

**(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. Mr. Ajay Sahu, proprietor of M/s Blue Bird Enterprises having turnover of ₹ 65 lakhs and Turnover is less than 100 lakhs during P.Y. 2019-20, has received two bills for payment. The first bill is for ₹ 42,00,000 from Vijay Associates, an advocate and property dealer firm, for his daughter’s hearing and ₹ 21,00,000 from same Vijay Associates for brokerage service provided in relation to purchase of one property. Both bills were raised on 21-12-2020 but payment were made in instalments. 1st Instalment of ₹ 5,00,000 as advance was payment on 15-11-2020, 2nd Instalment of ₹ 45,00,000 on 25-03-2021 and balance amount ₹ 13,00,000 on 11-05-2021. Determine the TDS liability for Mr. Ajay Sahu, if any, for A.Y. 2021-22?
- (a) ₹ 2,50,000  
 (b) ₹ 3,15,000  
 (c) ₹ 65,000  
 (d) Nil

**(2 Marks)**

2. Sham Singh spends ₹ 1,00,000 on cultivation and harvesting of his agricultural produce. 50% of the production is sold for ₹ 1,10,000 and rest is stored for self consumption. What is the amount of the agricultural income?
- (a) ₹ 60,000  
 (b) ₹ 1,10,000  
 (c) ₹ 1,20,000  
 (d) ₹ 1,00,000

**(2 Marks)**

3. Mr. Square, an Indian citizen, currently resides in Dubai. He came to India on a visit and his total stay in India during the F.Y.2020-21 was 135 days. He has no source of Income in India. Following is his details of stay in India in the preceding previous years:

Financial Year	Days of Stay in India
2019-20	125
2018-19	106
2017-18	83
2016-17	78
2015-16	37
2014-15	40
2013-14	35

You are his tax consultant. Advise him on his residential status for the P.Y. 2020-21.

- (a) Resident but Not Ordinary Resident (RNOR)  
 (b) Resident and Ordinary Resident  
 (c) Non-Resident  
 (d) Resident but information incomplete to know whether resident but not ordinarily resident or resident and ordinarily resident

**(2 Marks)**

4. Ms. Dilar who is not required to furnish return u/s 139(1) as his gross total income itself is less than basic exemption limit, has incurred expenditure of ₹2,00,000 for her daughter for travel to U.S.A. during P.Y. 2020-21. Is she required to file return for A.Y. 2021-22? If yes, what is the due date?
- (a) Yes; 31st July, 2021
  - (b) Yes; 30th September, 2021
  - (c) Yes; 31st August, 2021
  - (d) No, she is not required to file return of income for A.Y. 2021-22
- (2 Marks)**
5. Mr. Ramanan, a resident aged 40 years, has a total income of Rs. 3,25,000 for A.Y. 2021-22, comprising of his salary income and income from house property. His tax liability for A.Y. 2021-22 would be –
- (a) Rs. 3,900
  - (b) Rs. 1,300
  - (c) Rs. 2,600
  - (d) Nil
- (2 Marks)**
6. Which of the following income would be exempt in the hands of a Sikkimese Individual?
- (a) only income from any source in the State of Sikkim
  - (b) only income by way of dividend
  - (c) only income from interest on securities
  - (d) All the above
- (1 Mark)**
7. In case of a Member of Parliament –
- (a) Daily allowance is exempt but constituency allowance received as per applicable Rules is taxable.
  - (b) Constituency allowance received as per applicable Rules is exempt but daily allowance is taxable.
  - (c) Both daily allowance and constituency allowance received as per applicable Rules are taxable.
  - (d) Both daily allowance and constituency allowance received as per applicable Rules are exempt.
- (1 Mark)**
8. The quantum of deduction available under section 10AA in respect of profits and gains derived by a SEZ unit from export of articles is –
- (a) 100% of export profits for first 10 consecutive AYs and 50% for next 5 consecutive AYs
  - (b) 100% of export profits for first 5 consecutive AYs and 50% for next 10 consecutive AYs
  - (c) 100% of export profits for first 15 consecutive AYs
  - (d) 100% of export profits for first 5 consecutive AYs, 50% for export profits for next 5 consecutive AYs and upto 50% of export profits for next 5 consecutive AYs, as is credited to Special Reserve Account
- (1 Mark)**

9. Which of the following income is not exempt under section 10?  
 (a) Share income of a member from a HUF  
 (b) Share income of a partner from a firm  
 (c) Salary received by a partner from a firm  
 (d) Both (b) and (c)  
**(1 Mark)**
10. Income under the Income-tax Act, 1961, is to be computed under -  
 (a) five heads  
 (b) six heads  
 (c) four heads  
 (d) seven heads  
**(1 Mark)**
11. Share of profit of Mr. P, who is a partner in M/s PQR, a firm resident in India, is -  
 (a) exempt from tax  
 (b) taxable as his business income  
 (c) taxable as his salary  
 (d) taxable as other sources  
**(1 Mark)**
12. Mr. A, whose total sales is Rs. 201 lakhs, declare profit of Rs. 10 lakhs for the F.Y. 2020-21 . He is liable to pay advance tax-  
 (a) in one instalment  
 (b) in two instalments  
 (c) in three instalments  
 (d) in four instalments  
**(1 Mark)**
13. Which of the following benefits are not allowable to Ms. Geetha, a non-resident, while computing her total income and tax liability for A.Y.2021-22 under the Income-tax Act, 1961?  
 (a) Deduction of 30% of gross annual value while computing her income from house property in Bangalore, India  
 (b) Tax rebate of Rs. 12,500 from tax payable on her total income of Rs. 3,40,000  
 (c) Deduction for donation made by her to Prime Minister’s National Relief Fund  
 (d) Deduction for interest earned by her on NRO savings account.  
**(1 Mark)**
14. M/s. Shanky Consultants, a partnership firm registered in Delhi, renders following services during the year:  
 (i) Security services: ₹ 2,00,00,000/ to registered business entities  
 (ii) Manpower services (Accountants): ₹ 5,00,000/-  
 (iii) Auditing services: ₹ 1,00,00,000/-  
 Other Information  
 (i) Shanky Consultants also paid sponsorship fees of ₹ 70,000/- at seminar organized by a private NGO (a partnership firm) in Delhi.  
 (ii) Shanky Consultant pays rent amounting to ₹ 6,00,000/- for a building owned by MCD.  
 (iii) Assume all services are taxable at 18% and all transactions to be intra-State supplies. Based on the above information, answer the following questions:

- (i) What is the aggregate turnover of Shanky Consultants?  
(a) ₹ 3,05,00,000/-  
(b) ₹ 3,05,70,000/-  
(c) ₹ 1,05,00,000/-  
(d) ₹ 1,05,70,000/-
- (ii) GST liability paid under reverse charge by Shanky Consultants is?  
(a) CGST: ₹ 60,300/-, SGST: ₹ 60,300/-  
(b) CGST: ₹ 6,300/-, SGST: ₹ 6,300/-  
(c) CGST: ₹ 54,000/-, SGST: ₹ 54,000/-  
(d) None of the above
- (iii) State which of the following statement is true in respect of security services provided by Shanky Consultants to registered business entities:  
(a) Shanky Consultants shall issue GST tax invoice.  
(b) Shanky Consultants shall issue bill of supply stating "Tax to be paid by service recipient under reverse charge".  
(c) Shanky Consultants can issue any document in lieu of tax invoice.  
(d) Shanky Consultants shall issue receipt voucher every time Shanky Consultants receives payment.

**(3 x 2 Marks = 6 Marks)**

15. Akash Ltd. a registered person in Punjab has purchased Air Conditioner for invoice value of ₹ 32,000 (which includes GST at 18%) from Mukesh Ltd. registered in Punjab. Akash Ltd. had capitalized Air Conditioner in his books of accounts for full value of ₹ 32,000 and taking the benefit of depreciation on the same. Keeping in view of the above situation the input tax credit which Akash Ltd. is required to take in his books of accounts will be;  
(a) Nil  
(b) ₹ 4,881  
(c) ₹ 5,760  
(d) ₹ 2,880

**(2 Marks)**

16. Which document is required in case of movement of goods of consignment value of ₹ 1,05,000 for reasons other than supply:-  
(a) Bill of supply  
(b) Receipt Voucher  
(c) Payment voucher  
(d) E-way bill

**(2 Marks)**

17. Which of the following services are exempt under GST?  
(i) testing of agricultural produce  
(ii) supply of farm labour  
(iii) warehousing of agricultural produce  
(a) (i)  
(b) (i) and (ii)  
(c) (ii) and (iii)  
(d) (i), (ii) and (iii)

**(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:**

Profit and loss account of Mr. A for the Previous Year 2020-21 is as given below:

**Profit and Loss Account**

Particulars (Debits)	Amount Rs.	Particulars (Credits)	Amount Rs.
To Purchases	95,00,000	By Sales	102,71,000
To Salaries and bonus	2,70,000	By Discount	10,000
To GST payable	30,000	By Interest (gross) from Indian companies	70,000
To General expenses	1,00,000		
To Expenditure on technical know-how	36,000		
To Expenses on GST proceedings	15,000		
To Advertisements	50,000		
To Interest on capital	20,000		
To Rent of buildings owned by Mr. A	30,000		
To Net profit	3,00,000		
	103,51,000		103,51,000

**Additional information is given below:**

1. Purchases include a cash purchase of Rs. 20,000 from a farmer who lives in a village which is not served by any bank.
  2. Advertisements include presentation of 50 VIP bags in Jan 2021 costing Rs. 350 each.
  3. Salaries and bonus includes the following payments. Salary paid to Mr. A Rs. 52,000 Bonus paid to Mr. A Rs. 30,000 Commission paid to Mr. A Rs. 23,000
  4. The proprietor has carried forward business loss from the assessment year 2019-20 amounting to Rs. 1,00,000.
  5. The written down value of buildings on 01.04.2020 was Rs. 2,50,000.
  6. Technical know-how was purchased and put to use on 01.07.2020.
- Compute the Total Income and Tax Liability of Mr. A for the Assessment Year 2021-22.

**(14 Marks)**

**Question 2:**

- (a)** Miss Deepika, a citizen of India, got married to Mr. John of Australia and left India for the first time on 20.8.2019. She has not visited India again during the P.Y. 2020-21. She has derived the following income for the year ended 31-3-2021:

	Particulars	₹
(i)	Income from sale of centrifuged latex processed from rubber plants grown in Kanyakumari.	1,50,000
(ii)	Income from sale of coffee grown and cured in Kodagu,	2,00,000

	Karnataka	
(iii)	Income from sale of coffee grown, cured, roasted and grounded in Colombo. Sale consideration was received in Chennai.	5,00,000
(iv)	Income from sale of tea grown and manufactured in West Bengal.	12,00,000
(v)	Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out by her on land	2,00,000

You are required to determine the residential status of Miss Deepika and compute the business income and agricultural income of Miss. Deepika for the Assessment Year 2021-22.

**(7 Marks)**

- (b)** Mr. Varun filed return on 30th September, 2020 related to Assessment Year 2021-22. In the month of October 2021, his tax consultant found that the interest on fixed deposit was omitted in the tax return.

- (i) What is the time limit for filing a belated return?  
 (ii) Can Mr. Varun file a revised return?

Justify the above with the relevant provisions under section 139.

Assume that the due date for furnishing return of income was 31<sup>st</sup> July, 2021 and the assessment was not completed till the month of October 2021.

**(4 Marks)**

- (c)** From the following transactions relating to Mrs. Natasha, determine the amount chargeable to tax in her hands for the A.Y. 2021-22. Your answer should be supported by reason:

- (i) On 1-1-2021, being her birthday, she received a gift of ₹ 40,000 by means of cheque from her father's maternal uncle.  
 (ii) On 12-2-2021, she acquired a vacant site from her friend for ₹1,32,000. The State stamp valuation authority fixed the value of site at ₹ 2,00,000 for stamp duty purpose.  
 (iii) She bought 50 equity shares of a private company from another friend for ₹ 75,000. The fair market value of such shares on the date of purchase was ₹ 1,33,000.

**(3 Marks)**

**Question 3:**

- (a)** Nishant gifted ₹ 10 lakhs to his wife, Nisha on her birthday on, 1st January, 2020. Nisha lent ₹5,00,000 out of the gifted amount to Krish on 1st April, 2020 for six months on which she received interest of ₹ 50,000. The said sum of ₹ 50,000 was invested in shares of a listed company on 15th October, 2020, which were sold for ₹ 75,000 on 30th December, 2020. Securities transaction tax was paid on such sale. The balance amount of gift was invested as capital by Nisha in a newly business started on 1.4.2020. She suffered loss of ₹ 15,000 in the business in Financial Year 2020-21.

In whose hands the above income and loss shall be included in Assessment Year 2021-22? Support your answer with brief reasons.

**(4 Marks)**

- (b)** The following are the details relating to Mr. Rajesh, a resident Indian, relating to the year ended 31.03.2021

Particulars	Amount (₹)
Short term capital gain	1,40,000

Loss from house property	2,20,000
Loss from speculative business	50,000
Loss from card games	20,000
Brought forward Long term capital loss of A.Y. 2016-17	86,000
Dividend from Shaiba Ltd.	11,00,000
Loss from tea business	96,000

Mr. Rajesh's wife, Isha is employed with Shine Ltd., at a monthly salary of ₹ 25,000, where Mr. Rajesh holds 21% of the shares of the company. Isha is not adequately qualified for the post held by her in Shine Ltd. You are required to compute taxable income of Mr. Rajesh for the A.Y. 2021-22. Ascertain the amount of losses which can be carried forward.

**(7 Marks)**

- (c) Mention the significant differences between TDS and TCS.

**(3 Marks)**

**Question 4:**

- (a) Elaborate the conditions, non-fulfilment of which would render a return of income filed by an assessee not maintaining regular books of accounts, defective.

**(4 Marks)**

- (b) Mr. Chandra Prakash, a resident individual aged 54, is planning to pay self-assessment tax and furnish his return of income on 15.12.2021. He furnishes the following details of his income, the amount of tax deducted at source and advance tax paid for the previous year 2020-21 as under:

- (i) Retail Toy business, whose turnover is 185 lakhs [received 90 lakhs by Account payee cheque, 50 lakhs through ECS and balance in cash]. He opts for presumptive taxation scheme under section 44AD.
- (ii) Income from other sources 3,05,000.
- (iii) Tax deducted at source 55,000.
- (iv) Advance tax paid 1,45,000 on 14-3-2021.

Calculate the interest payable under section 234B of the income-tax Act, 1961. Ignore Section 115BAC.

**(6 Marks)**

- (c) 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 2021-22. 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 1-8-2019.
- 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 2021-22.

**(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. Harihar, a supplier of goods, pays GST under regular scheme. He has made the following outward taxable supplies in a tax period:

Particulars	₹
Intra-State supply of goods	10,00,000
Inter-State supply of goods	8,00,000

He has also furnished the following information in respect of purchases made by him in that tax period:

Particulars	₹
Intra-State Purchase of goods	3,00,000
Inter-State Purchase of goods	2,50,000

Mr. Harihar has following ITCs with him at the beginning of the tax period:

Particulars	₹
CGST	57,000
SGST	60,000
IGST	1,40,000

**Notes:**

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
  - (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
  - (iii) All the conditions necessary for availing the ITC have been fulfilled.
- Compute the minimum GST payable in cash, by Mr. Harihar for the tax period and the ITC to be carried forward to the next month. Make suitable assumptions as required.

**(8 Marks)**

**Question 6:**

**(a)** Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd.-

S. No.	Particulars	Amount (₹)
(i)	Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)]	1,00,000
(ii)	Municipal tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the goods supplied]	50,000
(v)	Late fees for delayed payment inclusive of GST [Shri Balram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt. Ltd. and the amount was refunded to Shri Balram Pvt. Ltd. during the same month]	1,000
(vi)	Weighment charges [Such charges were paid by Shri Balram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.]	2,000

Note: Price of the goods is net of the subsidy received.

Determine the value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.

**(6 Marks)**

- (b) Modern Security Co. provides service of testing of electronic devices. In one case, it tested a batch of devices on 4th and 5th September but could not raise invoice till 19th November because of some dispute about the condition of the devices on return. The payment was made in December.

What is the method to fix the time of supply of the service?

**(4 Marks)**

**Question 7:**

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

- (i) Happy Ltd. of Himachal Pradesh is exclusively engaged in intra-State supply of pan masala. It's aggregate turnover in the current financial year is ₹ 24 lakh.
- (ii) Akki Ltd. of Assam is exclusively engaged in intra-State supply of taxable services. It's aggregate turnover in the current financial year is ₹ 25 lakh.
- (iii) Aaru Ltd. of Assam is engaged in intra-State supply of both taxable goods and services. It's aggregate turnover in the current financial year is ₹ 30 lakh.

**(6 Marks)**

- (b) Angira Ltd. is a supplier of taxable goods in Karnataka. It got registered under GST in the month of September, 2020 and wishes to pay its IGST liability for the month. Since it is making the GST payment for the first time, it is of the view that it needs to mandatorily has the online banking facility to make payment of GST; offline payment is not permitted under GST. You are required to apprise Angira Ltd. regarding the various modes of deposit in the electronic cash ledger. Further, advise it with regard to following issues:

- (a) Are manual challans allowed under GST?
- (b) What is the validity period of the challan?

**(4 Marks)**

**Question 8:**

- (a) Explain the meaning of the term "recipient of supply of goods and/or services" under the CGST Act, 2017.

**(5 Marks)**

- (b) List out the situations in which a Credit note/Debit note may be issued under the CGST Act, 2017.

**(5 Marks)**

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