

(GI-2, GI-6, GI-7, VI-1, VDI-1, DRIVE & FMT)**DATE: 29.09.2023****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.

Answer:

1. 1.1 Ans. c
1.2 Ans. c
1.3 Ans. c
1.4 Ans. a
2. 2.1 Ans. a {2 M Each}
2.2 Ans. c
2.3 Ans. a
2.4 Ans. a
2.5 Ans. c
3. Ans. c
4. Ans. c
5. Ans. d
6. Ans. c
7. Ans. a
8. Ans. d
9. Ans. b {1 M Each}
10. Ans. a
11. Ans. d
12. Ans. c
13. Ans. a
14. Ans. b

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:

(a) Computation of capital gains and tax thereon in the hands of Mr. Mass-

(amounts in Rs.)

Full value of consideration	[WN-1]	97,00,000	
Less: Brokerage		50,000	
Net sale consideration		96,50,000	{1 M}
Less: Indexed cost of acquisition (Rs. 20,00,000 x 331 / 122)		54,26,230	
Capital Gains		42,23,770	{1 M}
Less: Exemption under section 54	[WN-2]	25,00,000	
Exemption under section 54EC	[WN-3]	10,00,000	
Income by way of Long-term capital gain/Total Income (rounded off)		7,23,770	
Less : Basic Exemption Limit of Rs. 2,50,000	[WN-4]	2,50,000	
LTCG on which tax imposable		4,73,770	
Income Tax @ 20%		94,754	

Less: Tax rebate u/s 87A [100% of tax or Rs. 12,500 whichever is less]	12,500	
Balance Income tax	82,254	
Add: Health & Education cess @ 4%	3,290	
Total Tax (rounded off)	85,540	{2 M}

Working Notes:

- (1) Value assessed by the stamp valuation authority exceeds 110% of the consideration received, so the stamp duty value will be deemed as FVC = Rs. 97 lakhs.
- (2) Exemption under section 54 = Cost of residential house acquired on 25.12.2022 + amount deposited in Capital Gains Accounts Scheme on 10.07.2023 (before the due date of filing of return of income) for construction of additional floor on residential house property = Rs. 15 lakhs + 10 lakhs = Rs. 25 lakhs. {1/2 M Each}
- (3) Exemption under section 54EC = amount deposited in NHAI bonds on 10.11.2022 (within 6 months from the date of transfer) = Rs. 10 lakhs.
- (4) Since Mr. Mass is a resident individual having no other income, hence, he will be entitled to basic exemption limit in respect of the income from LTCG – Section 112.

Answer:

(b) Computation of Taxable salary of Mr. Raj

	Rs.	
Basic Salary (70,000 x 8) + (80,000 x 4)	8,80,000.00	{1 M}
Dearness Allowance (50% x 8,80,000)	4,40,000.00	{1 M}
Bonus (70,000 + 35,000)	1,05,000.00	{1 M}
Contribution to recognized provident fund (8,80,000 x 6%) (in excess of 12% shall be taxable)	52,800.00	{1 M}
(Salary includes only basic salary, since dearness allowance, in this case, does not form part of salary for retirement benefits)		
Professional Tax paid by the employer Section 17 (2)(iv)	3,000.00	{1 M}
(Perquisite includes any sum paid by the employer in respect of any obligation which would have been payable by the employee)		
Facility of Laptop/computer (Section 17 (2)(viii)/Rule 3(7)(vii))	Nil	{1 M}
(Facility of laptop is an exempt perquisite, whether used for official or personal purpose or both)		{1 M}
Leave Travel concession (section 10(5)/Rule 2B)	Nil	
Gross Salary	14,80,800.00	
Less: Standard Deduction u/s 16(ia)	(50,000.00)	
Less: Deduction of professional tax u/s 16(iii)	(6,000.00)	
Income under the head Salary	14,24,800.00	{1 M}

Note:

Mr. Raj can avail exemption on the entire amount of 45,000 reimbursed by the employer towards leave travel concession since the leave travel concession was availed for himself, wife and three children and the journey was undertaken by economy class airfare. The restriction imposed for two children is not applicable in case of multiple birth which take place after the first child.

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%.

{1 M Each}

- (2) Tax implications in the hands of Mr. Ankit (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.

{1/2 M}

Mr. Ankit 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)	51,504
Long term capital gains	3,81,829

{2^{1/2} M}

- (ii) On sale of agriculture land : Hence, the short-term capital gains in the hands of Mr. Ankit (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
(amount in Rs.)

Particulars	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. ABC & Co. for the A.Y. 2023-24.

Answer 3:

(a) Computation of taxable income of Mr. Z for the A.Y. 2023-24

	Rs.	
Income under the head Salary	6,00,000.00	{1/2 M}
Less: Loss under the head house property (Loss of minor son)	(90,000.00)	{1/2 M}
Income under the head Salary	5,10,000.00	{1/2 M}
Income under the head capital Gains		
Long Term Capital Gain	75,000.00	{1/2 M}
Less: Loss from Business of his wife	(75,000.00)	{1/2 M}
Income under the head capital Gains	Nil	
Income under the head other sources		
Interest Income from Fixed Deposit	80,000.00	{1/2 M}
Less: Loss from Business of his wife	(80,000.00)	{1/2 M}
Income under the head other sources	Nil	
(Balance amount of Rs. 45,000 to be carried forward)		
Gross Total Income	5,10,000.00	{1/2 M}
Less: Deduction from 80C to 80U	Nil	
Total Income	5,10,000.00	{1/2 M}

Note:

1. Mr. Z shall be the deemed owner of the house property transferred to minor son hence it will be considered to be loss of Mr. Z.
2. Loss from business of Mrs. Z shall also be clubbed
3. Brought Forward Long term capital loss of AY 2021-22 to be carried forward Rs. 96,000.

Answer:

(b) **Computation of Income from house property for A.Y. 2023-24**

(A)	Rented unit (50% of total area)		Rs.	
	Gross Annual Value			5,50,000
	Working Note:		Rs.	
	(a) Fair rent (Rs. 10,85,000 x ½)	5,42,500		
	(b) Municipal valuation (Rs. 8,90,000 x ½)	4,45,000		
	(c) Higher of (a) or (b)	5,42,500		
	(d) Standard rent (Rs. 10,62,000 x ½)	5,31,000		
	(e) Expected rent (lower of (c) or (d))	5,31,000		
	(f) Rent received or receivable (Rs. 55,000 x 10)	5,50,000		
	Since, the actual rent received is higher than the annual letting value, the actual rent received is the Gross Annual value i.e. Rs. 5,50,000			
	Less: Municipal taxes (15% of Rs. 4,45,000)			(66,750)
	Net Annual value			4,83,250
	Less: Deductions under section 24			
	(i) 30% of net annual value u/s 24(a)	1,44,975		
	(ii) Interest on borrowed capital (Rs. 750 x 12) u/s 24(b)	9,000		(1,53,975)
	Taxable income from let out portion			3,29,275 {2 M}
(B)	Self occupied unit (50% of total area)			
	Annual value		Nil	
	Less: Deduction under section 24			
	Interest on borrowed capital (Rs. 750 x 12) u/s 24(b)	9,000		(9,000)
	Income from House property			3,20,275 {1 M}
	Income under the head House Property			3,20,275
	Gross Total Income			3,20,275 {2 M}
	Less: Deduction u/s 80C to 80U			Nil
	Total Income (rounded off u/s 288A)			3,20,280
	Computation of Tax Liability			
	Tax on Rs. 3,20,280 at slab rate			3,514.00
	Less: Rebate u/s 87A			(3,514.00)
	Tax Liability			Nil {1 M}

Notes:

- (i) It is assumed that both the units are of identical size. Therefore, the rented unit would represent 50% of total area and the self-occupied unit would represent 50% of total area. {1 M Each}
- (ii) No deduction will be allowed separately for light and water charges, insurance charges and repairs.

Answer 4:

(a) **Computation of Gross total income of Shri Pankaj Rao (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	4,00,000	--

	deemed to accrue or arise outside India)		
(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. B 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). }{1 M}
- (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. }{1 M}
- (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. }{1 M}
 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.

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 Net Tax Liability of Mr. Ajay**

	Rs.	
Input Tax Credit		
Goods A	18,00,000	
Add: IGST @ 20%	3,60,000	
Total	21,60,000	
No ITC is allowed in the beginning as he is an unregistered dealer.		
40% credit is allowed (3,60,000 x 40%) =	1,44,000	}{1 M}
As per section 18(1)(a), No ITC is allowed for capital goods.		
Goods B	30,00,000	
Add: CGST @ 10%	3,00,000	
Add: SGST @ 10%	3,00,000	
Total	36,00,000	
ITC		
CGST	3,00,000	
SGST	3,00,000	}{1 M}
Plant	13,00,000	
Add: CGST @ 10%	1,30,000	
Add: SGST @ 10%	1,30,000	
Total	15,60,000	
ITC		
CGST	1,30,000	}{1 M}
SGST	1,30,000	
Output Tax		
Goods B	40,00,000	
Add: IGST @ 20%	8,00,000	
Total	48,00,000	}{1 M}

ITC to be reversed on sale of plant on 10/03/2022

Remaining life of the plant = 60 months – 6 months and 10 days = 53 months 20 days = 53 months

CGST (1,30,000/60 x 53)	1,14,833.33	
SGST (1,30,000/60 x 53)	1,14,833.33	
Transaction value	9,00,000.00	
Add: CGST @ 10%	90,000.00	
Add: SGST @ 10%	90,000.00	
Total	10,80,000.00	}{1 M}
ITC to be reversed shall be higher		
CGST	1,14,833.33	
SGST	1,14,833.33	
Computation of Net Tax		
	IGST	
Output Tax	8,00,000.00	
Less: ITC goods A - IGST	(1,44,000.00)	

Less: ITC goods B – CGST	(3,00,000.00)	
Less: ITC plant – CGST	(15,166.67)	
Less: ITC goods B – SGST	(3,00,000.00)	
Less: ITC plant – SGST	(15,166.67)	
Net Tax Payable	25,666.67	{1 M}
	CGST	
Output Tax	1,14,833.33	
Less: ITC plant – CGST	(1,14,833.33)	
Tax Payable	Nil	{1 M}
	SGST	
Output Tax	1,14,833.33	
Less: ITC plant – SGST	(1,14,833.33)	
Tax Payable	Nil	{1 M}

Answer 6:

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

SI. 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 {2 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 R 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 J 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) Suspension of registration Rule 21A**

- (1) Where a registered person has applied for cancellation of registration, the registration shall be deemed to be suspended from the date of submission of the application or the date from which the cancellation is sought, whichever is later, pending the completion of proceedings for cancellation of registration.
- (2) Where the proper officer has reasons to believe on his own that the registration of a person is liable to be cancelled, he may, after affording the said person a reasonable opportunity of being heard, suspend the registration of such person with effect from a date to be determined by him, pending the completion of the proceedings for cancellation of registration.
- (3) A registered person, whose registration has been suspended, shall not issue a tax invoice and shall not charge tax on supplies made by him during the period of suspension and shall not be required to furnish any return under section 39.
- (4) The suspension of registration shall be deemed to be revoked upon completion of the proceedings by the proper officer and such revocation shall be effective from the date on which the suspension had come into effect.
- (5) Where any order having the effect of revocation of suspension of registration has been passed, the provisions of clause (a) of sub-section (3) of section 31 and section 40 in respect of the supplies made during the period of suspension and the procedure specified therein shall apply.

{1 M
Each}**Answer:****(b) Conditions and restrictions for composition levy [Rule 5] :**

- (1) Conditions which are to be satisfied for Composition Levy [Rule 5(1)] :
The person exercising the option to pay tax under Section 10(1) shall comply with the following conditions, namely:-

{1 M}

- (a) he is neither a casual taxable person nor a non-resident taxable person;
- (b) the goods held in stock by him have not been purchased from an unregistered supplier and where purchased, he pays the tax under Section 9(4);
- (c) he shall pay tax under Section 9(3)/(4) (reverse charge) on inward supply of goods or services or both;
- (d) he was not engaged in the manufacture of goods as notified under Section 10(2)(e) i.e. ice cream, pan-masala, aerated water and tobacco, during the preceding financial year;
- (e) he shall mention the words "composition taxable person, not eligible to collect tax on supplies" at the top of the bill of supply issued by him; and
- (f) he shall mention the words "composition taxable person" on every notice or signboard displayed at a prominent place at his principal place of business and at every additional place or places of business.
- (2) No need to file fresh intimation every year [Rule 5(2)] : The registered person paying tax under Section 10 may not file a fresh intimation every year and he may continue to pay tax under the said Section subject to the provisions of the Act and these rules.

**{1/2 M
Each}****{1 M}**

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