

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. Ananya Gupta, a citizen of India, lives with her family in New York since the year 2000. She visited India from 23rd March, 2019 to 28th September, 2019 to take care of her ailing mother. In the last four years, she has been visiting India for 100 days every year to be with her mother. She owns an apartment at New York, which is used as her residence. The expected rent of the house is \$ 32,000 p.a. The value of one USD (\$) may be taken as Rs. 75. Municipal taxes paid in New York in January, 2020 is \$ 2,000.

She took ownership and possession of her house in New Delhi on 25th March, 2019, for self-occupation, while she is in India. The municipal valuation is Rs. 4,20,000 p.a. and the fair rent is Rs. 4,50,000 p.a. She paid property tax of Rs. 22,000 to Delhi Municipal Corporation. She had taken a loan of Rs. 16 lakhs @ 10% p.a. from IDBI Bank on 1st April, 2016 for constructing this house. No amount has been paid towards principal repayment so far. The house is vacant for the rest of the year i.e., from October 2019 to March 2020.

She had a house property in Mumbai, which was sold on 28th March, 2019. In respect of this house, she received arrears of rent of Rs. 3,00,000 on 4th February, 2020. This amount has not been charged to tax earlier.

Based on the above information, choose the most appropriate option of the following Multiple Choice Questions (MCQs) for A.Y. 2020-21:-

- (i) What would be the residential status of Ananya Gupta for A.Y. 2020-21?
- (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Resident; Not possible to determine whether she is ordinarily resident or not since number of days of stay in the last seven years is not given in the question
 - (d) Non-resident

(2 Marks)

- (ii) Ms. Ananya Gupta can claim benefit of "Nil" Annual Value under section 23(2) in respect of -
- (a) Her Delhi house
 - (b) Her New York house, since it is more beneficial; her Delhi house will be deemed to be let out and expected rent would be the annual value.
 - (c) Her Delhi house alone; her New York house will be deemed to be let out and expected rent would be the annual value.
 - (d) Both her Delhi house and New York house, since benefit of Nil Annual value u/s 23(2) is available in respect of two house properties.

(2 Marks)

- (iii) What is the income chargeable under the head "Income from house property" of Ananya Gupta for A.Y. 2020-21?
- (a) Rs. 15,85,000
 - (b) Rs. 3,09,600
 - (c) Rs. 1,00,000
 - (d) Rs. 10,000

(2 Marks)

- (iv) Assuming that, for the purpose of this MCQ alone, Ananya Gupta has let out her flat in New York during the six months (April to September) when she is in India, for a sum of \$ 6,000 p.m. Such rent was received in a bank account in New York and then remitted to India through approved banking channels. What would be the income from house property chargeable to tax in her hands in India for A.Y.2020-21?
- (a) Rs. 10,000
 - (b) Rs. 17,85,000
 - (c) Rs. 17,95,000
 - (d) Rs. 18,85,000
- (2 Marks)**
2. Mr. Ram acquired a house property at Chennai from Mr. Satyam, a resident, for a consideration of Rs. 85 lakhs, on 23.8.2019. On the same day, Mr. Ram made two separate transactions, thereby acquiring an urban plot in Gwalior from Mr. Vipun for a sum of Rs. 50 lakhs and rural agricultural land from Mr. Danish for a consideration of Rs. 75 lakhs. Which of the following statements are correct?
- (a) No tax deduction at source is required in respect of any of the three payments.
 - (b) TDS @ 1% is attracted on all the three payments.
 - (c) TDS @ 1% on Rs. 85 lakhs and Rs. 50 lakhs are attracted. No TDS on payment of Rs. 75 lakhs for acquisition of rural agricultural land
 - (d) TDS @ 1% on Rs. 85 lakhs is attracted. No TDS on payments of Rs. 50 lakhs and Rs. 75 lakhs.
- (2 Marks)**
3. Mr. Ramesh, a citizen of India, is employed in the Indian embassy in the Australia. He is a non-resident for A.Y. 2020-21. He received salary and allowances in the Australia from the Government of India for the year ended 31.03.2020 for services rendered by him in the Australia. In addition, he was allowed perquisites by the Government. Which of the following statements are correct?
- (a) Salary, allowances and perquisites received outside India are not taxable in the hands of Mr. Ramesh, since he is non-resident.
 - (b) Salary, allowances and perquisites received outside India by Mr. Ramesh are taxable in India since they are deemed to accrue or arise in India.
 - (c) Salary received by Mr. Ramesh is taxable in India but allowances and perquisites are exempt.
 - (d) Salary received by Mr. Ramesh is exempt in India but allowances and perquisites are taxable.
- (2 Marks)**
4. Mrs. Shivani, wife of Mr. Anurag, is a partner in a firm. Her capital contribution of Rs. 5 lakhs to the firm as on 1.4.2019 included Rs. 3.5 lakhs contributed out of gift received from Anurag. On 10.4.2019, she further invested Rs. 2 lakh out of gift received from Anurag. The firm paid interest on capital of Rs. 50,000 and share of profit of Rs. 60,000 during the F.Y. 2019-20. 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. Shivani.
 - (b) Share of profit is exempt but interest of Rs. 39,286 is includible in the income of Mr. Anurag and interest of Rs. 10,714 is includible in the income of Mrs. Shivani.

- (c) Share of profit is exempt but interest of Rs. 35,000 is includible in the income of Mr. Anurag and interest of Rs.15,000 is includible in the income of Mrs. Shivani.
- (d) Share of profit to the extent of Rs. 42,000 and interest on capital to the extent of Rs. 35,000 is includible in the hands of Mr. Anurag.
- (2 Marks)**
5. Mr. Raj, an Indian citizen and a Government employee, left India for the first time on 25.03.2019 on account of his transfer to High Commission in Singapore. During P.Y. 2019-20, he visited India only for ten days on occasion of his sister's marriage. During F.Y. 2019-20, his income composition includes salary, foreign allowances, rent from property in Singapore and interest earned from fixed deposits maintained with SBI. His taxable income for P.Y. 2019-20 will include:
- (a) All of them, since Mr. Raj is a resident in India, hence his global income will be taxable
- (b) Only interest earned from fixed deposits maintained in India
- (c) No income shall be taxable since Mr. Raj is a non-resident in India for P.Y. 2019-20
- (d) Salary and interest income of fixed deposits with SBI
- (2 Marks)**
6. Mr. A has two bank accounts maintained with ICICI Bank and HDFC Bank. From 01.09.2019 till 31.03.2020, Mr. A withdrew the following amounts as cash from both the said accounts;
HDFC Bank: Rs. 50 Lakh
ICICI Bank: Rs. 120 Lakh
Compute the amount of tax to be deducted at source u/s 194N by HDFC Bank and ICICI Bank, respectively, while making payment in cash to Mr. A.
- (a) Rs. 1,00,000 and Rs. 2,40,000
- (b) Nil and Rs. 40,000
- (c) Nil and Rs. 2,40,000
- (d) Rs. 50,000 and Rs. 1,20,000
- (1 Mark)**
7. XYZ LLP falls under which category of person?
- (a) Firm
- (b) Company
- (c) Association of persons
- (d) Artificial judicial person
- (1 Mark)**
8. Miss. Raksha is engaged in providing private coaching services in Noida, Uttar Pradesh and is not registered under GST till 25-Sep-2020. Her aggregate turnover is Rs. 19,00,000/- on 30-Sep-2020. She got GST registration on 30-Sep-2020. Which of the following options are available to her?
- (a) She can pay tax @ 18%, charge it from customer and avail full input tax credit on procurements made.
- (b) She can pay tax @ 6% under composition scheme under Section 10(2A) for service providers but she cannot charge GST from customer and also cannot avail input tax credit.
- (c) She is not liable for registration since her aggregate turnover is less than Rs. 40,00,000/-
- (d) Either (a) or (b)
- (1 Mark)**

9. Mr. Arun, a registered supplier, is engaged in selling sweets. The sweets are sold in boxes and the cost of each sweet box is Rs. 500/-. In order to increase his turnover, he purchased certain juice cans @ Rs. 20/- each and added juice can with every sweet box as a gift. A sweet box along with free juice can is sold at Rs. 500/- each. Which of the statements is correct?
- (a) He is liable to pay tax on Rs. 520/- and eligible to claim input tax credit on purchase of juice cans
 - (b) He is liable to pay tax on Rs. 500/- and not eligible to claim input tax credit on purchase of juice cans
 - (c) He is liable to pay tax on Rs. 500/- and also eligible to claim input tax credit on purchase of juice cans
 - (d) Either (a) or (b)
- (1 Mark)**
10. Which is not considered as supply under GST Law?
- (a) Stock transferred from one establishment in Delhi to another establishment in Gurgaon, Haryana registered under same PAN.
 - (b) CA Ram supplies accounting services to CA Radha in lieu of taxation services received from CA Radha.
 - (c) A Health club supplies lunch to its members at its annual meeting against a nominal charge.
 - (d) Mr. A sells a flat to Mr. B
 - (i) Date of completion certificate - 31/01/20XX
 - (ii) Date of agreement with buyer - 01/02/20XX
 - (iii) Consideration received - 05/02/20XX
- (1 Mark)**
11. With reference to the provisions relating to transaction value under Section 15 of the CGST Act, 2017, which of the following is not correct?
- (a) Central excise duty will not be included in transaction value for supply of tobacco.
 - (b) Municipal taxes paid by tenant will be included in transaction value for supply of renting service.
 - (c) Entertainment tax included in movie ticket will form part of transaction value.
 - (d) Customer makes payment of freight which is payable by the supplier, directly to the service provider. However, supplier does not include this amount in the invoice. Such amount will be included in transaction value of the supplier.
- (1 Mark)**
12. Which of the following services are notified under section 9(3) of CGST Act, 2017 or section 5(3) of IGST Act, 2017 the tax on which shall be paid on reverse charge basis by the recipient of such supply:
- (i) Supply of security services provided by a person other than a body corporate to a composition taxpayer
 - (ii) Services supplied by an insurance agent to insurance company located in taxable territory
 - (iii) Supply of services by way of renting of hotel accommodation through e-commerce operator.
 - (iv) Supply of notified categories of goods or services or both by a supplier, who is not registered, to specified class of registered persons.

Choose from the following options:

- (a) (i)& (ii)
- (b) Only (ii)
- (c) (i), (ii), (iii)
- (d) (i) & (iv)

(1 Mark)

13. M/s. Comfortable (P) Ltd. is registered under GST in the State of Odisha. It is engaged in the business of manufacturing of iron and steel products. It has received IT engineering services from M/s. High-Fi Infotech (P) Ltd. for Rs. 11,00,000/- (excluding GST@ 18%) on 28-Oct-20XX. Invoice for service rendered was issued on 5-Nov-XX. M/s Comfortable (P) Ltd. made part-payment of Rs. 4,20,000/- on 30-Nov-XX. Being unhappy with service provided by M/s High-fi Infotech (P) Ltd., it did not make the balance payment. Deficiency in service rendered was made good by M/s High-Fi Infotech (P) Ltd. by 15-Feb- XY. M/s. Comfortable (P) Ltd. made payment of Rs. 3,00,000/- on 15-Feb-XY and balance payment was made on 6-June-20XY, i.e. after 180 days of issue of invoice.

Input tax credit available in respect of IT engineering services received from M/s. High-Fi Infotech (P) Ltd. in financial year 20XX-XY:

- (a) Rs. 1,98,000/-
- (b) Nil
- (c) Rs. 64,068/-
- (d) Rs. 1,09,831/-

(1 Mark)

14. Mr. Dev Anand is engaged in providing services of facilitating sale and purchase of securities to various clients. He is also engaged in trading of securities. His turnover details are as follows:

Trading of securities Rs. 40,00,000/-, Brokerage on account of facilitating transactions in securities

Rs. 30,00,000/- You are required to ascertain aggregate turnover of Mr. Dev Anand under GST:

- (a) Rs. 30,00,000/-
- (b) Rs. 40,00,000/-
- (c) Rs. 70,00,000/-
- (d) Rs. NIL.

(1 Mark)

15. Mr. Pappu Singh, commenced his business in Feb-20XX. He has established following units:

- 1. Unit A (in SEZ) and Unit B (non-SEZ) in the State of Maharashtra
- 2. Unit C in Delhi
- 3. Unit D and E in the State of Goa

Mr. Pappu Singh has approached you to help him in determining the States and number of registrations he is required to take under GST (presuming the fact that he is making taxable supply from each State and his aggregate turnover exceeds the threshold limit):

- (a) Maharashtra-2: Delhi-1, Goa-Optional 1 or 2
- (b) Maharashtra-Optional 1 or 2: Delhi-1, Goa-Optional 1 or 2
- (c) Maharashtra-1: Delhi-1, Goa-1
- (d) Maharashtra-2: Delhi-1, Goa-2

(1 Mark)

16. A non-resident taxable person is required to apply for registration:
- within 30 days from the date on which he becomes liable to registration
 - within 60 days from the date on which he becomes liable to registration
 - at least 5 days prior to the commencement of business
 - None of the above
- (1 Mark)**
17. M.H. Husain, a famous painter, Delhi, sends his latest art work to Indian Classic gallery, Delhi, for exhibition. However, no consideration has flown from Indian Classic gallery to M. H. Husain when the art work is sent to the gallery for exhibition. M. H. Husain is in dilemma whether GST is payable on said transfer of art work. What would be your advice on the same?
- GST is payable as the same amounts to taxable supply of goods.
 - GST is payable as the same amounts to taxable supply of services.
 - GST is not payable as the same is an exempt supply.
 - GST is not payable as the same does not amount to supply at all.
- (1 Mark)**
18. Kidzee Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the varieties of toys and their reasonable prices. Kidzee Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25th September, 20XX by issuing a tax invoice amounting to Rs. 1,00,000. However, the said toys were returned by Nancy General Store on 30th September, 20XX. Which document Kidzee Ltd. is required to issue in such a case?
- Debit Note
 - Refund voucher
 - Credit note
 - Payment voucher
- (1 Mark)**
19. Which of the following services is exempt from GST?
- Bollywood dance performance by a film actor in a film and consideration charged is Rs. 1,45,000.
 - Carnatic music performance by a classical singer to promote a brand of readymade garments and consideration charged is Rs. 1,30,000.
 - Carnatic music performance by a classical singer in a music concert and consideration charged is Rs. 1,55,000.
 - Kathak dance performance by a classical dancer in a cultural programme and consideration charged is Rs. 1,45,000.
- (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:

Computation of Total Income and tax liability : From the following particulars of Shri Jagdish (Aged 59 years) for the Assessment Year 2020-21, you are required to find out his taxable income and net tax liability :

- (i) Basic Salary @ Rs. 51,000 per month, Dearness allowance @ Rs. 10,000 per month (Part of salary for retirement benefits). House rent allowance Rs. 4,000 per month and rent paid for house in Mumbai is Rs. 7,000 per month.
- (ii) He owns a commercial building at New Delhi, which is let out on 01.07.2019 at a monthly rent of Rs. 46,000. He paid for municipal taxes of Rs. 27,000 and Rs. 25,000 for the financial year 2018-19 and 2019-20 on 31.03.2020 and 20.04.2020 respectively.
- (iii) He deals in shares. During financial year 2019-20 he earned Rs. 1,70,000 from his share business and paid Rs. 30,000 as security transaction tax.
- (iv) He purchased 4,000 unlisted shares of Shyam Limited on 16.01.2008 for Rs. 80,000. Company declared bonus in the ratio of 1:1 on 1st February, 2008. Shri Jagdish sold 3000 Bonus Shares on 28.12.2019 for Rs. 2,00,000 to his friend Mr. Mehul through unrecognized stock exchange. (Cost inflation Index : 2007-08 : 129, 2019-20 : 289).
- (v) He received dividend of Rs. 13,00,000 as dividend income from listed domestic company (on which dividend distribution tax is paid). Interest from saving bank account deposits with IDBI Bank Rs. 15,000 and lottery winnings (Net of IDS @ 30%) is Rs. 21,000.

He paid the following amount out of his taxable income :

- (b) Deposits in Public Provident Fund Rs. 2,00,000.
- (c) Medical insurance premium paid for health of his wife Rs. 19,000 and for health of dependent son Rs. 12,000 through cheque.

(14 Marks)

Question 2:

(a) TDS Implications : Examine the TDS implications in the following cases along-with reasons thereof :

- (i) Ms. Varsha received a sum of Rs. 95,000 on 31st December 2019 towards maturity proceeds of LIC taken on 1st October, 2014 for which sum assured was Rs. 80,000 and annual premium was Rs. 10,000.
- (ii) Mr. Deepak transferred a residential house property to Mr. Karan for Rs. 45 lacs. The stamp duty value of such property is Rs. 55 lacs.
- (iii) 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
- (iv) Payment of Rs. 1,75,000 made to Mr. Vaibhav for purchase of calender according to specifications of M/s. ABC Limited. However, no material was supplied for such calendra by ABC Limited to Mr. Vaibhav.
- (v) Talent Private Limited pays Rs. 12,000 to Ms. Sudha, its director, towards sitting fee which is not taxable u/s 192.
- (vi) 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.

(6 Marks)

(b) Computation of total Income and losses to be carried forward : Mr. Rajat submits the following information for the financial year ending 31st March, 2020. He desires that you should :

- (a) Compute the Total Income and
- (b) Ascertain the amount of losses that can be carried forward.

		Rs.
(i)	He has two houses :	
	(a)	House No. I – Income after all statutory deductions
	(b)	House No. II- Current year loss
(ii)	He has three proprietary businesses:	
	(a)	Textile Business:
	(i)	Discontinued from 31 st October, 2019 – Current year loss
	(ii)	Brought forward business loss of the assessment year 2016-17
	(b)	Chemical Business :
	(i)	Discontinued from 1 st March, 2019 – hence no Profit/Loss
	(ii)	Bad debts allowed in earlier years recovered during this year
	(iii)	Brought forward business loss of the assessment year 2018-19
	(c)	Leather Business : Profit for the current year
	(d)	Share of Profit in a firm in which he is Partner since 2012
(iii)	(a)	Short-term Capital Gain
	(b)	Long-term Capital Loss
(iv)	Contribution to LIC towards Premium	

(8 Marks)**Question 3:**

- (a)** Computation of Income from house property : Rohit is the owner of a house property, its municipal valuation is Rs. 80,000. It has been let-out for Rs. 1,20,000 per annum. The local taxes payable by the owner amount to Rs. 16,000, but as per agreement between the tenant and the landlord, the tenant has paid the amount directly to the municipality. The landlord, however, bears the following expenses on tenant's amenities:

	Rs.
Extension of water connection	3,000
Water charges	1,500
Lift maintenance	1,500
Salary of gardener	1,800
Lighting of stairs	1,200
Maintenance of swimming pool	750
The landlord claims the following deductions :	
Repairs and collection charges	7,500
Land revenue paid	1,500

Compute the taxable income of Rohit from the house property.

(4 Marks)

- (b)** Computation of gross salary : Sehwaq is employed with Sure Shots Ltd. on a salary of Rs. 25,000 per month. The company provides him with the following benefits:
- A company owned accommodation at Delhi.
 - A housing loan of Rs. 5,00,000 on 1st July 2019 on which it charges interest @ 6% per annum. The entire loan is still outstanding. The rate of SBI is 8% p.a.
 - The company gave him a watch worth Rs. 4,900 as gift on his 50th birthday on 21st October, 2019.
 - He made purchases of Rs. 12,000 on his credit card. This amount, along with the annual fee of Rs. 2,000, was paid by the company.

- (e) He is allowed to use the video camera belonging to the company. The company had purchased this camera for Rs. 60,000 on 1st May 2016. This camera was sold to him on 1st August 2019 for Rs. 30,000.
- (f) The company had purchased a car on 16th July 2016 for Rs. 2,50,000. This car was sold to Sehwaq on 14th July 2019 for Rs. 80,000.
- (g) The company pays telephone bills of Rs. 24,000 for the telephone installed at the residence of Sehwaq.

Compute the gross income from salary of Sehwaq.

(6 Marks)

- (c) Computation of Interest u/s 234A, 234B and 234C. The following particulars are furnished by Abdul for the financial year 2019-20 (assessment year 2020-21).

Tax on total income (paid on 30.09.2020)	Rs. 1,50,000
Due date for filing the return	30 th September, 2020
Actual date of filing the return	1 st October, 2020

Calculate the total interest payable under sections 234A, 234B and 234C.

(4 Marks)

Question 4:

- (a) Computation of tax liability in case of Business Income & Other Income : Mr. X, a resident, has provided the following particulars of his income of the P.Y. 2019-20. Compute his tax liability.

- | | |
|---|--------------|
| (1) Income from salary (Computed) | Rs. 3,80,000 |
| (2) Income from house property (computed) | Rs. 2,00,000 |
| (3) Agricultural income from a land in Jaipur | Rs. 2,80,000 |
| (4) Expenses incurred for earning agricultural income | Rs. 1,70,000 |

(4 Marks)

- (b) Computation of capital gains on distribution of assets by companies in liquidation : Mr. Raghu purchased 10,000 equity shares of AB Avenues Private Limited on 25.03.2005 for Rs. 1,20,000., The company went into liquidation on 31.07.2019. The following is the summarized financial position of the company as on 31.07.2019.

Liabilities	Rs.	Assets	Rs.
60,000 equity shares of Rs. 10 each	6,00,000	Agricultural lands in urban area	22,00,000
General reserve	40,00,000	Cash at bank	32,22,212
Liability for income	8,22,212		
Total	54,22,212	Total	54,22,212

The assets remaining after discharging liability for income tax were distributed to the shareholders in the proportion of their shareholding. The market value of agricultural land as on 31.07.2019 is Rs. 60,00,000.

The agricultural land received as above was sold by Mr. Raghu on 28.02.2020 for Rs. 15,00,000. Discuss the tax implications in the hand of the company and Mr. Raghu.

The cost inflation indices are F.Y. 2004-5 : 113 and I.Y. 2019-20 : 289.

(8 Marks)

- (c) Taxability of gifts : Discuss the taxability of the following receipts in the hands of Mr. Sanjay Kamboj under the Income-tax Act, 1961 for A.Y. 2020-21 :

- (i) Rs. 51,000 received from his sister living in US on 01.06.2019.
- (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)

SECTION – B - DESCRIPTIVE QUESTIONS**QUESTION NO. 5 IS COMPULSORY****ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.****TOTAL MARKS: 28 MARKS****Question 5:**

Mr. Ekaant, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats (SATC 8527230445). He furnishes the following information pertaining to inward/outward supply made by him for the month of July, 20XX:

Particulars	Amount (Rs. in lakh)
Value of inter-State outward supply to registered persons	30
Value of intra-State outward supply to registered persons	50
Value of intra-State outward supply to unregistered persons	15
Value of intra-State inward supply from registered persons	10
Value of inter-State inward supply from registered persons	5

Following additional information is also provided by Mr. Ekaant:-

Particulars	Amount (Rs. in lakh)
IGST credit on capital goods purchased in the month of July	1.5
CGST / SGST credit on other inward supplies [including credit of Rs. 5,000 (CGST and SGST each) on account of membership of a club	0.5 (CGST and SGST each)
Availed consultancy services from Mr. Sujit, lawyer located in Delhi [Intra-State services]	1

The amount of ITC brought forward in the month of July, 20XX is as under:-

CGST : Rs. 2 lakh

SGST : Rs. 2 lakh

IGST : Rs. 5 lakh

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July, 20XX by assuming the rates of GST as under:

CGST 9% SGST 9% IGST 18%

Note:

- (i) All the amounts given above are exclusive of taxes.
- (ii) All the conditions necessary for availing the IT C have been fulfilled.

(8 Marks)**Question 6:**

(a) Sahil is a supplier of taxable goods in Karnataka. He got registered under GST in the month of September, 20XX and wishes to pay his IGST liability for the month. Since he's making the GST payment for the first time, he is of the view that he needs to mandatorily have the online banking facility to make payment of GST; offline payment is not permitted under GST.

You are required to apprise Sahil regarding the various modes of deposit in the electronic cash ledger. Further, advise him with regard to following issues:

- (a) Are manual challans allowed under GST?
- (b) What is the validity period of the challan?
- (c) Is cross utilization among Major and Minor heads of the electronic cash ledger permitted?

(6 Marks)

- (b) M/s Cavenon Enterprises, a registered supplier of designer wedding dresses under regular scheme, has aggregate annual turnover of Rs. 30 lakh in the preceding financial year. It is of the view that in the current financial year, it is permitted to file its monthly statement of outward supplies – GSTR 1 - on a quarterly basis while its accountant advises it to file the same on a monthly basis. You are required to advise M/s Cavenon Enterprises on the same.

During a given tax period in the current financial year, owing to an off-season, M/s Cavenon Enterprises has not made any taxable supply. Therefore, M/s Cavenon Enterprises opines that no return under GST is required to be filed for the said period. You are required to examine the technical veracity of the opinion of M/s Cavenon Enterprises.

(4 Marks)

Question 7:

- (a) Le Marc Ltd. of Nashik, Maharashtra, a registered supplier, is engaged in manufacturing taxable goods. It provides the following details of items purchased and services availed by it from Gujarat, for the month of March, 20XX:

S. No.	Particulars	IGST (Rs.)
1	Motor vehicle purchased for employees to be used for personal as well as business purposes	1,50,000
2	Motor vehicle purchased for transportation of goods within the factory	2,00,000
3	Food items for consumption of employees. These items were supplied free of cost to the employees in lieu of services rendered by them to the manufacturer in the course of employment.	2,000
4	Rent-a-cab facility availed for employees to fulfill a statutory obligation in this regard.	36,000

Calculate the amount of eligible input tax credit for the month of March, 20XX.

(6 Marks)

- (b) Examine whether supply of food and drink in the following independent cases is exempt from GST :-
- "Smart Kids" is a Play School located in Delhi. Smart Kids has outsourced the catering services for supply of food and drink in the canteen of Play School to BTV Caterers, Delhi for a consideration of Rs. 8,00,000 per annum.
 - Wellness Hospital, a clinical establishment located in Tirupati, is specialised in diabetic treatment. The hospital has its own canteen – Tasty Foods. The canteen serves the food and drink to the in- patients as advised by the doctors/nutritionists of the hospital. Apart from this, other patients (who are not admitted) or attendants or visitors of the in-patients also take food and drink from the canteen.

(4 Marks)

Question 8:

- (a) Mr. Ajay has a registered repair centre where electronic goods are repaired/serviced. His repair centre is located in State of Rajasthan and he is not engaged in making any inter-State supply of services. His aggregate turnover in the preceding financial year (FY 18-19) is Rs. 45 lakh.

With reference to the provisions of the CGST Act, 2017, examine whether Mr. Ajay can opt for the composition scheme in the current financial year from 01.04.2019 (FY 19-20)?

Is he eligible to avail benefit of concessional payment of tax under Notification No. 2/2019 CT (R) dated 07.03.2019? Considering the option of payment of tax available to Mr. Ajay, compute the amount of tax payable by him assuming that his aggregate turnover in the current financial year is Rs. 35 lakh.

Will your answer be different if Mr. Ajay procures few items required for providing repair services from neighbouring State of Madhya Pradesh?

(6 Marks)

(b) Advice regarding availability of input tax credit (ITC) under the CGST Act, 2017 in the following independent cases:-

- (i) AMT Co. Ltd. purchased a mini bus having seating capacity of 16 persons for transportation of its employees from their residence to office and back.
- (ii) Bangur Ceramics Ltd., a manufacturing company purchased two trucks for transportation of its finished goods from the factory to dealers located in various locations within the country.
- (iii) "Hans premium" dealing in luxury cars in Chankyapuri, Delhi purchased five Skoda VRS cars for sale to customers.
- (iv) Sun & Moon Packers Pvt. Ltd. availed outdoor catering service to run a canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory.

(4 Marks)

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