

(GI-7, VI-VDI-SI-3)**DATE: 06.04.2022****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. | 1. | Ans. (b) | Rs. 8,000 | } {2 M Each} |
| | 2. | Ans. (a) | Rs. 2,13,72,530 | |
| | 3. | Ans. (d) | Rs. 75,000 | |
| | 4. | Ans. (b) | Rs. 61,04,100 | |
| 2. | Ans. (a) | Rs. 12 lakhs | } {1 M Each} | |
| 3. | Ans. (d) | Rs. 253.56 lakhs | | |
| 4. | Ans. (c) | Rs. 218.73 lakhs | | |
| 5. | Ans. (a) | Rs. 24,200 | | |
| 6. | Ans. (a) | Rs. 1,28,440 | | |
| 7. | Ans. (d) | in four instalments | | |
| 8. | Ans. (b) | No, he is not liable to pay advance tax in India as his tax liability in India is less than Rs. 10,000. | | |
| 9. | Ans. (b) | Tax is required to be deducted on income comprised in maturity proceeds payable to Mr. X | | |
| 10. | Ans. (b) | Rs. 860 | | |
| 11. | Ans. (b) | under section 44AD and 44ADA | | |
| 12. | 1. | Ans. (a) | | (i) and (iv) |
| | 2. | Ans. (c) | Rs. 60,000 | |
| | 3. | Ans. (d) | 4 th September | |
| | 4. | Ans. (b) | 20 th October of the next year | |
| | 5. | Ans. (c) | (ii) & (iv) | |
| 13. | (c) | He needs to mandatorily have a place of business in Delhi. | | } {1 M Each} |
| 14. | (d) | (i), (ii) and (iii) | | |

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 and Tax payable (amounts in Rs.):

Income under the head Profits & Gains of Business and Profession		
Net profit as per Profit and Loss Account		19,13,500
Add: Expenses debited but not allowable -		
Depreciation debited in Profit and loss Account [WN-1]		55,000
Payment to tax consultant in cash is disallowed u/s 40A(3), since such cash payment is in excess of Rs. 10,000 in a day		55,000
Payment of rent of office premises without deducting tax at source [30% of Rs. 50,000] [WN-2]		15,000
Gifts from client [WN-3]		Nil

Less: Income credited but not taxable under this head -			
Dividend on shares of Indian Companies not to be taxed under this head	12,00,000		
Interest on deposit certificates issued under Gold Monetization Scheme 2015 is exempt u/s 10(15)	15,000		
Depreciation allowable under Income-tax Act [WN-1]	1,25,000	6,98,500	{6 M}
Income from other sources :			
Dividend from shares of Indian company	12,00,000		
Interest on deposit Certificates issued under Gold Monetization Scheme, 2015 is exempt u/s 10(15)	-	12,00,000	{1 M}
Gross Total Income		18,98,500	{1 M}
Less: Deduction u/s 80C (Repayment of loan taken for purchase of house) [WN-5]	Nil		{1 M}
Deduction u/s 80D [WN-6]	32,000	32,000	{1 M}
Total Income (rounded off to nearest Rs. 10)		18,66,500	
Tax on total income		3,72,450	
Add: HEC @ 4%		14,898	
Tax liability (rounded off to nearest Rs. 10)		3,87,350	{2 M}

Working Notes :

- (1) Depreciation debited to profit and loss account will be added back and allowable depreciation as per Income tax Act, shall be reduced.
- (2) An individual is liable to deduct tax at source on rent payments if his turnover in preceding financial year exceeds the monetary limits specified under Section 44AB. Presuming that turnover Mr. Pandey in preceding financial year exceeded the monetary limits of Section 44AB, he was liable to deduct tax at source. Since he has not deducted tax at source, 30% of rent payments shall be disallowed under Section 40(a)(ia) of the Act.
- (3) Gifts given by one of the clients for successful presentation of case in the Income Tax Appellate Tribunal is value of benefit received from clients during the course of profession is taxable under section 28(iv) under the head Profits and gains from business or profession. Since the same has already been credited to profit and loss account, hence no adjustment is required.
- (4) (i) Interest on borrowed capital is allowed as deduction under section 24. Interest payable on loans borrowed for the purpose of acquisition, construction, repairs, renewal or reconstruction of house property can be claimed as deduction under section 24. Further, Interest payable on borrowed capital for the period prior to the previous year in which the property has been acquired or constructed, can be claimed as deduction over a period of 5 years in equal annual installments commencing from the year of acquisition or completion of construction.
It is stated that the possession of property will be handed over in October, 2020. Hence, deduction under Section 24 in respect of interest on housing loan cannot be claimed in the assessment year 2022-23.
No deduction shall be admissible in respect of interest on loans under Section 80EEA since the stamp duty value of the house property exceeds Rs. 45 lakh.
- (ii) Section 80C is attracted where there is any payment for the purpose of purchase or construction of a residential house property, the income from which is chargeable to tax under the head 'Income from house property'.
However, deduction is prima facie eligible only if the income from such property is chargeable to tax under the head "Income from House Property". During the assessment

{2 M}

- year 2022-23, there is not such income chargeable under this head, hence, deduction under section 80C cannot be claimed for assessment year 2022-23.
- (5) (a) Premium paid to insure the health of his parents being senior citizen is eligible for deduction u/s 80D upto Rs. 30,000, even though they are not dependent.
- (b) Expenditure on preventive health check up for himself and spouse is eligible for deduction upto Rs. 5,000 even if payment is made in cash.

Answer 2:

- (a) Computation of income from salary of Mr. M (amount in Rs.)

Basic salary (Rs. 20,000 x 5 + Rs. 25,000 x 7)		2,75,000	
Transport Allowance (Rs. 2,000 p.m. x 12)	24,000		
Less : Exempt	Nil	24,000	{1 M}
Children education allowance (Rs. 500 p.m. x 12)	6,000		
Less : Exempt (Rs. 100 x 2 x 12)	2,400	3,600	{1 M}
City Compensatory Allowance		3,600	
Hostel expenses allowance (Rs. 380 x 12)	4,560		
Less : Exempt (Rs. 300 x 2 x 12) = Rs. 7,200 but restricted to the actual allowance of Rs. 4,560	4,560	Exempt	{1 M}
Tiffin allowance (Fully taxable)		5,000	
Tax paid on employment (Employee's obligation met by employer) [WN-2]		2,500	
Employer's contribution to R.P.F. In excess of 12% of salary (i.e. of Rs. 2,75,000) [WN-1]		8,250	
Gross Salary		3,21,950	
Less : Standard Deduction u/s 16(ia) [WN-3]		50,000	{1 M}
Employment tax u/s Section 16(iii)		2,500	
Taxable Salary		2,69,450	

Working Notes :

- (1) The question states that contribution to recognised provident fund is at 15% of Basic salary + D.A. However, since the amount or rate of D.A. is not given in the question, contribution to recognised provident fund has been taken as 15% of basic salary.
- (2) Employment tax paid by employer should be included in the salary of Mr. M as a perquisite since it is discharge of monetary obligation of the employee by the employer. Thereafter, deduction of employment tax paid is allowed to the employee from his gross salary. {3 M}
- (3) As per Section 16(ia), standard deduction will be allowed from gross salary amounting Rs. 50,000 or the amount of salary, whichever is less.

Answer:

- (b) Computation of Total income of Balamurugan for the year ended 31.03.2022

(amounts in Rs.):

Income from salaries (Computed)		2,60,000	
Income from house property : Loss from house property	15,000		
Less: Set-off against LTCG [WN-1]	15,000	Nil	{1 M}
Business Income : Loss from normal business	1,35,000		
Less: Income from speculation business	1,00,000		
Less: Set off against long-term capital gains [WN-2]	35,000	Nil	{1 M}
Capital Gains : Long-term capital gains	70,000		
Less: Business loss set-off	35,000		

Less: House property loss set-off	15,000	20,000	
Income from other sources : Lottery Winnings [WN-3]		3,00,000	
Total Income (rounded off)		5,80,000	{1 M}

Computation of tax liability (amounts in Rs.):

On LTCG of Rs. 20,000 @ 20%	4,000	
On other Income of Rs. 2,60,000	500	
On lottery winnings of Rs. 3,00,000 @ 30%	90,000	
Total Tax	94,500	{1 M}
Add: HEC @ 4%	3,780	
Total tax liability	98,280	
Less: TDS Rs. 3,00,000 @ 30%	90,000	
Tax payable (rounded off)	8,280	{1 M}

Applicability of Advance Tax : The assessee need not pay advance tax since his tax liability is less than Rs. 10,000.

Working Notes:

- (1) Long term capital gains are chargeable to tax @ 20% and Chapter VIA deduction are not available from such gains, hence loss from house property is set off against long term capital gains.
 - (2) Business loss cannot be set-off against salary income.
 - (3) No set off is allowed against lottery income. Further, no benefit of basic exemption limit is allowed from lottery winnings and chargeable to tax @ 30%.
- {2 M}

Answer 3:

(a)

	Rs.
Income under the head other sources	
Gross interest from State Bank of India	50,000.00
Interest from Government securities	
{Rs.1,00,000 – Rs.1,500}	98,500.00
Interest from ABC Ltd	3,99,970.00
{(Rs.3,60,000 / 90 x 100) – Rs.30}	
Interest on P.O.S.B (10,000 – 3,500)	6,500.00
Interest on PPF (exempt u/s 10(15))	Nil
Interest from XYZ Ltd.	(30,030.00)
{Gross interest = Rs.1,35,000 / 90 x 100 = 1,50,000 Less: Collection charges = (Rs.30) Less: Interest paid on loan = (Rs.1,80,000)}	
Winning from lottery	1,00,000.00
(70,000 / 70 x 100)	
Income under the head Other Sources	6,24,940.00
Income under the head House Property	
Gross Annual Value (72,000/90% x 12)	9,60,000.00
Less: Municipal Tax	(Nil)
Net Annual Value	9,60,000.00

{2 M}

Less: 30% of NAV u/s 24(a)	(2,88,000.00)	
Less: Interest on capital borrowed u/s 24(b)	(Nil)	
Income from house property	6,72,000.00	
Gross Total Income	12,96,940.00	
Less: Deduction u/s 80TTA	(10,000.00)	
Total Income	12,86,940.00	{3 M}
Computation of tax liability		
Tax on winning from lottery Rs.1,00,000 @ 30% u/s 115BB	30,000.00	
Tax on Rs.11,86,940 at slab rate	1,68,582.00	
Tax before health & education cess	1,98,582.00	
Add: HEC @ 4%	7,943.28	
Tax Liability	2,06,525.28	
Less: TDS u/s 193 on Non Listed Debentures	(40,000.00)	
Less: TDS u/s 193 on Listed Debentures	(15,000.00)	
Less: TDS u/s 194B on winning from lottery	(30,000.00)	
Less: TDS u/s 194I	(96,000.00)	
Tax Payable	25,525.28	
Rounded off u/s 288B	25,530.00	{3 M}

Answer:

- (b) Since the assessee is a resident and ordinarily resident in India, her global income would form part of her total income i.e., income earned in India as well as outside India will form part of her total income. She possesses a self-occupied house at Los Angeles as well as at Chennai. She can take the benefit of "Nil" Annual Value in respect of both the house properties. As regards the Bangalore house, arrears of rent will be chargeable to tax as income from house property in the year of receipt under section 25A. It is not essential that the assessee should continue to be the owner. 30% of the arrears of rent shall be allowed as deduction. Accordingly, the income from house property of Mrs. Rohini Ravi will be calculated as under: {1 M}

Self - occupied house at Los Angeles

Gross Annual Value	Nil
Less: Municipal taxes	Nil
Net Annual Value	Nil
Less: Statutory deduction under section 24(a) @ 30% of NAV	Nil
Less: Interest on Housing Loan u/s 24(b)	Nil
Loss from House property	Nil

Self - occupied property at Chennai

Gross Annual Value	Nil
Less: Municipal taxes	Nil
Net Annual Value	Nil
Less: Statutory deduction under section 24(a) @ 30% of NAV	Nil
Less: Interest on Housing Loan u/s 24(b) (Note)	(1,91,940) {2 M}
Loss from House property	(1,91,940)

Arrears in respect of Bangalore Property (Section 25A)

Arrears of rent received	60,000.00
Less: Deduction under section 25A @ 30%	(18,000.00)
Income from House property	42,000.00 {1 M}
Loss under the head House property (1,91,940 - 42,000)	1,49,940.00

Note: Calculation of Interest

Interest for the current year (50,800+1,31,300)	1,82,100.00 {1 M}
---	-------------------

Add: 1/5th of Prior period interest (49,200 x 1/5)
Interest deduction allowed u/s 24 (b)

9,840.00
1,91,940.00 }{1 M}

Answer 4:

(a) Computation of capital gains-

Full value of consideration (in case of Mr. X stamp duty value is taken as it exceeds 110% of sale consideration)	2,55,00,000	9,40,00,000
Less: Expenses on transfer	40,000	50,000
Net Consideration	2,54,60,000	9,39,50,000
Less: Indexed cost of acquisition:		
- In the case of X (Rs. 9,00,000 x 317/100)	28,53,000	--
- In the case of Y (Rs. 2,30,00,000 x 317/100)	--	6,65,70,000
Indexed cost of improvement :		
- In the case of X (Rs. 40,000 x 317/105)	1,20,762	--
- In the case of Y (Rs. 50,00,000 x 317/105)	--	1,50,95,238
Long-term capital gain before exemption	2,24,86,238	1,22,84,762
Less: Exemption u/s 54		
- In the case of X (as long-term capital gain exceeds Rs. 2 crore, X can avail section 54 exemption only for investment in one residential house property)	2,02,00,000	--
- In the case of Y (as long-term capital gain does not exceed Rs. 2 crore, Y can claim section 54 exemption for investment in two residential house properties) Rs. 20,10,000 + Rs. 1,20,00,000, subject to maximum of long-term capital gain of Rs. 1,22,84,762	--	1,22,84,762
Income under the head "Capital gains"	22,86,238	{3 M} Nil }{3 M}

Answer:

(b) An individual is required to furnish a return of income under section 139(1) if his total income, before giving effect to the deductions under Chapter VI-A or Section 54 or section 54B or section 54D or section 54EC or section 54F or section 54G or section 54GA or section 54GB, exceeds the maximum amount not chargeable to tax i.e. Rs. 2,50,000 (for A.Y. 2022-23).

Computation of total income of Mr. Paras for A.Y. 2022-23 (amount in Rs.):

Income from other sources :	
Interest earned from Non-resident (External) Account Rs. 2,88,000 [Exempt u/s 10(4)(ii), assuming that Mr. Paras has been permitted by RBI to maintain the aforesaid account]	Nil
Interest on fixed deposit with SBI	30,000
Interest on saving bank account	3,000
Gross Total Income	33,000
Less: Deduction under section 80TTA (Interest on saving bank account)	3,000
Total Income	30,000 }{3 M}

Since the total income of Mr. Paras for A.Y. 2022-23, before giving effect to the deductions under Chapter VI-A or Section 54 or section 54B or section 54D or section 54EC or section 54F or section 54G or section 54GA or section 54GB, is less than the basic exemption limit of Rs. 2,50,000, he is not required to file return of income for A.Y. 2022-23.

Note:

In the above solution, interest of Rs. 2,88,000 earned from Non-resident (External) account has been taken as exempt on the assumption that Mr. Paras, a resident, has been permitted by RBI to maintain the aforesaid account. However, in case he has not been so permitted, the said interest would be taxable. In such a case, his total income, before giving effect to the deductions under Chapter VIA or Section 54 or section 54B or section 54D or section 54EC or section 54F or section 54G or section 54GA or section 54GB, would be Rs. 3,21,000 (Rs. 30,000 + Rs. 2,88,000 + Rs. 3,000), which is higher than the basic exemption limit of Rs. 2,50,000. Consequently, he would be required to file return of income for A.Y. 2022-23.

If he has incurred expenditure of Rs. 3 lakhs on foreign travel of self and spouse, he has to mandatorily file his return of income on or before the due date under section 139(1).

{2 M}

Answer:

(c)

(i) Belated return [Section 139(4)] : Any person who has not furnished a return within the time allowed to him under Section 139(1), may furnish the return for any previous year at any time-

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

Hence, for AY 2022-23, belated return can be furnished upto 31.03.2023.

{1^{1/2} M}

(ii) Yes, Mr. Sachin can revise the return. As per Section 139(5), if any person, having furnished a return u/s 139(1) or 139(4), discovers any omission or any wrong statement therein, he may furnish a revised return at any time-

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

Hence, belated return filed under Section 139(4) by Mr. Sachin can be revised under Section 139(5) upto 31.03.2023.

{1^{1/2} M}

SECTION – B - DESCRIPTIVE QUESTIONS

QUESTION NO. 5 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.

TOTAL MARKS: 28 MARKS

Answer 5:

Net Tax Payable for the Month of August

ITC	Rs.
Goods A	
Transaction Value	4,00,000.00
Add: CGST @ 10%	40,000.00
Add: SGST @ 10%	40,000.00
	4,80,000.00
Tax Liability	
First Bill (TOS 31/08/2020)	6,00,000.00
Add: CGST @ 10%	60,000.00
Add: SGST @ 10%	60,000.00
	7,20,000.00
Net Tax Payable	
Output CGST	60,000.00

{2 M}

{2 M}

Less: ITC CGST	(40,000.00)	
Tax Payable	20,000.00	
Output		
SGST	60,000.00	
Less: ITC SGST	(40,000.00)	
Tax Payable	20,000.00	
Net Tax Payable for the Month of September		
ITC		Rs.
Goods B		
Transaction Value	5,00,000.00	
Add: CGST @ 10%	50,000.00	
Add: SGST @ 10%	50,000.00	
	6,00,000.00	
Goods C		
Transaction Value	7,00,000.00	
Add: CGST @ 10%	70,000.00	
Add: SGST @ 10%	70,000.00	
	8,40,000.00	} {2 M}
Net Tax Payable for the Month of December		
Output Tax		
Goods B		Nil
Goods C (TOS 31-12-2020)		
Transaction Value	7,00,000	
IGST @ 20%	1,40,000	
Less: ITC CGST Goods B	(50,000)	
Less: ITC CGST Goods C	(70,000)	
Less: ITC SGST Goods B	(20,000)	
Net Tax Payable		Nil
ITC to be carried forward		
SGST	1,00,000	} {2 M}

Answer 6:

(a) Computation of Input tax credit available with PQR Ltd. (amount in Rs.) :

Goods used in construction of an additional floor of office building [WN-1]	Nil	} {1/2 M Each x 8 = 4 M}
Packing Materials used in a factory (Since used in course of business hence, ITC shall be available)	6,000	
Goods destroyed due to natural calamities [WN-2]	Nil	
Goods used for repairing the office building and cost of such repairs is debited to P&L account [WN-3]	12,000	
Paper for photocopying machine used in Administrative Office (Since used in course of business hence, ITC shall be available)	950	
Goods given as Gifts [WN-2]	Nil	
Inputs used for tests or quality control check (Since used in course of business hence, ITC shall be available)	15,600	
Total ITC available	34,550	

Working Notes:

- (1) As per Section 17(5)(d), input tax credit shall not be available in respect of goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business. Hence, input tax credit shall not be available in respect of goods used in construction of an additional floor of office building.
- (2) Section 17(5)(h), input tax credit shall not be available in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples. Hence, no ITC shall be available in respect of goods destroyed due to natural calamities. **{2 M}**
- (3) As per the explanation, the expression "Construction" includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the immovable property. Goods used for revenue repairs are considered as an eligible input and credit shall be allowed on the same.

Answer:

- (b)** The provisions relating to Utilisation of Input tax credit and its order of utilisation are as under-
- (1) Utilisation of input tax credit subject to certain conditions [Section 49A] : Notwithstanding anything contained in section 49, the input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully towards such payment. **{1 M}**
 - (2) Order of utilisation of input tax credit [Section 49B] : Notwithstanding anything contained in this Chapter and subject to Section 49(5)(e)&(f), the Government may, on the recommendations of the Council, prescribe the order and manner of utilisation of the input tax credit on account of integrated tax, central tax, State tax or Union territory tax, as the case may be, towards payment of any such tax. **{1 M}**
 - (3) Order of utilization of input tax credit [Rule 88A] : Input tax credit on account of integrated tax shall first be utilised towards payment of integrated tax, and the amount remaining, if any, may be utilised towards the payment of central tax and State tax or Union territory tax, as the case may be, in any order. However, the input tax credit on account of central tax, State tax or Union territory tax shall be utilised towards payment of integrated tax, central tax, State tax or Union territory tax, as the case may be, only after the input tax credit available on account of integrated tax has first been utilised fully. **{2 M}**

Note : The above provisions has been discussed in detail in Chapter - Input tax credit.

Answer 7:

- (a)** As per Section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Kamlesh Enterprises Ltd.'s turnover exceeded Rs. 40 lakh on 10th October, 2021, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which it becomes liable to registration, i.e. 10th October, 2021. **{1 M}**
- Time period for issuance of revised tax invoice : As per Section 31 read with CGST Rules, 2017, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. **{1 M}**

Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration certificate in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration. Therefore, in the given case, Kamlesh Enterprises Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (10th October, 2021) till the date of issuance of certificate of registration (1st November, 2021) within 1 month from the date of issuance of certificate of registration, i.e. on or before 1st December, 2021. {2 M}

Answer:

(b) Computation of GST liability of MTCT (amount in Rs.)—

Fees charged for yoga camp conducted by the trust	WN-1]	Nil
Amount received for advancement of educational programmes relating to abandoned, orphaned or homeless children	[WN-1]	Nil
Amount received for activities relating to preservation of forests and wildlife	[WN-1]	Nil
Receipts of old age home meant for residents of 60 years or more [Consideration per month per member is Rs. 5,000 (inclusive of boarding lodging and maintenance)	[WN-4]	Nil
Amount received for renting of commercial property owned by the trust	[WN-3]	35,00,000
Value of Taxable supply		35,00,000
GST payable @ 18% [A]		6,30,000
Services to be taxed on reverse charge basis :		
Payment made for the services received from a service provider located in England for the purposes of providing 'charitable activities' [B]	[WN-2]	Nil
GST liability [(A) + (B)]		6,30,000

{1/2 M
Each x 6
= 3 M}

Working Notes :

- (1) Services provided by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST vide Exemption Notification No. 12/2017-CT (R) dated 28-06-2017. The definition of term charitable activities, inter alia, means activities relating to :
 - (a) advancement of yoga;
 - (b) advancement of educational programmes relating to abandoned, orphaned or homeless children
 - (c) preservation of environment including watershed, forests and wildlife.
- (2) Service recipient is liable to pay GST in case of a taxable service provided by any person located in a nontaxable territory and received by any person located in the taxable territory. However, services received from a provider of service located in a non-taxable territory by an entity registered under section 12AA of the Income-tax Act, 1961 for the purposes of providing charitable activities are exempt from GST vide Entry 10 of Notification No. 9/2017-IT (R) dated 28-06-2017.
- (3) Renting of commercial property owned by the trust is liable to GST.
- (4) Services by an old age home run by an entity registered under section 12AA of the Income-tax Act, 1961 to its residents (aged 60 years or more) against consideration upto 25,000 per month per member, provided that the consideration charged is inclusive of charges for boarding, lodging and maintenance are exempt from tax vide Entry 9D of Notification No. 12/2017-CT (R).

{3 M}

Answer 8:

(a) The composition tax liability of A Ltd. shall be as under

- (1) **Computation of Aggregate Turnover and composite tax (amount in Rs.):**

Particulars	Manufacturer	Trader
(1) Intra State Supplies of Goods X chargeable @ 5% GST	30,00,000	30,00,000
(2) Intra State Supplies of goods which are chargeable to GST at Nil rate	18,00,000	-
(3) Intra State supply of services chargeable with 5% GST	6,00,000	6,00,000
(4) Interest earned on fixed deposits with banks [WN-2]		-
(5) Intra State Supplies which are wholly exempt u/s 11 of CGST Act, 2017	2,40,000	-
(6) Value of inward supplies on which tax payable under RCM (GST Rate 5%) (not to be included)	Nil	Nil
(7) Intra-State supplies of goods Y chargeable @ 18% GST	30,00,000	30,00,000
Aggregate turnover	86,40,000	66,00,000
Rate of composite tax	1%	1%
Total Composite tax	{2 M} 86,400	66,000 }{2 M}

(2) **Tax payable under reverse charge basis (amount in Rs.) :**

Value of inward supplies on which tax payable under RCM	5,00,000	5,00,000
Rate of GST	5%	5%
Tax payable under RCM	25,000	25,000
Total Tax liability [A + B]	{1 M} 1,11,400	91,000 }{1 M}

Working Note :

- (1) As per Second proviso to Section 10(1) to provide that a composition supplier may supply services of value not exceeding 10% of the turnover in the preceding financial year in a State or Union Territory or Rs. 5 lakh whichever is higher. Thus, A Ltd. can supply services to the extent of 10% of 120 lakhs i.e. 12 lakhs.
According to Explanation to Section 10(1), for the purposes of second proviso, the value of 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 shall not be taken into account for determining the value of turnover in a State or Union territory.
Since the value of services provided excluding interest earned on deposits is Rs. 6,00,000 which is within the limit of 12 lakhs, hence A Ltd. is eligible for composition scheme.
- (2) According to Explanation 2 to Section 10, 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 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.

Answer:

- (b) (1) Section 7 of the CGST Act, provides that supply must be made for a consideration except the activities specified in Schedule I and in course or furtherance of business. Since, both these elements are missing, donation of books and stationery to children living in slum area would not amount to supply under Section 7 of the CGST Act. }{1 M}
- (2) Schedule I of CGST Act, provides that supply of goods or services or both between related persons or between distinct persons as specified in Section 25, is supply even without consideration provided it is made in the course or furtherance of business. According to Section 25(5) of the CGST Act, 2017, where a person who has obtained or is required to obtain registration in a State in respect of an establishment, has an establishment in another State, then such establishments shall be treated as establishments of distinct persons for the purposes of this Act. In view of the same, factory and depot of Karishma Manufacturers are establishments of two distinct persons. }{1 M}

Therefore, supply of goods from factory to depot without consideration, but in course of or in furtherance of business, is supply under Section 7 of the CGST Act. }

- (3) Schedule I of CGST Act, provides that import of services by person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. In the given case, Manan has received legal consultancy from his father free of cost in a personal matter and not in course or furtherance of business. Hence, services provided by Manan's father to him would not be treated as supply under Section 7 of the CGST Act. } **{2 M}**

In the above case, if Manan has taken advice with regard to his business unit, services provided by Manan's father to him would be treated as supply under Section 7 of the CGST Act as the same are provided in course or furtherance of business though received from a related person.

— ** —