

(GI-1, GI-2, VI-VDI-SI-1,2)**DATE: 16.07.2022****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. Mr. A (aged 52 years), is a CEO of XYZ Enterprise Limited. During the previous year 2021-22, he earned salary of Rs. 1,65,00,000 and long-term capital gain on sale of listed equity shares amounting to Rs. 1,06,500. He earned interest of Rs. 4,82,778 on saving account.

Further, he has provided the following other information for filing his return of income:

He does not receive house rent allowance from his employer. Mr. A took a loan from State Bank of India on 27th October 2019 for repairing his house (self-occupied) at Delhi and paid interest on such borrowings of Rs. 80,000 and Rs. 1,50,000 towards principal amount during the previous year 2021-22.

Mr. A has made the following payments towards medical insurance premium for health policies taken for his family members:

Medical premium for his brother: Rs. 13,500 (by cheque)

Medical premium for his parents: Rs. 17,670 (by cheque)

Medical premium for self and his wife: Rs. 21,000 (by cheque).

He also incurred Rs. 6,400 towards preventive health check-up of his wife in cash.

He deposited Rs. 1,00,000 towards PPF.

He has paid Rs. 5,30,000 as advance tax. His employer has deducted tax at source of Rs. 51,89,000. He is of the opinion the balance amount of tax, if any he will pay on 27 July 2022 (i.e. before the due date for filing of return of income).

From the details given above, choose the most appropriate option to the questions given below:

- (1) Compute the amount of deduction available to Mr. A under Chapter VI-A for the assessment year 2022-23:
- (a) Rs. 2,04,070
 - (b) Rs. 2,42,670
 - (c) Rs. 2,52,670
 - (d) Rs. 2,02,670

(1 Mark)

- (2) Assuming Mr. A pays rent of Rs. 65,000 per month for his rented house at Mumbai to Mr. C, a resident individual, is Mr. A liable to deduct TDS on such rent. If so, what would be the rate and amount of TDS?

- (a) Yes, Mr. A is liable to deduct TDS @5% amounting to Rs. 3,250 every month i.e., at the time of payment of such rent
- (b) Yes, Mr. A is liable to deduct TDS @10% amounting to Rs. 6,500 every month i.e., at the time of payment of such rent
- (c) Yes, Mr. A is liable to deduct TDS @5% amounting to Rs. 39,000 in the month of March 2022
- (d) No, Mr. A is not liable to deduct TDS, since he is not required to get his books of accounts audited under section 44AB

(1 Mark)

- (3) What would be the amount of net tax payable for the assessment year 2022-23 in the hands of Mr. A?
- (a) Tax payable of Rs. 78,230
 - (b) Tax payable of Rs. 60,290
 - (c) Tax payable of Rs. 49,530
 - (d) Tax payable of Rs. 67,470
- (1 Mark)**
- (4) What would be the total income for assessment year 2022-23 in hands of Mr. A?
- (a) Rs. 1,68,06,610
 - (b) Rs. 1,58,06,610
 - (c) Rs. 1,67,96,610
 - (d) Rs. 1,68,16,610
- (1 Mark)**
- (5) Compute the amount of interest chargeable under section 234B on account of short payment of advance tax:
- (a) Rs. 1,980
 - (b) Nil
 - (c) Rs. 3,130
 - (d) Rs. 2,410
- (1 Mark)**
2. Mr. A, aged 45 years sold an agricultural land for Rs. 52 lakhs on 04.10.2021 acquired at a cost of Rs. 49.25 lakhs on 13.09.2020 situated at 7 kms from the jurisdiction of municipality having population of 4,00,000 and also sold another agricultural land for Rs. 53 lakhs on 12.12.2021 acquired at a cost of Rs. 46 lakhs on 15.02.2020 situated at 1.5 kms from the jurisdiction of municipality having population of 12,000. What would be the amount of capital gain chargeable to tax in the hands of Mr. A for the assessment year 2022-23? Cost inflation index for 2021-22 : 317, 2020-21 : 301, 2019-20 : 289, 2018-19 : 280.
- (a) Short-term capital gain of Rs. 9.75 lakhs
 - (b) Short-term capital gain of Rs. 7 lakhs
 - (c) Long-term capital gain of Rs. 4,12,500
 - (d) Long-term capital gain of Rs. 5,29,196
- (1 Mark)**
3. An amount of Rs. 40,000 was paid to Mr. X on 1.7.2021 towards fees for professional services without deduction of tax at source. Subsequently, another payment of Rs. 50,000 was due to Mr. X on 28.2.2022, from which tax@10% (amounting to Rs. 9,000) on the entire amount of Rs. 90,000 was deducted. However, this tax of Rs. 9,000 was deposited only on 22.6.2022. The interest chargeable under section 201(1A) would be:
- (a) Rs. 1,080
 - (b) Rs. 860
 - (c) Rs. 1,620
 - (d) Rs. 840
- (1 Mark)**
4. Mr. Nishant, a resident but not ordinarily resident for the previous year 2020-21 and resident and ordinarily resident for the previous year 2021-22 has received rent from property in Canada amounting to Rs. 1,00,000 during the P.Y. 2020-21. He has

deposited the same in a bank in Canada. During the financial year 2021-22, he remitted this amount to India through approved banking channels. Is such rent taxable in India, and if so, how much and in which year?

- (a) Yes; Rs. 70,000 was taxable in India during the previous year 2020-21.
- (b) Yes; Rs. 1,00,000 was taxable in India during the previous year 2020-21.
- (c) Yes; Rs. 70,000 was taxable in India during the previous year 2021-22.
- (d) No; such rent is not taxable in India either during the previous year 2020-21 or during the previous year 2021-22.

(1 Mark)

5. Mr. Dinesh, a resident in India, has gross total income of Rs. 2,30,000 comprising of interest on saving A/c and rental income during the previous year 2021-22. He incurred expenditure of Rs. 2,00,000 for his son for a study tour to Europe. Whether he is required to file return of income for the assessment year 2022-23? If yes, what is the due date?

- (a) Yes, 31st July of A.Y
- (b) Yes, 30th September of A.Y
- (c) Yes, 31st October of A.Y
- (d) No, he is not required to file return of income

(1 Mark)

Case scenario

6. Mr. Sarthak, aged 38 years, working in Nobita Pvt. Limited as Senior Manager-Finance. His yearly pay slip for the financial year 2021-22 is as follows:

Earnings	Total	Deduction	Total
Basic Pay	6,34,068	Employee’s contribution to Provident Fund	1,14,132
Dearness allowance	1,26,814	Profession tax	2,400
HRA	3,17,040	Income-tax	2,32,830
Transport Allowance	19,200	Net Pay	13,03,848
Personal Allowance	5,09,088		
Children Education Allowance for two children	12,000		
Medical Allowance	15,000		
Bonus	20,000		
Total Earnings	16,53,210		16,53,210

- (i) His employer also contributes equivalent amount of contribution towards provident fund.
- (ii) Dearness allowance forms part of retirement benefits.
- (iii) He has intimated to his company that he would opt for 115BAC for the A.Y. 2022-23. Consequently, he has not submitted any investment proof to company.
- (iv) He has paid Rs. 55,212 towards mediclaim premium for his parents (aged above 65 years) by account payee cheque.
- (v) He has purchased a house of Rs. 28,00,000 and taken a loan of Rs. 21,00,000 from HDFC. He is paying EMI of Rs. 22,835. Possession of house received on 01/04/2020. He himself is occupying this house. Total principal and interest paid for full year is Rs. 55,037 and Rs. 2,18,983 respectively as per interest certificate received from bank for F.Y. 2021-22.
- (vi) He has 3 children, studying in Sandalwood International School. The following are the components of school fees paid for the Academic Session 2021-22:

School Fees Component	Child 1	Child 2	Child 3	Total
Tuition fees	30,000	37,000	40,000	1,07,000
Admission fees	20,000	-	-	20,000
Books, stationery and uniform	8,000	12,000	15,000	35,000
Infrastructure Fund	25,000	30,000	35,000	90,000
Commute cost	8,000	8,000	8,000	24,000
Activity Fees	6,000	7,000	8,000	21,000
Total Fees	97,000	94,000	1,06,000	2,97,000

- (vii) He has invested Rs. 5000 in HDFC ULIP and taken a LIC policy for his wife for Rs. 10,000.
- (viii) He has invested Rs. 12,500 and Rs. 25,000 towards NPS Tier I A/c and Tier II A/c, respectively.
- (ix) He has also donated Rs. 50,000 in PM Cares fund created for relief from COVID-19 pandemic in India.
- (x) He has invested Rs. 40,000 in listed equity shares of Shaktimaan Power Solution Limited on 01/03/2021 at Rs. 200 per share and sells 100 shares at Rs. 350 per share on 01/11/2021. STT is paid both at the time of sale and purchase of these shares.

Based on the above facts, choose the most appropriate answer to Q. Nos. 1 to 5:

- (1) What would be the amount of income chargeable to tax under the head "Salaries" in the hands of Mr. Sarthak for the A.Y. 2022-23?

- (a) Rs. 16,53,210
 (b) Rs. 16,21,236
 (c) Rs. 16,76,036
 (d) Rs. 16,71,236

(1 Mark)

- (2) Whether the tax deducted at source by Nobita Pvt Ltd. on the salary paid to Mr. Sarthak based on the intimation submitted by him, is correct?

- (a) Yes, the amount of Rs. 2,32,830 deducted as tax at source is correct.
 (b) No, the correct amount of tax to be deducted at source is Rs. 2,49,920.
 (c) No, the correct amount of tax to be deducted at source is Rs. 2,42,800.
 (d) No, the correct amount of tax to be deducted at source is Rs. 2,41,300.

(1 Mark)

- (3) What would be the total income (without rounding off) of Mr. Ram for the A.Y. 2022-23, assume that he does not opt for section 115BAC?

- (a) Rs. 11,73,736
 (b) Rs. 11,76,699
 (c) Rs. 11,61,699
 (d) Rs. 11,58,736

(1 Mark)

- (4) What would be tax liability of Mr. Sarthak for the A.Y. 2022-23, if he does not opt for section 115BAC?

- (a) Rs. 1,66,530
 (b) Rs. 1,68,870
 (c) Rs. 1,71,210
 (d) Rs. 1,67,450

(1 Mark)

- (5) Assuming for the purpose of answering this question only that no contribution is made by Mr. Sarthak and his employer towards provident fund, what amount of deduction is available to Mr. Sarthak under Chapter VI-A for the previous year 2021-22, if he does not opt for section 115BAC?
- (a) Rs. 2,62,500
 - (b) Rs. 2,59,537
 - (c) Rs. 2,50,000
 - (d) Rs. 2,04,500

(1 Mark)

- (6) Mr. Tejas, an Indian Citizen, left India permanently with his wife and two children, for extending his retail trade business of toys in Canada in the year 2015. From Canada, he is managing his retail business of toys in India. For the purpose his Indian business, he visits India every year from 1st September to 31st January. His business income is Rs. 23.50 lakhs and Rs. 18 lakhs from retail trade business in Canada and in India, respectively for the F.Y. 2021-22. He has no other income during the P.Y. 2021-22. Determine his residential status and income taxable in his hands for the A.Y. 2022-23.
- (a) Resident and ordinarily resident in India and income of Rs. 18 lakhs and Rs. 23.50 lakhs would be taxable.
 - (b) Non-Resident and Rs. 18 lakhs from Indian retail trade business would only be taxable.
 - (c) Resident but not ordinarily Resident and Rs. 18 lakhs from Indian retail trade business would only be taxable.
 - (d) Deemed resident and Rs. 18 lakhs from Indian retail trade business would only be taxable.

(1 Mark)

7. Ms. Rimjhim (aged 32 years), an interior decorator, has professional receipts of Rs. 25,60,000 for the previous year 2021-22. She also earned Rs. 1,25,000 as dividend and Rs. 4,65,000 as interest income on fixed deposits. She incurred expenses of Rs. 13,00,000 for her profession and Rs. 30,000 as interest on loan for making investment in shares on which she received dividend. What would be her total income for the A.Y. 2022-23, assuming that she wishes to make maximum tax savings without getting her books of account audited?
- (a) Rs. 18,45,000
 - (b) Rs. 18,70,000
 - (c) Rs. 18,40,000
 - (d) Rs. 18,25,000

(1 Mark)

8. Mr. Arpan (aged 35 years) submits the following particulars for the purpose of computing his total income:

Particulars	Rs.
Income from salary (computed)	4,00,000
Loss from let-out house property	(-) 2,20,000
Brought forward loss from let-out house property for the A.Y. 2021-22	(-) 2,30,000
Business loss	(-) 1,00,000
Bank interest (FD) received	80,000

Compute the total income of Mr. Arpan for the A.Y. 2022-23 and the amount of loss that can be carried forward for the subsequent assessment year?

- (a) Total income Rs. 2,00,000 and loss from house property of Rs. 2,50,000 and business loss of Rs. 20,000 to be carried forward to subsequent assessment year.
- (b) Total income Rs. 80,000 and loss from house property of Rs. 2,30,000 to be carried forward to subsequent assessment year.
- (c) Total income Rs. 1,80,000 and loss from house property of Rs. 2,30,000 and business loss of Rs. 20,000 to be carried forward to subsequent assessment year.
- (d) Total income is Nil and loss from house property of Rs. 70,000 to be carried forward to subsequent assessment year.

(1 Mark)

9. Mr. Vikas transferred 600 unlisted shares of XYZ (P) Ltd. to ABC (P) Ltd. on 15.12.2021 for Rs. 3,50,000 when the market price was Rs. 5,15,000. The indexed cost of acquisition of shares for Mr. Vikas was computed at Rs. 4,25,000.

Determine the income chargeable to tax in the hands of Mr. Vikas and ABC (P) Ltd. in respect of the above transaction.

- (a) Rs. 90,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and nothing is taxable in the hands of ABC (P) Ltd.
- (b) Rs. 75,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and nothing is taxable in the hands of ABC (P) Ltd.
- (c) Rs. 90,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and Rs. 1,65,000 is taxable under the head "Income from other sources" in the hands of ABC (P) Ltd.
- (d) Rs. 75,000 chargeable to tax in the hands of Mr. Vikas as long-term capital gains and Rs. 1,65,000 is taxable under the head "Income from other sources" in the hands of ABC (P) Ltd.

(1 Mark)

10. PTL Pvt. Ltd. is a retail store of merchandise located in 25 States and/or UTs in the country. For the purpose of clearance of stock of merchandise and to attract consumers, PTL Pvt. Ltd. launched scheme of "Buy One Get One Free" for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. For saving cost, PTL Pvt. Ltd. directly purchases merchandise from the manufacturers.

In the month of May, in order to save employee cost, PTL Pvt. Ltd. purchased a tempo traveller worth Rs. 12,00,000 with seating capacity of 25 persons (including driver) for transportation of its employees. Further, for ensuring the well-being of its employees, PTL Pvt. Ltd. voluntarily obtained the health insurance cover of Rs. 2,00,000 for each employee in the same month. The premium of Rs. 1,500 per employee has been paid by the company for 100 employees.

In the month of July, Mr. Raghav, a customer of the company, filed a law suit in the Court, against the company for not supplying goods of the value of Rs. 1,00,000. PTL Pvt. Ltd. engaged Mr. Ram, an advocate, to represent it in Court for an agreed consideration of Rs. 25,000. As per the terms of the contract, Mr. Ram issued an invoice on 5th July. However, consideration was not paid till February next year.

Note - All the amounts given above are excluding taxes and all transactions are intra- State transactions. Rates of tax are CGST - 9% and SGST - 9%. However, for tempo traveller, the rates of taxes are CGST - 14% and SGST - 14%.

In relation to the above, answer the following questions:

- (1) With respect to "Buy One, Get One free" offer, which of the following statements is true:
- (a) It will not be considered as supply at all since no consideration is involved in one of the items.
 - (b) Supply of item for which consideration is charged is a supply under section 7 of the CGST Act, 2017 while supply of the other item supplied free of cost is not a supply.
 - (c) These are two individual supplies where a single price is charged for the entire supply. Since a single price is charged, the same will always be taxed as a mixed supply.
 - (d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.

(1 Mark)

- (2) Eligible input tax credit for the month of May (i) on the purchase of tempo traveller and (ii) on health insurance premium paid (assuming that all other conditions, for availing input tax credit have been complied with) is:
- (a) (i) CGST - Nil, SGST - Nil and (ii) CGST - Nil, SGST - Nil
 - (b) (i) CGST - Rs. 1,68,000, SGST - Rs. 1,68,000 and (ii) CGST - Nil, SGST - Nil
 - (c) (i) CGST - Nil, SGST - Nil and (ii) CGST - Rs. 18,000, SGST - Rs. 18,000
 - (d) (i) CGST - Rs. 1,68,000, SGST - Rs. 1,68,000 and (ii) CGST - Rs. 18,000, SGST - Rs. 18,000

(1 Mark)

- (3) Which of the following statements is true in respect of the services of advocate availed by the company?
- (a) CGST-Rs. 2,250 and SGST- Rs. 2,250 on advocate services are payable by PTL Pvt Ltd. ITC availed thereon is to be added to its output tax liability with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
 - (b) CGST-Rs. 2,250 and SGST- Rs. 2,250 on advocate services are payable by Mr. Ram. ITC availed thereon is to be added to output tax liability of PTL Pvt Ltd. with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
 - (c) CGST-Rs. 2,250 and SGST- Rs. 2,250 on advocate services are payable by PTL Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.
 - (d) CGST-Rs. 2,250 and SGST- Rs. 2,250 on advocate services are payable by Mr. Ram. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.

(1 Mark)

11. Mr. Kumar started interior designing practice from the month of January. His turnover up to the month of March was Rs. 12,50,000. On 30th June, his turnover exceeded Rs. 20,00,000 & reached to Rs. 20,05,000. Mr. Kumar applied for GST registration (as regular taxpayer) on 15th July and registration was granted to him on 25th July.

On 16th July, he entered into a contract for designing the flat of Mr. Shyam. The service was completed on 22nd July and Mr. Kumar issued invoice on the same day for Rs. 6,00,000. On 5th July, Mr. Kumar purchased capital goods amounting to Rs. 4,50,000 and from 25th July to 31st July, he availed services amounting to Rs. 1,75,000 for the purpose of completing the service.

On 1st August, Mr. Kumar got another contract for interior designing from Mr. Ram, which he accepted on 2nd August. The service was completed on 6th August and invoice was issued on 7th August for Rs. 5,00,000. Payment was received on 29th August.

Note: All values are excluding taxes, unless specifically mentioned. Mr. Kumar makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST - 9%.

In relation to the above, answer the following questions:

- (1) The effective date of registration for Mr. Kumar is-
- (a) 30th June
 - (b) 15th July
 - (c) 25th July
 - (d) 16th July

(1 Mark)

- (2) Mr. Shyam can issue a revised tax invoice till-
- (a) 23rd October
 - (b) 8th September
 - (c) 25th September
 - (d) 25th August

(1 Mark)

- (3) Eligible input tax credit available with Mr. Kumar for the month of July is-
- (a) CGST Rs. 40,500 & SGST Rs. 40,500
 - (b) CGST Rs. 15,750 & SGST Rs. 15,750
 - (c) CGST Rs. 56,250 & SGST Rs. 56,250
 - (d) CGST Rs. 36,000 & SGST Rs. 36,000

(1 Mark)

- (4) The time of supply of services provided by Mr. Kumar to Mr. Ram is-
- (a) 7th August
 - (b) 1st August
 - (c) 29th August
 - (d) 06th August

(1 Mark)

- (5) If instead of opting for regular scheme, Mr. Kumar opts to pay tax under section 10(2A) of the CGST Act, 2017, the tax liability for the month of July will be-
- (a) CGST Nil and SGST Nil
 - (b) CGST Rs. 54,000 & SGST Rs. 54,000
 - (c) CGST Rs. 18,000 & SGST Rs. 18,000
 - (d) CGST Rs. 78,150 & SGST Rs. 78,150

(1 Mark)

12. During the month of May, Z Ltd. sold goods to Y Ltd. for Rs. 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. returned the goods by issuing debit note of Rs. 40,000 in the same month. Z Ltd. records the return of

goods by issuing a credit note of Rs. 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be-

- (a) Rs. 45,900
- (b) Rs. 38,700
- (c) Rs. 53,100
- (d) Rs. 40,000

(1 Mark)

13. C & Co., a registered supplier in Delhi, opted for composition levy under sub-sections (1) and (2) of section 10 of the CGST Act, 2017. It sold goods in the fourth quarter of a financial year for Rs. 15,00,000 (exclusive of GST). The applicable GST rate on these goods is 12%. C & Co. purchased goods from Ramesh & Co., registered in Delhi, for Rs. 9,55,000 on which Ramesh & Co. had charged CGST of Rs. 57,300 and SGST of Rs. 57,300. C & Co. had also purchased goods from E & Co., registered in Haryana, for Rs. 2,46,000 on which E & Co. had charged IGST of Rs. 29,520. GST liability of C & Co. for the fourth quarter of the financial year is-

- (a) CGST Rs. 7,500 & SGST Rs. 7,500
- (b) CGST Rs. 3,180 & SGST Rs. 32,700
- (c) CGST Rs. 32,700 & SGST Rs. 3,180
- (d) CGST Nil and SGST Nil

(1 Mark)

14. Mr. Raghu avails services of Mr. Raja, a Chartered Accountant, as under -

- (i) Audit of financial accounts Rs. 55,000
- (ii) Tax audit and annual filing Rs. 10,000
- (iii) Income-tax return filing of Mr. Raghu's wife Rs. 5,000

All the above amounts are exclusive of taxes and the applicable rate of GST on these services is 18%.

The accountant of Mr. Raghu has booked the entire expenses of Rs. 70,000 plus GST in the books of account. Mr. Raghu is eligible to take input tax credit of -

- (a) Rs. 13,500
- (b) Rs. 11,700
- (c) Rs. 9,900
- (d) Rs. 1,800

(1 Mark)

15. TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

- (i) Inter-State sale of goods for Rs. 1,25,000 to JJ Enterprises registered in Haryana
- (ii) Inter-State purchases of goods from XYZ company, registered in Punjab, for Rs. 40,000
- (iii) Intra-State purchases of goods from RR Traders, registered in Rajasthan, for Rs. 65,000

The applicable rate of GST is 18%. All the above amounts are exclusive of taxes. GST liability payable in cash is-

- (a) CGST Rs. 1,800 & SGST Rs. 1,800
- (b) SGST Rs. 3,600
- (c) IGST Rs. 3,600
- (d) CGST Rs. 3,600

(1 Mark)

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:

Mr. Ashish, a resident individual, aged 43 years, provides professional services in the field of interior decoration. His Income & Expenditure A/c for the year ended 31st March, 2022 is as under-

Expenditure	Rs.	Income	Rs.
To Employees' Remuneration & Benefits	13,66,000	By Consultancy Charges	58,80,000
To Office & Administrative Expenses	3,14,000	By Interest on Public Provident Fund (PPF) Account	60,000
To General Expenses	75,000	By Interest on Saving Bank Account	20,000
To Electricity Expenses	65,000	By Interest on National Savings Certificates VIII Issue (for 3rd year)	21,000
To Medical Expenses	80,000		
To Purchase of Furniture	48,000		
To Depreciation	90,000		
To Excess of income over Expenses	39,43,000		
	59,81,000		59,81,000

The following other information relates to financial year 2021-22 :

- (i) The expenses on Employees' Remuneration & Benefits includes:
 - (a) Family Planning expenditure of Rs. 20,000 incurred for the employees which was revenue in nature. The same was paid through account payee cheque.
 - (b) Payment of salary of Rs. 25,000 per month to sister-in-law of Mr. Ashish, who was in-charge of the Accounts & Receivables department. However, in comparison to similar work profile, the reasonable salary at market rates is Rs. 20,000 per month:
- (ii) Amount received by Mr. Ashish as Employees' Contribution to EPF for the month of February, 2022 - Rs. 1,000 was also deposited after the due date under the relevant Act relating to EPF.
- (iii) Medical Expenses of Rs. 80,000 as appearing in the Income & Expenditure A/c was expensed for the treatment of father of Mr. Ashish. His father was 72 years old and was not covered by any health insurance policy. The said payment of 80,000 was made through account payee cheque.
- (iv) General expenses as appearing in the Income & Expenditure A/c, includes a sum of Rs. 25,000 paid to Ms. Anjaleen on 5th January, 2022 as commission for securing work from new clients. This payment was made to her without deduction of tax at source.
- (v) Written down value of the depreciable assets as on 1st April, 2021 were as follows :
 - Professional books 90,000
 - Computers 35,000
- (vi) The new Furniture as appearing in the Income & Expenditure A/c, was purchased on 31st August, 2021 and was put to use on the same day. The payment Was made as under :
 - Rs. 18,000 paid in cash at the time of purchase of new furniture on 31.08.2021.

- Rs. 19,000 paid by account payee Cheque on 05-09-2021 as balance cost of new furniture and
 - Rs. 11,000 paid in cash on 31-08-2021 to the transporter as freight Charges for the new furniture.
- (vii) Mr. Ashish purchased a car on 02.04.2020 for Rs. 3,35,000 for personal use. However, on 30.04.2021 he brought the said car for use in his profession. The fair market value of the car as on 30.04.2021 was Rs. 2,50,000.
- (viii) Mr. Ashish made a contribution of Rs. 1,00,000 in his PPF A/c on 31.01.2022.
- (ix) The Gross Professional Receipts of Mr. Ashish for P.Y. 2020-21 was Rs. 52,00,000.
- Compute the total income and tax liability of Mr. Ashish for A.Y. 2022-23, assuming that he has not opted for payment of tax under section 115BAC.
- Ignore provisions relating to AMT and under section 14A relating to disallowance of expenditure incurred in relation to income not includible in total income.

(14 Marks)

Question 2:

- (a) Mr. Raghu purchased 10,000 equity shares of AB Avenues Private Limited on 25.03.2005 for Rs. 1,20,000. The company went into liquidation on 31.07.2021. The following is the summarized financial position of the company as on 31.07.2021.

Liabilities	Rs.	Assets	Rs.
60,000 equity shares of Rs. 10 each	6,00,000	Agricultural lands in urban area	22,00,000
General reserve	40,00,000	Cash at bank	32,22,212
Provision for taxation	8,22,212		
Total	54,22,212	Total	54,22,212

The assets remaining after discharging liability for income tax were distributed to the shareholders in the proportion of their shareholding. The market value of agricultural land as on 31.07.2021 is Rs. 60,00,000.

The agricultural land received as above was sold by Mr. Raghu on 28.02.2022 for Rs. 15,00,000. Discuss the tax implications in the hand of the company and Mr. Raghu.

The cost inflation indices are F.Y. 2004-05 : 113 and F.Y. 2021-22 : 317.

(8 Marks)

- (b) Mr. X is appointed as a CFO of ABC Ltd. in Mumbai from 1-5-2020. His basic salary is Rs. 5,50,000 p.m. He is paid 10% as D.A. He contributes 11% of his pay and D.A. towards his recognized provident fund and the company contributes the same amount. The accumulated balance in recognized provident fund as on 1-4-2021 and 31-3-2022 is Rs. 15,35,000 and Rs. 33,55,000. Compute the perquisite value chargeable in the hands of Mr. X u/s 17(2)(vii) and 17(2)(viii) for the P.Y. 2021-22.

(6 Marks)

Question 3:

- (a) Mr. A a resident individual having a unit located in special economic zone furnishes you with the following information for the year ended 31-3-2022:

Profit from unit located in SEZ	Rs. 30,00,000
Export turnover of unit located in SEZ	Rs. 72,00,000
Total Turnover of unit located in SEZ	Rs. 1,00,00,000
Income from other sources	Rs. 6,50,000
Investments in public provident fund	Rs. 1,00,000

- (i) Determine his tax liability for A.Y. 2022-23 after taking into account alternate minimum tax provisions.
- (ii) What would be your answer if profits derived from unit located in SEZ is Rs. 3,00,000 instead of Rs. 30,00,000?

(4 Marks)

- (b)** Mr. Krishna (aged 65 years), a furniture manufacturer, reported a profit of Rs. 5,64,44,700 for the previous year 2021-22 after debiting/crediting the following items:

Debits:

- (1) Rs. 20,000 paid to a Gurudwara registered u/s 80G of the Income-tax Act, in cash where no cheques are accepted.
- (2) Rs. 48,000 contributed to a university approved and notified u/s 35(1)(ii) to be used for scientific research.
- (3) Interest paid Rs. 1,67,000 on loan taken for purchase of E-vehicle on 15-05-2021 from a bank. The E-vehicle was purchased for the personal use of his wife.
- (4) His firm has purchased timber under a forest lease of Rs. 20,00,000 for the purpose of business.

Credits:

- (1) Income of Rs. 4,00,000 from royalty on patent registered under the Patent Act received from different resident clients. No TDS was needed to be deducted by any of the clients.
- (2) He received Rs. 3,00,000 from a debtor which was written off as bad in the year 2017-18. Amount due from the debtor (which was written off as bad) was Rs. 5,00,000, out of which tax officer had only allowed Rs. 3,00,000 as deduction in computing the total income for assessment year 2018-19.
- (3) He sold some furniture to his brother for Rs. 7,00,000. The fair market value of such furniture was Rs. 9,00,000.

Other information

- (1) Depreciation in books of accounts is computed by applying the rates prescribed under the Income tax laws.
- (2) Mr. Krishna purchased a new car of Rs. 12,00,000 on 1st September, 2021 and the same was put to use in the business on the same day. No depreciation for the same has been taken on car in the books of account.
- (3) Mr. Krishna had sold a house on 30th March, 2019 and deposited the long term capital gains of Rs. 25,00,000 in capital gain account scheme by the due date of filing return of income for that year. On 1st March, 2022, he Sold another house property in which he resided for Rs. 1 crore. He earned a long term capital gain of Rs. 50,00,000, on sale of this property. On 25th March, 2022, he withdrew money out of his capital gain account and invested Rs. 1 crore on construction of one house.
- (4) Mr. Krishna also made the following payments during the previous year 2021-22.
 - Lump-sum premium of Rs. 30,000 paid on 30th March; 2022 for the medical policy taken for self and spouse. The policy shall be effective for five years i.e. from 30th March, 2022 to 29th March, 2027.
 - Rs. 8,000 paid in cash for preventive health check-up of self and spouse.

Compute the total income and tax payable by Mr. Krishna for the assessment year 2022-23 if he has not opted for the provisions of Section 115BAC.

(10 Marks)

Question 4:

- (a) Rajesh was employed in Axis Ltd., Mumbai. He received a salary of Rs. 45,000 p.m. From 01-04-2021 to 20-09-2021. He resigned and left for Dubai for the first time on 28-09-2021 and got monthly salary of rupee equivalent of Rs. 90,000 from 01-10-2021 to 31-03-2022. His salary lot October to December was credited in his Mumbai bank account directly and the salary for January to March 2022 was credited in his Dubai bank account.

The cost of his air tickets to Dubai costing Rs. 1,50,000 was funded by her sister staying in London. The cost of his initial stay at Dubai costing Rs. 40,000 Was funded by one of his friends staying in Delhi.

He further received interest of Rs. 10,500 on his fixed deposits and Rs. 7,500 in his savings a/c with his Mumbai bank. He also paid LIC Premiums of Rs. 15,000 for self, Rs. 10,000 for spouse and Rs. 25,000 for dependent mother aged 71 years.

Compute taxable income of Mr. Rajesh for the Assessment Year 2022-23.

(10 Marks)

- (b) Computation of Total income, tax liability and advance tax: Mr. Subramany is engaged in the business of production and selling toys. During the previous year 2021-22 his turnover was Rs. 1.80 crores (received in cash). He opted for paying tax as per presumptive taxation scheme laid down in Section 44AD. He has no other income during the previous year. Is the liable to pay advance tax and if so, what is the minimum amount of advance tax to be paid and the due date for payment of such advance tax?

(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. Nikunj, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies in the month of August :-

	Rs.
Intra State supplies of goods	6,00,000
Inter State supplies of goods	2,00,000

He has also furnished following information in respect of purchases made by him from registered dealers during August :-

Intra State purchase of goods	4,00,000
Inter State purchase of goods	50,000

Balance of ITC available at the beginning of the August:-

	Rs.
CGST	15,000
SGST	35,000
IGST	20,000

Note:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively, on both inward and outward supplies.

- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
 - (iii) All the conditions necessary for availing the ITC have been fulfilled.
- Compute the minimum GST payable by Mr. Nikunj in cash for the month of August.

(8 Marks)

Question 6:

- (a)** Determine in which of the following independent cases, e-invoicing is applicable?
- (i) Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in the preceding financial year is Rs. 60 crore.
 - (ii) Rich & Poor Bank, registered under GST has an aggregate turnover of Rs. 75 crore in the preceding financial year.

(5 Marks)

- (b)** Examine whether the liability to register compulsorily under section 24 of the CGST Act, 2017 arises in each of the independent cases mentioned below:
- (1) Heera, a supplier in Haryana, is exclusively engaged in supply of potatoes produced out of cultivation of his own land, within Haryana and also outside Haryana.
 - (2) Aanya of Telangana is exclusively engaged in intra-State supply of toys. Its aggregate turnover in the current financial year is Rs. 22 lakh.

(5 Marks)

Question 7:

- (a)** Namu Shankar Ltd., a registered supplier in Mumbai (Maharashtra), has supplied goods to Narad Traders and Nandi Motors Ltd. located in Ahmedabad (Gujarat) and Pune (Maharashtra) respectively. Namu Shankar Ltd. has furnished the following details for the current month:

S. No.	Particulars	Narad Traders (Rs.)	Nandi Motors Ltd. (Rs.)
(i)	Price of the goods (excluding GST)	10,000	30,000
(ii)	Packing charges	500	
(iii)	Commission	500	
(iv)	Weighment charges		2,000
(v)	Discount for prompt payment (recorded in the invoice)		1,000

Items given in points (ii) to (v) have not been considered while arriving at price of the goods given in point (i) above.

Compute the GST liability [CGST & SGST or IGST, as the case may be] of Namu Shankar Ltd. for the given month. Assume the rates of taxes to be as under:

PARTICULARS	Rate of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary.

Note: The supply made to Narad Traders is an inter-State supply.

(5 Marks)

- (b) Mr. Priyam, director of Sun Moon Company Private Limited, provided service to the company for remuneration of Rs. 1,25,000. Briefly answer whether GST is applicable in the below mentioned independent cases? If yes, who is liable to pay GST?
- (i) Mr. Priyam is an independent director of Sun Moon Company Private Limited and not an employee of the company.
- (ii) Mr. Priyam is an executive director, i.e. an employee of Sun Moon Company Private Limited. Out of total remuneration amounting to Rs. 1,25,000, Rs. 60,000 has been declared as salaries in the books of Sun Moon Company Private Limited and subjected to TDS under section 192 of the Income-Tax Act (IT Act). However, Rs. 65,000 has been declared separately other than salaries in the Sun Moon Company Private Limited's accounts and subjected to TDS under section 194J of the IT Act as professional services.

(5 Marks)**Question 8:**

- (a) (a) Miss Kashi is a registered intra-State supplier of goods in Haryana. During the months of August and September, she was out of station on a religious pilgrimage with her family for 55 days. Thus, no business transaction was made during August. Miss Kashi is of the opinion that as there is no transaction, there is no need to file monthly return [GSTR-3B] for the month of August. However, her tax consultant has advised her to file nil GSTR-3B. Whether the advice given by tax consultant is correct? Explain.
- (b) Will your answer in (a) change, if Miss Kashi has placed an order for some purchases during August over her mobile phone, which has been received in her premises and she intends to take input tax credit on the same?
- (c) Assuming in (a) above, Miss Kashi does not have internet facility in her mobile and there is no facilitation centre notified by the Commissioner, whether no return is required to be filed in the absence of means to file return? Explain.

(5 Marks)

- (b) "Wedding Bells", a wedding photographer, has commenced providing pre-wedding shoot services in Jaipur from the beginning of current financial year 2021-2022. It has provided the following details of turnover for the various quarters till December, 2021:-

S. No.	Quarter	Amount (Rs. in lakh)
1	April, 2021 - June, 2021	20
2	July, 2021 - September, 2021	30
3	October, 2021 - December, 2021	40

You may assume the applicable tax rate as 18%. Wedding Bells wishes to pay tax at a lower rate and opts for the composition scheme. You are required to advise whether it can do so and calculate the amount of tax payable for each quarter?

(5 Marks)

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