

(GI-8, FMT)**DATE: 22.02.2023****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. Ans. c
 2. Ans. a
 3. Ans. b
 4. Ans. a
 5. Ans. a
 6. Ans. d
 7. Ans. d
 8. Ans. c
 9. Ans. c
 10. Ans. a
 11. Ans. b
 12. Ans. d
 13. Ans. c
 14. Ans. c
 15. Ans. d
 16. Ans. a
 17. Ans. b
 18. Ans. a
 19. Ans. b
 20. Ans. b
 21. Ans. b
 22. Ans. a
 23. Ans. d
 24. Ans. d
 25. Ans. c
 26. Ans. c
 27. Ans. a
 28. Ans. d
 29. Ans. b
 30. Ans. a
- {1 M Each}

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 liability of Mr. Janak (amounts in Rs.):

Income from Salaries :		
Basic Salary (Rs. 30,000 x 7)		2,10,000
Dearness allowance (Rs. 20,000 x 7)		1,40,000
Ex-gratia		55,000
Credit card facility		30,000
Concessional Accommodation	[WN-1 & 2]	6,150
Value of furniture	[WN-3]	2,333

Value of concessional education facility	[WN-4]	12,600	
Employer Contribution to pension scheme of Central Government (Rs. 7,000 x 7)		49,000	
Professional Tax paid by employer		3,000	
Gross Salary		5,08,083	
Less: Standard deduction u/s 16(ia)		50,000	
Less: Deduction u/s 16(iii) in respect of professional tax	[WN-10]	3,000	4,55,083 }{2 M}
Profit and Gains of Business or Profession	[WN-9]	-1,20,000	
Income from other sources (Winnings from Game show) (Rs. 42,000 + Rs. 18,000)	[WN-8]		60,000
Gross Total Income			5,15,083 }{1 M}
Less: Deduction under chapter VI-A-			
U/s 80C : Life-insurance premium paid for son & married daughter (Rs. 20,000 + Rs. 20,000)		40,000	
U/s 80CCD(1) : Contribution by employee to pension scheme of Central Govt.	[WN-5]	26,600	
Total eligible deduction u/s 80C & 80CCD(1) can't exceed Rs. 1,50,000		66,600	66,600
U/s 80CCD(1B) : Contribution by employee to pension scheme of Central Government [Rs. 49,000 – Rs. 26,600]	[WN-5]		22,400
U/s 80CCD(2) : Contribution by employer to pension scheme of Central Government to the extent of 10% of salary	[WN-6]		26,600
U/s 80D : Medical Insurance premium (Rs. 12,000 + Rs. 16,000)	[WN-7]		28,800
Total income (rounded off)			3,71,480 }{2 M}
Tax payable : Tax on winnings from game-show at special rate of 30%			18,000
Tax on balance income (age is 60 years; Basic exemption Rs. 3,00,000)			574
Total Income-tax			18,574 }{2 M}
Less: Rebate u/s 87A since total income does not exceed Rs. 5,00,000 [100% of tax or Rs. 12,500 whichever is less]			12,500
Balance Tax			6,074
Add: Health and Education cess @ 4%			243
Total Tax			6,317 }{1 M}
Less: TDS			18,000
Tax refundable (rounded off to nearest Rs. 10)			-11,680 }{1 M}

Working Notes :

- (1) For computation of perquisite value of concessional accommodation, 40% of dearness allowance (i.e. Rs. 8,000) should be taken into consideration as forming part of salary, since the question clearly mentions that only 40% is to be reckoned for superannuation benefits. Therefore, salary for the purpose of perquisite valuation would be Rs. 3,21,000 [i.e. (Rs. 30,000 + Rs. 8,000) x 7 + Rs. 15,000].
- (2) In a case where the accommodation is taken on lease or rent by the employer and provided to the employee, the value of perquisite would be lower of the actual amount of lease rental paid or payable by the employer [i.e. Rs. 63,000, being 9,000 x 7) and 15% of salary [i.e. Rs. 42,150, being 15% of Rs. 3,21,000]. This value (i.e. Rs. 48,150) would be reduced by the rent paid by the employee (i.e. Rs. 42,000, being 6,000 x 7). The value of concessional accommodation is Rs. 6,150 [i.e. Rs. 48,150 – Rs. 42,000].
- (3) The value of furniture owned by employer and provided to the employee is 10% p.a. of actual cost which amounts to Rs. 2,333 [i.e. 10% of Rs. 40,000 x 7 ÷ 12]. It is also possible to consider the cooking range and micro-wave oven provided by employer to the employee as a perquisite on account of use of movable assets of the employer by the employee. Even it is so assumed, there would be no change in the answer since in such a case also, the perquisite

}{1 / 2
M
Each x
10 =
5 M}

- value is 10% p.a. of actual cost.
- (4) In determining the value of perquisite resulting from the provision of free or concessional educational facilities, from a plain reading of the proviso to Rule 3(5), it is apparent that if the cost of education per child exceeds Rs. 1,000 per month, the entire cost will be taken as the value of the perquisite. Accordingly, the full amount of Rs. 1,800 per month is taxable as perquisite. In such a case, the value of the perquisite would be Rs. 12,600 (i.e. Rs. 1,800 x 7).
 - (5) Employee's contribution to Central Government Pension Scheme is Rs. 7,000 p.m. The amount of contribution to the extent of 10% of salary shall qualify for deduction under Section 80CCD(1). The balance contribution shall qualify for deduction under Section 80CCD (1B).
 - (6) The entire employer's contribution to Central Government Pension scheme should be included in salary and deduction u/s 80CCD(2) should be restricted to 10% of salary. The employer's contribution to pension scheme would be outside the overall limit of Rs. 1.5 lakh stipulated under section 80CCE.
 - (7) The deduction for medical insurance premium of Rs. 16,000 paid for father is allowable in full under section 80D, as the maximum limit is Rs. 50,000, since his father is a senior citizen. Therefore, the total deduction under section 80D would be Rs. 12,000 (for self) + Rs. 16,000 (for father) = Rs. 28,000.
 - (8) Winnings from TV game show is chargeable at a flat rate of 30% under section 115BB and no loss can be set-off against such income. Therefore, business loss cannot be set-off against such income.
 - (9) As per Section 71(2A), business loss cannot be set-off against salary income. Section 71(2A) provides that where the net result of the computation under the head "Profits and gains of business or profession" is a loss and the assessee has income chargeable under the head "Salaries", the assessee shall not be entitled to have such loss set-off against such income. From a plain reading of the provisions of Section 71[2A], it is possible to take a view that even depreciation cannot be set-off against salary income. Therefore, both business loss and current depreciation cannot be set-off against salary income.
 - (10) Though professional tax can't exceed Rs. 2,500 but since question gives amount of Rs. 3,000, hence, whole of the amount is deductible assuming that it pertains to more than 1 year).

Answer 2:

- (1) Tax implications in the hands of the company :
 - (i) According to Section 46(1) of the Act, distribution of capital assets amongst the shareholders on liquidation of the company is not regarded as "transfer" in the hands of the company. Consequently, there will be no capital gains in the hands of the company.
 - (ii) According to Section 2(22)(c), any distribution made to the shareholders of a company on its liquidation, to the extent to which distribution is attributable to the accumulated profits of the company immediately before its liquidation would be deemed as dividend. Therefore, Rs. 40,00,000, being the amount of general reserves on the date of liquidation would be deemed as dividend.

The company will be liable to deduct tax at source u/s 194 @ 10%.
- (2) Tax implications in the hands of Mr. Raghu (shareholder):
 - (i) On liquidation (31.07.2022) : Where a shareholder on the liquidation of a company receives any money or other assets from the company, he shall be chargeable to income- tax under the head "capital gains" in respect of the money so received or the market value of the other assets on the date of the distribution, as reduced by the amount assessed as dividend and the sum so arrived at shall be deemed to be the full value of consideration.

Mr. Raghu holds 1/6 th of the shareholding of the company	14,00,000
Market value of agricultural land received (Rs. 60 lakhs x 1/6 th) + Cash at bank [1/6 th of (Rs. 32,22,212 – Rs. 8,22,212)]	
Less : Deemed dividend u/s 2(22)(c) i.e. 1/6 th of Rs. 40,00,000	6,66,667
Full value of consideration	7,33,333

Less: Indexed cost of acquisition of Shares (Rs. 1,20,000 x 331 / 113)	3,51,504
Long term capital gains	3,81,829

- (ii) On sale of agriculture land : Hence, the short-term capital gains in the hands of Mr. Raghu (shareholder) at the time of sale of urban agricultural land should be computed as follows :

	(amount in Rs.)
Full value of considerations	15,00,000
Less: Fair market value of the agricultural land on the date of distribution [WN]	10,00,000
Short term capital gain	5,00,000

{2^{1/2} M}

Working Note:

Where the capital asset became the property of the assessee on the distribution of the capital assets of a company on its liquidation and the assessee has been assessed to capital gains in respect of that asset, the cost of acquisition means the fair market value of the asset on the date of distribution.

Dividend under section 2(22)(c) amounting to Rs. 6,66,667 will be exempt under section 10(34).

{1/2 M}

Answer:

- (b) Computation of admissible deduction under Section 80JJAA for AY 2023-24**

Particulars	(amount in Rs.)	Emoluments eligible for 80JJAA
Accounting Staff appointed on 01.04.2022 (Rs. 20,000 x 4 x 12 months)	9,60,000	{1 M}
Technical Staff appointed on 01.06.2022 (Rs. 25,000 x 15 x 10 months)	37,50,000	{1 M}
Supervisors appointed on 01.07.2022 (Rs. 30,000 x 15 x 9 months) [WN-1]	-	
Helpers Staff appointed on 01.10.2022 (Rs. 22,000 x 25 x 6 months) [WN-2]	-	
Total additional employee cost	47,10,000	{1 M}
Deduction admissible under Section 80JJAA [30% of Rs. 47,10,000]	14,13,000	{1 M}

Working Notes:

- (1) Deduction under section 80-JJAA is not available in respect of employees whose total emoluments are more than Rs. 25,000 per month.
- (2) 25 Helpers employed on 01.10.2022 do not qualify as additional employees for the P.Y. 2022-23, since they are employed for less than 240 days in that year.
- (3) 25 Helpers employed on 01.10.2022, they would be treated as additional employees for previous year 2022-23, if they continue to be employees in that year for a minimum period of 240 days. Accordingly, 30% of additional employee cost in respect of such employees would be allowable as deduction under section 80JJAA in the hands of Ms. XYZ & Co. for the A.Y. 2023-24.

{2 M}

Answer 3:

- (a) 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
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
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

{1 M}

{1 M}

{1 M}

Income from other sources : Lottery Winnings	[WN-3]		3,00,000
Total Income (rounded off)			5,80,000

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. }{1 M}

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 house property is set off against long term capital gains. }{1 M}
- (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%.

Answer:

- (b) (1) Tax implications in the hands of Mr. X : As per section 50C, the stamp duty value of house property (i.e. Rs. 85 lakh) would be deemed to be the full value of consideration arising on transfer of property, since the stamp duty value exceed 110% of the consideration received. Therefore, Rs. 45 lakh (i.e., Rs. 85 lakh – Rs. 40 lakh, being the purchase price) would be taxable as short-term capital gains in the A.Y. 2023-24. Since rural agricultural land is not a capital asset, the gains arising on sale of such land is not taxable in the hands of Mr. X. }{2 M}
- (2) Tax implications in the hands of Mr. Y : In case immovable property is received for inadequate consideration, the difference between the stamp value and actual consideration would be taxable under section 56(2)(x), if such difference exceeds Rs. 50,000 and 10% of the consideration. Therefore, in this case Rs. 25 lakh (Rs. 85 lakh – Rs. 60 lakh) would be taxable in the hands of Mr. Y u/s 56(2)(x). Since agricultural land is not a capital asset, the provisions of section 56(2)(x) are not attracted in respect of receipt of agricultural land for inadequate consideration, since the definition of "property" under section 56(2)(x) includes only capital assets specified thereunder. }{3 M}
- (3) TDS implications in the hands of Mr. Y : Since the sale consideration of house property exceeds Rs. 50 lakh, Mr. Y is required to deduct tax at source under section 194-IA. The tax to be deducted under section 194-IA would be Rs. 60,000, being 0.75% of Rs. 80 lakh. TDS provisions under section 194-IA are not attracted in respect of transfer of rural agricultural land. }{2 M}

Answer 4:

(a) Computation of Gross total income of Shri Subhash Chandra (amount in Rs.)

	Particulars	Resident	NOR
(i)	Income from business in India	2,00,000	2,00,000

(ii)	Profits from business earned in Japan controlled from India	70,000	70,000
(iii)	Untaxed income from business in England	--	--
(iv)	Royalty received from resident for technical services provided to run a business outside India (Income is deemed to accrue or arise outside India)	4,00,000	--
(v)	Agricultural income in Bhutan	90,000	--
(vi)	Income from house property in Dubai which was deposited in Dubai Bank (Rs. 73,000 less standard deduction 30% of Rs. 73,000]	51,000	--
	Gross Total income	{3 M} 8,11,100	2,70,000 }{3 M}

Answer:

(b) (A) Business income if Mr. X does not opt for presumptive income scheme (amounts in Rs.)-

Net profit as per Profit and Loss account			60,000
Add: (a) Closing stock not included		18,000	
(b) Excess salary paid to brother	[WN-1]	2,000	
(c) Whole of printing and stationery expenses paid in cash	[WN-2]	13,200	
(d) Depreciation		1,05,000	
(e) Donations		2,000	
(f) Loss on shares		8,100	1,48,300
			2,08,300 }{2 M}
Less: (a) Opening stock not included		9,000	
(b) Allowable depreciation	[WN-3]	66,000	
(c) Income from UTI	[WN-4]	2,400	77,400
Income from business			1,30,900 }{2 M}

Working Note:

- (1) Salary paid to his brother, which is unreasonable to the extent of Rs. 2,000 shall not be allowed as deduction in accordance with Section 40A(2). }{1 M}
- (2) Since the whole amount of Printing and Stationery was paid in cash which exceeds Rs. 10,000 whole of such expenditure shall be disallowed in accordance with Section 40A(3). }
- (3) Computation of allowable depreciation (amount in Rs.) }{1 M}

Opening WDV of plant and machinery	4,20,000
Add: Actual cost of plant acquired on 01.07.2022	70,000
Less: Sale proceeds of plant	-50,000
WDV as on 31.03.2023	4,40,000
Depreciation @ 15%	66,000
- (4) Income from units of UTI is taxable in hands of unit holder the head Income from other sources. }{1 M}
- (5) Goods and Services Tax refund is taxable, as it would have been allowed as deduction earlier. }
- (B) Business income if he opts for presumptive income scheme u/s 44AD : Deemed income as per Section 44AD = 6% of Turnover (since sale proceeds are received through account payee cheque) i.e. 6% of Rs. 12,11,500 = Rs. 72,690. Conclusion : Since income as per Section 44AD works out to be lower than income as per normal provisions, the assessee should opt for presumptive taxation under section 44AD. }{1 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:**

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	{1 M}{ 86,400}	66,000	{1 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	{1 M}{ 25,000}	25,000	{1 M}
	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. **{1 M}**
- 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. **{1 M}**

Answer 6:**(a)** Time of supply of goods in each of the above cases has been given in following table—

Sl. No.	Date of invoice	Date when goods made available to recipient	Date of receipt of payment	Time of supply	Reason
1.	02-10-2021	03-10-2021	15-11-2021	02-10-2021 {1 M}	TOS is date of issuance of invoice since invoice is issued prior to

					date when goods are made available to recipient.
2.	04-10-2021	01-10-2021	25-11-2021	01-10-2021 {1 M}	TOS is date when goods are made available to the recipient and date of issuance of invoice is after that date.
3.	04-11-2021	06-11-2021	01-10-2021	04-11-2021 {1 M}	TOS is date of issue of invoice. Advance received is not liable to be taxed at the time of receipt vide Notification No. 66/2017-CT dated 15-11-2017.

Answer:

(b) Computation of value of taxable supply (amount in Rs.):

Price of the goods		1,00,000	{1 M}
Add: Municipal tax	[WN-1]	2,000	{1 M}
Inspection charges	[WN-2]	15,000	{1 M}
Subsidies received from Shri Ram Trust	[WN-3]	50,000	{1 M}
Late fees for delayed payment	[WN-4]	-	{1 M}
Weighment charges	[WN-5]	2,000	{1 M}
Value of taxable supply		1,69,000	

Working Notes :

- (1) The value of supply shall include any taxes, duties, cess, fees and charges levied under any law for the time being in force other than the CGST Act, the SGST Act, the UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier. [Section 15(2)(a) of CGST Act, 2017]
- (2) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, inspection charges shall form a part of the transaction value of the supply. [Section 15(2)(c) of CGST Act, 2017]
- (3) The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Since subsidy is received from non government body, the same is includible in the value of taxable supply. [Section 15(2)(e) of CGST Act, 2017]
- (4) Charges for delayed payment shall form part of the value of supply. Since the same has been waived by the recipient, it will not be included in the value of taxable supply.
- (5) Any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both shall form part of transaction value. Hence weighment charges shall form part of value of taxable supply. [Section 15(2) (b) of CGST Act, 2017]

Answer 7:

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

Goods used for captive consumption (Since, used in course of Business hence, ITC on same shall be admissible)	9,800	{1 M}
Goods purchased for being used in repairing the factory shed and same has been capitalized to the cost of factory Shed [WN-1]	Nil	{1 M}
Cement used for making foundation and structural support to Plant and Machinery [WN-2]	14,000	{1 M}
Inputs used in trial runs (Since used in course of business hence, input tax credit shall be available)	14,560	{1 M}
Food and beverages purchased for the employees during office hours not under statutory obligation [WN-3]	Nil	{1 M}
Total Input tax credit available	38,360	{1 M}

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. Construction includes re-construction, renovation, additions or alterations or repairs, to the extent of capitalisation, to the said immovable property. Since the cost of repairs is capitalized in books, no credit of input tax paid on goods used shall be allowed.
- (2) As per Explanation to Section 17, "plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports. Input tax credit is admissible in respect of goods or services or both received by a taxable person for construction of plant or machinery. Hence, tax paid on cement shall be available for input tax credit.
- (3) As per Section 17(5)(b), No input tax credit is available in respect of food and beverages except where an inward supply of goods or services or both of a particular category is used by a registered person for making an outward taxable supply of the same category of goods or services or both or as an element of a taxable composite or mixed supply or where it is obligatory for an employer to provide the same to its employees under any law for the time being in force. Hence, no input tax credit is available on food and beverages for use of employees during office hours.

Answer:

(b) **Computation of GST liability of VHP** (amount in Rs.)

{1 M}	(1)	Renting of room where charges are	Rs. 500 per day	Nil
	(2)	Renting of room where charges are	Rs. 1,500 per day	9,00,000
{1 M}	(3)	Renting of community halls where charges are	Rs. 25,000 per day	10,00,000
	(4)	Renting of kalyanmandapam where charges are	Rs. 5,000 per day	Nil
{1 M}	(5)	Renting of shops for business where charges are	Rs. 15,000 per month	7,50,000
	(6)	Renting of shops for business where charges are	Rs. 5,000 per month	Nil
Value of Taxable supply				26,50,000

Working Note :

Services by a person by way of renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under Section 12AA of the Income-tax Act, 1961 are exempt. However, this exemption shall not apply to, —

- (i) renting of rooms where charges are 1,000 or more per day;
- (ii) renting of premises, community halls, kalyanmandapam or open area, and the like where charges are 10,000 or more per day;
- (iii) renting of shops or other spaces for business/commerce where charges are 10,000 or more per month.

{1 M}

Answer 8:

(a) The opinion of ABC Ltd is not correct. As per provisions of Section 24 of CGST Act, 2017, person making inter state taxable supply of goods are compulsorily required to obtain registration. Thus, Section 24 is an overriding Section that makes it mandatory to obtain registration by certain prescribed persons even though the conditions prescribed u/s 22 are not met. Hence, ABC Ltd. is mandatorily required to obtain registration.

{2 M}

As per provisions of Section 25 of CGST Act, 2017, every person who is liable to be registered under Section 22 or Section 24 shall apply for registration in every such State or Union territory in which he is so liable within 30 days from the date on which he becomes liable to registration, in such manner and subject to such conditions as may be prescribed. Thus, ABC Ltd. is required to obtain registration upto 31-01-2022.

{2 M}

Answer:

(b) Bill of supply [Rule 49]:

- (1) Contents of Bill of Supply : A bill of supply shall be issued by the supplier containing the following details, namely,-
- (a) name, address and GSTIN of the supplier;
 - (b) a consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;
 - (c) date of its issue;
 - (d) name, address and GSTIN or UIN, if registered, of the recipient;
 - (e) HSN Code for goods or services
 - (f) description of goods or services or both;
 - (g) value of supply of goods or services or both taking into account discount or abatement, if any; and
 - (h) signature or digital signature of the supplier or his authorised representative.

The signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of an electronic bill of supply in accordance with the provisions of the Information Technology Act, 2000.

However, the Government may, by notification, on the recommendations of the Council, and subject to such conditions and restrictions as mentioned therein, specify that the bill of supply shall have Quick Response (QR) code.] [Inserted vide Notification No. 31/2019-CT dated 28-06-2019 w.e.f. date yet to be notified]

**{1/2
Each x
8 =
4 M}**

- (2) Tax invoice issued for any non-taxable supply to be treated as Bill of Supply : Any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply shall be treated as a bill of supply for the purposes of the Act.

{1 M}

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