

**(GI-8, FMT)****DATE: 04.04.2023****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 2023-24, 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, 2022.

**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. d )  
      (2)    Ans. c )  
      (3)    Ans. c ) } {1 M Each}  
      (4)    Ans. a )  
      (5)    Ans. b )

2.    Ans. c )  
3.    Ans. b ) } {1 M Each}  
4.    Ans. d )  
5.    Ans. d )

6.    (1)    Ans. c )  
      (2)    Ans. b )  
      (3)    Ans. a ) } {1 M Each}  
      (4)    Ans. b )  
      (5)    Ans. b )  
      (6)    Ans. c )

7.    Ans. a )  
8.    Ans. a ) } {1 M Each}  
9.    Ans. c )

10.   (1)    Ans. d )  
      (2)    Ans. b ) } {1 M Each}  
      (3)    Ans. c )

11.   (1)    Ans. a )  
      (2)    Ans. d )  
      (3)    Ans. c ) } {1 M Each}  
      (4)    Ans. a )  
      (5)    Ans. c )

12.   Ans. b )  
13.   Ans. a ) } {1 M Each}  
14.   Ans. b )  
15.   Ans. c )

## SECTION – A

## PART – II - DESCRIPTIVE QUESTIONS

QUESTIONS NO. 1 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS THE REMAINING THREE QUESTIONS

TOTAL MARKS: 42 MARKS

**Answer 1:**

Computation of total income of Mr. Ashish (amount in Rs.):

<b>I</b>	<b>Income from business or profession</b>			
	Excess of income over expenditure		39,43,000	
	<b>Add; Items debited but not allowable while computing business income</b>			
	- Family planning expenditure incurred for employees [not allowable as deduction since expenditure on family planning for employees is allowed only to a company assessee/not allowed in case of individuals. Since the amount is debited to Income and Expenditure Account, the same has to be added back for computing business income]	20,000		
	- Salary payment to sister-in-law in excess of market rate [Any expenditure incurred for which payment is made to a relative, to the extent it is considered unreasonable is disallowed. However, sister-in-law is not included in the definition of "relative" for the purpose of section 40A(2). Therefore, no adjustment is required for excess salary paid to Mr. Ashish's sister-in-law]	Nil		
	- Employees' Contribution to EPF [Sum received by the assessee from his employees as contribution to EPF is income of the employer. Deduction in respect of such sum is allowed only if such amount is credited to the employee's account on or before due date under the relevant Act. Since, the employees contribution to EPF for February 2023 is deposited after the due date under the relevant Act, deduction would not be available]	10,000		
	- Medical expenses for the treatment of father [Not allowed as deduction since it is a personal expenditure/not an expenditure incurred for the purpose of business of Mr. Ashish. Since the amount is debited to Income and Expenditure Account, the same has to be added back for computing business income]	80,000		
	- Commission to Ms. Anjaleen without deduction of tax at source [Mr. Ashish would be liable to deduct tax at source on commission since his gross receipts from profession exceeded Rs. 50 lakhs during F.Y. 2021-22. Since commission has been paid without deduction of tax at source, hence 30% of Rs. 25,000, being commission paid without deducting tax at source, would be disallowed u/s 40(a)(ia) while computing the business income of A.Y. 2023-24]	7,500		
	- Depreciation as per books of account	90,000		
	- Purchase of Furniture [not allowable, since it is a capital expenditure]	48,000	2,55,500	
			<b>41,98,500</b>	<b>{3 M}</b>

<b>Less: Depreciation as per Income-tax Rules</b>				
- On Professional Books [Rs. 90,000 x 40%]	36,000			
- On Computers [Rs. 35,000 x 40%]	14,000			
- On Furniture [Rs. 19,000 x 10%, since it has been put to use for more than 180 days during the year] [Any expenditure for acquisition of any asset in respect of which payment or aggregate of payment made to a person, otherwise than by an a/c payee cheque/bank draft or use of ECS or through prescribed electronic mode, exceeds Rs. 10,000 in a day, such expenditure would not form part of actual cost of such asset. Hence, Rs. 18,000 and Rs. 11,000 paid on 31-8-2022 in cash would not be included in the actual cost of furniture]	1,900			
- On Car [Rs. 3,35,000 x 15%] [Actual cost of car would be the purchase price of the car to Mr. Ashish, i.e., Rs. 3,35,000]	50,250	1,02,150		
		<b>40,96,350</b>	{3 M}	
<b>Less: Items of income credited but not taxable or taxable under any other head of income</b>				
- Interest on Public Provident Fund [Exempt]	60,000			
- Interest on savings bank account [Taxable under the head "Income from other sources"]	20,000			
- Interest on National Savings Certificates VIII Issue (3rd Year) [Taxable under the head "Income from other sources"]	21,000	1,01,000	39,95,350	
<b>II Income from other sources</b>				
Interest on savings bank account		20,000		
Interest on National Savings Certificates VIII Issue (3rd Year)		21,000	41,000	
			<b>40,36,350</b>	{3 M}
<b>Gross Total Income</b>				
<b>Less: Deduction under Chapter VI-A</b>				
<b>Deduction u/s 80C :</b>				
Contribution to PPF	1,00,000			
Interest on NSC (3rd Year) (Reinvested)	21,000	1,21,000		
<b>Deduction u/s 80D:</b>				
Medical expenses for the treatment of father [Since Mr. Ashish's father is a senior citizen and not covered by any health insurance policy, payment for medical expenditure by a mode other than cash would be allowed as deduction to the extent of Rs. 50,000]		50,000		
<b>Deduction u/s 80TTA :</b>				
Interest on savings bank account to the extent of Rs. 10,000		10,000	1,81,000	
			<b>38,55,350</b>	{3 M}
<b>Total Income</b>				

**Computation of tax liability of Mr. Ashish :**

Particulars	Rs.	Rs.
Tax on total income of Rs. 38,55,350		
Upto Rs. 2,50,000	Nil	
Rs. 2,50,001 - Rs. 5,00,000 [@ 5% of Rs. 2.50 lakh]	12,500	
Rs. 5,00,001-- Rs. 10,00,000 [@ 20% of Rs. 5 lakh]	1,00,000	
Rs. 10,00,001- Rs. 38,55,350 [@ 30% of Rs. 28,55,350]	8,56,605	
		9,69,105
Add: Health and education cess @ 4%		38,764
Tax liability (rounded off)		10,07,870

**Answer 2:**

Computation of total income of Ms. Mishika for the A.Y. 2023-24 (amount in Rs.):

Income from house property [Self-occupied]		
Net Annual Value		Nil
Less: Interest on housing loan of Rs. 3,55,000 [Rs. 35,50,000 x 12% x 10/12 months] restricted to Rs. 2,00,000/-	2,00,000	
	-2,00,000	
Less: Set-off of loss against long-term capital gains	2,00,000	Nil
Long-term capital gains on transfer of land under specified agreement		
Since Ms. Mishika transferred her share in the project after issue of completion certificate, capital gains on transfer of land handed over to developer under specified agreement in the P.Y. 2017-18 would be taxable in the P.Y. 2022-23, being the year in which certificate of completion is issued as per section 45(5A). Accordingly, capital gain arising in respect of land would be-		
Full value of consideration being 20% share in shopping mall [Stamp duty value on the date of issue of completion certificate (Rs. 4,14,00,000 x 20%)]	82,80,000	
Less: Indexed of cost of acquisition [Rs. 15,00,000 x 331 / 148]	33,54,730	
Long-term capital gain	49,25,270	
Less: Deduction under section 54F		
Deduction in respect of amount invested for purchase of a residential house acquired within one year prior to date of transfer would be allowable proportionately, since amount invested is less than the net consideration. Accordingly, deduction would be Rs. 27,36,261 (Rs. 49,25,270 x Rs. 46,00,000 / Rs. 82,80,000)	27,36,261	
Long-term capital gains	21,89,009	{2 M}
Less: Set-off of loss from house property [It is beneficial to set-off loss from house property against long-term capital gains, since in case of Ms. Mishika total income comprises of LTCG taxable @ 20% and STCG taxable at normal slab rates; and she can claim deduction of Rs. 1,30,000 under Chapter VI-A against STCG of Rs. 2,90,000. Moreover, the remaining STCG would also not be taxable since it would be below the basic exemption limit]	2,00,000	19,89,009
Short-term capital gains		
Sale of 15% share in shopping mall [short-term capital asset, since held for not more than 24 months]		
Net Sales consideration	65,00,000	
Less: Cost of acquisition, being the full value of consideration taxable on transfer of land [Rs. 4,14,00,000 x 15%]	62,10,000	
Short-term capital gains		2,90,000 {1 M}
Gross Total Income		22,79,009 {2 M}
Less: Deduction under Chapter VI-A (allowable against short-term capital gains of Rs. 2,90,000)		
Deduction u/s 80C - repayment of principal amount of housing loan		1,30,000
Total Income (rounded off)		21,49,010 {2 M}

Note : As per section 45(5A), any capital gains arising from the transfer of a capital asset, being land or building or both, under a specified agreement, is chargeable to income-tax as income of the previous year in which the certificate of completion is issued by the competent authority. In the above solution, the CII of F.Y. 2022-23 has been considered on the basis of parity, since, as per section 45(5A), it is the stamp duty value of the developed property (shopping mall, in this case) on the date of issue of certificate of completion (26.12.2022), which is deemed as the full value of consideration for transfer of land handed over to the developer. } {1 M}

**Answer:**

- (b)** (1) Perquisite value taxable u/s 17(2)(vii) = Rs. 7,98,600, being employer's contribution to recognized provident fund during the P.Y. 2022-23 - Rs. 7,50,000 = **Rs. 48,600. }{2 M}**
- (2) Annual accretion on perquisite taxable u/s 17(2)(vii) =  $(PC/2) \times R + (PC1 + TP1) \times R$   
 =  $(48,600/2) \times 0.091 + 0$   
 = **Rs. 2,211 }{4 M}**

PC	ABC Ltd.'s contribution in excess of Rs. 7.5 lakh to recognized provident fund during P.Y. 2022-23 = Rs. 48,600
PC1	Nil since employer's contribution is less than Rs. 7.5 lakh to recognized provident fund in P.Y. 2021-22.
TP1	Nil
R	$I/Favg = Rs. 2,22,800 / 24,45,000 = 0.091$
I	RPF balance as on 31-3-2023 - employee's and employer's contribution during the year - RPF balance as on 1-4-2022 = Rs. 2,22,800 (Rs. 33,55,000 - Rs. 7,98,600 - Rs. 7,98,600 - Rs. 15,35,000)
Favg	Balance to the credit of recognized provident fund as on 1st April, 2022 + Balance to the credit of recognized provident fund as on 31st March, 2023)/2 = $(Rs. 15,35,000 + Rs. 33,55,000)/2 = Rs. 24,45,000$

Note : Since the employee's contribution to RPF exceeds Rs. 2,50,000 in the P.Y. 2022-23, interest on Rs. 5,48,600 (i.e., Rs. 7,98,600 - Rs. 2,50,000) will also be chargeable to tax.

**Answer 3:**

- (a)** (i) Computation of total income of Mr. A for A.Y. 2023-24 (amount in Rs.):

Profits and Gains of Business or Profession :		
Profit from unit located in SEZ	30,00,000	
Less: Deduction u/s 10AA (Rs. 30,00,000 x Rs. 72,00,000 ÷ Rs. 1,00,00,000)	21,60,000	8,40,000
Income from other sources		6,50,000
Gross Total Income		14,90,000
Less: Deduction u/s 80C (PPF investment)		1,00,000
Total Income		13,90,000
Computation of tax liability as per normal provisions of Act	2,29,500	
Alternate minimum tax (18.5% of ATI) i.e. 18.5% of Rs. 35,50,000 [WN]	6,56,750	
Since alternate minimum tax is higher than tax as per normal provisions of the Act, Mr. A shall be liable to be pay alternate minimum tax as per		6,56,750 }{1 M}

section 115JC		
Add: HEC @ 4%		26,270
<b>Total tax payable (rounded off)</b>		<b>6,83,020</b>

Working Note : Computation of Adjusted Total Income (amount in Rs.) :

Total Income		13,90,000
Add: Deduction u/s 10AA		21,60,000
<b>Adjusted Total Income</b>		<b>35,50,000</b>

{1 M}

- (ii) If profits derived from unit located in SEZ is Rs. 3,00,000 instead of Rs. 30,00,000 (amount in Rs.) :

Profits and Gains of Business or Profession		
Profit from unit located in SEZ	3,00,000	
Less: Deduction u/s 10AA (Rs. 3,00,000 x Rs. 72,00,000 ÷ 1,00,00,000)	2,16,000	84,000
Income from other sources		6,50,000
Gross Total Income		7,34,000
Less: Deduction u/s 80C (PPF investment)		1,00,000
Total Income		6,34,000
Computation of tax liability as per normal provisions of Act		39,300
Add: HEC @ 4%		1,572
<b>Total Tax (rounded off)</b>		<b>40,870</b>

{2 M}

Since the adjusted total income of such person does not exceed Rs. 20 lakhs, hence he is not liable to pay alternate minimum tax.

**Answer:**

- (b)** Computation of total income of Mr. Krishna for A.Y. 2023-24

	Particulars	Rs.	Rs.	Rs.
<b>I</b>	<b>Income from business or profession</b>			
	Net profit as per profit and loss account		5,64,44,700	
	Add: Items of expenditure debited but not allowable while computing business income -			
	1. Donation to Gurudwara in cash [not allowable as deduction since it is not incurred wholly and exclusively for business purpose. Since the amount is already debited, the same has to be added back while computing business income]	20,000		
	2. Interest on loan taken for purchase of e-vehicle (Interest on loan for purchase of e-vehicle for personal purpose is not allowed as deduction from business income since the same is not incurred wholly and exclusively for business purpose. Since it is already debited, the same has to be added back while computing business income)	1,67,000		
	3. Contribution to a university approved and notified u/s 35(1)(ii) for scientific research (Eligible for deduction @ 100%. Since, 100% of the expenditure is already debited to profit and loss account, hence no adjustment will be	-		

	required			
	4. Sale of furniture to brother at less than FMV [The provisions of section 40A(2) are not applicable in case of sale transaction, even if the same is to a related party. Therefore, no adjustment is necessary in respect of difference of Rs. 2 lakh]	-	1,87,000	
			5,66,31,700	
	Less: Items of income credited but not taxable or taxable under any other head of income			
	5. Royalty on patent [Not taxable as business income since Mr. Krishna is engaged in manufacturing business. Since the amount is already credited to profit and loss account, the same has to be reduced while computing business income]	4,00,000		
	6. Bad debt recovered [Actual bad debt is Rs. 2 lakhs i.e., Rs. 5 lakhs less Rs. 3 lakh, being the amount of had debt recovered. Bad debt written off is Rs. 3 lakhs. Bad debt recovered to the extent of Rs. 1 lakhs being excess of bad debt recovered over actual bad debt would be deemed to be business income. Since the entire Rs. 3 lakhs is credited to the profit and loss account, Rs. 2 lakhs has to be reduced]	2,00,000	6,00,000	
			5,60,31,700	
	Less: Allowable expenditure			
	7. Depreciation on car [Rate of depreciation on car is 15%, since the car is put to use for more than 180 days, hence depreciation will be admissible at full rate [Rs. 12 lakh x 15%]		1,80,000	
				5,58,51,700 }{2 M}
<b>II</b>	<b>Capital Gain</b>			
	Long term capital gain on sale of house property		50,00,000	
	Less: Exemption u/s 54 (Since whole amount of long term capital gain is invested in construction of house within the stipulated time limit.)		50,00,000	
	[Capital gain of Rs. 25 lakhs in capital gain account scheme is not taxable in P.Y. 2022-23, since the same is withdrawn and invested in construction of house within the stipulated time limit. The remaining amount of Rs. 75 lakhs invested in construction of house is eligible for exemption u/s 54, subject to a maximum of Rs. 50 lakhs being long-term capital gain on sale of house property during the P.Y. 2022-23]			
<b>III</b>	<b>Income from Other Sources</b>			
	Royalty on patent [Taxable as "income from other sources", since he is engaged in business of manufacturing furniture]			4,00,000
	Gross Total Income			5,62,51,700 }{3 M}



	Less: Deduction under Chapter VI-A			
	<b>Deduction u/s 80D :</b>			
	Mediclaime premium for self and spouse [in case of lump sum premium for medical policy, deduction is allowed for equally for each relevant previous years. [Rs. 30,000/6 years, being relevant previous years in which the insurance is in force]	5,000		
	Preventive health check up of self and spouse [Preventive health check up paid in cash allowed to the extent of Rs. 5,000]	5,000	10,000	
	<b>Deduction u/s 80EEB</b> [Since the loan is sanctioned by Bank during the P.Y. 2022-23, interest on loan taken for purchase of e-vehicle is allowed to the extent of Rs. 1,50,000]		1,50,000	
	<b>Deduction u/s 80G</b> [Donation of Rs. 20,000 to Gurudwara not allowable as deduction since amount exceeding Rs. 2,000 paid in cash]		-	
	<b>Deduction u/s 80RRB</b> [Deduction in respect of royalty on patent registered under the Patent Act subject to a maximum of Rs. 3 lakh]		3,00,000	4,60,000
	<b>Total income</b>			<b>5,57,91,700</b> }{3 M}

**Computation of tax liability of Mr. Krishna for A.Y. 2023-24 :**

Particulars	Rs.	Rs.
Tax on total income of Rs. 5,57,91,700		
Upto Rs. 3,00,000	Nil	
Rs. 3,00,001 - Rs. 5,00,000 [@ 5% of Rs. 2 lakh]	10,000	
Rs. 5,00,001 - Rs. 10,00,000 [@ 20% of Rs. 5,00,000]	1,00,000	
Rs. 10,00,001 - Rs. 5,47,91,700 [@ 30% of Rs. 5,47,91,700]	1,64,37,510	1,65,47,510
Add: Surcharge @ 37%, since total income exceeds Rs. 5,00,00,000		61,22,579
		2,26,70,089
Add: Health and education cess @ 4%		9,06,804
Total tax liability		2,35,76,892
Less: TCS u/s 206C(1) @ 2.5% on Rs. 20 lakh i.e., timber	50,000	
TCS u/s 206C(1F) @ 1% of Rs. 12 lakh i.e., sale of motor car where consideration exceeds Rs. 10 lakh	12,000	
TDS u/s 194-IA @ 1% of Rs. 1 crore i.e., sale of immovable property where consideration is Rs. 50 lakh or more	1,00,000	1,62,000
<b>Tax payable (rounded off)</b>		<b>2,34,14,890</b> }{2 M}

**Answer 4:**

- (a) In case of an Indian citizen leaving India for employment during the relevant previous year, the period of their stay during that previous year for being treated as a resident of India must be 182 days or more. During the previous year 2022-23, Mr. Rajesh, an Indian citizen, was in India for 181 days only (i.e., 30 + 31 + 30 + 31 + 31 + 28 days). Thereafter, he left India for employment purposes. Since he does not satisfy the minimum criteria of 182 days, he is a non-resident for the A.Y. 2023-24. }{2 M}

A non-resident is chargeable to tax in respect of income received or deemed to be received in India and income which accrues or arises or is deemed to accrue or arise to him in India. Hence, salary for January to March 2023, which was credited in his Dubai bank account for services rendered in Dubai, would not be taxable in the hands of Mr. Rajesh.

**Computation of taxable income of Mr. Rajesh for A.Y. 2023-24 :**

Particulars	Rs.	Rs.
Salary		
Salary from 1-4-2022 to 20-9-2022 [Rs. 45,000 x 5 + Rs. 45,000 x 20/30]	2,55,000	
Salary from 1-10-2022 to 31-12-2022 [Rs. 90,000 x 3]	2,70,000	
Gross Salary		5,25,000
Less: Standard deduction u/s 16(ia)		50,000
Net Salary		4,75,000
Income from Other Sources		
Interest on fixed deposits	10,500	
Interest on Savings account	7,500	18,000
Gross Total Income		4,93,000
Less: Deduction under Chapter VI-A		
➤ Deduction u/s 80C - LIC premium for self and spouse [LIC premium for mother is not allowed for deduction]		25,000
➤ Deduction u/s 80TTA [Interest on savings account with Mumbai bank]		7,500
Total Income		4,60,500

Working Notes :

- (1) Cost of his air tickets to Dubai costing Rs. 1,50,000 funded by his sister is not taxable u/s 56(2)(x) in the hands of Mr. Rajesh, since "sister" is a relative.
- (2) Cost of initial stay at Dubai costing Rs. 40,000 funded by his friend is also not taxable u/s 56(2)(x), since the amount does not exceed Rs. 50,000.

**Answer:**

- (b) An assessee who declares profits and gains in accordance with the provisions of Section 44AD(1) shall be liable to pay advance tax. Hence, Mr. Subramanyam will be liable to pay advance tax to the extent of the whole amount of such advance tax during on or before the 15<sup>th</sup> March of that financial year. The tax liability of Mr. Subramanyam and amount of advance tax to be deposited is as under:

Profit & gains of business or profession as per provisions of Sec. 44AD [8% of Rs. 1,80,00,000]/Total income	14,40,000
Tax on total income	2,44,500
Add: HEC @ 4%	9,780
Total tax (including HEC) (Rounded off) i.e. the minimum amount of Advance tax to be deposited by 15 <sup>th</sup> March, 2023 [Being due date of payment of such advance tax]	2,54,280

## SECTION – B - DESCRIPTIVE QUESTIONS

QUESTION NO. 5 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS OUT OF REMAINING THREE QUESTIONS.

TOTAL MARKS: 28 MARKS

**Answer 5:****Computation of GST liability of Mr. Nikunj for the month of August**

S.No.	Particulars	(Rs.)	GST (Rs.)
(i)	Intra-State supply of goods		
	CGST @ 9% on Rs. 6,00,000	54,000	
	SGST @ 9% on Rs. 6,00,000	54,000	1,08,000
(ii)	Inter-State supply of goods		
	IGST @ 18% on Rs. 2,00,000		36,000

**Computation of total ITC**

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	15,000	35,000	20,000
Add: ITC on Intra-State purchases of goods valuing Rs. 4,00,000	36,000	36,000	
Add: ITC on Inter-State purchases of goods valuing Rs. 50,000			9,000
Total ITC	{1 M} 51,000	{1 M} 71,000	{1 M} 29,000

**Computation of minimum GST payable in cash**

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
GST payable	54,000	54,000	36,000
Less: ITC credit of IGST to be first utilised towards payment of IGST			(29,000)
ITC of CGST to be utilised for payment of CGST and IGST in that order.	(51,000)		
ITC of SGST to be utilised for payment of SGST and IGST in that order.		(54,000)	
ITC of SGST to be utilised for payment of IGST, only after ITC of CGST has been utilised fully.			(7,000)-SGST
Minimum GST payable in cash	{1 M} 3,000	{1 M} Nil	{1 M} Nil

**Answer 6:**

(a) All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2018-19 onwards greater than Rs. 50 crore are required to issue e-invoices in respect of B2B supplies (supply of goods and/or services to a registered person).

Further, following entities are exempt from the mandatory requirement of e-invoicing:-

- (a) Special Economic Zone units
- (b) Insurer or banking company or financial institution including NBFC
- (c) GTA supplying services in relation to transportation of goods by road in a goods carriage
- (d) Supplier of passenger transportation service
- (e) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds Rs. 50 crore in the preceding financial year from 2018-19 onwards. In view of the above mentioned provisions, the answer to the independent cases are as under:-

- (i) The aggregate turnover of Harnam & Co. exceeds the threshold limit of aggregate turnover applicable for e-invoicing. Thus, Harnam & Co. is mandatorily required to issue e-invoices in respect of supplies made to registered persons.
- (ii) Banking company is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds Rs. 50 crore in the preceding financial year. Thus, e- invoicing is not applicable to Rich & Poor Bank.

**Answer:**

- (b)** (1) Section 24 of the CGST Act, 2017 provides that persons making any inter - State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover. However, as per section 23 of the CGST Act, 2017, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration. Heera is exclusively engaged in cultivation and supply of potatoes. Thus, he is not liable to registration irrespective of the fact that he is engaged in making inter -State supply of goods. Further, Heera will not be liable to registration, in the given case, even if his turnover exceeds the threshold limit. }{2 M}
- (2) As per section 22 of the CGST Act, 2017 read with Notification No. 10/2019 CT dated 07.03.2019, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:- }{3 M}
- (a) Rs. 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
  - (b) Rs. 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
  - (c) Rs. 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.
- Since Aanya is making taxable supplies from Telangana, she will not be eligible for higher threshold limit available in case of exclusive supply of goods. The applicable threshold limit for registration for Aanya in the given case is Rs. 20 lakh. Thus, she is liable to get registered under GST.

**Answer 7:**

**(a)** Computation of GST liability

S. No.	Particulars	Narad Traders (Rs.)	Nandi Motors Ltd. (Rs.)
(i)	Price of goods	10,000	30,000
(ii)	Add: Packing charges (Note-1)	500	
(iii)	Add: Commission (Note-1)	500	
(iv)	Add: Weighment charges (Note-1)	-	2,000
(v)	Less: Discount for prompt payment (Note-2)	-	1,000
	Value of taxable supply	11,000	31,000

}{1/2 M}      }{1/2 M}

	IGST payable @ 18% (Note-3)	1,980	{1 M}
	CGST payable @ 9% (Note-4)		2,790 {1/2 M}
	SGST payable @ 9% (Note-4)		2,790 {1/2 M}

Notes:

1. Incidental expenses, including commission and packing, charged by supplier to recipient of supply is includible in the value of supply. Weightment charges are also incidental expenses, hence includible in the value of supply [Section 15 of the CGST Act, 2017].
2. Since discount is known at the time of supply, it is deductible from the value in terms of section 15 of the CGST Act, 2017.
3. Since supply made to Narad Traders is an inter-State supply, IGST is payable in terms of section 5 of the IGST Act, 2017.
4. Since supply made to Nandi Motors Ltd. is an intra-State supply, CGST & SGST is payable on the same.

**Answer:**

- (b)** (i) As per Para I of Schedule III of the CGST Act, services by an employee to the employer in the course of or in relation to his employment are non-supplies, i.e. they are neither supply of goods nor supply of services. Services provided by the independent directors who are not employees of the said company to such company, in lieu of remuneration as the consideration for the said services, are clearly outside the scope of Schedule III of the CGST Act and are therefore taxable. Further, such remuneration paid to the directors is taxable in hands of the company, on reverse charge basis. Thus, GST is applicable in this case and Sun Moon Company Private Limited is liable to pay GST. {2 M}
- (ii) The part of director’s remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III. Further, the part of employee director’s remuneration which is declared separately other than salaries in the company’s accounts and subjected to TDS under section 194J of the IT Act as fees for professional or technical services are treated as consideration for providing services which are outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the company, is liable to discharge the applicable GST on it on reverse charge basis. {3 M}
- In lieu of the above provisions, Rs. 60,000 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), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III. Further, Rs. 65,000 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 is treated as consideration for providing services which is outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the Sun Moon Company Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.

**Answer 8:**

- (a) (a) The advice given by tax consultant is correct.  
Under GST law, filing of GSTR-3B is mandatory for all normal and casual taxpayers, even if there is no business activity in any particular tax period. For such tax period(s), a Nil GSTR-3B is required to be filed.  
Therefore, in the given case, even though Miss Kashi was out of station on a religious pilgrimage with her family for 55 days and thus, could not do any business transaction during the month of August, she is still required to file Nil GSTR-3B for that month. {2 M}
- (b) Nil GSTR-3B means that the return has nil or no entry in all its Tables. Since in the present case, Miss Kashi has received certain purchases, she cannot file Nil GSTR-3B, as the said purchases will need to be disclosed in the "Table for Eligible ITC" in GSTR-3B.  
Thus, Miss Kashi is required to file monthly return, GSTR-3B for the month of August. {2 M}
- (c) GSTR-3B can be submitted electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner. Further, a Nil GSTR-3B can be filed through an SMS using the registered mobile number of the taxpayer.  
Thus, Miss Kashi is required to file Nil GSTR-3B for the month of August through an SMS using her registered mobile number even though there is no internet facility in her mobile and no Facilitation Centre notified by the Commissioner. {1 M}

**Answer:**

- (b) Section 10(2A) of the CGST Act, 2017 provides the turnover limit of Rs. 50 lakh in the preceding financial year for becoming eligible for composition levy for services. Wedding Bells has started the supply of services in the current financial year (FY), thus, its aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, Wedding Bells is eligible for composition scheme for services. A registered person opting for composition levy for services shall pay tax @ 3% [Effective rate 6% (CGST+ SGST/UTGST)] of the turnover of supplies of goods and services in the State. {1 M}
- Further, Wedding Bells becomes eligible for the registration when the aggregate turnover exceeds Rs. 20 lakh (the threshold limit of obtaining registration). While registering under GST, Wedding Bells can opt for composition scheme for services. The option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of Rs. 50 lakh.
- However, for the purposes of determining the tax payable under composition scheme, the expression "turnover in State" shall not include the value of supplies from the first day of April of a FY up to the date when such person becomes liable for registration under this Act.
- Thus, for determining the turnover of the State for payment of tax under composition scheme for services, turnover of April, 2022 – June, 2022 quarter [Rs. 20 lakh] shall be excluded. On next Rs. 30 lakh [turnover of July, 2022 – September, 2022 quarter], it shall pay tax @ 6% [3% CGST and 3% SGST]. {1 M}
- For the purposes of computing aggregate turnover of a registered person for determining his eligibility to pay tax under this section, aggregate turnover includes

value of supplies from the 1st April of a FY up to the date of his becoming liable for registration.

Thus, while computing aggregate turnover for determining Wedding Bells’s eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when it becomes liable for registration under this Act (i.e. turnover of April, 2022 – June, 2022 quarter), are included.

By the end of July, 2022 – September, 2022 quarter, the aggregate turnover reaches Rs. 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by the end of July, 2022 – September, 2022 quarter and thereafter, it is required to pay tax at the normal rate of 18%.

{1 M}

Considering the above provisions, the tax payable for each quarter is as under:-

<b>S. No.</b>	<b>Quarter</b>	<b>GST rate [CGST + SGST]</b>	<b>Turnover (Rs. in lakh)</b>	<b>GST payable (Rs. in lakh)</b>
1	April, 2022 – June, 2022	-	20	-
2	July, 2022 – September, 2022	6%	30	1.8
3	October, 2022 – December, 2022	18%	40	7.2

{1 M}

{1 M}

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