

(GI-11, GI-12+15, GI-13+14, SI-5)**DATE: 19.05.2020****MAXIMUM MARKS: 100****TIMING: 3¼ Hours****TAXATION****GENERAL INSTRUCTIONS TO CANDIDATES**

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet only. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs, if written in the descriptive type answer book, will not be evaluated.
6. OMR answer sheet will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No bar code sticker is to be affixed on the OMR answer sheet.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, (b) OMR answer sheet thereon and (c) the answer book in respect of descriptive type answer book to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

PART – II

1. Section-A comprises questions 1-4. In Section-A, answer Question No. 1 which is compulsory and any 2 questions from question No. 2-4. All questions in Section-A relate to assessment year 2019-20, unless otherwise stated.
Section-B comprises questions 5-8. In Section-B, answer Question No. 5 which is compulsory and any 2 questions from question No. 6-8.
2. Working notes should form part of the answer.
3. Answers to the questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.
4. All questions in Section B should be answered on the basis of position of GST law as amended by significant notifications / circulars issued upto 30th April, 2019.

SECTION – A

PART – I - MULTIPLE CHOICE QUESTIONS

Total Marks: 30 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. Answer: (d)
 2. Answer: (d)
 3. Answer: (b)
 4. Answer: (b)
 5. Answer: (d)
 6. Answer: (b)
 7. Answer: (a)
 8. Answer: (c)
 9. Answer: (b)
 10. Answer: (a)
 11. Answer: (d)
 12. Answer: (c)
 13. Answer: (d)
 14. Answer: (a)
 15. Answer: (b)
 16. Answer: (a)
 17. Answer: (d)
 18. Answer: (d)
 19. Answer: (c)
 20. Answer: (b)
 21. Answer: (c)
 22. Answer: (d)
 23. Answer: (a)
 24. Answer: (c)
 25. Answer: (b)
 26. Answer: (c)
 27. Answer: (d)
 28. Answer: (d)
 29. Answer: (a)
 30. Answer: (b)
- } 1 m each x 30 = 30 M

SECTION – A

PART – II - DESCRIPTIVE QUESTIONS

QUESTIONS NO. 1 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS THE REMAINING THREE QUESTIONS

Total Marks: 42 Marks

Answer 1:

		Rs.	
Net Profit as per profit & loss account		17,45,600.00	
Add: inadmissible expenses			
1.	Franchises, being capital expenditure	1,00,000.00	} ½ M
2.	Advertisement, being capital expenditure	9,000.00	} ½ M
3.	Income tax (income tax is not allowed as per sec 40(a))	8,200.00	} ½ M

4	Addition to office building, being capital expenditure	45,000.00	} ½ M
5.	Investment in public provident fund	70,000.00	} ½ M
	(not a revenue expenditure)		

Add: incomes not credited to profit & loss account

Closing stock undervalued by 10% (1,80,000 x 10/90)	20,000.00	} 1 M
Deduct expenditures not debited to profit & loss account		
Opening stock undervalued by 10% (13,50,000 x 10/90)	(1,50,000.00)	} 1 M
Depreciation	(5,88,150.00)	} 4 M

Working Note:

	Rs.
1. Franchises 1,00,000 x 25%	25,000
2. Furniture/fixture @ 10%	
- Neon sign board 9,000 x 10%	900
- Wirings etc. in the building 4,500 x 5%	225
3. Office building 56,00,000 x 10%	5,60,000
Addition 40,500 x 5%	2,025
Total Depreciation	5,88,150

Deduct amounts credited to profit & loss, but not considered to be incomes

1. Gift from friend (any gift is not considered to be income except gift received from client or gift received from any person in excess of Rs. 50,000)	(1,200.00)	} ½ M
2. Rental income from House Property	(1,40,000.00)	
3. Income tax refund	(700.00)	
4. Dividends from a foreign company (to be taxed under the head other sources)	(3,000.00)	
5. Sale to the proprietor should be at cost price	(20,000.00)	
Income under the head business/profession	10,94,750.00	} ½ M
Income under the head other sources	3,000.00	} ½ M

Income under the head house property

Gross Annual Value	1,40,000.00	
Less: Municipal taxes	Nil	
Net Annual Value	1,40,000.00	
Less: 30% of NAV u/s 24(a)	(42,000.00)	
Less: Interest on capital borrowed u/s 24(b)	Nil	
Income under the head House Property	98,000.00	
Gross Total Income	11,95,750.00	
Less: Deduction u/s 80C	(70,000.00)	
Total Income	11,25,750.00	} 2 M

Computation of Tax liability

Tax on Rs. 11,25,750 at slab rate	1,47,725.00	
Add: HEC @ 4%	5,909.00	
Tax Liability	1,53,634.00	
Rounded off u/s 288B	1,53,630.00	} 2 M

Answer 2:

(a)

Computation of interest payable under section 234B by Mr. Sachal

Particulars	Rs.
Tax on total income of Rs. 10,80,000 [Business income of Rs. 8,10,000 + Income from other sources of Rs. 2,70,000]	1,36,500
Add: Education cess and SHEC@4%	<u>5,460</u>
Tax on total income	1,41,960
Less: Tax deducted at source	<u>25,000</u>
Assessed Tax	1,16,960
90% of assessed tax	1,05,264
Advance tax paid	1,03,000

Interest under section 234B is leviable since advance tax of Rs. 1,03,000 paid is less than Rs. 1,05,264, being 90% of assessed tax

Number of months from 1st April, 2020 to 11th December, 2020,
Being the date of processing of return

9

Interest under section 234B@1% per month or part of a month for 9 months on Rs. 14,000 [i.e., difference between assessed tax of Rs. 1,16,960 and advance tax of Rs. 1,03,000 paid, being Rs. 13,960 which is rounded off to Rs. 14,000 under Rule 119A of Income-tax Rules, 1962]

1,260 } **3 M**

Consequences for delay in filing return of income on or before the due date

Interest under section 234A and fee under section 234F would be attracted for filing return of income beyond the due date specified under section 139(1).

Interest under section 234A

Since Mr. Sachal’s accounts are audited under section 44AB, the due date for filing of return for A.Y. 2019-20, in his case, is 30.09.2019. Mr. Sachal has filed his return on 11.12.2019 i.e., interest under section 234A will be payable for 3 months (from 1.10.2019 to 11.12.2019) @ 1% per month or part of month on the amount of tax payable on the total income, as reduced by TDS and advance tax paid i.e., Rs. 13,960 rounded off to Rs. 14,000 under Rule 119A of Income-tax Rules, 1962

Interest u/s 234A = Rs. 14,000 x 1% x 3 = Rs. 420 } **2 M**

Fee for late filing of return under section 234F

Since Mr. Sachal has furnished his return of income after the due date but before 31.12.2019 and his total income exceeds Rs. 5 lakhs, a fee of **Rs. 5,000** will be payable by him.

} **2 M**

Answer :

(b)

Computation of total income of Mr. Mathur for A.Y. 2020-21

Particulars	Rs.	Rs.
Salaries		4,70,000
Profits and gains from business or profession		

Profit from speculation business Y	40,000		
Less: Loss of Rs. 80,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit	(40,000)		} 1 M
Loss of Rs. 40,000 from speculation business X to be carried forward to A.Y. 2021-22 for set-off against profits from speculation business.			
Income from trading and manufacturing business @8%	3,50,000		
Less: Brought forward business loss of A.Y. 2014-15 set-off since a period of eight assessment years has not expired.	(3,50,000)		} 1 M
Balance loss of Rs. 2,00,000 to be carried forward to A.Y. 2021-22			Nil } 1 M
Capital Gains			
Enhanced compensation received from government for compulsory acquisition [Taxable in P.Y. 2019-20 since enhanced compensation is taxable on receipt basis]	3,00,000		
Long term capital gain on sale of vacant site	2,10,000		
Less: Short term capital loss on sale of jewellery	(1,50,000)		
	3,60,000		
Less: Loss from house property can be set-off to the extent of Rs. 2,00,000 as per section 71(3A) [since long-term capital gains would be chargeable to tax @20%, it would be beneficial to set-off the loss from house property against LTCG]. Balance HP loss of Rs. 60,000 to be carried forward to A.Y. 2021-22.	(2,00,000)	1,60,000	} 2 M
Income from Other Sources			
Interest on PPF deposit	95,000		
Less: Exempt under section 10(11)	(95,000)		Nil
Gross Total Income			6,30,000
Less: Deduction under Chapter VI-A			
Deduction under section 80C			
Investment in tax saver deposit on 31.3.2020	60,000		
Deduction under section 80G			
Donation to recognized and approved charitable trust [Donation of Rs. 1,10,000 to be first restricted to Rs. 41,000, being 10% of adjusted total income of Rs. 4,10,000 i.e., [Rs. 6,30,000 – Rs. 1,60,000 – Rs. 60,000]. Thereafter, deduction would be computed at 50% of Rs. 41,000.	20,500	80,500	} 1 M
Total Income			5,49,500 } 1 M

Answer 3:

(a) Gift received by any person shall be taxable and the gifts shall be divided into 3 parts.

1. Gift of sum of money
2. Gift of any property other than immovable property
3. Gift of immovable property

Taxability is as given below:

1. Gift of sum of money:

If any person has received any sum of money from one or more persons without consideration and the aggregate value of all such gifts received during the year exceeds fifty thousand rupees, the whole of the aggregate value of such sum

shall be taxable under the head Other Sources but if the aggregate value is upto Rs. 50,000, entire amount shall be exempt from income tax. E.g. Mr. X has received 3 gifts of Rs. 15,000 each from his 3 friends, entire amount of Rs. 45,000 is exempt from income tax but if he has received 3 gifts of Rs. 20,000 each, entire amount of Rs. 60,000 shall be taxable. Further it will be considered to be normal income.

2 M

2. Gift of any property other than immovable property:

If any person has received gift of any property other than immovable property without consideration and the aggregate fair market value of such properties received during a particular year exceeds Rs. 50,000, it will be taxable under the head Other Sources but if aggregate value of all such properties is upto Rs. 50,000, it will be exempt from income tax.

1 M

If the consideration is less than the aggregate fair market value of such properties by an amount exceeding Rs. 50,000, aggregate fair market value as exceeds such consideration shall be taxable under the head Other Sources. Further it will be considered to be normal income.

3. Gift of immovable property:

If any person has received any immovable property without consideration, it will be exempt if stamp duty value is upto Rs. 50,000 but if the stamp duty value exceeds fifty thousand rupees, entire stamp duty value shall be taxable under the head Other Sources. Value of individual immovable property shall be taken into consideration instead of aggregate value of all such properties.

(If any person is selling immovable property, its Conveyance Deed shall be prepared in the office of Registrar and some tax has to be paid to the State Government for transferring the property and it is called stamp duty and the value on which such duty is charged is called stamp duty value (also called circle rate). A person may not disclose the right value hence the value is determined by State Government.)

If immovable property has been received for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees and also stamp duty value is exceeding by more than 5% of the actual consideration, in such cases taxable amount shall be the stamp duty value of such property as exceeds such consideration.

If the date of the agreement fixing the amount of consideration for the transfer of immovable property and the date of registration are not the same and in such cases, the stamp duty value on the date of the agreement shall be taken into consideration but part of consideration should have been paid by account payee cheque, an account payee bank draft or by use of electronic clearing system through a bank account on or before the date of agreement. E.g. Mr. X has entered into agreement with a builder ABC Limited on 01.07.2015 for purchase of one building for Rs. 20,00,000 but stamp duty value was Rs. 27,00,000 and advance of Rs. 3,00,000 was given by cheque but property was transferred in his name on 01.07.2019 and on that date stamp duty value was Rs. 35,00,000, in this case amount of gift shall be Rs. 7,00,000 (27,00,000 – 20,00,000). (Difference amount is more than Rs. 50,000 and more than 5% of the consideration). Similarly, it will also be considered to be normal income.

The gift is exempt in the following cases

(a) If any individual has received any gift from any of his relative, it will be exempt from income tax. The term relative shall include

- (a) spouse of the individual;
- (b) brother or sister of the individual;
- (c) brother or sister of the spouse of the individual;
- (d) brother or sister of either of the parents of the individual;
- (e) any lineal ascendant or descendant of the individual; (ascendant means mother/ father/ grand mother / grand father and so on:

- Descendant means son / daughter / grandson / grand daughter etc.
- (f) any lineal ascendant or descendant of the spouse of the individual;
 - (g) spouse of the person referred to in items (b) to (f)
- (b) If any individual has received any gift from any person of any amount on the occasion of his/her marriage. If gift is received by the parents of such individual, in that case it will be taxable. If any individual has received gift on the occasion of anniversary, it will be taxable. } 3 M

Answer :

- (b) If any person fails to furnish a return within the time allowed to him under section 139(1), he may furnish the belated return for any previous year at any time –
- (i) before the end of the relevant assessment year; or
 - (ii) before the completion of the assessment, whichever is earlier.
- The last date for filing return of income for A.Y. 2020-21, therefore, is 31st March 2021. Thereafter, Mr. Sudarshan cannot furnish a belated return after this date. Consequences for non-filing return of Income within the due date under section 139(1)
- Interest under section 234A: Interest under section 234A@1% per month or part of the month for the period commencing from the date immediately following the due date under section 139(1) till the date of furnishing of return of income is payable, where the return of income is furnished after the due date.
- Fee under section 234F: Fee of Rs. 5,000 would be payable under section 234F, if the return of income is not filed on or before the due date specified in section 139(1) but filed on or before 31st December of the assessment year and Rs. 10,000 would be the fee payable under section 234F where the return is furnished after 31st December of the assessment year. However, such fee cannot exceed Rs. 1,000, if the total income does not exceed Rs. 5,00,000. } 2 M

Answer :

- (c) House Rent Allowance Section 10(13A) Rule 2A
- Payment in cash by the employer to the employee for a specific purpose is called allowance e.g. If Mr. X is employed in ABC Ltd. and the employer has paid him Rs. 5,000 p.m. for taking a house on rent, it will be called house rent allowance. } 1 M
- House rent allowance is exempt to the extent of the least of the following:
- (i) Rent paid over 10% of retirement benefits salary due to the assessee for the relevant period.
 - (ii) 50% of retirement benefit salary in case of Bombay, Calcutta, Madras or Delhi.
 - (iii) 40% of retirement benefit salary in case of any other place.
- (iii) House rent allowance received. } 3 M
- If there is any change in house rent allowance, rent paid, retirement benefits salary or the place of posting during the year, there will be separate calculation for each of such change.

Answer 4:

(a)

Computation of Total Income of Mr. Manohar for the A.Y. 2020-21

Particulars	Rs.	Rs.
Profit and gains from business or profession		
Net income as per Income and Expenditure Account		49,25,500
Add: Expenses debited but not allowable		
➤ Excess salary of Rs. 4,000 per month to sister-in-law [not disallowed since sister-in-law does not fall within the	--	} 1/2 M

MITTAL COMMERCE CLASSES
CA INTERMEDIATE – MOCK TEST

definition of 'relative' under section 2(41)]			
➤ Motor car expenses attributable to personal use not allowable (Rs. 88,000 x 25%)	22,000		} 1/2 M
➤ Depreciation as per books of account	87,500		} 1/2 M
➤ Medical expenses of Rs. 15,000 for family planning expenditure for the employees [disallowed, since such expenditure is allowable to company assessee only]	15,000		} 1/2 M
➤ Medical expenditure of Rs. 55,000 incurred for his father, not allowable, since it is personal in nature]	55,000		} 1/2 M
➤ Purchase of computer (not allowable since it is capital in nature)	90,000		} 1/2 M
➤ Bonus (allowed since it is paid on the due date of filing of return of income i.e., on 30.9.2020) [For the P.Y. 2019-20, the gross receipts i.e., fees of Mr. Manohar from consultancy services is Rs. 58 lakhs (exceeding Rs. 50 lakhs), he has to get his books of account audited under section 44AB, in which case, his due date for filing return of income would be 30.9.2020]	--		} 1/2 M
➤ Commission paid without deduction of tax at source	12,600		} 1/2 M
[Mr. Manohar would be liable to deduct tax at source under section 194-H on commission paid during the P.Y. 2019- 20, since his gross receipts from profession during the P.Y. 2018-19 exceeded the monetary limit specified in section 44AB i.e., Rs. 50 lakhs. Thus, 30% disallowance would be attracted since he has not deducted tax at source on the commission]		2,82,100	} 1 M
		52,07,600	
Less: Income credited but not taxable or taxable under any other head			
➤ Share of profit from HUF (Exempt)	55,000		
➤ Interest on saving bank deposit	25,000		
➤ Interest on income-tax refund	26,000	1,06,000	} 1 M
		51,01,600	
Less: Depreciation allowable under the Income-tax Act, 1961		76,175	} 2 M
[See Working Note]			
Profit and gains from business or profession		50,25,425	
Income from Other Sources			
➤ Interest on saving bank deposits	25,000		
➤ Interest on income-tax refund	26,000		
➤ Value of gold coins received from a family friend on the occasion of marriage anniversary (taxable under section 56(2)(x), as the fair market value of such coins exceeds Rs. 50,000)	85,000	1,36,000	
Gross Total Income		51,61,425	
Less: Deduction under Chapter VI-A			
Section 80D		50,000	
Medical expenses for father (Deduction allowable to the extent of Rs. 50,000 since father, aged 65 years, is a senior citizen and is not covered under any medical insurance policy)			
Total Income		51,11,425	
Total Income (Rounded off)		51,11,430	} 1 M

Computation of tax liability of Mr. Manohar for A.Y. 2020-21

Tax on total income of Rs. 51,11,430		
Up-to Rs. 2,50,000		Nil
Rs. 2,50,001 – Rs. 5,00,000 @5%		12,500
Rs. 5,00,001 – Rs. 10,00,000 @20%		1,00,000
Above Rs. 10,00,001 i.e., 41,11,430 @30%		12,33,429
Add: Surcharge @10% [Since his total income exceed Rs. 50,00,000]		1,34,593
Less: Marginal Relief (compute MR as per format discussed in the class):		14,80,522
Excess tax payable [14,80,522 - 13,12,500, being the amount of tax payable on total income of Rs. 50 lakhs]	1,68,022	
Amount of income in excess of Rs. 50,00,000	1,11,430	56,592
Tax before cess		14,23,930
Add: Health & Education cess@4%		56,957
Tax liability		14,80,887
Tax liability (rounded off)		14,80,890 } 1 M

Working note:**Computation of depreciation allowable as per Income-tax Act, 1961**

Particulars	Rs.
On Motor Car	
Rs. 3,50,000 x 15% x 75%	39,375
On Furniture and fittings	
Rs. 80,000 x 10%	8,000
On Computer	
Rs. 72,000 x 40% [Actual cost of the computer is Rs. 72,000 (i.e., Rs. 90,000 – Rs. 18,000). Rs. 18,000 paid otherwise than by way of account payee cheque/bank draft or use of ECS is not includible in actual cost.]	28,800
	76,175

Answer :**(b)****Taxability of receipts under the provisions of Income-tax Act, 1961**

	Taxability	Reason
(a)	Taxable } 1 M	As per Section 10(10BC), any amount received or receivable by an individual as compensation, on account of any disaster, from the Central Government, State Government or a local authority is exempt from tax, to the extent the individual has not been allowed deduction under any other provision of Income-tax Act, 1961 on account of any loss or damage caused by such disaster. However, in this case, since Mr. Akash has received a compensation of Rs. 3,00,000 from Sahayata Foundation, and not from the Central Government or State Government or local authority, no exemption will be available under section 10(10BC) and the same is chargeable to tax.

(b)	Taxable } 1 M	Agricultural income is exempt from income-tax as per Section 10(1). Agriculture income means, inter alia, any rent or revenue derived from land which is situated in India and is used for agricultural purposes. In this case, rent is being derived from letting out of agricultural land for a movie shoot, which is not an agricultural purpose. In effect, the land is not being put to use for agricultural purposes. Therefore, Rs. 60,000, being rent received from letting out agricultural land for movie shooting, is not exempt under Section 10(1) and the same is chargeable to tax.
(c)	Partly taxable } 1 M	Dividend received from a domestic company is subject to dividend distribution tax in the hands of domestic company under section 115-O. Dividend income received from an Indian company, which is subject to dividend distribution tax, is exempt under section 10(34). However, dividend in excess of Rs.10 lakhs received, inter alia, by a resident individual is chargeable to tax under section 115BBDA and not exempt under section 10(34). Therefore, in this case, dividend received upto Rs. 10 lakh is exempt in the hands of Mr. Yatin under section 10(34). Rs. 7 lakh, being dividend in excess of Rs. 10 lakh, is taxable in his hands @10% as per section 115BBDA.
(d)	Taxable } 1 M	Agricultural income from a land situated in any foreign country is not exempt under section 10(1) and hence, it is chargeable to tax - Rs. 1,30,000. Therefore, in this case, agricultural income of of Mr. Sunil from land situated in Canada is taxable.

SECTION – B

DESCRIPTIVE QUESTIONS

**QUESTION NO. 5 IS COMPULSORY.
ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.**

TOTAL MARKS: 28 MARKS

Answer 5:

Computation of Net Tax Liability of ABC Ltd.	Rs.
Raw Material	6,00,000
Add: CGST @ 9%	54,000
Add: SGST @ 9%	54,000
Total	7,08,000
Input tax credit	
CGST	54,000
SGST	54,000
Cost of Raw Material	6,00,000
Add: Processing charges	4,00,000
Cost	10,00,000
Add: Profit @ 40% of Rs. 10,00,000	4,00,000
Transaction Value	14,00,000 } 1 M

Add: Output CGST @ 12%	1,68,000
Add: Output SGST @ 12%	1,68,000
Total	17,36,000

Computation of Net Tax	CGST Rs.
Output tax	1,68,000
Less: ITC Raw material - CGST	(54,000)
Net Tax	1,14,000 } 1 M
	SGST Rs.
Output tax	1,68,000
Less: ITC Raw material - SGST	(54,000)
Net Tax	1,14,000 } 1 M

Computation of Net Tax Liability of wholesaler	Rs.
Purchase price of wholesaler	17,36,000
Less: ITC Goods – CGST	(1,68,000)
Less: ITC Goods – SGST	(1,68,000)
Cost to Wholesaler	14,00,000
Add: Profit @ 30% of Rs. 14,00,000	4,20,000
Transaction Value	18,20,000 } 1 M
Add: CGST @ 12%	2,18,400
Add: SGST @ 12%	2,18,400
Total	22,56,800

Computation of Net Tax	CGST Rs.
Output tax	2,18,400
Less: ITC Goods - CGST	(1,68,000)
Net Tax payable	50,400 } 1 M

Computation of Net Tax	SGST Rs.
Output tax	2,18,400
Less: ITC Goods - SGST	(1,68,000)
Net Tax payable	50,400 } 1 M

Computation of Net Tax of Retailer	Rs.
Purchase price of Retailer	22,56,800
Less: ITC Goods – CGST	(2,18,400)
Less: ITC Goods – SGST	(2,18,400)
Cost to Retailer	18,20,000
Add: Profit @ 30% of Rs. 18,20,000	5,46,000
Transaction Value	23,66,000 } 1 M
Add: CGST @ 12%	2,83,920
Add: SGST @ 12%	2,83,920
Total	29,33,840

Computation of Net Tax	CGST Rs.
Output tax	2,83,920
Less: ITC Goods – CGST	(2,18,400)
Net Tax Payable	65,520 } 1/2 M

	SGST Rs.
Output tax	2,83,920
Less: ITC Goods – SGST	(2,18,400)
Net Tax Payable	65,520

} 1/2 M

Answer 6:

(a) Rule 59 of the CGST Rules, 2017, inter alia, stipulates that the details of outward supplies of goods and/or services furnished in form GSTR-1 shall include the–

- (a) invoice wise details of all –
 - (i) inter-State and intra-State supplies made to the registered persons; and
 - (ii) inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;
- (b) consolidated details of all –
 - (i) intra-State supplies made to unregistered persons for each rate of tax; and
 - (ii) State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;

Thus, in view of the above-mentioned provisions, Mr. Gauri Shiva should furnish the details of outward supplies of goods made by him during the quarter ending June 2019 in the following manner: -

Supply	Recipient	Nature of supply	Value (Rs.)	Manner of furnishing details	
1	Mr. A, a registered person	Inter-State	2,20,000	Invoice-wise details	} 1/2 M
2	Mr. B, a registered person	Inter-State	2,55,000	Invoice-wise details	} 1/2 M
3	Mr. C, an unregistered person	Intra-State	1,80,000	Consolidated details of supplies 3 and 4	} 1 M
4	Mr. D, an unregistered person	Intra-State	2,60,000		
5	Mr. M, an unregistered person	Inter-State	3,00,000	Invoice-wise details	} 1/2 M
6	Mr. N, an unregistered person	Inter-State	50,000	Consolidated details of supplies 6 and 7	} 1 M
7	Mr. O, an unregistered person	Inter-State	2,50,000		
8	Mr. P, an unregistered person	Inter-State	2,80,000	Invoice-wise details	} 1/2 M
9	Mr. Q, a registered person	Intra-State	1,50,000	Invoice-wise details	} 1/2 M
10	Mr. R, a registered person	Intra-State	4,10,000	Invoice-wise details	} 1/2 M

Answer:

(b) Computation of value of taxable supply

Particulars	(Rs.)	
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 [Note-1]	Nil	} 1 M
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-	Nil	} 1 M

2]		
Amount charged by cord blood bank for preservation of stem cells [Note-3]	Nil	} 1 M
Service provided by commentator to a recognized sports body [Note-4]	5,20,000	} 1 M

Notes:

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

Answer 7:

- (a)** Composition Scheme for Service Provider or mixed suppliers not covered u/s 10. Composition scheme for small service provider who have been providing only services or services plus goods but not covered under section 10, has been introduced from 01/04/2019 vide notification no. 02/2019 and such service provider shall pay GST @ 6% (3% CGST + 3% SGST) and the conditions are as given below:
- (1) Supplies are made by a registered person, -
 - (i) whose aggregate turnover in the preceding financial year was fifty lakh rupees or below;
 - (ii) who is not eligible to pay tax under section 10 of the said Act;
 - (iii) who is not engaged in making any supply which is not leviable to tax under the said Act;
 - (iv) who is not engaged in making any inter-State outward supply;
 - (v) who is neither a casual taxable person nor a non-resident taxable person;
 - (vi) who is not engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52; and
 - (vii) who is not engaged in making supplies of the specified goods i.e. ice cream, Pan masala, tobacco and tobacco products, aerated water etc. } 1 M
 - (2) Where more than one registered persons are having the same Permanent Account Number, GST on supplies by all such registered persons shall be 3% CGST + 3% SGST. } 1 M
 - (3) The registered person shall not collect any tax from the recipient on supplies made by him nor shall he be entitled to any credit of input tax. } 1 M
 - (4) The registered person shall issue, instead of tax invoice, a bill of supply and the registered person shall mention the following words at the top of the bill of supply, namely: - 'taxable person paying tax in terms of notification No. 2/2019-Central Tax (Rate) dated 07.03.2019, not eligible to collect tax on supplies'. } 1 M
 - (5) The registered person opting to pay GST under this notification shall be liable to pay GST on inward supplies on which he is liable to pay tax under reverse charge at the applicable rates. } 1 M

- (6) Where any registered person who has availed of input tax credit opts to pay tax under this notification, he shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock and on capital goods as if the supply made under this notification attracts the provisions of section 18(4) of the said Act and the rules made there-under and after payment of such amount, the balance of input tax credit, if any, lying in his electronic credit ledger shall lapse. } **1 M**

Answer :

- (b) (a) Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to Rs. 1,000 per day or equivalent have been exempted from GST vide an exemption notification. Thus, in view of the above-mentioned provisions, GST is not payable by Holiday Guest House on the booking done by Mr. X as the charges for a unit of accommodation per day is less than Rs. 1,000. The answer will remain the same even if the charges of a single deluxe room per day is Rs. 1,000 as the exemption is also available in the case where value of supply of a unit of accommodation per day is Rs. 1,000/ i.e., such services are taxable only where value of supply of a unit of accommodation per day exceeds Rs. 1,000/-. Thus, no GST is payable by Holiday Guest House on the booking done by Mr. X even if the charges of a single deluxe room per day is Rs. 1,000. } **2 M**
- (b) Services by way of storage/ warehousing of cereals, pulses, fruits, nuts and vegetables, spices, copra, sugarcane, jaggery, raw vegetable fibres such as cotton, flax, jute etc., indigo, unmanufactured tobacco, betel leaves, tendu leaves, coffee and tea have been exempted from GST under an exemption notification under GST. Thus, no GST is payable on the services provided by M/s Damodar Ltd. by way of storage of seasonal fruits and vegetables in Bhatinda, Punjab. } **2 M**

Answer 8:

- (a) (1) As per section 10, if a manufacturer is manufacturing Pan Masala and Ice-cream then he is not eligible for composition scheme. In the given case, Ketu is manufacturer of Ice-cream and pan masala hence he is not eligible for composition scheme. } **1 M**
- (2) As per rule 6, if a person crosses the threshold limit then he will be shifted to normal scheme with immediate effect. Hence Jadhu cannot continue under composition scheme. } **1 M**
- (3) If any person has opted for composition scheme for any place of business in any state or union territory, shall be automatically covered in composition scheme for all other places of business in any other State / UT i.e. same scheme will be applicable for all registration with same PAN. Hence X Ltd. cannot opt for composition scheme for its one branch. } **2 M**

Answer:

- (b) Eligibility and condition for taking input tax credit. Section 16/ Rule 36 & 37. As per section 16(1), Every registered person shall be entitled to take credit of Input tax charged on any supply of goods or services which are used or intended to be used in the course of business and the said amount shall be credited to electronic credit ledger. } **1 M**

As per section 16(2), A registered person shall be allowed to take input tax credit if he has complied with the following conditions

- (a) Registered person is in possession of a tax invoice or debit note or a bill of entry (in case of import) or other such documents.

As per section 31(3)(f), A registered person who is liable to pay tax under reverse charge shall issue an invoice in respect of supply received by him from the supplier who is not registered. If supplier is registered, invoice should be issued by the supplier. Also ITC shall be allowed only if tax has been paid to the Government for such supply by the recipient under reverse charge.

- (b) Registered person has received the goods / services. If goods have been received by an agent of such person or by any other person on behalf of the registered person, it will also be considered to be receipt of goods. If the goods are received in installments, tax credit shall be allowed only when last installment has been received. Similarly if services have been provided to any person on the direction of recipient, it will be considered that recipient has received the services.

- (c) the tax charged in respect of such supply has been actually paid to the Government by the supplier. but in case of reverse charge, it should be paid by the recipient.

- (d) Registered person has furnished GSTR-3B.

- (e) If registered person has not made the payment to the supplier, even in that case tax credit shall be allowed but such registered person should make payment for supply plus tax within 180 days from the date of issue of invoice otherwise amount of ITC is to be paid along with Interest. However this condition is not applicable in case of reverse charge. As per section 50 interest shall be paid @ 18% per annum from the date of availing credit till the date when the amount is added to output tax liability. If payment is made subsequently he can again take tax credit. Further restriction of time limit of section 16(4), shall not be applicable.

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