

**(GI-1, GI-2, GI-3, GI-6, VI-1, SI-1, VDI-1)**

**DATE: 29.10.2021**

**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.  | Answer: (b)       | } | {5 x 2 M Each = 10 M} |
| 2.  | Answer: (a)       |   |                       |
| 3.  | Answer: (c)       |   |                       |
| 4.  | Answer: (d)       |   |                       |
| 5.  | Answer: (d)       |   |                       |
| 6.  | Answer: (d)       | } | {8 x 1 M Each = 8 M}  |
| 7.  | Answer: (d)       |   |                       |
| 8.  | Answer: (d)       |   |                       |
| 9.  | Answer: (c)       |   |                       |
| 10. | Answer: (a)       |   |                       |
| 11. | Answer: (a)       |   |                       |
| 12. | Answer: (d)       |   |                       |
| 13. | Answer: (b)       |   |                       |
| 14. | (i) Answer: (a)   | } | {6 x 2 M Each = 12 M} |
|     | (ii) Answer: (a)  |   |                       |
|     | (iii) Answer: (a) |   |                       |
| 15. | Answer: (a)       | } |                       |
| 16. | Answer: (d)       |   |                       |
| 17. | Answer: (d)       |   |                       |

**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 Income under the head Business/profession**

	Rs.	
Net Profit as per profit and loss account	3,00,000	
<b>Add:</b>		
• Salaries and bonus	1,05,000	}
• GST payable	30,000	
• Expenditure on technical know-how	36,000	
• Interest on capital	20,000	
• Rent of own building	30,000	
<b>Less:</b>		
• Depreciation on technical know-how {u/s 32}	(9,000)	}
(36,000 x 25%)		
• Depreciation on building	(25,000)	
(2,50,000 x 10%)		}
•		
Interest from Indian companies	(70,000)	

Income under the head Business/Profession	4,17,000	}
Less: Brought forward business loss of assessment year 2020-21	(1,00,000)	
Income under the head Business/Profession	3,17,000	}{1 M}
Income under the head Other Sources	70,000	
{Interest from Indian companies}		
Gross Total Income	3,87,000	}{1 M}
Less: Deductions u/s 80C to 80U	Nil	
Total Income	3,87,000	
<b>Computation of Tax Liability</b>		
Tax on Rs. 3,87,000 at slab rate	6,850.00	}{2 M}
Less: Rebate u/s 87A	(6,850.00)	
Tax Liability	Nil	

**Answer 2:**

- (a)** Miss Deepika is said to be resident if she satisfies any one of the following basic conditions:
- (i) Has been in India during the previous year for a total period of 182 days or more
- (or)**
- (ii) Has been in India during the 4 years immediately preceding the previous year for a total period of 365 days or more and has been in India for at least 60 days during the previous year.
- Miss Deepika's stay in India during the P.Y.2020-21 is 142 days [30+31+30+31+20] which is less than 182 days. However, her stay in India during the P.Y.2020-21 exceeds 60 days. Since, she left India for the first time, her stay in India during the four previous years prior to P.Y.2020-21 would be more than 365 days. Hence, she is a resident for P.Y.2020-21.
- Further, Miss Deepika would be "Resident and ordinarily resident" in India in during the previous year 2020-21, since her stay in India in the last seven previous years prior to P.Y.2020-21 is more than 730 days and she must be resident in the preceding ten years.

**Computation of business income and agricultural income of Miss Deepika for A.Y. 2021-22**

	Particulars	Income	Business Income ₹	Agricultural Income ₹
(i)	Income from sale of centrifuged latex processed from rubber plants grown in Kanyakumari (Apportioned between business and agricultural income in the ratio of 35:65 as per Rule 7A of Income- tax Rules, 1962)	1,50,000	52,500	97,500
(ii)	Income from sale of coffee grown and cured in Kodagu, Karnataka (Apportioned between business and agricultural income in the ratio of 25:75, as per Rule 7B(1) of the Income-tax Rules, 1962)	2,00,000	50,000	1,50,000
(iii)	Income from sale of coffee grown, cured, roasted and grounded in	5,00,000	5,00,000	-

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

	Colombo and received in Chennai <b>[See Note 1 below]</b>			
(iv)	Income from sale of tea grown and manufactured in West Bengal (Apportioned between business and agricultural income in the ratio of 40:60 as per Rule 8 of the Income-tax Rules, 1962)	12,00,000	4,80,000	7,20,000
(v)	Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out on land <b>[See Note 2 below]</b>	2,00,000	-	2,00,000
	<b>{2 M}</b>	<b>22,50,000</b>	<b>10,82,500</b>	<b>11,67,500</b> <b>{1 M}</b>

**Notes:**

Since Miss Deepika is resident and ordinarily resident in India for A.Y. 2021-22, her global income is taxable in India. Entire income from sale of coffee grown, cured, roasted and grounded in Colombo is taxable as business income since such income is earned from sale of coffee grown, cured, roasted and grounded outside India i.e., in Colombo.

- (1) As per Explanation 3 to section 2(1A), income derived from sapling or seedlings grown in a nursery would be deemed to be agricultural income, whether or not the basic operations were carried out on land. Hence, income of ₹2,00,000 from sapling and seedling grown in a nursery at Cochin is agricultural income.

**Answer:**

- (b)** (i) As per section 139(4), a belated return for any previous year may be furnished at any time –
- (a) before the end of the relevant assessment year; or
  - (b) before the completion of the assessment, whichever is earlier.
- For assessment year 2021-22, the belated return has to be furnished before 31st March 2022 or before completion of assessment, whichever is earlier. }{1 M}
- (ii) As per section 139(5), if any person, having furnished a return within the due date or a belated return, discovers any omission or any wrong statement therein, he may furnish a revised return at any time –
- (a) before the end of the relevant assessment year or
  - (b) before the completion of assessment, whichever is earlier.
- Since Mr. Varun has filed his return after 31.7.2021, being the due date under section 139(1) in his case, but before 31.3.2022/completion of assessment, the said return is a belated return under section 139(4). }{2 M}
- Thus, in the present case, Mr. Varun can file a revised return, since he has found an omission in the belated return filed by him for A.Y.2021-22 and assessment is yet to be completed and assessment year has not elapsed as of October, 2021.

**Answer:**

- (c) Computation of amount chargeable to tax in hands of Mrs. Natasha for A.Y. 2021-22**

	Particulars	₹
(i)	Even though father's maternal uncle does not fall within the definition of "relative" under section 56(2)(x), gift of ₹40,000	Nil

}{1 M}

	received from him by cheque is not chargeable to tax since the aggregate sum of money received by Mrs. Natasha without consideration from non-relatives (other than on the occasion of marriage) during the previous year 2020-21 does not exceed ₹ 50,000		
(ii)	Purchase of vacant site for inadequate consideration on 12.2.2021 would attract the provisions of section 56(2)(x). Where any immovable property is received for a consideration which is less than the stamp duty value of the property by an amount and the difference between stamp duty value and consideration is more the higher of ₹50,000 and 10% of consideration, the difference between the stamp duty value and consideration is chargeable to tax in the hands of Individual. Therefore, in the given case ₹ 68,000 (₹ 2,00,000 - ₹ 1,32,000) is taxable in the hands of Mrs. Natasha, since the difference exceeds ₹50,000, being the higher of ₹50,000 and 10% of consideration.	68,000	{1 M}
(iii)	Since shares are included in the definition of "property" and difference between the purchase value and fair market value of shares is ₹ 58,000 (₹ 1,33,000 - ₹ 75,000) i.e. it exceeds ₹ 50,000, the difference would be taxable under section 56(2)(x).	58,000	{1 M}
<b>Amount chargeable to tax</b>		<b>1,26,000</b>	

**Answer 3:**

**(a) Interest on loan**

As per section 64(1)(iv), in computing the total income of any individual, there shall be included all such income as arises directly or indirectly, to the spouse of such individual from assets transferred directly or indirectly, to the spouse by such individual otherwise than for adequate consideration or in connection with an agreement to live apart.

Accordingly, ₹ 50,000, being the amount of interest on loan received by Ms. Nisha, wife of Mr. Nishant, would be includible in the total income of Mr. Nishant, since such loan was given by her out of the sum of money received by her as gift from her husband.

**Loss from business**

Since the capital was invested in business by Ms. Nisha on 1st April, 2020, and capital invested was entirely out of the funds gifted by her husband, the entire loss of ₹15,000 from the business carried on by Ms. Nisha would also be includible in the total income of Mr. Nishant.

Since income includes loss as per Explanation 2 to section 64, clubbing provisions would be attracted even if there is loss and not income.

**Capital Gain on sale of shares of listed company**

The short-term capital gain of ₹ 25,000 (₹ 75,000, being the sale consideration less ₹ 50,000, being the cost of acquisition) arising in the hands of Ms. Nisha from sale of shares acquired by investing the interest income of ₹ 50,000 earned by her (from the loan given out of the sum gifted to her by her husband), would not be included in the hands of Mr. Nishant.

Income from the accretion of the transferred asset is not liable to be included in the hands of the transferor and therefore such income is taxable in the hands of Ms. Nisha. Since securities transaction tax has been paid, such short-term capital gain on sale of listed shares is taxable @ 15% in the hands of Ms. Nisha.

**Answer:**

**(b) Computation of Taxable Income of Mr. Rajesh for the A.Y. 2021-22**

Particulars	₹	₹
<b>Salaries</b>		
Isha's salary (₹ 25,000 x 12) <b>[See Note 1]</b>	3,00,000	
Less: Standard deduction under section 16(ia) upto ₹50,000	<u>50,000</u>	
	2,50,000	
Less: Loss from house property set off against salary income as per (3A) <b>[See Note 2]</b>	<u>2,00,000</u>	50,000
<b>Capital Gains</b>		
Short term capital gain	1,40,000	
Less: Loss from tea business (₹ 96,000 x 40%) <b>[See Note 3 &amp; 4]</b>	<u>38,400</u>	1,01,600
<b>Income from Other Sources</b>		
Dividend income <b>[See Note 5]</b>		<u>1,00,000</u>
<b>Taxable Income</b>		<b>2,51,600</b>

**The following losses can be carried forward for subsequent assessment years:**

(i)	Loss from house property to be carried forward and set-off against income from house property	₹ 20,000	}{1 M}
(ii)	Long-term capital loss of A.Y. 2016-17 can be carried forward and set-off against long-term capital gains	₹ 86,000	}{1 M}
(iii)	Loss from speculative business to be carried forward and set-off against income from speculative business	₹ 50,000	}{1 M}

**Notes:**

- (1) As per section 64(1)(ii), all the income which arises directly or indirectly, to the spouse of any individual by way of salary, commission, fees or any other form of remuneration from a concern in which such individual has a substantial interest shall be included in the total income of such individual. However, where spouse possesses technical or professional qualification and the income is solely attributable to the application of such knowledge and experience, clubbing provisions will not apply. Since, Mrs. Isha is not adequately qualified for the post and Mr. Rajesh has substantial interest in Shine Ltd by holding 21% of the shares of the Shine Ltd., the salary income of Mrs. Isha to be included in Mr. Rajesh's income.
- (2) As per section 71(3A), loss from house property can be set off against any other head of income to the extent of ₹ 2,00,000 only.
- (3) 60% of the losses from tea business is treated as agricultural income and therefore exempt. Loss from an exempt source cannot be set off against profits from a taxable source.
- (4) As per section 71(2A), business loss cannot be set off against salary income. Hence, 40% of the losses from tea business i.e., ₹ 38,400 set off against short term capital gains.
- (5) Dividend received from Shaiba Ltd, an Indian Company upto ₹ 10,00,000 is exempt under section 10(34). ₹ 1,00,000, being dividend received in excess of ₹ 10 lakh would be taxable @ 10% as per section 115BBDA. Set off of losses is not permissible against such income.
- (6) Loss from Card games can neither be set off against any other income, nor can it be carried forward.

- (7) Loss of ₹50,000 from speculative business can be set-off only against the income from the speculative business. Hence, such loss has to be carried forward.
- (8) As per section 74(1), brought forward Long-term capital loss can be set-off only against long-term capital gain. Such loss can be carried forward for eight assessment years immediately succeeding the assessment year for which the loss was first computed. Since, 8 assessment years has not expired, such loss can be carried forward to A.Y. 2022-23 for set-off against long-term capital gains.

**Answer:**

**(c) Significant Differences between TDS and TCS**

	<b>TDS</b>	<b>TCS</b>	
(1)	TDS is tax deduction at source	TCS is tax collection at source.	{1 M}
(2)	Person responsible for paying is required to deduct tax at source at the prescribed rate	Seller of certain goods or provider of services is responsible for collecting tax at source at the prescribed rate from the buyer. Person who grants licence or lease (in respect of any parking lot, toll plaza, mine or quarry) is responsible for collecting tax at source at the prescribed rate from the licensee or lessee, as the case may be.	{1 M}
(3)	Generally, tax is required to be deducted at the time of credit to the account of the payee or at the time of payment, whichever is earlier. However, in case of payment of salary, payment in respect of life insurance policy etc., tax is required to be deducted at the time of payment.	Generally, tax is required to be collected at source at the time of debiting of the amount payable by the buyer of certain goods to the account of the buyer or at the time of receipt of such amount from the said buyer, whichever is earlier. However, in case of sale of motor vehicle of the value exceeding ₹10 lakhs, tax collection at source is required at the time of receipt of sale consideration.	{1 M}

**Answer 4:**

- (a)** Where regular books of account are not maintained by the assessee, the return should be accompanied by -
- (i) a statement indicating -
- (1) the amount of turnover or gross receipts,
  - (2) gross profit,
  - (3) expenses; and
  - (4) net profit
- of the business or profession;
- (ii) the basis on which such amounts mentioned in (i) above have been computed,
- (iii) the amounts of total sundry debtors, sundry creditors, stock-in-trade and cash balance as at the end of the previous year.
- {1 M Each}

Note: The above answer is based on the provisions of Section 139(9) of the Income-tax Act, 1961. However, since returns are now required to be e-filed, many of the details need to be incorporated as part of the relevant return form itself. } {1 M}

**Answer:**

**(b) Computation of interest payable under section 234B by Mr. Chandra Prakash**

	Particulars	Rs.
	Tax on total income of Rs. 15,05,000 [Business income of Rs. 12,00,000	2,64,000
	<b>(See Note below) + Income from other sources of Rs. 3,05,000]</b>	
	<b>Add:</b> Health and Education cess @4%	10,560
	<b>Tax on total income</b>	<b>2,74,560</b>
	<b>Less:</b> Tax deducted at source	55,000
	<b>Assessed Tax</b>	<b>2 19 560</b> } {2 M}
	90% of assessed tax	1,97,604
	Advance tax paid on 14-3-2021	1,45,000
} {2 M}	Interest under section 234B is leviable since advance tax of Rs. 1,45,000 paid is less than 1,97,604, being 90% of assessed tax	
	Number of months from 1st April, 2021 to 15th December, 2021, being the date of payment of self-assessment tax	9
	Interest under section 234B@1% per month or part of a month for 9 months on Rs. 74,500 [i.e., difference between assessed tax of Rs. 2,19,560 and advance tax of Rs. 1,45,000 paid being Rs. 74,560 which is rounded off to Rs. 74,500]	6,705
	Interest under section 234B rounded off	6,710
	<b>Note:</b> The presumptive income computed under section 44AD would be 12 lakhs, being 8% of 45 lakhs and 6% of 140 lakhs.	} {2 M}

**Answer:**

**(c) Computation of Total Income of Mr. Arihant for A.Y. 2021-22**

	Particulars	Rs.		Rs.
	<b>Gross Total Income</b>			7,50,000
	<b>Less: Deduction under Chapter VI-A</b>			
	<b>Under section 80C</b>			
	✓ Life insurance premium of Rs. 70,000 (restricted to Rs. 60,000 i.e., 15% of Rs. 4,00,000, being the sum assured, since the policy has been taken on or after 01.04.2013, in respect of his handicapped son suffering from disability u/s 80U)	60,000		} {1/2 M}
	✓ Tax saver deposit of Rs. 90,000 in the name of his major son does not qualify for deduction under section 80C, since such deposit has to be made in the name of the assessee himself to qualify for deduction u/s 80C	Nil		} {1/2 M}
	<b>Under section 80D</b>	25,000		} {1/2 M}
	✓ Medical insurance premium for self and his wife, pertaining to the previous year 2020-21 is Rs. 26,000, being 1/3rd of Rs. 78,000, the lumpsum premium, since the policy would be in force for three previous years. The said deduction would be restricted to			1,60,000 } {1/2 M}
	✓ Deduction in respect of medical expenditure of Rs.			



54,000 for his father, being a senior citizen would be allowable, since no insurance policy is taken in his name, to the extent of	50,000	{1 M}
<b>Under section 80G</b> ✓ Contribution by a resident towards the Clean Ganga Fund, set up by the Central Government would be eligible for 100% deduction without any qualifying limit.	25,000	{1 M}
<b>Total Income</b>		<b>5,90,000</b>

**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% (₹)	SGST@ 9% (₹)	IGST@ 18% (₹)	Total (₹)
(i)	Intra-State supply of goods for ₹ 10,00,000	90,000	90,000		1,80,000
(ii)	Inter-State supply of goods for ₹ 8,00,000			1,44,000	1,44,000
	<b>Total GST Payable</b>				<b>3,24,000</b>

**Computation of total ITC**

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Opening ITC	57,000	60,000	1,40,000
Add: ITC on Intra-State purchases of goods valuing ₹3,00,000	27,000	27,000	Nil
Add: ITC on Inter-State purchases of goods valuing ₹2,50,000	Nil	Nil	45,000
<b>Total ITC</b>	<b>84,000</b>	<b>87,000</b>	<b>1,85,000</b>

**Computation of minimum GST payable from cash ledger**

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)	Total GST (₹)
GST payable	90,000	90,000	1,44,000	3,24,000
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]	(38,000) IGST	(3,000) IGST	(1,44,000) IGST	1,85,000 IGST
	(52,000) CGST	(87,000) SGST		1,39,000
<b>Minimum GST payable in cash</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>ITC balance to be carried forward next month</b>	<b>32,000</b> {1 M}	<b>Nil</b> {1 M}	<b>Nil</b> {1 M}	<b>32,000</b> {1 M}

**Notes: The above computation is one of the many ways to set off the ITC of IGST**

(₹41,000-after set off against IGST liability) against CGST and SGST liability to compute minimum GST payable in cash. To illustrate, IGST of ₹ 10,000 can be set off against SGST payable and IGST of ₹31,000 can be set off against CGST payable. In this situation also, the net GST payable will be nil but the ITC of CGST and SGST to be carried forward will be ₹25,000 and ₹7,000 (totaling to ₹32,000) respectively. However, if the entire ITC of ₹41,000 is set off against CGST payable, then SGST of ₹3,000 will be payable in cash thus, increasing the cash outflow. Therefore, such a set off would not be advisable for computing the minimum GST payable.

**Answer 6:**

**(a) Computation of value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.**

Particulars	Amount (₹)	
Price of the goods	1,00,000	}{1 M}
Municipal tax [Includible in the value as per section 15(2)(a)]	2,000	}{1 M}
Inspection charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value as per section 15(2)(c)]	15,000	}{1 M}
Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e)]	50,000	}{1 M}
Late fees for delayed payment [Not includible since the same is waived off]	Nil	}{1 M}
Weighment charges paid to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd. [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b)]	2,000	}{1 M}
<b>Value of taxable supply</b>	<b>1,69,000</b>	

**Answer:**

- (b)** The time of supply of services, if the invoice is not issued in time, is the date of payment or the date of provision of service, whichever is earlier [Section 13(2)(b)]. In this case, the service is provided on 5th September but not invoiced within the prescribed time limit. Therefore, 5th September, the date of provision of service, being earlier than the date of payment, will be the time of supply. }{4 M}

**Answer 7:**

- (a)** As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:- }{2 M}
- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.

- (c) ₹ 40 lakh for rest of India. However, the higher threshold limit of ₹ 40 lakh is not available to persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masalas and Tobacco and manufactured tobacco substitutes. }  
 The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:- }  
 (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland. } **{1 M}**  
 (b) ₹ 20 lakh for the rest of India. }  
 In the light of the afore-mentioned provisions, the answer to the independent cases is as under:- }  
 (i) Happy Ltd. being exclusively engaged in supply of pan masala is not eligible for higher threshold limit of ₹40 lakh. The applicable threshold limit for registration in this case is ₹20 lakh. Thus, Happy Ltd. is liable to get registered under GST } **{1 M}**  
 (ii) Though Akki Ltd. is dealing in Assam, it is not entitled for higher threshold limit for registration as the same is applicable only in case of exclusive supply of goods while it is exclusively engaged in providing services. Thus, the applicable threshold limit for registration in this case is ₹ 20 lakh and hence, Akki Ltd. is liable to get registered under GST. } **{1 M}**  
 (iii) Since Aaru Ltd. is engaged in supply of both taxable goods and services, the applicable threshold limit for registration in this case is ₹20 lakh. Thus, Aaru Ltd. is liable to get registered under GST as it's turnover is more than the threshold limit. } **{1 M}**

**Answer:**

- (b) As per the provisions of CGST Act, 2017 read with relevant rules, the deposit in electronic cashledger can be made through any of the following modes, namely:-  
 (i) Internet Banking through authorised banks;  
 (ii) Credit card or Debit card through the authorised bank;  
 (iii) National Electronic Fund Transfer or Real Time Gross Settlement from any bank; or  
 (iv) Over the Counter payment through authorised banks for deposits up to ten thousand rupees per challan per tax period, by cash, cheque or demand draft. } **{1/2 M x 4 = 2 M}**  
 Thus, offline mode is also permitted under GST subject to specified conditions.  
 (a) Manual or physical Challans are not allowed under the GST regime. It is mandatory to generate Challan online on the GST Portal. } **{1 M}**  
 (b) Challan is valid for a period of 15 days. } **{1 M}**

**Answer 8:**

- (a) Recipient of supply of goods or services or both, means —  
 (i) where a consideration is payable for the supply of goods or services or both, the person who is liable to pay that consideration;  
 (ii) where no consideration is payable for the supply of goods, the person to whom the goods are delivered or made available, or to whom possession or use of the goods is given or made available; and  
 (iii) where no consideration is payable for the supply of a service, the person to whom the service is rendered, and  
 (iv) any reference to a person to whom a supply is made shall be construed as a reference to the recipient of the supply, and  
 (v) shall include an agent acting as such on behalf of the recipient in relation to the goods or services or both supplied. } **{1 M x 5 = 5 M}**

**Answer:**

- (b)** Credit note is required to be issued by the Supplier:-
- (i) If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or } {1 M}
  - (ii) If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or } {1 M}
  - (iii) if goods supplied are returned by the recipient, or } {1 M}
  - (iv) if goods and/or services supplied are found to be deficient. Debit note is required to be issued by the Supplier:-
    - (i) if taxable value charged in the tax invoice is found to be less than the taxable value in respect of supply of goods and/or services or } {2 M}
    - (ii) if tax charged in the tax invoice is found to be less than the tax payable in respect of supply of goods and/or services. }

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