

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) Mr. Jha, an employee of FX Ltd, attained 60 years of age on 15.05.2019. He is resident in India during F.Y. 2019-20 and earned salary income of Rs. 5 lacs (computed). During the year, he earned Rs. 7 lacs from winning of lotteries. Compute his advance tax liability for A.Y. 2020-21:
- (a) Rs. 2,20,000 + Cess Rs. 8,800 = Rs. 2,28,800, being the tax payable on total income of Rs. 12 lacs
 - (b) Rs. 2,10,000 + Cess Rs. 8,400 = Rs. 2,18,400, being the tax payable on lottery income of Rs. 7 lacs
 - (c) Rs. 10,000 + Cess Rs. 400 = Rs. 10,400, being the tax payable on salary income, since tax would have been deducted at source from lottery income.
 - (d) Nil
- (1 Mark)**
- (2) APM Ltd. is a pioneer company in textile industry. At the end of F.Y. 2019-20, it decided to distribute deposit certificates (without interest) to its shareholders (preference as well as equity shareholders). Total value of accumulated profits of APM Ltd. was Rs. 25 lakhs. Mr. A is an equity shareholder of APM Ltd. holding 10% of share capital. During F.Y. 2019 - 20, Mr. A received deposit certificates (without interest) valuing Rs. 5,00,000 from APM Ltd.
Comment upon taxability of receipt of deposit certificates in the hands of Mr. A.
- (a) Deposit Receipts (without interest) are taxable to the extent of Rs. 2,50,000 under Income from other sources.
 - (b) Deposit Receipts (without interest) are fully taxable under Income from other sources.
 - (c) Deposit Receipts (without interest) are exempt since DDT is payable by the company.
 - (d) Deposit Receipts (without interest) are fully taxable and shall be included in Gross total income. But such receipt shall be allowed as deduction under Chapter-VI A.
- (1 Mark)**
- (3) Miss. Raksha is engaged in providing private coaching services in Noida, Uttar Pradesh and is not registered under GST till 25-Sep-2019. Her aggregate turnover is Rs. 19,00,000/- on 30-Sep-2019. She got GST registration on 30-Sep-2019. 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 exemption scheme 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)**

- (4) 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)

- (5) 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 - 31/01/2020
 - (ii) Date of agreement with buyer - 01/02/2020
 - (iii) Consideration received - 05/02/2020

(1 Mark)

- (6) 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)

- (7) 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)

- (8) Mr. Pappu Singh, commenced his business in Feb-2020. 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)**
- (9) A non-resident taxable person is required to apply for registration:
- (a) within 30 days from the date on which he becomes liable to registration
 - (b) within 60 days from the date on which he becomes liable to registration
 - (c) at least 5 days prior to the commencement of business
 - (d) None of the above
- (1 Mark)**
- (10) Which of the following activity shall be treated neither as a supply of goods nor a supply of services?
- (i) Permanent transfer of business assets where input tax credit has been availed on such assets
 - (ii) temporary transfer of intellectual property right
 - (iii) transportation of deceased
 - (iv) services by an employee to the employer in the course of employment
- (a) (i) & (iii)
 - (b) (ii) & (iv)
 - (c) (i) & (ii)
 - (d) (iii) & (iv)
- (1 Mark)**
- (11) Mr. Ajay is found to be the owner of two gold chains of 50 gms each (market value of which is Rs. 1,45,000 each) during the financial year ending 31.3.2020 but he could offer satisfactory explanation for Rs. 50,000 spent on acquiring these gold chains. As per section 115BBE, Mr. Ajay would be liable to pay tax of –
- (a) Rs. 1,87,200
 - (b) Rs. 2,26,200
 - (c) Rs. 1,49,760
 - (d) Rs. 1,80,960
- (2 Marks)**
- (12) Mr. Suhaan (aged 35 years), a non-resident earned dividend income of Rs. 12,50,000 from an Indian Company which is credited directly to its bank account in France and Rs. 15,000 as interest in Saving A/c from State Bank of India during the previous year 2019-20. Assuming that he has no other income, what will be amount of income chargeable to tax in his hands in India for A.Y. 2020-21?
- (a) Rs. 2,55,000
 - (b) Rs. 2,65,000
 - (c) Rs. 15,000
 - (d) Rs. 5,000
- (2 Marks)**

- (13) XYZ Ltd. has two units, one unit at Special Economic Zone (SEZ) and other unit at Domestic Tariff Area (DTA). The unit in SEZ was set up and started manufacturing from 12.3.2012 and unit in DTA from 15.6.2015. Total turnover of XYZ Ltd. and Unit in DTA is Rs. 8,50,00,000 and 3,25,00,000, respectively. Export sales of unit in SEZ and DTA is Rs. 2,50,00,000 and Rs. 1,25,00,000, respectively and net profit of Unit in SEZ and DTA is Rs. 80,00,000 and Rs. 45,00,000, respectively. XYZ Ltd. would be eligible for deduction under section 10AA for -
- (a) Rs. 38,09,524
 - (b) Rs. 19,04,762
 - (c) Rs. 23,52,941
 - (d) Rs. 11,76,471

(2 Marks)

- (14) Mr. Jagat is an employee in accounts department of Bharat Ltd., a cellular company operating in the regions of eastern India. It is engaged in manufacturing of cellular devices. During F.Y. 2019-20, following transactions were undertaken by Mr. Jagat:
- (i) He attended a seminar on "Perquisite Valuation". Seminar fees of Rs. 12,500 was paid by Bharat Ltd.
 - (ii) Tuition fees of Mr. Himanshu (son of Mr. Jagat) was reimbursed by Bharat Ltd. Amount of fees is Rs. 25,000.
 - (iii) Ms. Sapna (daughter of Mr. Jagat) studies in DPS Public School (owned and maintained by Bharat Ltd.) Tuition fees paid for Ms. Sapna was Rs. 750 per month. Cost of education in similar institution is Rs. 5,250 per month.
- Compute the amount which is chargeable to tax under the head "Salaries" in hands of Mr. Jagat for A.Y. 2020- 21.
- (a) Rs. 25,000
 - (b) Rs. 37,500
 - (c) Rs. 66,500
 - (d) Rs. 67,000

(2 Marks)

- (15) Mr. Hari is 65 years old residing in Agra. During F.Y. 2014-15, he purchased a house property in Kamla Nagar for Rs. 25 lacs. This house property was self-occupied by him till F.Y. 2016-17. In F.Y. 2017-18, he shifted to Delhi and the house property in Kamla Nagar was let out to Mr. Kishore. His income from house property was Rs. 5 lacs per annum (computed). During F.Y. 2019-20, Mr. Hari earned long-term capital gain of Rs. 2.50 lacs, casual income of Rs. 10 lacs, agricultural income of Rs. 3 lacs and profits from business of Rs. 4 lacs. During the same year, he transferred house property situated in Kamla Nagar to Mrs. Neelam (his son's wife) without any consideration. Subsequently, income from house property was received by Mrs. Neelam for F.Y. 2019-20. Compute gross total income of Mr. Hari for A.Y. 2020-21:
- (a) Rs. 16.50 lacs
 - (b) Rs. 21.50 lacs
 - (c) Rs. 19.50 lacs
 - (d) Rs. 24.50 lacs

(2 Marks)

- (16) The details of income/loss of Mr. Kumar for A.Y. 2020-21 are as follows:

| Particulars | Amt. (in Rs.) |
|--|----------------------|
| Income from Salary (Computed) | 5,20,000 |
| Loss from self-occupied house property | 95,000 |
| Loss from let-out house property | 2,25,000 |

| | |
|---------------------------------------|----------|
| Loss from specified business u/s 35AD | 2,80,000 |
| Loss from medical business | 1,20,000 |
| Long term capital gain | 1,60,000 |
| Income from other sources | 80,000 |

Compute gross total income of Mr. Kumar for A.Y. 2020-21:

- (a) Rs. 4,40,000
- (b) Rs. 3,20,000
- (c) Rs. 1,60,000
- (d) Rs. 4,80,000

(2 Marks)

- (17) Mr. Pawan is engaged in the business of roasting and grinding coffee beans. During F.Y. 2019-20, his total income is Rs. 4.5 lacs. Mr. Pawan filed its return of income for A.Y. 2020-21 on 3rd March, 2021. Compute fee payable for default in furnishing in return of income for PQ & Associates for A.Y. 2020-21:

- (a) Rs. 5,000
- (b) Not exceeding Rs. 1,000
- (c) Rs. 10,000
- (d) No fees payable as total income is below Rs. 5,00,000

(2 Marks)

- (18) Mr. Rana is a resident of India residing in Meerut. During F.Y. 2011-12 he purchased an agricultural land situated in Bahadurpur for Rs. 10 lacs. This land is situated in an area which has aerial distance of 3 km from the local limits of Municipality of Bahadurpur. Total population of this area is 80,000 as per the last preceding census. During F.Y. 2019-20, Mr. Rana sold this land to Mr. Jeet for Rs. 25 lacs on 29.1.2020. Mr. Rana invested Rs. 5 lakhs in bonds of NHAI on 31.7.2020. Cost inflation index for F.Y. 2011-12 and F.Y. 2019-20 is 167 and 289 respectively. Compute the amount of capital gain taxable in the hands of Mr. Rana for A.Y. 2020-21:

- (a) Rs. 3,23,353
- (b) Rs. 8,23,353
- (c) Rs. 10,00,000
- (d) None of the above

(2 Marks)

- (19) 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)

(2 Marks)

- (20) 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-2019. Invoice for service rendered was issued on 5-Nov-19. M/s Comfortable (P) Ltd. made part-payment of Rs. 4,20,000/- on 30-Nov-19. 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-20. M/s. Comfortable (P) Ltd. made payment of Rs. 3,00,000/- on 15-Feb-20 and balance payment was made on 6-June-2020, 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 2019-20:
- (a) Rs. 1,98,000/-
 (b) Nil
 (c) Rs. 64,068/-
 (d) Rs. 1,09,831/-

(2 Marks)

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.

- (a) Mr. Raghav is a chartered accountant and his income from profession for the year 2019-20 is Rs. 15,00,000. He provides you with the following information for the year 2019-20.

| Particulars | Rs. |
|---|-----------|
| Income of minor son Rahul from company deposit | 1,75,000 |
| Income of minor daughter Riya (professional dancer) from her dance performances | 20,00,000 |
| Interest from Canara bank received by Riya on fixed deposit made in 2015 out of income earned from her dance performances | 20,000 |
| Gift received by Riya from friends of Mr. Raghav on winning National award | 45,000 |
| Loss from house property (computed) | 2,50,000 |
| Short term capital loss | 6,00,000 |
| Long term capital gain under section 112 | 4,00,000 |
| Short term capital loss under section 111A | 10,00,000 |

Mr. Raghav income before considering clubbing provisions is higher than that of his wife.

Compute the Total Income of Mr. Raghav for Assessment Year 2020-21 and the losses to be carried forward assuming that he files his income tax returns every year before due date.

(10 Marks)

- (b) Mr. Arihant, a resident individual aged 40 years, has Gross Total Income of Rs. 7,50,000 comprising of income from Salary and income from house property for the assessment year 2020-21. He provides the following information:

Paid Rs. 70,000 towards premium for life insurance policy of his handicapped son (section 80U disability). Sum assured Rs. 4,00,000; and date of issue of policy 1-8-2017.

Deposited Rs. 90,000 in tax saver deposit in the name of his major son in Punjab National Bank of India.

Paid Rs. 78,000 towards medical insurance for the term of 3 years as a lumpsum payment for himself and his spouse. Also, incurred Rs. 54,000 on medical expenditure of his father, a resident aged 68 years. No medical insurance policy is taken in the name of his father. His father earned Rs. 4,50,000 interest from fixed deposit.

Contributed Rs. 25,000 to The Clean Ganga Fund, set up by the Central Government. Compute the Total Income and deduction under Chapter VI-A for the Assessment year 2020-21.

(4 Marks)

Question 2:

- (a) Mr. Chirag, set up a manufacturing unit of Baking Soda in notified backward area of the State of Andhra Pradesh on 18th May, 2019. The following machineries (falling under 15% block) purchased by him during the previous year 2019-20.

| Amount | (Rs. lakhs) |
|--|-------------|
| (i) Machinery X, Machinery Y and Machinery Z from Sahaj Limited on credit (installed and usage started on 18 th July, 2019, 25 th July 2019 and 1st August 2019, respectively). Payment is made on 15th April 2020 to Sahaj Limited by net banking. | 58 |
| (ii) Machinery L from Swayam Limited (installed on 8th August, 2019). The Invoice was paid through a cash payment on the same day. | 35 |
| (iii) Machinery M (a second-hand machine) from Sunshine Limited on 18th December, 2019 (The payment for the purchase invoice was made through NEFT on 5th January, 2020) | 15 |

Compute the depreciation allowance under section 32 of the Income-tax Act, 1961 for the assessment year 2020-21.

(4 Marks)

- (b) Mr. Sunil Patni, aged 45 years, furnishes the following details of his total income for A.Y. 2020-21:

| | |
|---------------------------------------|-----------|
| Income from Salaries (computed) | 26,56,000 |
| Income from House Property (computed) | 16,90,000 |
| Interest income from FDRs | 7,34,000 |

He has not claimed any deduction under Chapter VI-A. You are required to compute tax liability of Mr. Sunil Patni as per the provisions of Income Tax Act, 1961.

(3 Marks)

- (c) You are required to compute the total income of the Ms. Radhika, a resident individual, aged 37 years and the tax payable for the assessment year 2020-21. She furnishes the following particulars relating to the year ended 31-3-2020:

| | | |
|-------|--|--------|
| (i) | Winnings from a TV Game show (Net) | 77,000 |
| (ii) | Gift received from Father's brother | 85,000 |
| (iii) | Gift received from Archita, her close friend | 80,000 |

| | | |
|--------|--|----------|
| (iv) | Interest on capital received from TVA & Co., a partnership firm in which she is a partner(@15% p.a.) | 4,50,000 |
| (v) | Rent received for a vacant plot of land (Net) | 3,03,300 |
| (vi) | Amount received from Lime Pvt. Ltd., for a house at Delhi for which she had been in negotiation for enhanced rent three years back. This has not been taxed in any earlier year. The house was, however, sold off in March, 2019. | 2,85,000 |
| (vii) | Amount received under Keyman Insurance Policy | 4,35,000 |
| (viii) | Amount forfeited by her for the vacant plot, since the buyer could not finalize the deal as per agreement. | 3,10,000 |
| (ix) | Donation given in cash to a charitable trust registered u/s 12AA | 22,000 |
| (x) | She owns agricultural lands at Dhaka, Bangladesh. She has derived agricultural income therefrom | 5,20,000 |
| (xi) | Public Provident Fund paid in the name of her minor daughter | 1,25,000 |
| (xii) | Interest credited in the said PPF account during the year | 50,900 |
| (xiii) | Share of profits received from TVA & Co., a partnership firm Computation should be made under proper heads of income. | 1,50,000 |

(7 Marks)**Question 3:**

(a) Mr. Rajesh Sharma (aged 62 years), an Indian citizen, travelled frequently out of India for his business trip as well as for his outings. He left India from Delhi airport on 29th May 2019 as stamped in the passport and returned on 27th April 2020. He has been in India for less than 365 days during the 4 years immediately preceding the previous year. Determine his residential status and his total income for the assessment year 2020-21 from the following information:

- (1) Short term capital gain on the sale of shares of Tilt India Ltd., a listed Indian company, amounting to Rs. 58,000. The sale proceeds were credited to his bank account in Singapore.
- (2) Dividend amounting to Rs. 48,000 received from Treat Ltd., a Singapore based company, which was transferred to his bank account in Singapore. He had borrowed money from Mr. Abhay, a non-resident Indian, for the above-mentioned investment on 2nd April, 2019. Interest on the borrowed money for the previous year 2019-20 amounted to Rs. 5,800.
- (3) Interest on fixed deposit with Punjab National Bank, Delhi amounting to Rs. 9,500 was credited to his saving bank account.

(6 Marks)

(b) Ms. Suhaani, a resident individual, aged 33 years, is an assistant manager of Daily Needs Ltd. She is getting a salary of Rs. 48,000 per month. During the previous year 2019-20, she received the following amounts from her employer.

- (i) Dearness allowance (10% of basic pay which forms part of salary for retirement benefits).
- (ii) Bonus for the previous year 2018-19 amounting to Rs. 52,000 was received on 30th November, 2019.
- (iii) Fixed Medical allowance of Rs. 48,000 for meeting medical expenditure.
- (iv) She was also reimbursed the medical bill of her father dependent on her amounting to Rs. 4,900.
- (v) Ms. Suhaani was provided;

- a laptop both for official and personal use. Laptop was acquired by the company on 1st June, 2017 at Rs. 35,000.
 - a domestic servant at a monthly salary of Rs. 5,000 which was reimbursed by her employer.
- (vi) Daily Needs Ltd. allotted 700 equity shares in the month of October 2019 @ Rs. 170 per share against the fair market value of Rs. 280 per share on the date of exercise of option by Ms. Suhaani. The fair market value was computed in accordance with the method prescribed under the Act.
- (vii) Professional tax Rs. 2,200 (out of which Rs. 1,400 was paid by the employer). Compute the Income under the head "Salaries" of Ms. Suhaani for the assessment year 2020-21.

(8 Marks)

Question 4:

- (a) Mr. Vihaan is a resident but not ordinarily resident in India during the Assessment Year 2020-21. He furnishes the following information regarding his income/expenditure pertaining to his house properties for the previous year 2019-20:
- He owns two houses, one in Singapore and the other in Pune.
 - The house in Singapore is let out there at a rent of SGD 4,000 p.m. The entire rent is received in India. He paid Property tax of SGD 1250 and Sewerage Tax SGD 750 there. (1SGD=INR 51)
 - The house in Pune is self-occupied. He had taken a loan of Rs. 25,00,000 to construct the house on 1st June, 2015 @12%. The construction was completed on 31st May, 2017 and he occupied the house on 1st June, 2017.
- The entire loan is outstanding as on 31st March, 2020. Property tax paid in respect of the second house is Rs. 2,800.
- Compute the income chargeable under the head "Income from House property" in the hands of Mr. Vihaan for the Assessment Year 2020-21.

(7 Marks)

- (b) Examine with reference to the relevant provisions of Income-tax Act, 1961 whether the following losses/deductions can be carried forward/claimed by Mr. Sharma. These losses/deductions are in respect of the financial year 2019-20.
- (i) Loss from the business carried on by him as a proprietor: Rs. 9,80,000 (computed)
 - (ii) Unabsorbed Depreciation: Rs. 3,25,000 (computed)
 - (iii) Loss from House property: Rs. 50,000 (computed)
- The due date for filing the return for Mr. Sharma was 31st July, 2020 under section 139(1). However, he filed the return on 25.9.2020.

(3 Marks)

- (c) Examine with brief reasons, whether the following are chargeable to income-tax and the amount liable to tax with reference to the provisions of the Income-tax Act, 1961:
- (i) Allowance of Rs. 18,000 p.m. received by an employee, Mr. Uttam Prakash, working in a transport system granted to meet his personal expenditure while on duty. He is not in receipt of any daily allowance from his employer.
 - (ii) During the previous year 2019-20, Mrs. Aadhya, a resident in India, received a sum of Rs. 9,63,000 as dividend from Indian companies and Rs. 4,34,000 as dividend from units of equity oriented mutual fund.

(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:**

Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the months of September 2019:

| | | |
|--|------------|---------------|
| Intra-State supply of goods | | Rs. 25,00,000 |
| Inter-State supply of goods | | Rs. 5,00,000 |
| He has also made the following inward supply: | | |
| Intra-State purchase of goods from Registered Dealer | | Rs. 14,00,000 |
| Intra-State purchase of goods from Unregistered Dealer | | Rs. 2,00,000 |
| Inter-State purchase of goods from Registered Dealer | | Rs. 4,00,000 |
| Balance of ITC at the beginning of September 2019: | | |
| CGST | Rs. 95,000 | |
| SGST | Rs. 60,000 | |
| IGST | Rs. 50,000 | |
| Additional Information: | | |

He purchased a car (Intra-State supply) used for business purpose at a price of Rs. 6,72,000/- (including CGST of Rs. 36,000 & SGST of Rs. 36,000) on September 15, 2019. He capitalized the full value including GST in the books on the same date to claim depreciation.

Out of Inter-State purchase from registered dealer, goods worth Rs. 1,00,000 were received on October 3, 2019 due to road traffic jams.

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled except mentioned above.

Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September 2019.

(8 Marks)**Question 6:**

- (a)** State with reasons, whether GST is payable in the following independent cases:-
- (i) Services provided to recognized sports body as curator of national team.
 - (ii) Services provided by way of transportation of passenger in Metered Cab.
 - (iii) Services by way of public conveniences such as provision of facilities of washrooms.
 - (iv) Services provided by a player to a franchisee which is not a recognized sports body.

(6 Marks)

- (b)** 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) 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 (FY)? 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?

(4 Marks)

Question 7:

- (a) ABC Ltd., a registered supplier has made following taxable supplies to its customer Mr. P in the quarter ending 30th June, 2019.

| Date | Bill No. | Particulars | Invoice value (including GST) [Rs.] |
|-----------------|----------|---------------------------|--|
| 5th April, 2019 | 102 | Notebooks [10 in numbers] | 1,200 |
| 10th May, 2019 | 197 | Chart Paper [4 in number] | 600 |
| 20th May, 2019 | 230 | Crayon colors [2 packets] | 500 |
| 2nd June, 2019 | 254 | Poster colors [5 packets] | 900 |
| 22nd June, 2019 | 304 | Pencil box [4 sets] | 700 |

Goods in respect of bill no. 102, 230 and 254 have been returned by Mr. P. You are required to advise ABC Ltd. whether it can issue consolidated credit note against all the three invoices?

(3 Marks)

- (b) Mr. X, a supplier of goods, pays GST under regular scheme. The amount of input tax credit (ITC) available and output tax liability under different tax heads is as under:-

| Head | Output tax liability | ITC |
|-------------|----------------------|-------|
| IGST | 2,000 | 4,000 |
| CGST | 800 | 2,000 |
| SGST/ UTGST | 2,500 | 500 |

Compute the minimum GST payable in cash by Mr. X. Make suitable assumptions as required.

(3 Marks)

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

- 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.
- 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.
- "Hans premium" dealing in luxury cars in Chankyapuri, Delhi purchased five Skoda VRS cars for sale to customers.
- 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)

Question 8:

(a) Examine whether the supplier is liable to get registered in the following independent cases:-

- (i) Raghav of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is Rs. 28 lakh. He has another showroom in Tripura with a turnover of Rs. 11 lakh in the current FY.
- (ii) Pulkit of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is Rs. 22 lakh.
- (iii) Harshit of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is Rs. 24 lakh.
- (iv) Ankit of Assam is exclusively engaged in intra-State supply of taxable services. His aggregate turnover in the current financial year is Rs. 25 lakh.
- (v) Sanchit of Assam is engaged in intra-State supply of both taxable goods and services. His aggregate turnover in the current financial year is Rs. 30 lakh.

(5 Marks)

(b) M/s. Flow Pro sold a machine to BP Ltd. It provides the following particulars in this regard:-

| S. No. | Particulars | Rs. |
|--------|---|--------|
| (i) | Price of the machine (excluding taxes and incidental charges) | 30,000 |
| (ii) | Machine was subject to third party inspection. The inspection charges have been directly paid by BP Ltd. to the inspection agency. | 5,000 |
| (iii) | Freight charges for delivery of the machine (M/s Flow Pro has agreed to deliver the goods at BP Ltd's premises) | 2,000 |
| (iv) | Subsidy received from State Government on sale of machine under skill Development Programme. [The subsidy is directly linked to the price]. | 5,000 |
| (v) | Discount of 2% is offered to BP Ltd. on the price and recorded in the invoice | |

Note:

Items given in S. No. (ii) to (v) have not been considered in the price at S. No. (i). Determine the value of taxable supply made by M/s Flow Pro to BP Ltd.

(5 Marks)

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