

(CA INTERMEDIATE MOCK TEST MAY 2021)

DATE: 15.04.2021

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.

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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. Ans. d
2. Ans. c
3. Ans. d
4. Ans. b
5. Ans. d
6. Ans. d
7. Ans. c
8. Ans. a
9. Ans. b
10. Ans. b
11. Ans. b
12. Ans. c
13. Ans. a
14. Ans. b
15. Ans. c
16. Ans. a
17. Ans. a
18. Ans. b
19. Ans. c
20. Ans. c
21. Ans. c
22. Ans. d
23. Ans. c
24. Ans. d
25. Ans. d
26. Ans. d
27. Ans. d
28. Ans. d
29. Ans. b
30. Ans. a

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:

(a) Computation of Total income and Tax payable (amounts in Rs.):

Income under the head Profits & Gains of Business and Profession		
Net profit as per Profit and Loss Account	19,13,500	
Add: Expenses debited but not allowable -		
Depreciation debited in Profit and loss Account [WN-1]	55,000	
Payment to tax consultant in cash is disallowed u/s 40A(3), since such cash payment is in excess of Rs. 10,000 in a day	55,000	

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Payment of rent of office premises without deducting tax at source [30% of Rs. 50,000] [WN-2]	15,000		
Gifts from client [WN-3]	Nil		
Less: Income credited but not taxable under this head -			
Dividend on shares of Indian Companies not to be taxed under this head	12,00,000		
Interest on deposit certificates issued under Gold Monetization Scheme 2015 is exempt u/s 10(15)	15,000		
Depreciation allowable under Income-tax Act [WN-1]	1,25,000	6,98,500	}{2 M}
Income from other sources :			
Dividend from shares of Indian company	12,00,000		
Interest on deposit Certificates issued under Gold Monetization Scheme, 2015 is exempt u/s 10(15)	-	12,00,000	
Gross Total Income		18,98,500	}{2 M}
Less: Deduction u/s 80C (Repayment of loan taken for purchase of house) [WN-5]	Nil		
Deduction u/s 80D [WN-6]	32,000	32,000	
Total Income (rounded off to nearest Rs. 10)		18,66,500	
Tax on total income		3,72,450	
Add: HEC @ 4%		14,898	
Tax liability (rounded off to nearest Rs. 10)		3,87,350	}{2 M}

Working Notes :

- (1) Depreciation debited to profit and loss account will be added back and allowable depreciation as per Income tax Act, shall be reduced. }{1 M}
- (2) An individual is liable to deduct tax at source on rent payments if his turnover in preceding financial year exceeds the monetary limits specified under Section 44AB. Presuming that turnover Mr. Pandey in preceding financial year exceeded the monetary limits of Section 44AB, he was liable to deduct tax at source. Since he has not deducted tax at source, 30% of rent payments shall be disallowed under Section 40(a)(ia) of the Act. }{1 M}
- (3) Gifts given by one of the clients for successful presentation of case in the Income Tax Appellate Tribunal is value of benefit received from clients during the course of profession is taxable under section 28(iv) under the head Profits and gains from business or profession. Since the same has already been credited to profit and loss account, hence no adjustment is required. }{1 M}
- (4)
 - (i) Interest on borrowed capital is allowed as deduction under section 24. Interest payable on loans borrowed for the purpose of acquisition, construction, repairs, renewal or reconstruction of house property can be claimed as deduction under section 24. Further, Interest payable on borrowed capital for the period prior to the previous year in which the property has been acquired or constructed, can be claimed as deduction over a period of 5 years in equal annual installments commencing from the year of acquisition or completion of construction. It is stated that the possession of property will be handed over in October, 2020. Hence, deduction under Section 24 in respect of interest on housing loan cannot be claimed in the assessment year 2021-22. No deduction shall be admissible in respect of interest on loans under Section 80EEA since the stamp duty value of the house property exceeds Rs. 45 lakh. }{1 M}
 - (ii) Section 80C is attracted where there is any payment for the purpose of purchase or construction of a residential house property, the income from which is chargeable to tax under the head 'Income from house property'.

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However, deduction is prima facie eligible only if the income from such property is chargeable to tax under the head "Income from House Property". During the assessment year 2021-22, there is not such income chargeable under this head, hence, deduction under section 80C cannot be claimed for assessment year 2021-22.

- (5) (a) Premium paid to insure the health of his parents being senior citizen is eligible for deduction u/s 80D upto Rs. 30,000, even though they are not dependent.
 (b) Expenditure on preventive health check up for himself and spouse is eligible for deduction upto Rs. 5,000 even if payment is made in cash.

Answer:

- (b) Here, the property (plot of land) was acquired by Mrs. R from her grandfather under inheritance i.e. Section 49(1) modes. Hence, the period of holding of Mrs. R's grandfather will be included, as a result of which, the plot of land becomes long-term capital asset for Mrs. R. } **{1 M}**
 Cost of acquisition for Mrs. R = Cost to the previous owner or FMV as on 01.04.2001, whichever is higher = Rs. 8,00,000.
 Cost of improvement incurred after 01.04.2001 by previous owner or the assessee is deductible.

(amounts in Rs.)	
Full value of consideration	50,00,000
Less : Expenses on transfer @ 15% of Rs. 50,00,000	75,000
Net Consideration;	49,25,000 } {1 M}
Less: Indexed cost of acquisition (Rs. 8,00,000 x 301/100)	24,08,000
Less : Cost of improvement incurred after 01.04.2001	
Mrs. R's grandfather (Rs. 6,60,000 x 301/220) + Mrs. R (Rs. 1,00,000 x 301/254)	10,21,504 } {2 M}
Long-term capital gains	14,95,496

Answer 2:

- (a) The answer is as follows –
- (i) Not taxable since the same has been received by her on the occasion of marriage.
 - (ii) Taxable since her mother's cousin does not fall in the category of relative.
 - (iii) Gift from employer shall be chargeable to tax under the head 'Salaries' as the same exceeds Rs. 5,000. } **{1/2 M Each}**
 - (iv) Taxable since brother of grandfather does not fall in the category of relative.
 - (v) Taxable.
- Therefore, the total taxable sum under income from other sources under section 56 = Rs. 18,000 + Rs. 25,000 + Rs. 2,000 = Rs. 45,000. Since the aggregate value of taxable gifts doesn't exceed Rs. 50,000, therefore, the same are not 'income' as per section 56(2)(x). Hence, none of the gifts shall be taxable in the hands of Mrs. Rashmi. } **{1 1/2 M}**

Answer:

- (b) Computation of total income of Mr. A (amounts in Rs.):

Salaries :		
Income from salary (Computed)	5,00,000	
Less: Loss of house property (Rs. 80,000 + Rs. 1,50,000 subject to maximum of Rs. 2,00,000)	2,00,000	3,00,000 } {1 M}
Income from house property :		
Loss from self-occupied property	80,000	

Loss from let-out property	1,50,000	
To be set-off from Salaries subject to maximum of Rs. 2,00,000 and balance loss of Rs. 30,000 to be carried forward to be set-off from Income from House Property.		
Profit and gains of business or profession :		
Business loss to be set-off from Income from other sources and balance business loss of Rs. 20,000 to be carried forward to be set-off from Profit and gains of business or profession	90,000	
Income from other sources :		
Bank interest (FD) (Gross)	70,000	
Less: Business loss	70,000	
Total Income		3,00,000 {2 M}

Answer:

(c) Clubbing of income and other tax implications (amount in Rs.):

	Mr. B	Mrs. B	Minor Son D	Minor Daughter P
Income from B's profession	45,000	--	--	--
Mrs. B's salary as fashion designer	--	76,000	--	--
Minor son D (interest on fixed deposits with a bank which were gifted to him by his uncle) [WN-1]	--	10,000	--	--
Minor daughter P's earnings from sports [WN-3]	--	--	--	95,000
D's winnings from lottery (gross) [WN-4]	--	1,95,000	--	--
Less: Exemption u/s 10(32) [WN-2]	--	-1,500	--	--
Total Income	45,000	2,29,500	--	95,000
	{1 M}	{2 M}	{1 M}	{1 M}

Working Notes:

- (1) Income from fixed deposit of Rs. 10,000 arising to the minor son D, shall be clubbed in the hands of the mother, Mrs. B as "Income from other sources", since her income is greater than income of Mr. B before including the income of the minor child.
- (2) As per section 10(32), income of a minor child which is includible in the income of the parent shall be exempt to the extent of Rs. 1,500 per child. The balance income would be clubbed in the hands of the parent as "Income from other sources".
- (3) Income of Rs. 95,000 arising to the minor daughter P from sports shall not be included in the hands of the parent, since such income has arisen to the minor daughter on account of an activity involving application of her skill.
- (4) Income of Rs. 1,95,000 arising to minor son D from lottery shall be included in the hands of Mrs. B as "Income from other sources", since her income is greater than the income of Mr. B before including the income of minor child.

Note:

She can reduce the tax deducted at source from such lottery income while computing her net tax liability.

Answer 3:

(a) Computation of Income from House Property of Mr. Krishna (amount in Rs.)-

(i) In case of Unit-I (Self-occupied) :

Net Annual Value	Nil
Less : Interest on the borrowed capital u/s 24(b) (Rs. 2,000 x 12 x 1/2)	12,000
Net Income from Unit-I	-12,000

}{2 M}

(ii) In case of Unit-II (Let-out) :

Expected Rent [WN-1]	1,10,000
Actual rent received (Rs. 12,000 x 9)	1,08,000
Proportionate Expected Rent (PER) [WN-2]	82,500
Gross Annual Value [WN-3]	1,08,000
Less: Municipal taxes paid (12% of Rs. 2,44,000 x 1/2)	14,640
Net Annual Value	93,360
Less: Deductions under section 24-	
(a) Statutory deduction @ 30% of NAV	28,008
(b) Interest on the borrowed capital (Rs. 2,000 x 12 x 1/2)	12,000
Net Income from Unit-II	53,352

}{2 M}

}{2 M}

Thus, total income from House Property = Rs. -12,000 + Rs. 53,352 = Rs. 41,352.

Working Notes :

- (1) ER = Fair Rent Rs. 1,17,500 or Municipal Value Rs. 1,22,000 whichever is higher, subject to maximum of Standard Rent Rs. 1,10,000.
- (2) PER = Expected Rent x 9 ÷ 12 = Rs. 1,10,000 x 9 ÷ 12 = Rs. 82,500.
- (3) Since ARR is greater than PER, therefore, ARR is less than ER on account of vacancy hence ARR is GAV.

Answer:

(b) Computation of total income and tax liability of Mrs. Ann (amount in Rs.):

Basic Salary (Rs. 60,000 x 12)		7,20,000
HRA (Rs. 15,000 x 12)	1,80,000	
Less: Exempt u/s 10(13A) [WN-1]	1,44,000	36,000
Education Allowance (Rs. 1,500 x 12)	18,000	
Less: Exempt u/s 10(14) (Rs. 100 x 12 x 2)	2,400	15,600
Gross Salary		7,71,600
Less: Standard Deduction u/s 16(ia)		50,000
Income from Salary		7,21,600
Profits and gains from business or profession :		
Income from the business of letting on hire of light goods vehicle [WN-2]		88,000
Income from Other Sources :		
Interest on Post office Saving bank account	8,500	
Less: Exemption under Section 10(15)(i)	3,500	
Balance Interest	5,000	
Interest from National Savings scheme	25,000	
Interest on Company deposit	25,000	
	55,000	
Less: Deduction u/s 57 (Interest paid for making investment in company deposit)	5,000	50,000
Gross Total Income		8,59,600
Less: Deductions under Chapter VI-A		

}{2 M}

}{2 M}

}{2 M}

Deduction u/s 80C	[WN-3]	80,000	
Deduction u/s 80D	[WN-3]	25,000	
Deduction under Section 80TTA [Interest on Post office saving bank account subject to maximum of Rs. 10,000]		5,000	1,10,000
Total Income			7,49,600
Tax on total income			62,420
Add: Health and Education cess @ 4%			2,497
Tax payable (rounded off)			64,920

Working Notes:

- (1) HRA is exempt to the extent of the least of the following under section 10(13A) -
- (a) 50% of salary (assumed to be in Mumbai) i.e. 50% of Rs. 7,20,000 = Rs. 3,60,000;
 - (b) Excess of rent paid over 10% of salary = Rs. 2,16,000 – Rs. 72,000 = Rs. 1,44,000;
 - (c) Actual HRA received = Rs. 15,000 x 12 = Rs. 1,80,000.
- Least of the above i.e. Rs. 1,44,000 is exempt under section 10(13A).

- (2) In the case of a person owning not more than 10 vehicles at any time during the previous year, estimated income from each light goods vehicle will be deemed to be Rs. 7,500 for every month or part of the month during which the vehicle is owned by the assessee during the previous year. If, however, the assessee declares a higher amount, such amount will be considered as income. Also, interest is not deductible, since under section 44AE, all deductions under sections 30 to 38 are deemed to have been allowed from such declared income. [Section 44AE] Actual income = Rs. 11,000 x 8 = Rs. 88,000.

- (3) Deductions u/s 80C and Section 80D :

Tuition fees paid for two of his children (most favourable to Mrs. Ann) [5 year Post office recurring deposit do not qualify for deduction u/s 80C].	80,000
Medical Insurance Premium for self paid in cheque qualifies for deduction subject to maximum of Rs. 25,000. [Health insurance premium paid for her husband in cash do not qualify for deduction u/s 80D]	25,000

Answer 4:

- (a) The TDS implications are as under –

- (i) Even though the annual premium exceeds 10% of sum assured in respect of a policy taken after 31.03.2012, and consequently, the maturity proceeds of Rs. 95,000 would not be exempt under section 10(10D) in the hands of Ms. Varsha the tax deduction provisions under section 194DA are not attracted since the maturity proceeds are less than Rs. 1 lakh. } {2 M}
- (ii) Since the sale consideration of residential house property does not exceed Rs. 50 lakh, Mr. Karan is not required to deduct tax at source under section 194-IA. } {1 M}
- (iii) TDS provisions under section 194J would not get attracted, since the limit of Rs. 30,000 is applicable for fees for professional services and royalty, separately. It is assumed that there is no other payment to Mr. Narayan towards fees for professional services and royalty during the P.Y. 2020-21. } {1 M}
- (iv) According to section 194C, the definition of "work" does not include the manufacturing or supply of product according to the specification by customer } {1 M}

- in case the material is purchased from a person other than the customer. Therefore, there is no liability to deduct tax at source in respect of payment of Rs. 1,75,000 to Mr. Vaibhav, since the contract is a contract for 'sale'.
- (v) Section 194J provides for deduction of tax at source @7.5% from any sum paid by way of any remuneration or fees or commission, by whatever name called, to a resident director, which is not in the nature of salary on which tax is deductible under section 192. The threshold limit of Rs. 30,000 upto which the provisions of tax deduction at source are not attracted in respect of every payment covered under section 194J is, however, not applicable in respect of sum paid to a director. Therefore, tax @7.5% has to be deducted at source under section 194J in respect of the sum of Rs. 12,000 paid by Talent Private Limited to its director Ms. Sudha. Amount of TDS = Rs. 12,000 x 7.5% = Rs. 900.
- (vi) According to Section 194J, in case of a payee, engaged only in the business of operation of call centre, the tax shall be deducted at source @1.5% if the amount credited to the account of the payee exceeds Rs. 30,000. Thus the amount of tax to be deducted at source = Rs. 70,000 x 1.5% = Rs. 1,050.

Answer:

(b) Computation of depreciation claims (amount in Rs.)-

Particulars	Block I (Plant)	Block II (Buildings)
Opening WDV	5,00,000	12,50,000
Add: Assets acquired during the previous year (Rs. 4,00,000 + 3,00,000)	7,00,000	--
	12,00,000	12,50,000
Less: Moneys payable in respect of assets sold during the year	10,00,000	--
WDV as on 31.03.2021 eligible for depreciation	2,00,000	12,50,000
Less: (a) Normal Depreciation (Rs. 2,00,000 x 7.5%, since used for less than 180 days)	15,000	1,25,000
(b) Additional Depreciation (Rs. 3,00,000 x 10%, since used for less than 180 days) [WN]	30,000	--
WDV as on 01.04.2021	1,55,000	11,25,000
	{2M}	{1M}

Working Note :

In case if plant is acquired during the year and is sold in the same year then no additional depreciation on the same shall be admissible. Hence, no additional depreciation can be claimed on 5 looms which were sold in the year of acquisition. The balance additional depreciation amounting Rs. 30,000 will be allowed in the immediately succeeding previous year.

No additional depreciation is admissible on building.

Answer:

- (c) (i) Belated return [Section 139(4)] : Any person who has not furnished a return within the time allowed to him under Section 139(1), may furnish the return for any previous year at any time-
- before the end of the relevant assessment year; or
 - before the completion of the assessment, whichever is earlier.
- Hence, for AY 2021-22, belated return can be furnished upto 31.03.2022.
- (ii) Yes, Mr. Sachin can revise the return. As per Section 139(5), if any person, having furnished a return u/s 139(1) or 139(4), discovers any omission or

any wrong statement therein, he may furnish a revised return at any time-

- before the end of the relevant assessment year, or
- before the completion of the assessment, whichever is earlier.

Hence, belated return filed under Section 139(4) by Mr. Sachin can be revised under Section 139(5) upto 31.03.2022.

} {2 M}

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 GST payable on outward supplies

S.No.	Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)
(i)	Intra-State supply of goods for Rs. 8,00,000	72,000	72,000		1,44,000
(ii)	Inter-State supply of goods for Rs. 3,00,000			54,000	54,000
	Total GST payable				1,98,000

} {2 M}

Computation of total ITC

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	57,000	Nil	70,000
Add: ITC on Intra-State purchases of goods valuing Rs. 2,00,000	18,000	18,000	Nil
Add: ITC on Inter-State purchases of goods valuing Rs. 50,000	Nil	Nil	9,000
Total ITC	75,000	18,000	79,000
	{1 M}	{1 M}	{1 M}

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)
GST payable	72,000	72,000	54,000	1,98,000
Less: ITC [First ITC of IGST should be utilized in full – first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(Nil) IGST	(25,000) IGST	(54,000) IGST	79,000
	(72,000) CGST	(18,000) SGST		90,000
Minimum GST payable in cash	Nil	29,000	Nil	29,000
	{1 M}	{1 M}	{1 M}	

Note : Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

Answer 6:

- (a) (a) Schedule I of CGST Act, inter alia, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business. Further, a person who has obtained more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as **distinct persons** [Section 25(4) of the CGST Act].
 In view of the same, factory and depot of Sulekha Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Sulekha Manufacturers to Mumbai Depot without consideration, but in course/ furtherance of business, is supply under section 7 read with Schedule I of the CGST Act. {2 M}
- (b) Schedule I of CGST Act, inter alia, stipulates that import of services by a taxable person from a **related person** located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. Explanation to section 15, inter alia, provides that persons shall be deemed to be **"related persons"** if they are **members of the same family**. Further, as per section 2(49) of the CGST Act, 2017, family means, –
 (i) the spouse and children of the person, and
 (ii) the parents, grand-parents, brothers and sisters of the person **if they are wholly or mainly dependent on the said person**.
 In the given case, Raman has received free of cost legal services from his brother. However, in view of section 2(49)(ii) above, Raman and his brother cannot be considered to be related as Raman's brother is a well-known lawyer and is not wholly/mainly dependent on Raman. Further, Raman has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by Raman's brother to him would not be treated as supply under section 7 read with Schedule I of the CGST Act. {2 M}
- (c) In the above case, if Raman has taken advice with regard to his business unit, services provided by Raman's brother to him would still not be treated as supply under section 7 of the CGST Act read with Schedule I as although the same are provided in course or furtherance of business, such services have not been received from a related person. {2 M}

Answer:

- (b) The view taken by the accountant of Sultan & Sons is not valid in law. A registered person with an aggregate turnover in a preceding financial year up to Rs. 1.5 crore is eligible for composition levy, under section 10(1) & 10(2), in Delhi. Further, such person must not be engaged in making any supply of goods which are not leviable to tax under this Act and must not be engaged in making any inter-State outward supplies of goods, for being eligible to pay tax under said scheme. {2 M}
 In the given case, the aggregate turnover of Sultan & Sons does not exceed Rs. 1.5 crore. Further, it is engaged in making only intra-State supply of goods and Product P supplied by it is taxable and Product Q supplied by it is leviable to tax though exempted by way of notification. Therefore, it is eligible for composition levy under section 10(1) & 10(2) in the current year. {2 M}

Answer 7:

- (a) **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}

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Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil	}{1 M}
Amount charged by cord blood bank for preservation of stem cells [Note-3]	Nil	}{1 M}
Service provided by selectors to a recognized sports body [Note-4]	5,20,000	

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.
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.
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 selectors are liable to GST.

Answer:

(b)

Computation of value of taxable supply

Particulars	Rs.	
List price of the goods (exclusive of taxes and discounts)	50,000	
Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	5,000	}{1 M}
Packing charges [Includible in the value as per section 15(2)(c)]	1,000	}{1 M}
Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	2,000	}{2 M}
Total	58,000	}{1 M}
Less: Discount @ 2% on Rs. 50,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15(3)(a)]	1,000	}{2 M}
Value of taxable supply	57,000	

Answer 8:

(a)

S. No.	Date of payment by the recipient for supply of services	Date of issue of invoice by the supplier of services	Date immediately following 60 days from invoice	Time of supply of goods [Earlier of (1) & (3)]	
	(1)	(2)	(3)		
(i)	August 10	June 29	August 29	August 10	}{1 M}
(ii)	August 10	June 1	August 1	August 1	}{1 M}
(iii)	Part payment made on June 30 and balance amount paid on September 1	June 29	August 29	June 30 for part payment and August 29 for balance amount	}{1 M}

(iv)	Payment is entered in the books of account on June 28 and debited in recipient's bank account on June 30	June 1	August 1	June 28 (i.e. when payment is entered in the books of account of the recipient)	}{1 M}
(v)	Payment is entered in the books of account on June 30 and debited in recipient's bank account on June 26	June 29	August 29	June 26 (i.e. when payment is debited in the recipient's bank account)	}{1 M}

Answer:

- (b)** Interest is payable under Section 50 of the CGST Act, 2017 in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.
- As per proviso to sub-section (1) of Section 50, interest is payable on the net tax liability paid in cash, only if the return to be filed for a tax period under Section 39, has been filed after the due date to furnish such return.
- In the above scenario, M/s ABC Ltd., has defaulted in making the payment for Rs. 40,000 on self-assessment basis in the return for the month of July, 2020. Accordingly, interest is payable on the gross liability and proviso of sub-section 50(1) shall not be applicable.
- Thus, the amount of interest payable by M/s ABC Ltd., is as under:-
- Period of delay = 21st August, 2020 to 20th October, 2020 = 60 days
- Hence, amount of interest = Rs. 40,000 x 18% x 60/365 = Rs. 1,184
- Alternatively, if M/s ABC Ltd., have filed the return for the month of July, 2020 on 20.10.2020, beyond the stipulated due date of 20.08.2020 and if the self-assessed tax for July, 2020 has been paid on 20.10.2020, Interest under proviso to Section 50(1) shall be payable on the tax paid through Electronic Cash Ledger only.
- Hence Interest is payable from 21st August 2020 till 20th October 2020 = 60 days
- Amount of Interest = Rs. 30,000 x 18% x 60/365 = Rs. 888

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