

**(GI-1, GI-2, GI-3, VI-1, SI-1, VDI-1)**

**DATE: 09.07.2021**

**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.

**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 | } | <b>{1 M Each x 30 = 30 Marks}</b> |
| 2.  | Ans. c |   |                                   |
| 3.  | Ans. c |   |                                   |
| 4.  | Ans. a |   |                                   |
| 5.  | Ans. c |   |                                   |
| 6.  | Ans. c |   |                                   |
| 7.  | Ans. d |   |                                   |
| 8.  | Ans. b |   |                                   |
| 9.  | Ans. b |   |                                   |
| 10. | Ans. b |   |                                   |
| 11. | Ans. a |   |                                   |
| 12. | Ans. d |   |                                   |
| 13. | Ans. c |   |                                   |
| 14. | Ans. a |   |                                   |
| 15. | Ans. a |   |                                   |
| 16. | Ans. d |   |                                   |
| 17. | Ans. b |   |                                   |
| 18. | Ans. b |   |                                   |
| 19. | Ans. c |   |                                   |
| 20. | Ans. c |   |                                   |
| 21. | Ans. d |   |                                   |
| 22. | Ans. d |   |                                   |
| 23. | Ans. b |   |                                   |
| 24. | Ans. c |   |                                   |
| 25. | Ans. d |   |                                   |
| 26. | Ans. d |   |                                   |
| 27. | Ans. b |   |                                   |
| 28. | Ans. b |   |                                   |
| 29. | Ans. a |   |                                   |
| 30. | Ans. c |   |                                   |

**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:**

**Computation of total income of Ms. Geeta (amount in Rs.):**

Income from Salary			41,20,000	}{1 M}
Income from House property				
Delhi House :				
Rent received being net annual value	5,00,000			
Less: Standard deduction (30% of NAV)	1,50,000			

Less: Interest on borrowed capital [Rs. 7,50,000 + 50% of Rs. 1,50,000]	8,25,000	-4,75,000	}{1 M}
Jaipur (House)			
Rent received being net annual value	3,20,000		
Less: Standard deduction (30% of NAV)	96,000	2,24,000	}{1 M}
Self Occupied House (Mumbai) :			
Annual value	Nil		
Less: Interest on borrowed capital [Rs. 1,57,000 + 50% of Rs. 1,50,000 but restricted to Rs. 30,000 since loan been taken for acquisition of house prior to 01.04.1999 and loan taken on 01.04.2018 was for repair of house property]	30,000	-30,000	}{1 M}
(Loss from house property to be set-off from salaries to the extent of Rs. 2,00,000).		-2,81,000	-2,00,000}{1 M}
Balance loss of Rs. 81,000 shall be carried forward to be set-off from Income from House property.			
Profits and Gains of Business and Profession :			
Salary received from partnership firm [Salary received as a partner from a partnership firm is taxable under the head "Profits and gains of business and profession]		50,000	
Loss incurred by firm, in which she is a partner [Share of loss from a partnership firm cannot be set-off against business income, since share of income of the firm is exempt under section 10(2A)]		-	
Speculation profit		2,30,000	
		2,80,000	
Less: Loss from textile business – Rs. 7,50,000 (set-off to the extent of business income i.e. Rs. 2,80,000)		2,80,000	Nil}{2 M}
Balance loss (Rs. 7,50,000 – Rs. 2,80,000) i.e. Rs. 4,70,000 to be set-off from Income from other sources to the extent of Rs. 73,000 and remaining loss from Income under the head capital gains i.e. Rs. 3,97,000. Such loss cannot be set-off from Salaries			
Capital Gain's :			
Long-term Capital Gains on sale of equity shares computed as per Section 112A		8,95,000	
Less: Loss from textile business (Current year loss is to be given priority over set-off of brought forward loss)		3,97,000	
Less: Brought forward short-term capital loss on sale of gold		2,75,000	
Less: Brought forward loss on sale of equity shares of the nature specified u/s 111A		25,000	1,98,000}{2 M}
Income from Other Sources :			
Winnings from lottery		75,000	
Interest on fixed deposit		73,000	
Less: Loss from textile business		73,000	75,000}{2 M}
Gross Total income			41,93,000
Less: LIC premium paid for her son (Shall qualify for deduction u/s 80C even if son is not dependent on her)		15,000	
Repayment loan taken for purchase of house property in Delhi (Not eligible for deduction u/s 80C		Nil	

since loan is taken from friend)			
Repayment of loan taken for purchase of house property in Mumbai		50,000	
Repayment of loan taken for repair of house properties in Delhi and Mumbai shall not be eligible for deduction u/s 80C since loan is taken for repair of house.		Nil	65,000 }{1 M}
Total income			41,28,000 }{2 M}

**Answer 2:**

**(a) Computation of Gross Total Income for the A.Y. 2020-21 (amount in Rs.):**

Taxable Income from Profession			3,50,000
Capital Gains			
Full Value of consideration	5,00,000		
Less: Indexed cost of acquisition [Rs. 80,000 x 301/113]	2,13,097	2,86,903	}{3 M}
Income from Other Sources			
Dividend from shares of India company	5,000		}{1 M}
Interest received by Master Tapan (Income cannot be clubbed in hands of Madhav, since Master Tapan is suffering from disability specified under Section 80U)	-		
Interest on company deposits invested by Master Manan will be clubbed in hands of Madhav [Rs. 3,00,000 x 15% x 5 ÷ 12]	18,750		}{1 M}
Less: Exemption under Section 10(32)	{1 M}	-1,500	22,250
Gross Total Income			6,59,153 }{1 M}

**Answer:**

**(b) Computation of total income of Mr. Shyam (amount in Rs.):**

Basic Salary		4,00,000	
Dearness Allowance		2,00,000	
Servant Allowance		15,000	
Contribution by employer to Pension Scheme of Central Government [WN-1]		72,000	
Gross Salary		6,87,000	
Less: Standard Deduction u/s 16(ia)		50,000	
Salary Income/Gross Total Income			6,37,000 }{3 M}
Less: Deductions under Chapter VI A -			
(i) Employee's contribution to Pension Scheme of Central Govt. [Sec. 80CCD(1B)] [WN-3]			50,000 }{1 M}
(ii) Life insurance premium (10% of capital sum assured shall qualify for deduction) [Sec. 80C]		25,000	
(iii) Contribution towards Pension Fund of LIC [Sec. 80CCC]		1,10,000	
(iv) Employee's contribution to Pension Scheme of Central Govt. [Sec. 80CCD(1)] [WN-3]		22,000	
(v) Payment to Public provident Fund [Sec. 80C]		75,000	
Total [WN-2]		2,32,000	1,50,000
(vi) Employer's contribution to Pension Scheme of Central Government [Sec. 80CCD(2)] [WN-4]	{1 M}		60,000 }{1 M}
(vii) Medical insurance premium [Section 80D] [WN-5]			75,000
(viii) Medical treatment of prescribed disease disabled of			75,000

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	dependent mother [Sec. 80DD] [WN-6]		
(ix)	Medical treatment of prescribed disease of dependent mother being senior citizen [Section 80DDB] [WN-7]		70,000
	Total Income		1,57,000}{1 M}

**Working Notes:**

- (1) Contribution by employer to Pension Scheme of Central Government will be deemed to be income received in India under Section 7 and hence taxable.
- (2) As per Section 80CCE, the aggregate amount of deduction under section 80C, 80CCC and 80CCD(1) shall not exceed Rs. 1,50,000.
- (3) The deduction under section 80CCD(1B) would not be subject to overall limit of Rs. 1,50,000 under section 80CCE. Therefore, it is more beneficial for Mr. Shyam to claim deduction of Rs. 50,000 under section 80CCD(1B) first in respect of contribution to NFS. Thereafter, the remaining amount of Rs. 22,000 can be claimed as deduction under section 80CCD(1), subject to a maximum of 10% of salary.
- (4) Deduction in respect of employer's contribution to pension scheme of Central Government, shall not exceed 10% of salary (Basic salary + DA). Also it is not covered by limit of Rs. 1,50,000 specified in section 80CCE.
- (5) Deduction in respect of health insurance premium paid shall be restricted to, in case of himself Rs. 25,000, and in case of his father (being a senior citizen) Rs. 47,000. Further, the deduction in respect of amount paid in cash for preventive health check up of his father shall be allowed to Rs. 3,000, since the total amount of deduction in case of senior citizen cannot be allowed in excess of Rs. 50,000.  
Therefore, total amount of deduction = Rs. (25,000 + 47,000 + 3,000) = Rs. 75,000.
- (6) Since assessee has incurred expenditure on medical treatment of dependent mother suffering from disability, therefore, a fixed deduction of Rs. 75,000 irrespective of amount paid shall be allowed under section 80DD.
- (7) Deduction shall be allowed for expenditure incurred on medical treatment of dependent mother (being a senior citizen) to the extent of lower of following-  
(a) Sum actually paid i.e. Rs. 1,50,000; or (b) Rs. 1,00,000;  
From the amount of deduction (i.e. Rs. 1,00,000), the sum received from insurer and employer shall be reduced. Hence, net amount of deduction = (Rs. 1,00,000 – Rs. 30,000) = Rs. 70,000.

**Answer 3:**

**(a) Computation of Total Income and Tax Liability of Mrs. Rani (amount in Rs.):**

Profits and Gains of Business or Profession :		
Net Profits as per Income and Expenditure A/c	3,08,250	
Less: Income tax refund	1,750	}{1/2 M}
Dividend from Indian companies	10,500	}{1/2 M}
Winnings from lottery (net of TDS)	14,000	}{1/2 M}
Honorarium for valuing acupuncture examination answer books	24,000	}{1/2 M}
Allowable depreciation as per Income tax rules	60,000	}{1/2 M}
	1,98,000	}{1/2 M}
Add: Expenditure debited but not allowable -		
Donation to Prime Minister's National Relief Fund	20,000	
Deprecation	81,000	

**MITTAL COMMERCE CLASSES CA INTERMEDIATE – MOCK TEST**

Cost of medicines and needles for self use	22,000	3,21,000	}{1 M}
Income from other sources :			
Honorarium for valuing acupuncture examination answer books	24,000		
Gross Winnings from lottery [WN-1]	20,000		
Dividend from Indian company	10,500	54,500	}{1 M}
Gross Total Income		3,75,500	
Less: Deduction u/s 80C [LIC premium of Rs. 12,000 for self (Sum Assured Rs. 50,000)] shall be allowed subject to 10% of capital sum assured assuming that the policy is issued on or after 01.04.2012]	5,000		
Deduction u/s 80C (Donation to Prime Minister's national Relief Fund [WN-3])	20,000	25,000	
Total Income (rounded off)		3,50,500	}{1 M}
Tax on Lottery Winnings [Rs. 20,000 x 30%]		6,000	
Tax on Balance Income (Rs. 3,40,000 – Rs. 20,000 – Rs. 2,50,000)		4,025	
Total tax		10,025	
Less: Tax rebate under Section 87A [100% of tax or Rs. 12,500 which ever is less]		9,500	
Total Income-tax		Nil	
Less- TDS on dividends		1,050	
Less: TDS on lottery winnings		6000	
Tax payable (rounded off)		-7,050	}{2 M}

**Working Notes:**

- (1) Winnings from lottery should be grossed up for the chargeability under the head "Income from other sources". Hence, taxable amount is Rs. (14,000 + 6,000) = Rs. 20,000. Further cost of lottery tickets is not allowed as deduction.
- (2) Rs. 57,860 received on maturity of one LIC Policy, is exempt from tax under section 10(10D).
- (3) Donation to Prime Minister's National Relief Fund is eligible for 100% deduction.
- (4) Income tax refund shall not be taxable but interest on IT refund is taxable.

**Answer:**

**(b)** The above mentioned cases have been discussed hereunder-

- (1) As per Section 194-J, if payer is an individual or HUF whose accounts are audited u/s 44AB in the immediately preceding year, then he shall be liable to deduct tax at source. Here, since accounts of Mr. Anand are audited u/s 44AB, he is liable to deduct tax at source @ 7.5% if rental income exceeds Rs. 2,40,000. Further, Section 194-I provides that rent includes any payment by whatever name called, for the use of land or building together with furniture, fitting etc. Therefore, service charges of Rs. 10,000 p.m. will also be liable to TDS. Therefore, total rent = (Rs. 15,000 + Rs. 10,000) x 12 = Rs. 3,00,000; TDS = Rs. 3,00,000 x 7.5% = Rs. 22,500. }{3 M}
- (2) Explanation to section 194C provides that catering services are covered under the expression "work", for the purpose of tax deduction at source under this section and the catering organisation will have to be treated as contractor. As the payment exceeds Rs. 30,000, the nationalised bank is required to deduct }{3 M}

tax at source at 1.5% on the payments made to catering organisation under 194C.

Therefore, tax to be deducted at source = (Rs. 50,000 x 12) x 1.5% = Rs. 9,000.

**Answer 4:**

**(a) Computation of total income of Mr. X (amount in Rs.)-**

Salary (computed)	5,50,000	
Short term capital gains u/s 111A	45,000	
Gross total income	5,95,000	}{1 M}
Less: Deduction under Chapter VI-A		
(i) Contribution to PPF [Section 80C]	5,000	}{1 M}
(ii) Donations [Section 80 G] [WN-1]	82,250	
Total Income	5,07,750	

**Working Notes:**

(1) Calculation of amount eligible for deduction under section 80G (amounts in Rs.)-

Donation to		Qualifying Sum	% Eligible	Deduction
(A)	Donation where maximum limit is not applicable:			
	(i) National Children Fund	20,000	100%	20,000
	(ii) Contribution to Swachh Bharat Kosh	7,500	100%	7,500
	(iii) Contribution to Clean Ganga Fund	2,500	100%	2,500
	(iv) Contribution to National Fund for control of Drug Abuse	5,000	100%	5,000
	(v) Prime Minister's Drought Relief Fund	10,000	50%	5,000
(B)	Donation where maximum limit is applicable i.e. 10% of Adjusted GTI [Note]			
	(i) State Government for family planning	30,000	100%	30,000
	(ii) Approved charitable institution – restricted to (Rs. 54,500 – Rs. 30,000) = Rs. 24,500 or Rs. 25,000, whichever is lower.	24,500	50%	12,250
Total deduction u/s 80G				82,250

**Note:**

Computation of adjusted Gross Total Income (amount in Rs.)-

Gross total income		5,95,000
Less: Short term Capital Gains u/s 111A	45,000	
Deduction u/s 80 C	5,000	50,000
Adjusted GTI		5,45,000

(2) Donation to trust for benefit of particular religious community and food packets given to approved charitable institution for distribution to poor are not eligible for deduction under section 80G.



**Answer:**

- (b) (i) No, since payment in cash of an amount exceeding Rs. 50,000 requires quoting of PAN. } {1 M}
- (ii) Yes, since quoting of PAN is necessary for an amount exceeding Rs. 1 lakh per transaction. } {1 M}
- (iii) Yes, since quoting of PAN is necessary for an amount exceeding Rs. 50,000 per transaction. } {1 M}

**Answer:**

(c) **Computation of gross total income of Mr. P (amount in Rs.) :**

Income from salary (Computed)			18,000	
Income from house property : Net Annual Value		70,000		
Less: Statutory deduction u/s 24(a) @ 30%		21,000	49,000	{1 M}
Profits and Gains of Business or Profession :				
Income from Speculation Business	12,000			
Less: Brought forward loss of speculation business (Balance Rs. 4,000 to be carried forward)	12,000	Nil		
Income from non-speculation business [WN-1]	80,000			
Less: Depreciation allowable under the Act	8,000			
Unabsorbed depreciation	9,000	63,000	63,000	{1 M}
Income from Capital Gains : LTCG on sale of land		15,800		
Less: Brought forward short-term capital loss		7,800	8,000	
Gross total income			1,38,000	{1 M}

**Working Notes:**

- (1) It is assumed that whole of the depreciation relates to non-speculation business only. }
- (2) Loss on the gambling cannot be set-off against any income and carried forward. }
- (3) Loss from the activity of maintenance of race horses can only be set-off against income from such source, hence, the same shall be carried forward for set-off for 4 subsequent assessment years. } {1/2 M}
- (4) The information relating to unrealized rent has no relevance whatsoever; had such information been loss from house property, the same could have been set-off against income from house property. } Each Points

**SECTION – B - DESCRIPTIVE QUESTIONS**

**QUESTION NO. 5 IS COMPULSORY**

**ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.**

**TOTAL MARKS: 28 MARKS**

**Answer 5:**

GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Government and the consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive. } {1/2 M}

**The significant benefits of GST are discussed hereunder :**

(A) **Benefits to economy :**

- (1) **Creation of common national market :** GST aims to make India a common market with common tax rates and procedures and remove the economic barriers thus paving the way for an integrated economy at the national level. } {1/2 M}



- (2) **Boost to 'Make in India' initiative:** GST gives a major boost to the 'Make in India' initiative of the Government of India by making goods and services produced in India competitive in the national as well as international market. This will create India as a — Manufacturing hub. {1/2 M}
- (3) **Enhanced investment and employment:** The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input tax on goods and services and phasing out of Central Sales Tax (CST) reduces the cost of locally manufactured goods and services and increases the competitiveness of Indian goods and services in the international market and thus, gives boost to investments and Indian exports. With a boost in exports and manufacturing activity, more employment is generated and GDP is increased. {1/2 M}
- (B) Simplified tax structure :**
- (1) **Ease of doing business:** Simpler tax regime with fewer exemptions along with reduction in multiplicity of taxes under GST has led to simplification and uniformity. The uniformity in laws, procedures and tax rates across the country makes doing business easier. {1/2 M}
- (2) **Certainty in tax administration:** Common system of classification of goods and services ensures certainty in tax administration across India. {1/2 M}
- (C) Easy tax compliance :**
- (1) **Automated procedures with greater use of IT :** There are simplified and automated procedures for various processes such as registration, returns, refunds, tax payments. All interaction is through the common GSTN portal, therefore, less public interface between the taxpayer and the tax administration. {1 M}
- (2) **Reduction in compliance costs :** The compliance cost is lesser under GST as multiple record-keeping for a variety of taxes is not needed, therefore, there is lesser investment of resources and manpower in maintaining records. The uniformity in laws, procedures and tax rates across the country goes a long way in reducing the compliance cost. {1 M}
- (D) Advantages for trade and industry :**
- (1) **Benefits to agriculture and Industry :** GST has given more relief to industry, trade and agriculture through a more comprehensive and wider coverage of input tax set-off and service tax set-off, subsuming of several Central and State taxes in the GST and phasing out of CST. The transparent and complete chain of set-offs which results in widening of tax base and better tax compliance also leads to lowering of tax burden on an average dealer in industry, trade and agriculture. {1 M}
- (2) **Mitigation of ill effects of cascading :** By subsuming most of the Central and State taxes into a single tax and by allowing a set-off of prior-stage taxes for the transactions across the entire value chain, it helps in mitigating the ill effects of cascading, improving competitiveness and improving liquidity of the businesses. {1 M}
- (3) **Benefits to small traders and entrepreneurs :** GST has increased the threshold for GST registration for small businesses. Further, single registration is needed in one State. Small businesses have also been provided the additional benefit of composition scheme. With the creation of a seamless national market across the country, small enterprises have an opportunity to expand their national footprint with minimal investment. {1 M}

**Answer 6:**

- (a) (1) As per **Entry 5A of Notification No. 13/2017-CT (Rate)**, in case of Services supplied by the Central Government, State Government, Union territory or local authority by way of renting of immovable property to a person registered under the CGST Act, 2017, the recipient registered under the CGST Act, 2017 **will be liable to pay GST**. Hence, Mannappa Pvt. Ltd. will be liable to pay GST under reverse charge mechanism. { 2 M }
- (2) Services provided by a senior advocate by way of legal services, directly or indirectly to any business entity located in the taxable territory, reverse charge mechanism is applicable and business entity is liable to pay GST. In this case M/s. Tatva Trading Company will **be liable to pay GST**. { 1 M }
- (3) Security services (services provided by way of supply of security personnel) provided by any person other than a body corporate to a registered person is liable to be taxed under reverse charge basis. Hence, ABC Ltd. registered under GST **shall be liable to pay tax on the same**. { 1 M }

**Answer:**

- (b) **Computation of net GST liability of Multiservice Private Ltd. for the month of April:**

Particulars	Value of supply (Rs.)	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Fee for the coaching provided to students for competitive exams [WN-1]	6,24,000	56,160	56,160	
Services towards conduct of examination in Pureit University, Delhi [WN-2]	19,200			-
Services of transportation of students and faculty from their residence to Lotus Public School and back [WN-3]	24,000	-	-	-
Security and housekeeping services in Dhaani Public School [WN-4]	36,000			
<b>Total GST liability</b>		<b>56,160</b>	<b>56,160</b>	
		{ 1 M }	{ 1 M }	

**Working Notes:**

- (1) Coaching centre run by Multiservice Private Ltd. is not an educational institution since competitive exam coaching does not lead to grant of a qualification recognized by law. Therefore, fee received for coaching provided at such coaching centre is taxable.
- (2) Since Pureit University provides qualification recognized by law, it is an educational institution and services provided to an educational institution, in relation to conduct of examination by such institution are exempt from GST. { 1/2 M }
- (3) Since Lotus Public School provides education up to higher secondary school, it is an educational institution and services of transportation of students, faculty and staff provided to an educational institution are exempt. { Each for 4 Points }
- (4) Since Dhaani Public School provides pre-school education, it is an educational institution. Security and housekeeping services provided within the premises of an educational institution are exempt.

**Answer 7:**

- (a) **Computation of value of taxable supply** (amount in Rs.) :

Amount charged for loading, unloading, packing and warehousing of potato chips	[WN-1]	25,000
Fees charged for yoga camp conducted by a charitable trust registered u/s 12AA of the Income-tax Act, 1961	[WN-2]	Nil
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts	[WN-3]	Nil
Amount charged by cord blood bank for preservation of stem cells	[WN-4]	Nil
Amount charged for service provided by commentator to a recognized sports body	[WN-5]	6,00,000
Amount charged for service provided by way of right to admission to circus where consideration for the same is Rs. 750 per person.	[WN-6]	12,000

{1/2 M  
 Each for  
 6 Points}

**Working Notes :**

- (1) Services by way of loading, unloading, packing, storage or warehousing of agricultural produce are exempt from GST. Further, potato chips are manufactured through processes which alter the essential characteristic of agricultural produce, thus is not covered under definition of agricultural produce.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.
- (6) Services provided by way of right to admission to circus where consideration for the same is upto Rs. 500 per person are exempt from GST. Since in the present case, the consideration is more than Rs. 500 per person, so the same is liable to GST.

{1/2 M  
 Each for  
 6 Points}

**Answer:**

- (b) As per Notification No. 66/2017-CT dated 15-11-2017, a registered person (excluding composition supplier) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) i.e., date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. {1 M}
- As per Section 31(4), in case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time each such statement is issued or, as the case may be, each such payment is received. Therefore, invoice should be issued on 03-11-2020, 03-12-2020 and 01-01-2021 when monthly payments of 5 lakh are received. {1 M}
- Thus, time of supply will be 3-11-2020, 03-12-2020 and 01-01-2021 respectively for goods valued at Rs. 5 lakh each. **Time of supply for goods valued at Rs. 78,000 will be 02-01-2021, the date of issuance of invoice.** {2 M}

**Answer 8:**

- (a) This supply would be regarded as mixed supply, since in this case each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied conjointly for a single consolidated price. The tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which suffers the highest rate of tax from amongst the supplies forming part of the mixed supply. }{2 M}
- Therefore, the package will be chargeable to 28% GST. The tax liability will be arrived as under :

Value of taxable supply per package	Rs. 500
No. of packages	10,000
Total Taxable Value of supply	Rs. 50,00,000
Applicable GST Rate	28%
<b>Total Tax liability</b>	<b>14,00,000</b>

}{2 M}

**Answer:**

- (b) Section 10(1) of the CGST Act, 2017 provides that a registered person, whose **aggregate turnover** in the **preceding financial year** did not exceed **Rs. 1.5 crore** in the State of Rajasthan, will be eligible to opt for payment of tax under the composition scheme. }{1 M}
- According to Section 10(3), the benefit of composition scheme can be availed up to the aggregate turnover of **Rs. 1.5 crore** in current financial year. The **option** availed of by a registered person under Section 10(1) **shall lapse with effect from the day on which** his aggregate turnover during a financial year exceeds the limit of **Rs. 1.5 crore**.
- According to Explanation 2, for the purposes of determining the tax payable by a person under this section, the expression "turnover in State or turnover in Union territory" shall not include the value of following supplies, namely:- }{1 M}
- (i) supplies from the first day of April of a financial year upto the date when such person becomes liable for registration under this Act; and
  - (ii) exempt supply of services provided by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount.
- Thus, Aapki Dukan is eligible to pay tax under this section upto the turnover of Rs. 150 lakh. The total tax payable by it is as under:-

Period	Tax rate	Turnover (Rs.)	Tax liability (Rs.)
1 <sup>st</sup> Quarter	Since turnover did not exceed Rs. 40 lakh, it was not required to obtain registration. Hence, no tax was required to be paid	40 lakh	Nil
2 <sup>nd</sup> Quarter	Effective rate is 1% (CGST+ SGST/ UTGST)] under Section 10(1)	45 lakh [(85-40) lakh]	45,000
For 3 <sup>rd</sup> Quarter	Effective rate is 1% (CGST+ SGST/ UTGST)] under Section 10(1) upto Rs. 150 lakh	65 lakh [(150-85) lakh]	65,000
For the month of January 2022	Normal rate of tax i.e. 12% will be applicable	RS. 15 lakh [Rs.(165 - 150) lakh]	1,80,000
<b>Total tax liability</b>			<b>2,90,000</b>

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