

(GI-11, GI-12+15, GI-13+14, SI-5)

DATE: 20.01.2020

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. Tax Liability of a resident individual having LTCG 3.5 Lakh shall be
 - (a) Rs. 7,800
 - (b) Rs. 72,800
 - (c) Rs. 18,200
 - (d) Rs. 20,800

(1 Mark)
2. Income earned from a contract negotiated by an agent in India in the name of a non-resident and approved by such non-resident shall:
 - (a) be taxable in India as such income is deemed to accrue or arise in India
 - (b) not be taxable in India as there is no business connection in India
 - (c) be taxable in India only if it is received in India
 - (d) not taxable in India as such income accrues or arises outside India

(1 Mark)
3. The maximum period for which speculation loss can be carried forward is -
 - (a) 4 years
 - (b) 8 years
 - (c) indefinitely
 - (d) not allowed to be carry forward

(1 Mark)
4. Mr. Ahmed acquired a property in April, 2019 for self-residential use. The loan interest payable to State Bank of India for the financial year 2019-20 amounts to Rs. 2,10,000. The amount eligible for deduction under section 24 is (all conditions for claiming higher interest have been complied with):
 - (a) Rs. 30,000
 - (b) Rs. 2,00,000
 - (c) Rs. 2,10,000
 - (d) Rs. 1,50,000

(1 Mark)
5. A borrowed Rs. 5,00,000 @ 12% p.a. on 1-4-2015 for construction of house property which was completed on 15-3-2019. The amount is still unpaid. The deduction of interest for previous year 2019- 20 shall be :
 - (a) Rs. 60,000
 - (b) Rs. 96,000
 - (c) Rs. 1,80,000
 - (d) Rs. 2,40,000

(1 Mark)

6. Mr. X a senior citizen has loss from house property Rs. 5,00,000 and as income from business Rs. 12,00,000, in this case his tax liability shall be
- (a) Rs. 1,12,500
 - (b) Rs. 1,14,400
 - (c) Rs. 82,500
 - (d) none of these
- (1 Mark)**
7. Which of the following benefits are not allowable to Ms. Geetha, a non-resident, while computing her total income and tax liability for A.Y.2020-21 under the Income-tax Act, 1961?
- (a) Deduction of 30% of gross annual value while computing her income from house property in Bangalore, India
 - (b) Tax rebate of Rs. 12,500 from tax payable on her total income of Rs. 3,40,000
 - (c) Deduction for donation made by her to Prime Minister's National Relief Fund
 - (d) Deduction for interest earned by her on NRO savings account
- (1 Mark)**
8. Mr. X, a resident, is due to receive Rs. 4.50 lakhs on 31.03.2020, towards maturity proceeds of LIC policy taken on 01.04.2016, for which the sum assured is Rs. 4 lakhs and the annual premium is Rs. 1,25,000. Mr. Z, a resident, is due to receive Rs. 95,000 on 01.10.2019 towards maturity proceeds of LIC policy taken on 01.10.2012 for which the sum assured is Rs. 90,000 and the annual premium is Rs. 10,000.
- (a) Tax is required to be deducted on maturity proceeds payable to Mr. X and Mr. Z
 - (b) Tax is required to be deducted on maturity proceeds payable to Mr. X
 - (c) Tax is required to be deducted on maturity proceeds payable to Mr. Z
 - (d) No tax is required to be deducted on maturity proceeds payable to either Mr. X or Mr. Z
- (1 Mark)**
9. Mr. X a senior citizen has loss from house property Rs. 5,00,000 and LTCG Rs. 5,00,000, in this case his tax liability shall be
- (a) Rs. 7,500
 - (b) Rs. 10,400
 - (c) Nil
 - (d) Rs. 7,800
- (1 Mark)**
10. Mr. Shiva made a donation of Rs. 50,000 to National Children's Fund and Rs. 20,000 to Rajiv Gandhi Foundation by cheque. He made a cash donation of Rs. 10,000 to a public charitable trust. The deduction allowable to him under section 80G for A.Y.2020-21 is
- (a) Rs. 80,000
 - (b) Rs. 70,000
 - (c) Rs. 60,000
 - (d) Rs. 35,000
- (1 Mark)**
11. Deduction under section 80 TTB is allowed
- (a) To all individual upto Rs. 10,000
 - (b) To all individual upto Rs. 50,000
 - (c) To a senior citizen upto Rs. 40,000
 - (d) None of these
- (1 Mark)**

12. Deduction for investment in Kisan Vikas Patra is allowed under section
(a) 80 C
(b) 80 CCC
(c) 80 CCD
(d) None of these
(1 Mark)
13. Mr. Ramanan, a resident aged 40 years, has a total income of Rs. 3,25,000 for A.Y.2020-21, comprising of his salary income and income from house property. His tax liability for A.Y.2020-21 would be –
(a) Rs. 3,900
(b) Rs. 1,300
(c) Rs. 2,600
(d) Nil
(1 Mark)
14. The quantum of deduction available under section 10AA in respect of profits and gains derived by a SEZ unit from export of articles is –
(a) 100% of export profits for first 10 consecutive AYs and 50% for next 5 consecutive AYs
(b) 100% of export profits for first 5 consecutive AYs and 50% for next 10 consecutive AYs
(c) 100% of export profits for first 15 consecutive AYs
(d) 100% of export profits for first 5 consecutive AYs, 50% for export profits for next 5 consecutive AYs and upto 50% of export profits for next 5 consecutive AYs, as is credited to Special Reserve Account
(1 Mark)
15. Which of the following income would be exempt in the hands of a Sikkimese Individual?
(a) Only income from any source in the State of Sikkim
(b) Only income by way of dividend
(c) Only income from interest on securities
(d) All the above
(1 Mark)
16. Mr. Zen owns a flat in Mumbai which was let out by him in the previous year 2019 – 20 on a rent of Rs. 20,000 p.m. upto December, 2019 and for Rs. 30,000 p.m. thereafter. The annual municipal value is of Rs. 3,00,000, Fair Rent is Rs. 2,50,000 and Standard Rent is Rs. 2,90,000. The Gross Annual Value of the flat shall be taken as:
(a) Rs. 2,70,000
(b) Rs. 3,00,000
(c) Rs. 2,50,000
(d) Rs. 2,90,000
(1 Mark)
17. M/S Mohan & Sons (liable to audit) paid Rs. 35,000 to Mr. Goel on 01.05.2019 towards fee for legal advisory services without deduction of tax at source. Another payment of Rs. 47,000 was due to Mr. Goel on 31.07.2019 and TDS on entire amount (i.e. Rs. 35,000 plus Rs. 47,000) was deducted and then the net amount was paid. However, the total tax deducted was deposited on 15.11.2019. The interest chargeable under section 201 will be:
(a) Rs. 650
(b) Rs. 433
(c) Rs. 486
(d) Rs. 597
(1 Mark)

18. Mr. X received a cell phone as a gift from his friend valued Rs. 1,00,000, in this case
- (a) It is taxable under the head Other Sources
 - (b) It is taxable under the head Salary
 - (c) It is taxable under the head Business/Profession
 - (d) It is not taxable

(1 Mark)

DIVISION B : DESCRIPTIVE QUESTIONS

Questions No. 1 is compulsory

Attempt any two questions from the remaining three questions

Total Marks: 42 Marks

Question 1:

- (a) A partnership firm made the following payments of advance tax during the financial year 2019-20:

	Rs.
Upto June 15, 2019	4,15,000
Upto September 15, 2019	8,25,000
Upto December 15, 2019	16,64,000
Upto March 15, 2020	26,23,000

Return of income filed by the firm is Rs. 88,00,000 under the head "profits and gains of business or profession" and Rs. 9,50,000 by way of long term capital gains on sale of a property effected on December 1, 2019. What is the interest payable by the assessee under section 234B and section 234C for assessment year 2020-21? Assume that the return of income was filed on 30.09.2020 i.e. the due date and tax was fully paid on self- assessment.

(7 Marks)

- (b) Mr. X, a resident, has provided the following particulars of his income for the P.Y.2019-20.

i. Income under the head salary	Rs. 3,40,000
ii. Income under the head house property	Rs. 3,00,000
iii. Agricultural income from a land in Jaipur	Rs. 1,80,000
iv. Expenses incurred for earning agricultural income	Rs. 1,20,000

Compute his tax liability assuming his age is -

- (a) 45 years
- (b) 70 years

(4 Marks)

- (c) Mr. X has four minor children consisting of three daughters and one son. The annual income of all the children for the Assessment Year 2020-21 were as follows:

First daughter (including Scholarship received Rs. 5,000)	10,000
Second Daughter	8,500
Third Daughter (Suffering from disability specified U/s 80U)	4,500
Son	40,000

Mr. X gifted Rs. 2,00,000 to his minor Son who invested the same in the business and derived income of Rs. 20,000 which is included above.

Compute the amount of Income earned by Minor Children to be clubbed in the hands of Mr. X.

(3 Marks)

Question 2:

- (a) Compute gross annual value in the following cases for the assessment year 2020-21:

Particulars	Situation 1	Situation 2	Situation 3	Situation 4
Fair Rent (p.m.)	10,000	12,000	13,000	15,000
Municipal Valuation (p.m.)	11,000	10,000	8,000	17,000
Standard Rent (p.m.)	12,000	11,000	7,000	16,000
Rent received/receivable (p.m.)	7,000	11,500	20,000	16,000
Vacancy	-	2 months	1 month	3 month
Unrealised rent	1 month	-	3 month	1 month

(5 Marks)

- (b) Mr. X (age 67 years) gifted a building owned by him to his son's wife Mrs. X on 01.10.2018. The building fetched a rental income of Rs. 10,000 per month throughout the year. Municipal tax for the first half-year of Rs. 5,000 was paid in June 2019 and the municipal tax for the second half-year was not paid till 30.09.2020. Incomes of Mr. X and Mrs. X other than income from house property are given below:

Name	Business income	Capital gain	Other sources
Mr. X	Rs. 1,00,000	Rs. 50,000 (long-term)	Rs. 1,50,000
Mrs. X	Rs. (75,000)	Rs. 2,00,000 (short-term)	Rs. 50,000

Note: Capital gain does not relate to gain from shares and securities.

Compute the total income of Mr. X and Mrs. X taking into account income from property given above and also compute their income-tax liability for the assessment year 2020-21.

(5 Marks)

- (c) The following are the income of Shri Subhash Chandra, a citizen of India for the previous year 2019-20:

- Income from business in India Rs. 2,00,000. The business is controlled from London and Rs. 60,000 were remitted to London.
- Profits from business earned in Japan Rs. 70,000 of which Rs. 20,000 were received in India. This business is controlled from India.
- Untaxed income of Rs. 1,30,000 for the year 2017-18 of a business in England which was brought in India on 3rd March, 2020.
- Royalty of Rs. 4,00,000 received in India from Shri Ramesh, a resident for technical service provided to run a business outside India.
- Agricultural income Rs. 90,000 in Bhutan.
- Income of Rs. 73,000 (computed) from house property in Dubai, which was deposited in bank at Dubai.

Compute Gross total income of Shri Subhash Chandra for the A.Y. 2020-21, if he is –

- A resident and Ordinarily Resident, and
- A resident and Not Ordinarily Resident

(4 Marks)**Question 3:**

- (a) Following are the details of incomes/ losses of Mr. Rishi for the F.Y. 2019-20:

(Figures in brackets represents losses)	Rs.
Taxable salary income (computed)	3,60,000
Taxable income from house property (computed)	

- from rented house property X	1,20,000
- from rented house property Y	(3,40,000)
Taxable profit from business (computed)	
- business P	2,30,000
- business Q	(12,000)
- business R (speculative business)	15,000
- business T (speculative business)	(25,000)
Taxable Income from other sources:	
- from card games	16,000
- from owning & maintenance of race horses	(7,000)
- interest on securities	5,000

You are required to determine the Gross total income of Mr. Rishi for Assessment year 2020-21.

(7 Marks)

- (b)** Examine the TDS implications in the following cases along-with reasons thereof;
- Ms. Varsha received a sum of Rs. 95,000 on 31st December 2019 towards maturity proceeds of LIC taken on 1st October 2013 for which sum assured was Rs. 80,000 and annual premium was Rs. 10,000.
 - XYZ Private Limited pays the following amounts to Mr. Narayan during previous year 2019-20:
 - Rs. 22,000 towards fee for professional services
 - Rs. 18,000 towards royalty
 - Payment of Rs. 1,75,000 made to Mr. Vaibhav for purchase of calendar according to specification of M/s. ABC Limited. However, no material was supplied for such calendar by ABC Limited to Mr. Vaibhav.
 - Talent Private Limited pays Rs. 12,000 to Ms. Sudha, its director, towards sitting fee which is not taxable u/s 192.
 - Radha Limited is engaged for Shyam Limited only in the business of operation of call centre. On 18-03- 2020, the total amount credited by Shyam Limited in the ledger account of Radha Limited is Rs. 70,000 regarding service charges of call centre. The amount is paid through cheque on 28/03/2020 by Shyam Limited.

(7 Marks)

Question 4:

- (a)** Mr. X has income from business/profession Rs.6,00,000 and long term capital gain Rs.4,00,000 and short term capital gain u/s 111A Rs.2,00,000 and casual income Rs.1,00,000.
He has paid premium of a mediclaim policy amounting to Rs.20,000 taken in the name of his dependant grandfather who is senior citizen and payment was made by a cheque on 09.01.2020.
He has given premium of Jeevan Suraksha policy Rs.7,000, has donated Rs.12,000 to the National Defence Fund, Rs.4,000 to Rajiv Gandhi Foundation and Rs.3,00,000 to a charitable institution and Rs.1,00,000 to a social organization and Rs.4,00,000 to religious organization and all such organization are notified under section 80G. (all the donations was made by cheque)
Compute his total income and tax liability for A.Y. 2020-21.

(5 Marks)

- (b)** Mr. X an American citizen has come to India for the first time on 01.07.2016 as an executive of a multinational company. His employer has allowed him to visit USA every year and for this purpose he will be leaving India every year on 1st November

and shall come back on 31st December, besides that he has visited Hong Kong on several occasions in connection with the official work, because he is looking after the employer’s operations in Hong Kong also, with details asunder:

Date of leaving India	Date of arriving in India
10.09.2016	30.09.2016
07.02.2017	08.05.2017
11.07.2017	21.10.2017
10.02.2018	23.07.2018
11.02.2019	12.06.2019
01.02.2020	10.04.2020

Determine his residential status for the previous years 2016-17 to 2019-20.

(5 Marks)

- (c) ABC Ltd., a domestic company has current profits of Rs.150 lakhs and the company has distributed dividends of Rs.55 lakhs. Mr. X, one of the shareholder has received dividend of Rs.7,00,000. Compute income tax liability of the company and that of shareholder.

- (i) Calculate additional income tax payable by the company also.
- (ii) Presume in the above case the company is the foreign company.

(4 Marks)

SECTION B - INDIRECT TAXES (40 MARKS)

QUESTIONS

- (i) Working Notes should form part of the answer Rs. 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 31stOctober, 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

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?
- (1) Import of services by a person in India from his son well-settled in USA
 - (2) Import of services by a person in India from his brother well-settled in Germany
 - (3) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
 - (4) 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 anybody corporate
 - (d) None of the above

(1 Mark)

8. Transport of _____ by rail are exempt from GST:
 (a) Milk
 (b) Salt
 (c) Defence equipment's
 (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:

- (a) Mr. Bholenath, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of January, 2020:

Particulars	Rs.
(i) Inter-state taxable supply of goods	10,00,000
(ii) Intra state taxable supply of goods	2,00,000
(iii) Intra state purchase of taxable goods	5,00,000
He has the following input tax credit at the beginning of January 2020:	
Nature	ITC Amount in Rs.
CGST	20,000
SGST	30,000
IGST	25,000

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

Both inward and outward supplies are exclusive of taxes wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled.

Compute the net GST payable by Mr. Bholenath for the month of January, 2020.

(6 Marks)

- (b) Shridhar Co. Ltd., a registered supplier, is engaged in the manufacture of heavy machinery. It procured the following items during the month of March.

S. No.	Items	GST paid
(i)	Sweets for consumption of employees working in the factory	50,000
(ii)	Raw material	1,00,000

(iii)	Trucks used for the transport of raw material	2,00,000
(iv)	Electrical transformers to be used in the manufacturing process	4,00,000

Determine the amount of input tax credit available with Shridhar Co. Ltd., for the month of March by giving necessary explanations for treatment of various items.

Note: All the conditions necessary for availing the input tax credit have been fulfilled.

(2 Marks)

Question 2:

- (a) A manufacturer of machinery supplied a special machine to Modern Furnishers. Following details are provided in relation to amounts charged:

S. No.	Particular	Rs.
(i)	Price of machinery excluding taxes (before cash discount)	5,00,000
	Additional charges not included above:-	
(ii)	Freight	13,000
(iii)	Packing charges	10,000
(iv)	Charges for designing the machine	17,000

Other information furnished is -

- (a) Cash discount @ 2% on price of machinery has been allowed to the customer at the time of supply and also recorded in invoice.
 (b) GST rate – 18%.

Calculate value of supply of the special machine.

(6 Marks)

- (b) Explain the conditions necessary for obtaining input tax credit?

(4 Marks)

Question 3:

- (a) Examine whether GST is exempted on the following independent supply of services:
- (i) Relax & Co, a tour operator, provides services to a foreign tourist for tour conducted in Kerala and receives a sum of ` 1,50,000.
 (ii) Ms. Sneha acts as a Coach for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Superb retail company and received a remuneration of ` 4,00,000.

(6 Marks)

- (b) Gupta & Sons, a registered supplier, paying tax under normal scheme is a wholesale supplier of ready-made garments located in Bandra, Mumbai. On 5th September, 2019, Mohini, owner of Charming Boutique located in Dadar, Mumbai, approached Gupta & Sons for supply of a consignment of customised dresses for ladies and kids. Gupta & Sons gets the consignment ready by 2nd December, 2019 and informs Mohini about the same. The invoice for the consignment was issued the next day, 3rd December, 2019.

Due to some reasons, Mohini could not collect the consignment immediately. So, she collects the consignment from the premises of Gupta & Sons on 18th December, 2019 and hands over the cheque for payment on the same date. The said payment is entered in the accounts on 20th December, 2019 and amount is credited in the bank account on 21st December, 2019.

You are required to determine the time of supply of the readymade garments supplied by Gupta & Sons to Mohini elaborating the relevant provisions under the GST law.

(4 Marks)

Question 4:

(a) When shall the interest be payable by a registered person under section 50 of the CGST Act, 2017 and what is the maximum rate of interest chargeable for the same?

(4 Marks)

(b) Who is required to furnish Final Return under CGST Act, 2017 and what is the time limit for the same? Discuss.

(3 Marks)

(c) Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? Discuss.

(3 Marks)
