

(GI-11, GI-12+15, GI-13+14, SI-5)**DATE: 25.06.2020****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) A, a resident individual, is engaged in the business of money lending. For the purpose of lending money to various persons, A borrows money from other persons. As a part of his business, A took a loan from B of an amount of Rs. 10 lacs. B is a non-resident. On the said loan, A paid an amount of Rs. 1 lac as interest during the P.Y. 2019-20 to B in India. A did not deduct tax at source while crediting/paying the interest amount to B. A is of the view that the amount of Rs. 1 lac shall be allowed to him as a deduction under the Income-tax Act, 1961. Whether A's view is correct?
- (a) Correct, interest expenses incurred for business are allowed as deduction u/s 36(1)(iii).
- (b) Incorrect, as tax at source has not been deducted by A on the interest amount, full amount of interest of Rs. 1 lac shall be disallowed in A.Y. 2020-21.
- (c) Incorrect, as tax at source has not been deducted by A on the interest amount, amount of interest of Rs. 30,000 shall be disallowed in A.Y. 2020-21.
- (d) Correct, interest expenses incurred for business are allowed as deduction u/s 37(1).

(1 Mark)

- (2) Mrs. Gupta, resident in India, holds many equity shares of reputed domestic companies. During the previous year 2019-20, total dividend earned by her is Rs. 11,00,000. She is of the belief that dividend income earned by her is tax free. She approaches you to assist her in filing her income tax return. As her tax consultant, will you advise her that any dividend income earned by her is tax free?
- (a) Yes, as dividend earned by her is fully exempt from tax u/s 10(34).
- (b) No, as any dividend income earned by an individual is fully chargeable to tax.
- (c) No, as dividend income earned above Rs. 10,00,000 is chargeable to tax in her hands.
- (d) Yes, as dividend income above Rs. 10,00,000 is chargeable to tax only in the hands of the companies and not in her hands.

(1 Mark)

- (3) Mr. X receives the following gifts during the previous year 2019-20:
- On 20.09.2019, he gets a gift of Rs. 7,00,000 from his grandmother.
 - On 30.12.2019, he gets by way of gift a commercial flat from the elder brother of his father-in-law (stamp duty value is Rs. 25,00,000).
 - On 20.01.2020, he gets a wrist watch by gift from his friend B (Fair market value: Rs. 1,00,000).
 - On 10.02.2020, he gets by way of gift a plot of land in Pune from a partnership firm. The partnership firm has only two partners- father of Mr. X and Mrs. X. The stamp duty value of the plot of land is Rs. 19,00,000.
- Compute the amount chargeable to tax in the hands of X under the head "Income from other sources" for the A.Y. 2020-21.
- (a) Rs. 25,00,000
- (b) Rs. 44,00,000
- (c) Rs. 45,00,000
- (d) Rs. 52,00,000

(1 Mark)

- (4) Which of the following statements is true for companies in the context of the Income-tax Act, 1961?
- (a) Residential status of a company has an impact on the tax rate of company
 - (b) Tax Rate of a company depends upon the place of incorporation
 - (c) Residential status of a company helps to classify the company as domestic company and foreign company
 - (d) Residential status of company helps classification of closely held company and widely held company.
- (1 Mark)**
- (5) Which of the following is not a consequence of late filing of return?
- (a) Levy of interest under section 234A
 - (b) Loss (other than loss under the head "Income from house property") cannot be carried forward
 - (c) No deduction under Chapter VI-A under the heading „B“ – Deduction in respect of certain payments
 - (d) All of the above
- (1 Mark)**
- (6) Mr. Devansh has agricultural income of Rs. 2,30,000 and business income of Rs. 2,45,000. Which of the following statements are correct?
- (a) Agricultural income has to be aggregated with business income for tax rate purposes.
 - (b) No aggregation is required since agricultural income is less than basic exemption limit.
 - (c) No aggregation is required since business income is less than basic exemption limit.
 - (d) Agricultural income is exempt under section 10(1) but the same has to be aggregated with business income, since it exceeds Rs. 5,000.
- (1 Mark)**
- (7) X is an employee of Z Ltd who receives Rs. 1,25,000 as gratuity (he is covered under the Payment of Gratuity Act, 1972). He retires on 31.01.2020 after service of 29 years and 8 months. At the time of retirement, X drew monthly salary of Rs. 5,200 and monthly bonus of Rs. 2,000. Compute the amount of gratuity exempt from tax in the instant case u/s 10(10) of the Income-tax Act, 1961.
- (a) Rs. 90,000
 - (b) Rs. 1,25,000
 - (c) Rs. 78,000
 - (d) Rs. 87,000
- (2 Marks)**
- (8) Mr. Krishna is a philanthropic person. During the P.Y. 2019-20, out of his total receipts, he gave away Rs. 8,00,000 in cash to Prime Minister's National Relief Fund and was left with only Rs. 2,00,000 which is just enough money to meet his personal requirements. On these facts, Mr. Krishna is of the view that as Rs. 2,00,000 is below the maximum amount not chargeable to tax, no income of him is chargeable to tax during the previous year. He approaches you to file his income tax return showing Rs. 2,00,000 as his gross total income. Do you agree with the view of Mr. Krishna? Also, compute the amount of his total income.
- (a) Yes, as income actually left in Mr. Krishna's hands is Rs. 2,00,000 only. His total income shall be Rs. 2,00,000.
 - (b) No, as what is done after income is earned by Mr. Krishna will not give him

- any tax exemption. His total income shall be Rs. 10,00,000.
- (c) His gross total income and total income are Rs. 10 lakhs, since this is a case of application of income and donation made in cash will not qualify for deduction under section 80G.
- (d) Yes, as Rs. 8,00,000 is exempt from tax, the gross total income as well as total income of Mr. Krishna shall be Rs. 2,00,000 only.
- (2 Marks)**
- (9) Ms. Jaya acquires 5,000 equity shares on 01.01.2016 at Rs. 500. The Fair Market Value of the said share on 31.01.2018 is Rs. 250 and on 31.03.2018 is Rs. 600. She sells the said shares on 30.04.2019 at Rs. 700. Calculate the amount of long term capital gain in the hands of Ms. Jaya assuming that Securities Transaction Tax has been paid by her on acquisition and transfer of the said equity share.
CII – F.Y. 2015-16: 254; F.Y. 2019-20: 289
- (a) Rs. 10 lakh, out of which Rs. 9 lakh is taxable@10%
- (b) Rs. 22.50 lakh, out of which Rs. 21.5 lakh is taxable@10%
- (c) Rs. 7.45 lakh, out of which Rs. 6.45 lakh is taxable @10%
- (d) Rs. 5 lakh, out of which Rs. 4 lakh is taxable@10% (2 Marks)
- (2 Marks)**
- (10) Which of the following persons are compulsorily required to get their accounts audited u/s 44AB of the Income-tax Act, 1961?
- (i) An assessee, who has not opted for presumptive taxation and his turnover during the P.Y. is Rs. 2 crore.
- (ii) A professional whose gross receipts during the previous year amounts to Rs. 50 lakh, who declares his profits and gains from profession u/s 44ADA.
- (iii) An assessee having turnover of Rs. 1.5 crore, who declares his profits and gains from business u/s 44AD.
- (iv) A lawyer having gross receipts of Rs. 40 lakhs during the P.Y. who claims his profits and gains from the legal profession to be 40% of the gross receipts.
- (v) An individual who opts out of the presumptive taxation scheme u/s 44AD during the P.Y., however, his total income for the said year is Rs. 2,00,000.
- (a) (i), (iv)
- (b) (i), (iv), (v)
- (c) (i), (ii), (iv)
- (d) (iv), (v)
- (2 Marks)**
- (11) The following information is available with respect to Tina:
- Capital Asset acquired on 01.04.2001 for Rs. 85,200
 - The capital asset was converted into stock-in-trade on 30.09.2018. On the said date, the fair market value of the said asset was Rs. 6,00,000.
 - The stock-in-trade so converted was sold on 15.07.2019 for Rs. 8,50,000.
- Determine the tax implications in the hands of Tina for A.Y. 2020-21.
Cost Inflation Index Financial year 2001-02: 100, 2018-19: 280, 2019-20: 289]
- (a) Only business profits of Rs. 2,50,000 shall be chargeable to tax in the hands of Tina in A.Y. 2020-21.
- (b) Only long term capital gain of Rs. 6,11,440 shall be chargeable to tax in the hands of Tina in A.Y. 2020- 21.
- (c) Business profits of Rs. 2,50,000 and long term capital gain of Rs. 3,61,440 shall be chargeable to tax in the hands of Tina in A.Y. 2020-21.
- (d) Business profits of Rs. 2,50,000 and long term capital gain of Rs. 3,68,256 shall be chargeable to tax in the hands of Tina in A.Y. 2020-21.
- (2 Marks)**

- (12) Mr. Happy, a US citizen, came to India for an assignment from 11.01.2016 to 09.10.2017 and went back to his home country on completion of the same. He thereafter, visited India on 05.07.2018 again for an assignment, which ended on 26.05.2019. What is the latest date by which Mr. Happy should depart from India after completing the assignment so as to qualify as non-resident for P.Y. 2019-20? (Assume that he shall not be visiting India again during the year)
- (a) 29-05-2019
 - (b) 30-05-2019
 - (c) 31-05-2019
 - (d) 28-09-2019

(2 Marks)

- (13) 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/-
(vi)	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/-
- (14) 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)

(2 Marks)

- (15) 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)

- (16) 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)

- (17) Which of the following persons is not eligible for composition scheme even though their aggregate turnover does not exceed Rs. 1 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)**
- (18) 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)**
- (19) 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)**
- (20) Transport of _____ by rail are exempt from GST:
- (a) Milk
 - (b) Salt
 - (c) Defence equipments
 - (d) All of the above
- (1 Mark)**
- (21) 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)**
- (22) Taxes subsumed in GST are
- (a) Service tax
 - (b) Luxury tax
 - (c) VAT
 - (d) All of the Above
- (1 Mark)**

SECTION – A

PART – II - DESCRIPTIVE QUESTIONS

QUESTIONS NO. 1 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS THE REMAINING THREE QUESTIONS

TOTAL MARKS: 42 MARKS

Question 1.

Mr. Satish, aged 47 years, is serving in a public limited company as General Manager (Finance). His total emoluments for the year ended 31st March, 2020 are as follows:

Basic Salary	Rs. 5,40,000
HRA (Computed)	Rs. 1,80,000
Transport allowance	Rs. 22,000

Apart from the above, his employer has sold the following assets to him on 1st January, 2020:

- (i) Laptop for Rs. 20,000 (Acquired in September, 2018 for Rs. 1,20,000)
 (ii) Car 1800 cc for Rs. 3,20,000 (purchased in April, 2017 for Rs. 8,50,000)

He also owns a residential house, let out for a monthly rent of Rs. 15,000. The fair rental value of the property for the let out period is Rs. 1,50,000. The house was self-occupied by him from 1st January, 2019 to 31st March, 2020. He has taken a loan from bank of Rs. 20 lacs for the construction of the property, and has repaid Rs. 1,05,000 (including interest Rs. 40,000) during the year.

- (iii) Mr. Satish sold equity shares of different Indian companies on 14th March, 2020:

Name	Sale value (per share)	Purchase price (per share)	Acquired on	No. of shares
A Ltd.	Rs. 150	Rs. 120 (STT paid at acquisition)	2nd Feb, 2019	200
B Ltd.	Rs. 82	Rs. 62	16th April, 2019	125

CII – F.Y. 2019-20: 289; F.Y. 2018-19: 280

Sale proceeds were subject to brokerage of 0.1% and securities transaction tax of 0.125% on the gross consideration. He received income-tax refund of Rs. 5,750 (including interest Rs. 750) relating to the assessment year 2018-19.

- (iv) Mr. Satish made payment of Rs. 80,000 vide cheque no. 245315 towards medical insurance as lumpsum premium for himself and his wife for 4 years. He also made cash payment of Rs. 8,000 towards preventive health checkup for himself and his wife.
 (v) Mr. Satish deposited Rs. 1,30,000 in Public Provident Fund and Rs. 80,000 in 5 years term deposit in the name of his minor son, Aryan.

Compute the total income and tax liability of Mr. Satish for the Assessment Year 2020-21.

(14 Marks)**Question 2:**

- (a) Explain with reasons whether the following transactions attract income-tax in India in the hands of recipients:

- (i) Salary paid to Mr. Dinesh, a citizen of India Rs. 20,00,000 by the Central Government for the services rendered in London.
 (ii) Royalty paid to Raja, a non-resident by Ms. Mukta, a resident for a business carried on in Sri Lanka.

(4 Marks)

- (b) Ms. Anjali, a non-resident, residing in London since 1990, came back to India on 19-02-2018 for permanent settlement in India. Explain the residential status of Ms. Anjali for the Assessment Year 2020-21 in accordance with the various provisions of Income-tax Act, 1961.

(3 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 2019-20:
- (i) Payment of Rs. 33,000 made to John Smith, an Australian cricketer, by an Indian newspaper agency on 22-08-2019 for contribution of articles in relation to the sport of cricket.
 - (ii) Payment made by a company to sub-contractor, Mr. X, Rs. 3,50,000 with outstanding balance of Rs. 1,35,000 shown in the books as on 31-03-2020.
- (4 Marks)**
- (d) Examine with reasons, whether the following statements are true or false, with regard to the provisions of the Income-tax Act, 1961:
- (i) The Assessing Officer has the power, inter alia, to allot PAN to any person by whom no tax is payable.
 - (ii) Where the Karta of a HUF is absent from India, the return of income can be verified by any male member of the family.
- (3 Marks)**

Question 3:

- (a) Mr. Satinder is engaged in the business of plying goods carriages. On 1st April, 2019, he owns 10 trucks (out of which 5 are heavy goods vehicles, the gross vehicle weight of such goods vehicle is 17,000 kg each). On 5th May, 2019, he sold one of the heavy goods vehicles and purchased a light goods vehicle on 8th May, 2019. This new vehicle could however be put to use only on 15th July, 2019. Compute the total income of Mr. Satinder for the assessment year 2020-21, taking note of the following data:

Particulars	Rs.	Rs.
Freight charges collected		12,50,500
Less : Operational expenses	5,25,500	
Depreciation as per section 32	1,85,000	
Other office expenses	17,000	7,27,500
Net Profit		5,23,000
Other business and non-business income		70,000

(5 Marks)

- (b) On 29.12.2019, Mr. Gaurav (a bank employee) received Rs. 7,00,000 towards interest on enhanced compensation from State Government in respect of compulsory acquisition of his land effected during the financial year 2015-16. Out of this interest, Rs. 2,00,000 relates to the financial year 2015-16; Rs. 3,45,000 to the financial year 2016- 17; and Rs. 1,55,000 to the financial year 2017-18. How much of interest on enhanced compensation would be chargeable to tax for the assessment year 2020- 21?
- (2 Marks)**
- (c) Ms. Gunjan purchased a land at a cost of Rs. 50 lakh in the financial year 2010-11 and held the same as her capital asset till 31st August, 2015. She started her real estate business on 1st September, 2015 and converted the said land into stock-in-trade of her business on the said date, when the fair market value of the land was Rs. 320 lakh. She constructed 8 flats of equal size, quality and dimension. Cost of construction of each flat is Rs. 36 lakh. Construction was completed in January, 2020. She sold 5 flats at Rs. 90 lakh per flat in February, 2020.

She invested Rs. 70 lakh in bonds issued by National Highways Authority of India on 31st March, 2020.

Compute the capital gains and business income arising from the above transactions in the hands of Ms. Gunjan for Assessment Year 2020-21 indicating clearly the reasons for treatment for each item.

Cost Inflation Indices: F.Y. 2010-11: 167; F.Y. 2015-16: 254; F.Y. 2019-20: 289.

(7 Marks)

Question 4:

(a) Discuss the Tax implications under Section 56(2) in respect of each of the following transactions:

- (i) Mr. Tejpal received a painting by M. F. Hussain worth Rs. 2 lakh from his nephew on his 10th wedding anniversary.
- (ii) Verma's son transferred shares of D Ltd. to Verma HUF without any consideration. The fair market value of the shares is Rs. 2.5 lakh.
- (iii) Sunshine (P) Ltd. purchased 9,500 equity shares of Saturn (P) Ltd. at Rs. 86 per share. The fair market value of the share on the date of transaction is Rs. 105.
- (iv) Bijali (P) Ltd. issued 28,000 equity shares of Rs. 10 each at a premium of Rs. 8. The fair market value of each share on the date of issue is Rs. 15.
- (v) Mr. Sharan's land was acquired by the Government in August 2014. He received interest of Rs. 5,40,000 on enhanced compensation in January, 2020, out of which Rs. 1,20,000 related to the year 2015-16, Rs. 1,60,000 related to the year 2016-17, Rs. 2,00,000 related to the year 2017-18 and 60,000 related to the year 2018-19.

(7 Marks)

(b) State, in brief, the applicability of tax deduction at source provisions, the rate and amount of tax deduction in the following cases for the financial year 2019-20:

- (i) Mr. Jagdish sold his house property in Delhi as well as rural agricultural land for a consideration of Rs. 80 lakh and Rs. 25 lakh, respectively, to Mr. Siddharth on 31st August 2019.
- (ii) Payment of royalty of Rs. 25,000 and fee for professional services of Rs. 28,000 to Mr. Varun.
- (iii) Punjab National Bank pays Rs. 1,00,000 per month as rent to the Central Government for a building in which one of its branches is situated.
- (iv) Payment of Rs. 2,48,000 on 01.07.2019 to Mr. Karan for compulsory acquisition of his urban land by the State Government.

(3 Marks)

(c) Mr. Karan and Mr. Kunal constructed their houses on a piece of land purchased by them at Kanpur. The built up area of each house was 1,250 sq.ft. ground floor and an equal area in the first floor. Karan started construction on 1-04-2017 and completed on 01-04-2019. Kunal started the construction on 1-07-2018 and completed the construction on 30-06-2019. Karan occupied the entire house on 01-04-2019. Kunal occupied the ground floor on 01-07-2019 and let out the first floor for a rent of Rs. 25,000 per month.

However, the tenant vacated the house on 30-11-2019 and Kunal occupied the entire house during the period 01-12-2019 to 31-03-2020.

Following are the other information:

- (i) Fair rental value of each unit (ground floor/first floor) Rs. 1,25,000 per annum
- (ii) Municipal value of each unit (ground floor/first floor) Rs. 80,000 per annum
- (iii) Municipal taxes paid by
Karan – Rs. 10,000
Kunal – Rs. 10,000

- (iv) Repair and maintenance charges paid by Karan – Rs. 35,000
Kunal – Rs. 32,000

Karan has availed a housing loan of Rs. 30 lakh @ 11% p.a. on 01-04-2018. Kunal has availed a housing loan of Rs. 25 lakh @ 10% p.a. on 01-07-2018. No repayment was made by either of them till 31-03-2020. Compute income from house property for Karan and Kunal for the A.Y. 2020-21.

(4 Marks)

SECTION – B - DESCRIPTIVE QUESTIONS

QUESTION NO. 5 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.

TOTAL MARKS: 28 MARKS

Question 5:

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-2020	200	2,00,000/-
10-Mar-2020	250	2,50,000/-
25-Mar-2020	250	2,50,000/-
28-Mar-2020	200	2,00,000/-

Balance order requirement has been fulfilled by Hard Ltd. on 5-Apr-2020. However, Hard Ltd. has raised the invoice for full order at the time of dispatch of first lot, i.e. on 28-Feb-2020. M/s. Comfortable (P) Ltd. has made the full payment on 28-Feb-2019 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-2019. Invoice for service rendered was issued on 5-Nov- 2019. M/s Comfortable (P) Ltd. made part-payment of Rs. 4,13,000/- on 31-Dec-2019. 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-2020. M/s. Comfortable (P) Ltd. made payment of Rs. 2,95,000/- on 15-Feb-2020 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 2019-20:-

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 2019-20:-
- (ii) Compute the amount of input tax credit to be reversed in the FY 2019-20 and/or in the next FY 2020- 21, 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 6:

- (a) Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

Particulars	Gross amount charged (Rs.)
Amount charged for loading, unloading, packing and warehousing of potato chips	25,000
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961	50,000
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	1,00,000
Amount charged by cord blood bank for preservation of stem cells	5,00,000
Amount charged for service provided by commentator to a recognized sports body	6,00,000
Amount charged for service provided by way of right to admission to circus where consideration for the same is Rs. 750 per person.	12,000

(6 Marks)

- (b) Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

- (i) Miss Shinu Ambani provided sponsorship services to Indian Love Cricket Academy, a Limited Liability Partnership.
(ii) "Fast move", a Goods Transport Agency, transported goods of Amba & Co., a partnership firm which is not registered under GST.

(4 Marks)

Question 7:

- (a) Mr. Mayank provides Continuous Supply of Services (CSS) to M/s. Omega Limited. He furnishes the following further information:

(i) Date of commencement of Providing CSS	01-10-2019
(ii) Date of completion of Providing CSS	31-01-2020
(iii) Date of receipt of payment by Mr. Mayank	30-03-2020

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances:

- (i) If no due date for payment is agreed upon by both under the contract of CSS.
(ii) If payment is linked to the completion of service.
(iii) If M/s. Omega Limited has to make payment on 25-03-2020 as per the contract between them.

(3 Marks)

- (b) Draupad Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same.

(3 Marks)

- (c) 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 2019, 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, 2019. Calculate Interest liability (Ignore Penalty).

(4 Marks)

Question 8:

- (a) Whether transfer of title and/or possession is necessary for a transaction to constitute supply of goods?

(5 Marks)

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

(5 Marks)

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