

(GI-10, GI-11, VI-2(A) & AI-2(A), DI-1+2 & Drive)**DATE: 04.02.2024****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 2024-25, unless otherwise stated. Section-B comprises questions 5-9. In Section-B, answer Question No. 5 which is compulsory and any 3 questions from question No. 6-9.
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, 2023.

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 M Each} |
| 2. | Ans. b | | |
| 3. | Ans. a | | |
| 4. | Ans. d | | |
| 5. | Ans. b | | |
| 6. | Ans. a | | |
| 7. | Ans. a | | |
| 8. | Ans. c | } | {1 M Each} |
| 9. | Ans. d | | |
| 10. | Ans. d | | |
| 11. | Ans. b | | |
| 12. | Ans. d | | |
| 13. | Ans. a | | |
| 14. | Ans. d | | |
| 15. | Ans. a | | |
| 16. | Ans. c | | |
| 17. | Ans. c | | |
| 18. | Ans. c | | |
| 19. | Ans. b | | |
| 20. | Ans. a | | |
| 21. | Ans. b | | |
| 22. | Ans. b | | |
| 23. | Ans. c | | |

SECTION – A

PART – II - DESCRIPTIVE QUESTIONS

QUESTIONS NO. 1 IS COMPULSORY

ATTEMPT ANY TWO QUESTIONS THE REMAINING THREE QUESTIONS

TOTAL MARKS: 35 MARKS

Answer 1:

Computation of total income of Mr. Anmol for A.Y. 2024-25

	Particulars	Rs.	Rs.	Rs.
I	Income from business or profession			
	Net profit as per profit and loss account		3,95,11,290	
	Add: Items of expenditure debited but not allowable while computing business income			
	(a) 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]	15,000		
	(b) Contribution to an 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, no adjustment is required]	-		
	(c) 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]	1,75,000		
	(iii) Sale of goods 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. 3 lakh]	-	1,90,000	
			3,97,01,290	{1 M}
	Less: Items of income credited but not taxable or taxable under any other head of income			
	(i) Royalty on patent [Not taxable as business income since Mr. Anmol 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]	3,50,000		
	(ii) Bad debt recovered [Actual bad debt is Rs. 1 lakhs i.e., Rs. 4 lakhs less Rs. 3 lakh, being the amount of bad debt recovered. Bad debt written off is Rs. 2.50 lakhs. Bad debt recovered to the extent of Rs. 1.50 lakh 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. 1.50 lakhs has to be reduced]	1,50,000	5,00,000	
			3,92,01,290	{1 M}
	Less: Allowable expenditure			
	7. Depreciation on car [Rs. 14 lakh x 15%, since car is put to use for more than 180 days in the P.Y. 2023-24]		2,10,000	
				3,89,91,290 {1 M}
II	Capital Gain			
	Long term capital gain on sale of house property		55,00,000	
	Less: Exemption under section 54 [Since whole amount of long term capital gain is invested in construction of house within the stipulated time limit.]		55,00,000	- {1 M}
	[Capital gain of Rs. 20 lakhs in capital gain account scheme is not taxable in P.Y. 2023-24, since the same is withdrawn and invested in construction of house within the stipulated time limit. The remaining amount of Rs. 80 lakhs invested in construction of house is eligible for exemption u/s 54, subject to a maximum of Rs. 55 lakhs being long- term capital gain on sale of house property during the P.Y. 2023-24]			
III	Income from Other Sources			
	Royalty on patent [Taxable as "income from other sources", since he is engaged in business of			

{1 M}

	manufacturing]			3,50,000	
	Gross Total Income			3,93,41,290	{1 M}
	Less: Deduction under Chapter VI-A				
	Deduction under section 80D - Mediciam 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. 1,20,000/6 years,	20,000			
	being relevant previous years in which the insurance is in force] - 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	25,000		
	Deduction under section 80EEB [Since the loan is sanctioned by Bank during the P.Y. 2023-24, interest on loan taken for purchase of e-vehicle is allowed to the extent of Rs. 1,50,000]		1,50,000		
	Deduction under section 80G [Donation of Rs. 15,000 to Gurudwara not allowable as deduction since amount exceeding Rs. 2,000 paid in cash]			-	
	Deduction under section 80RRB [Deduction in respect of royalty on patent registered under the Patent Act subject to a maximum of Rs. 3 lakh]		3,00,000	4,75,000	{2 M}
	Total income			3,88,66,290	{1 M}

Computation of tax payable by Mr. Anmol for A.Y. 2024-25

Particulars	Rs.	Rs.
Tax on total income of Rs. 3,88,66,290		
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. 3,88,66,290 [@30% of Rs. 3,78,66,290]	1,13,59,887	1,14,69,887
<i>Add: Surcharge @ 25%, since total income exceeds Rs. 2,00,00,000 but does not exceed Rs. 5,00,00,000</i>		28,67,472
		1,43,37,359
<i>Add: Health and education cess@4%</i>		5,73,494
Total tax liability		1,49,10,853
<i>Less: TCS u/s 206C(1) @ 2.5% on Rs. 25 lakh i.e., timber</i>	62,500	
<i>TCS u/s 206C(1F)@1% of Rs. 14 lakh i.e., sale of motor car where consideration exceeds Rs. 10 lakh</i>	14,000	
<i>TDS u/s 194-IA@1% of Rs.1 crore i.e., sale of immovable property where consideration is Rs. 50 lakh or more</i>	1,00,000	1,76,500
Tax payable		1,47,34,353
Tax payable (rounded off)		1,47,34,350

Answer 2:

- (a) (i) As per section 9(1)(iii), salaries (including, inter alia, allowances) payable by the Government to a citizen of India for services rendered outside India shall be deemed to accrue or arise in India.
- Thus, salary received from Government by Mr. Akash, being a non-resident of Rs. 7,50,000 for rendering services in Japan would be taxable in his hands, after allowing standard deduction of Rs. 50,000.

However, any allowance or perquisites paid or allowed outside India by the Government to a citizen of India for rendering services outside India will be fully exempt u/s 10(7). Hence, Rs. 2,40,000, being the allowance would be exempt.

- (ii) In the case of a non-resident, no income shall be deemed to accrue or arise in India to him through or from operations which are confined to the purchase of goods in India for the purpose of export. } **{1^{1/2} M}**
 Thus, income of Rs. 3,50,000 arising in the hands of Ms. Ahana would not be taxable in her hands in India, since her operations are confined to purchase of goods in India for the purpose of export.
- (iii) Royalty payable by a non-resident would be deemed to accrue or arise in India in the hands of the recipient only when such royalty is payable in respect of any right, property or information used for the purposes of a business or profession carried on by such non-resident in India or earning any income from any source in India. } **{1^{1/2} M}**
 In the present case, since Mr. Vikas, a non-resident, paid the royalty of Rs. 4,00,000 for a patent right used for development of a product in India, the same would be taxable in India in the hands of the recipient, Mr. Sumit, a non-resident, irrespective of the fact that only 50% of the royalty is received in India.
- (iv) Interest payable by a non-resident on the money borrowed for any purpose other than a business or profession in India, would not be deemed to accrue or arise in India. } **{1^{1/2} M}**
 In the present case, since Mr. Jimmy, a non-resident borrowed the money for investment in shares of an Indian company, the interest on such borrowing of Rs. 1,20,000 (Rs. 10,00,000 x 12%) payable to Mr. Naveen, a non-resident would not be deemed to accrue or arise to him in India. Hence, the same would not be taxable in India in the hands of Mr. Naveen.

Answer:

(b) TDS implications

- (i) On payments made to contractor } **{1 M}**
 Tax is deductible @5% under section 194M, since payments to Mr. Madan, a contractor, for reconstruction of his residential house exceeds Rs. 50 lakhs in aggregate during the F.Y. 2023-24.
 Amount of tax to be deducted = 5% of Rs. 60 lakhs = Rs. 3,00,000
- (ii) Payment to transporter who has not furnished PAN } **{1 M}**
 Under section 194C, no tax is deductible in respect of payments to a transporter, who owns ten or less goods carriages at any time during the year and furnishes a declaration to that effect along with his PAN to the person paying or crediting such sum.
 However, in this case, this exemption from TDS would not be available, since Ramesh has not furnished his PAN to XYZ Ltd. As per section 206AA, due to non-furnishing of PAN, tax would be deductible at a higher rate of 20% and not @1% provided under section 194C. } **{1 M}**
 Amount of tax to be deducted = Rs. 2,00,000 x 20% = Rs. 40,000

Answer:

- (c) Conditions when a person is required to furnish return of income on or before the due date even if he is otherwise not required to furnish return under section 139(1) } **{1/2 M}**
 Any person, other than a company or a firm, who is not required to furnish a return under section 139(1), is required to file income-tax return in the prescribed form and manner on or before the due date if, during the previous year, such person

- (i) has deposited an amount or aggregate of the amounts exceeding Rs. 1 crore in one or more current accounts maintained with a banking company or a co-operative bank; or
 - (ii) has incurred expenditure of an amount or aggregate of the amounts exceeding Rs. 2 lakh for himself or any other person for travel to a foreign country; or
 - (iii) has incurred expenditure of an amount or aggregate of the amounts exceeding Rs. 1 lakh towards consumption of electricity; or
 - (iv) fulfills such other prescribed conditions.
- } {1/4 M Each}
- Rule 12AA provides that a person, other than a company or a firm, who is not required to furnish a return under section 139(1), and who fulfils any of the following conditions during the previous year has to file their return of income on or before the due date in the prescribed form and manner -
- (a) if his total sales, turnover or gross receipts, as the case may be, in the business > Rs. 60 lakhs during the previous year; or
 - (b) if his total gross receipts in profession > Rs. 10 lakhs during the previous year; or
 - (c) if the aggregate of TDS and TCS during the previous year, in the case of the person, is Rs. 25,000 or more; or
- However, a resident individual who is of the age of 60 years or more, at any time during the relevant previous year would be required to file return of income only, if the aggregate of TDS and TCS during the previous year, in his case, is Rs. 50,000 or more.
- (d) the deposit in one or more savings bank account of the person, in aggregate, is Rs. 50 lakhs or more during the previous year.
- } {1/2 M}
- } {1/4 M Each}

Answer 3:

(a) Computation of income chargeable under the head "Capital Gains" of Mr. Sarthak for A.Y. 2024-25

Particulars	Rs.	
Capital Gains on sale of residential house		
Actual sale consideration	Rs. 1,50,00,000	
Value adopted by Stamp Valuation Authority on the date of agreement	Rs. 1,70,00,000	
[As per section 50C, where the actual sale consideration is less than the value adopted by the Stamp Valuation Authority for the purpose of charging stamp duty, and such stamp duty value exceeds 110% of the actual sale consideration, then, the value adopted by the Stamp Valuation Authority shall be taken to be the full value of consideration.		
In a case where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided the whole or part of the consideration is paid by way of account payee cheque/bank draft or by way of ECS through bank account or through such other electronic mode as may be prescribed, on or before the date of agreement.		
In this case, since 20% of Rs. 150 lakhs is paid through account payee bank draft on the date of agreement, stamp duty value on the date of agreement would be considered for determining the full value of consideration]		
Full value of sale consideration [Stamp duty value on the date of agreement, since it exceeds 110% of the actual sale consideration]	1,70,00,000	}{1 M}
Less: Indexed cost of acquisition of residential house	1,04,40,000	}{1 M}

[Rs. 30 lakhs x 348/100]	
Long-term capital gains [Since the residential house property was held by Mr. Sarthak for more than 24 months immediately preceding the date of its transfer]	65,60,000
Less: Exemption u/s 54	55,00,000
Since, long-term capital gains does not exceed Rs. 2 crore, he would be eligible for exemption in respect of both the residential house properties purchased in India. The capital gain arising on transfer of a long-term residential property shall not be chargeable to tax to the extent such capital gain is invested in the purchase of these residential house properties in India within one year before or two years after the date of transfer of original asset. Thus, he would be eligible for exemption of Rs. 55,00,000 being Rs. 20,00,000 and Rs. 35,00,000 invested on acquisition of residential house property in Kanpur and Delhi, respectively.	
Long term capital gains chargeable to tax	10,60,000 }{2 M}

Answer:

(b) **Computation of deduction under section 10AA for A.Y. 2024-25**

Since A.Y. 2024-25 is the 6th assessment year from A.Y. 2019-20, relevant to the previous year 2018-19, in which the SEZ unit began manufacturing of articles or things, it shall be eligible for deduction of 50% of the profits derived from export of such articles or things, assuming all the other conditions specified in section 10AA are fulfilled.
$= \text{Profits of Unit in SEZ} \times \frac{\text{Export turnover of Unit in SEZ}}{\text{Total turnover of Unit in SEZ}} \times 50\%$
$= 40,00,000 \times \frac{80,00,000}{1,60,00,000} \times 50\% = \text{Rs. } 10,00,000 \text{ } \}{2 M}$

Working Note:

	Rs.
Export Turnover	
Sale proceeds received in India	90,00,000
Less: Freight and insurance for delivery of goods outside India to be excluded from export turnover	10,00,000
	80,00,000
Total turnover	1,70,00,000 }{1/2 M}
Less: Freight and insurance not includible [Since freight and insurance has been excluded from export turnover, the same has to be excluded from total turnover also].	10,00,000
	1,60,00,000 }{1/2 M}

Answer:

(c) (i) Any movable property received for inadequate consideration by any person is chargeable to tax under section 56(2)(x), if the difference between aggregate Fair Market Value of the property and consideration exceeds Rs. 50,000. }{1 M}

Thus, share received by Moksh Pvt. Ltd. from Mr Koshi for inadequate consideration is chargeable to tax under section 56(2)(x) to the extent of Rs. 2,00,000.

As per section 50CA, since, the consideration is less than the fair market value of unquoted shares of Style Pvt. Ltd., fair market value of shares of the company would be deemed to be the full value of consideration. It is presumed that the shares of Style Pvt. Ltd are unquoted shares.

The full value of consideration (Rs. 5,00,000) less the indexed cost of acquisition (Rs. 4,45,000) would result in a long term capital gains of Rs. 55,000 in the hands of Mr. Koshi.

- (ii) The provisions of section 56(2)(x) would not apply to any sum of money or any property received from any trust or institution registered under section 12AB. Therefore, the cash gift of Rs. 1 lakh received from Help Charitable Trust, being a trust registered under section 12AB, for meeting medical expenses would not be chargeable to tax under section 56(2)(x) in the hands of Mr. Chetan.

Answer 4:

(a) Computation of total income of Mr. Mihir for A.Y. 2024-25

Particulars	Rs.	Rs.	
Salaries		4,70,000	
Profits and gains from business or profession			
Profit from speculation business Y	80,000		
<i>Less:</i> Loss of Rs. 90,000 from speculation business X set-off against profit from speculation business Y to the extent of such profit	(80,000)		
Loss of Rs. 10,000 from speculation business X to be carried forward to A.Y. 2025-26 for set-off against profits from speculation business.			
Income from trading and manufacturing business @8%	5,50,000		
<i>Less:</i> Brought forward business loss of A.Y. 2020-21 set-off since a period of eight assessment years has not expired. Balance loss of Rs. 2,00,000 to be carried forward to A.Y. 2025-26	(5,50,000)	Nil	}{2 M}
Capital Gains			
Enhanced compensation received from government for compulsory acquisition [Taxable in P.Y. 2023-24 since enhanced compensation is taxable on receipt basis]	4,00,000		
Long term capital gain on sale of vacant site	1,10,000		
<i>Less:</i> Short term capital loss on sale of jewellery	(1,90,000)		
	3,20,000		
<i>Less:</i> Loss from house property can be set-off to the extent of Rs. 2,00,000 as per section 71(3A) [since long-term capital gains would be chargeable to tax @20%, it would be beneficial to set-off the loss from house property against LTCG]. Balance loss of Rs. 80,000 to be carried forward to A.Y. 2025-26.	(2,00,000)	1,20,000	}{1 M}
Income from Other Sources			
Interest on PPF deposit	95,000		
<i>Less:</i> Exempt under section 10(11)	(95,000)	Nil	
Gross Total Income		5,90,000	}{2 M}
<i>Less:</i> Deduction under Chapter VI-A			

Deduction under section 80C		
Investment in tax saver deposit on 31.3.2024	50,000	
Deduction under section 80G		
Donation to recognized and approved charitable trust [Donation of Rs. 1,10,000 to be first restricted to Rs. 42,000, being 10% of adjusted total income of Rs. 4,20,000 i.e., [Rs. 5,90,000 – Rs. 1,20,000 – Rs. 50,000]. Thereafter, deduction would be computed at 50% of Rs. 42,000.	21,000	71,000
Total Income		5,19,000

Answer:

- (b) In the given case, Mr. Raja gifted a sum of Rs. 8 lakhs to his brother’s minor son on 14.5.2023 and simultaneously, his brother gifted debentures worth Rs. 10 lakhs to Mr. Raja’s wife on the same date. Mr. Raja’s brother’s minor son invested the gifted amount of Rs. 8 lakhs in fixed deposit with SBI. These transfers are in the nature of cross transfers. Accordingly, the income from the assets transferred would be assessed in the hands of the deemed transferor because the transfers are so intimately connected to form part of a single transaction and each transfer constitutes consideration for the other by being mutual or otherwise. If two transactions are inter-connected and are part of the same transaction in such a way that it can be said that the circuitous method was adopted as a device to evade tax, the implication of clubbing provisions would be attracted¹. As per section 64(1A), all income of a minor child is includible in the hands of the parent, whose total income, before including minor’s income is higher. Accordingly, the interest income arising to Mr. Raja’s brother’s son from fixed deposits would be included in the total income of Mr. Raja’s brother, assuming that Mr. Raja’s brother’s total income is higher than his wife’s total income, before including minor’s income. Mr. Raja’s brother can claim exemption of Rs. 1,500 under section 10(32). Interest on debentures arising in the hands of Mrs. Raja would be taxable in the hands of Mr. Raja as per section 64(1)(iv). This is because both Mr. Raja and his brother are the indirect transferors of the income to their spouse and minor son, respectively, with an intention to reduce their burden of taxation. In the hands of Mr. Raja, interest received by his spouse on debentures of Rs. 8 lakhs alone would be included and not the entire interest income on the debentures of Rs. 10 lakhs, since the cross transfer is only to the extent of Rs. 8 lakhs. Hence, only proportional interest (i.e., 8/10th of interest on debentures received) Rs. 64,800 would be includible in the hands of Mr. Raja. The provisions of section 56(2)(x) are not attracted in respect of sum of money transferred or value of debentures transferred, since in both the cases, the transfer is from a relative.

Answer:

- (c) Interest under section 201(1A) would be computed as follows –

Particulars	Rs.
1% on tax deductible but not deducted i.e., 1% on Rs. 5,000 for 5 months	250
1½% on tax deducted but not deposited i.e. 1½% on Rs. 11,000 for 6 months ²	990
	1,240

SECTION – B - DESCRIPTIVE QUESTIONS

QUESTION NO. 5 IS COMPULSORY

ATTEMPT ANY THREE QUESTIONS OUT OF REMAINING FOUR QUESTIONS.

TOTAL MARKS: 35 MARKS

Answer 5:

Computation of GST payable on outward supplies

S. No.	Particulars	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)	Total (Rs.)
	GST payable under forward charge				
(i)	Intra-State supply of goods [Note-1]	36,000	36,000	Nil	72,000
(ii)	Services provided to a foreign diplomatic mission located in India [Note-2]	9,000	9,000	Nil	18,000
(iii)	Services provided to Dhruv Ltd. in respect of a business exhibition held in Delhi [Note-3]	Nil	Nil	1,800	1,800
(iv)	Inter-State security services provided to Torrent higher secondary school for their annual day function to be held in Katyani Auditorium. [Note-4]	Nil	Nil	2,700	2,700
	Total GST payable under forward charge	45,000	45,000	4,500	94,500
	GST payable under reverse charge	{1/2 M}	{1/2 M}	{1/2 M}	
	GTA services availed [As per Notification No. 13/2017 CT(R) dated 28.06.2017, GST is payable by the recipient on reverse charge basis on the receipt of services of transportation of goods by road from a goods transport agency (GTA), provided GST is not payable @ 12% and services have been received by the specified recipient. Since in the given case, services have been received from a GTA where GST is payable @ 5% and recipient is one of the specified recipients, reverse charge provisions will be applicable.]	Nil {1/2 M}	Nil {1/2 M}	10,000 {1/2 M}	10,000

Notes

- Intra-State supply of goods is leviable to CGST and SGST.
- Services by a foreign diplomatic mission located in India are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017. However, no exemption is available with respect to the services provided to a foreign diplomatic mission located in India.
- Services by an organiser to any person in respect of a business exhibition are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017, only if such business exhibition is held outside India. Thus, in the given case, said service is taxable.
- Security services provided to Torrent higher secondary School for Annual Day function organised outside the school campus will be taxable as only the security services performed within the premises of the higher secondary school are exempt vide Notification No. 12/2017 CT(R) dated 28.06.2017.

{1/2 M
Each x 4
Points =
2 M}

Computation of total ITC available

Particulars	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)
Opening ITC	57,000	Nil	50,000
Add: Purchase of goods destroyed due to fire before being put into	Nil	Nil	Nil

the production process [ITC is blocked on lost goods, stolen goods, destroyed goods and goods that are written off]			
Add: Purchase of food items for being served to the customers, free of cost [Blocked credit]	Nil	Nil	Nil
Add: Goods transport services received from GTA [ITC is available for the services received from GTA since it is used in course or furtherance of business.]	Nil	Nil	10,000
Add: Inputs to be received in 3 lots, out of which 2nd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil	Nil	Nil
Total ITC	57,000	Nil	60,000
	}{1/2 M}	}{1/2 M}	}{1/2 M}

Computation of minimum GST payable from electronic cash ledger

Particulars	CGST (Rs.)	SGST (Rs.)	IGST (Rs.)	Total (Rs.)
GST payable under forward charge	45,000	45,000	4,500	94,500
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(10,500) IGST (3)	(45,000) IGST (2)	(4,500) IGST (1)	60,000
	(34,500) CGST			34,500
GST payable under reverse charge on GTA services [Payable in cash since tax payable under reverse charge, being not an output tax, cannot be set off against ITC and thus, will have to be paid in cash]			10,000	
Minimum GST payable in cash	Nil	Nil	10,000	Nil
	}{1/2 M}	}{1/2 M}	}{1/2 M}	

Note: Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has first been used to pay SGST (after paying IGST liability) and then CGST to minimize cash outflow.

Answer 6:

(a)

Computation of GST payable

Particulars	Amount (Rs.)	GST payable @ 18% (Rs.)	
Fees charged for 'Swasthya Yoga Camp' conducted by Chandra Prakash Charitable Trust, registered under section 12AB of the Income-tax Act, 1961 [Note-1]	Nil	Nil	}{1 M}
Amount charged by business correspondent from Wealthy Banking Company for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil	Nil	}{1 M}
Amount charged by cord blood bank for preservation of stem cells [Note-3]	5,00,000	90,000	}{1 M}
Service provided by selectors to a recognized sports body [Note-4]	5,20,000	93,600	

Notes:

1. Services by an entity registered under section 12AB of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
2. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
3. Services provided by cord blood banks by way of preservation of stem cells/any other service in relation to such preservation are taxable from GST.
4. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by selectors are liable to GST.

{1/2 M
Each x 4
Points =
2 M}

Answer:

- (b)**
- (i) GST on supply of services by director of a company to the said company located in the taxable territory is payable on reverse charge basis. Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., Universe Pvt. Ltd. {1 M}
 - (ii) In case of services provided by any person by way of sponsorship to any body corporate or partnership firm, GST is liable to be paid under reverse charge by such body corporate or partnership firm located in the taxable territory. Further, for the reverse charge purposes, Limited Liability Partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 is also be considered as a partnership firm. Therefore, in the given case, Virat Cricket Academy is liable to pay GST under reverse charge. {2 M}
 - (iii) GST on legal services supplied by an advocate [Mr. Gaba] to any business entity [M/s Naveen Consultants] located in the taxable territory is payable on reverse charge basis. {1 M}
- Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Naveen Consultants.

Answer 7:

- (a)** As per section 22 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:-
- (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. {2 M}
 - (c) Rs. 40 lakh for rest of India except persons engaged in making supplies of notified products.
- Aggregate turnover includes the aggregate value of:
- (i) all taxable supplies,
 - (ii) all exempt supplies,
 - (iii) exports of goods and/or services and
 - (iv) all inter-State supplies of persons having the same PAN.
- CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. Exempt supply includes non-taxable supply. Thus, supply of high-speed diesel in Delhi, being a non-

taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover of Madhav Oils for the month of April is computed as under:

S. No.	Particulars	Amount (in Rs.)
(i)	Supply of machine oils in Delhi	15,00,000
(ii)	Add: Supply of high speed diesel in Delhi	10,00,000
(iii)	Add: Supply of machine oil made by Madhav Oils from its branch located in Punjab	10,00,000
	Aggregate Turnover	35,00,000

{3 M}

Madhav Oils is making exclusive supply of goods and hence the threshold limit for registration would be Rs. 40,00,000. Since the aggregate turnover does not exceed Rs. 40,00,000, Madhav Oils is not liable to be registered. {1 M}

Answer:

- (b) The amount available in the electronic credit ledger, i.e. ITC may be used for making any payment towards output tax. Output tax in relation to a taxable person, means the tax chargeable on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis. {1 1/2 M}
- Therefore, ITC cannot be used to pay the tax liability under reverse charge. The same is always required to be paid through electronic cash ledger and not electronic credit ledger. Thus, Rajul is wrong and she will need to pay the GST of Rs. 2,700 on security service through electronic cash ledger. {1 1/2 M}

Answer 8:

- (a) In case of an event, if the recipient of service is registered, the place of supply of services for organizing the event is the location of such person. However, if the recipient is not registered, the place of supply is the place where event is held. {1 M}
- Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each State in proportion to the value for services determined in terms of the contract or agreement entered into in this regard [Explanation to section 12(7)]. {1 1/2 M}
- In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in each State (where the event is held) will be computed in accordance with rule 5 of the IGST Rules by the application of generally accepted accounting principles. {1 1/2 M}

Answer:

- (b) In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return. Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes. {1 M}
- Instead of revising the return already submitted, the system allows amendment in the details of those individual details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR-1 in the tables specifically provided for the purposes of amending previously declared details. {1 M}
- Omission or incorrect particulars discovered in the returns filed under section 39 of the CGST Act, 2017 can be rectified in the return to be filed for the month during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest. The {3 M}

rectification of errors/omissions is carried out by entering appropriate particulars in "Amendment Tables" contained in GSTR-1. However, no such rectification of any omission or incorrect particulars is allowed after the due date for furnishing of return for the month of September or second quarter (in case of quarterly filers) following the end of the financial year to which such details pertain, or the actual date of furnishing of relevant annual return, whichever is earlier.

Answer 9:

- (a) No, the stand taken by Tax Consultant of X Ltd. is not correct. Annual return is required to be filed by every registered person paying tax as a normal taxpayer. Final return is filed by the registered persons who have applied for cancellation of registration within three months of the date of cancellation or the date of cancellation order. In the given case, X Ltd., a registered person, is winding up its business and has thus, applied for cancellation of registration. Therefore, it is required to file both annual return and final return. {2 M}
- {1 M}

Answer:

- (b) The given statement is invalid. An electronic statement has to be filed by the ECO containing details of the outward supplies of goods and/ or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of the each month in which supplies are made. Additionally, the ECO is also mandated to file an Annual Statement on or before 31st day of December following the end of the financial year. The Commissioner has been empowered to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source. {1 1/2 M}
- {1 1/2 M}

Answer:

- (c) Mr. Harsh Manjula, executing works contract shall keep separate accounts for works contract showing -
- the names and addresses of the persons on whose behalf the works contract is executed;
 - description, value and quantity (wherever applicable) of goods/services received for the execution of works contract;
 - description, value and quantity (wherever applicable) of goods/services utilized in the execution of works contract;
 - the details of payment received in respect of each works contract; and the names and addresses of suppliers from whom he received goods or services.
- {3 M}

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