provisions relating to issuance of credit notes and debit notes under CGST Act and rules there under.

(4 Marks)

Question 4:

- (a) M/s Salty & Spicy Limited reduced the amount of Rs. 1,50,000 from the output tax liability in contravention of provisions of section 42(10) of the CGST Act, 2017 for the month of April 20XX, which is ineligible credit. A show cause notice was issued by the Tax Department to pay tax along with interest. M/s Salty & Spicy Limited paid the tax and interest on 31st July, 20XX. Calculate Interest liability (Ignore Penalty).

(3 Marks)

- (b) Explain the meaning of the term "recipient of supply of goods and/or services" under the CGST Act, 2017.

(2 Marks)

- (c)** Examine whether the supplier is liable to get registered in the following independent cases:—
- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is Rs. 28 lakh. He has another showroom in Tripura with a turnover of Rs. 11 lakh in the current FY.
 - (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is Rs. 22 lakh.
 - (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is Rs. 24 lakh.
 - (iv) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is Rs. 25 lakh.
 - (v) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is Rs. 30 lakh.

(5 Marks)
