

(GI-10, GI-11, VI-2(A) & AI-2(A), DI-1+2 & Drive)**DATE: 13.03.2024****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, 2024.

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. a | } {2 M Each} |
| 2. | Ans. d | |
| 3. | Ans. a | |
| 4. | Ans. a | |
| 5. | Ans. d | |
| 6. | Ans. c | } {1 M Each} |
| 7. | Ans. b | |
| 8. | Ans. c | |
| 9. | Ans. d | |
| 10. | Ans. d | |
| 11. | Ans. a | |
| 12. | Ans. d | |
| 13. | Ans. c | |
| 14. | Ans. b | |
| 15. | Ans. b | |
| 16. | Ans. a | |
| 17. | Ans. a | |
| 18. | Ans. d | |
| 19. | Ans. d | |
| 20. | Ans. d | |
| 21. | Ans. b | |
| 22. | Ans. d | |
| 23. | Ans. d | |
| 24. | Ans. d | |
| 25. | 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:

- (i) Computation of total income and tax payable by Dr. Sanjay for A.Y. 2024-25 as per the regular provisions of the Act

| | Particulars | Rs. | Rs. | Rs. |
|----------|--|-----|--------|---------|
| I | Income from House Property | | | |
| | Annual value [Assuming residential property is self-occupied] | | Nil | |
| | Less: Deduction under section 24(b) | | | |
| | Interest on loan for repairs to property, Rs. 40,000, restricted to | | 30,000 | |
| | Loss from self-occupied property [can be set-off against Profits and gains of | | | -30,000 |

| | | | | |
|-----------|---|------------------|-----------------|----------|
| | business or profession or Income from other sources] | | | |
| II | Profits and gains from business and profession | | | |
| | Gross Receipts | | | |
| | Fees from visits to other hospitals [5,85,000/90%] | 6,50,000 | {1/2 M} | |
| | Fees for March, 2023 received in April, 2023 [Fees for March 2023 is chargeable to tax during P.Y. 2023-24, since Dr. Sanjay is following cash system of accounting] [Rs. 40,000 + Rs. 45,000] | 85,000 | {1/2 M} | |
| | Fees received during the year | 10,25,000 | {1/2 M} | |
| | Gifts received from relatives of patients [taxable as business income] | 45,000 | 18,05,000 | |
| | Less: Permissible deductions | | | |
| | Salary to staff [Salary paid to his sister who is a qualified nurse in cash disallowed under section 40A(3), since such cash payment exceeds Rs. 10,000] [Rs. 3,50,000 – Rs. 60,000] | 2,90,000 | {1/2 M} | |
| | Taxes and insurance | 26,000 | {1/2 M} | |
| | Entertainment expenses, including dinner to doctors [Assuming that the entire sum was incurred wholly and exclusively for business purpose] | 1,10,000 | {1/2 M} | |
| | Interest on loan for repair to property [to the extent relating to business] = Rs. 65,000 – Rs. 40,000, relating to residential property | 25,000 | {1/2 M} | |
| | Nursing home expenses | 3,75,000 | {1/2 M} | |
| | Professional fees paid for consulting services {1/2 M} | 1,20,000 | 9,46,000 | |
| | | | 8,59,000 | |
| | Less: Depreciation u/s 32 | | | |
| | Nursing home equipment's [Rs. 2,20,000 x 15%] | 33,000 | {1/2 M} | |
| | Note: Nursing home equipment would be eligible for depreciation @ 15%, being the general rate for plant and machinery. The main solution has, accordingly, been worked out applying 15%. However, if such equipment are in the nature of life saving medical equipment, they would be eligible for higher depreciation @ 40%. If 40% rate is applied, depreciation would be Rs. 88,000 | | | |
| | Medical books [Rs. 35,000 x 40%] | 14,000 | {1/2 M} | |
| | Laptop [Rs. 40,000 x 40%] | 16,000 | {1/2 M} | |
| | Television [Rs. 48,000 x 15%, since the television is put to use for 180 days during the P.Y. 2023-24] | 7,200 {1/2 M} | 70,200 | |
| | Note: Television would be eligible for depreciation @ 15%. However, television connected to laptop or other medical equipment and used by Doctor may be classified as plant and machinery eligible for depreciation @ 40%. If 40% rate is applied, depreciation for TV would be Rs. 19,200. | | | 7,88,800 |
| | Also, it is possible to take a view that Television is furniture and fixtures qualifying for depreciation @ 10%. If 10% rate is applied, | | | |

| | | | | |
|------------|--|--|--------|--------------------------|
| | depreciation for TV would be Rs. 4,800. | | | |
| III | Income from Other Sources | | | |
| | Dividend from shares [18,900/90%] | | 21,000 | }{1/2 M} |
| | Honorarium for painting services in Jai Hind Art School [Rs. 22,500/90%] | | 25,000 | |
| | Honorarium (Alternative without TDS) – Rs. 22,500 | | | |
| | Note: In the question, it is mentioned that Dr. Sanjay has received Honorarium for painting services in Jai Hind Art School (Net) of Rs. 22,500. Since the threshold limit for deducting tax at source under section 194J is Rs. 30,000, there is no requirement to deduct tax at source on such income. Accordingly, question can be answered without grossing up the amount of honorarium of Rs. 22,500 | | | |
| | Interest on income-tax refund | | 1,500 | |
| | Income earned from gift to daughter in law [Income earned by daughter in law from asset gifted without consideration to her by Dr. Sanjay is includible in the hands of Dr. Sanjay] | | 10,000 | 57,500 |
| | Gross Total Income | | | 8,16,300 }{1/2 M} |
| | Less: Deduction under Chapter VI-A | | | |
| | u/s 80C – Deposits in PPF | | 55,000 | |
| | u/s 80D – Medical expenses to the extent of Rs. 50,000 since Dr. Sanjay is a senior citizen (assuming he has not taken any medical insurance policy) | | 50,000 | |
| | u/s 80G – Donation towards PM CARES Fund | | 10,000 | 1,15,000 |
| | Total Income | | | 7,01,300 }{1/2 M} |
| | Tax payable: | | | |
| | Upto Rs. 5,00,000 [since Dr. Sanjay is aged 80 years or above] | | Nil | |
| | Rs. 5,00,001 to Rs. 7,01,300 [Rs. 2,01,300 @ 20%] | | 40,260 | |
| | | | | 40,260 |
| | Add: HEC @ 4% | | | 1,610 |
| | Tax liability: | | | 41,870 }{1/2 M} |
| | Less: TDS on fees from visits to other hospitals | | 65,000 | |
| | TDS on dividend from shares | | 2,100 | |
| | TDS on honorarium for painting services in Jai Hind art School | | 2,500 | 69,600 |
| | Tax Refundable | | | -27,730 }{1/2 M} |

(ii) **Computation of total income and tax payable by Dr. Sanjay for A.Y. 2024-25 if he opts for section 44ADA:**

| | Particulars | Rs. | Rs. |
|------------|---|-----|--------------------------|
| I | Income from house property | | |
| | Loss from self-occupied property | | -30,000 |
| II | Income from business or profession | | |
| | Income from profession [Rs. 18,05,000 x 50%] [No other expenditure or depreciation is allowed] | | 9,02,500 |
| III | Income from Other Sources | | 57,500 |
| | Gross Total Income | | 9,30,000 |
| | Less: Deduction under Chapter VI-A | | 1,15,000 |
| | Total Income | | 8,15,000 }{1/2 M} |
| | Tax Payable | | |

| | | | |
|--|---|--------|----------------------|
| | Upto Rs. 5,00,000 | Nil | |
| | Rs. 5,00,001 to Rs. 8,15,000 [Rs. 3,15,000 @ 20%] | 63,000 | |
| | | | 63,000 |
| | Less: HEC @ 4% | | 2,520 |
| | Tax liability | | 65,520 |
| | Less: TDS | | 69,600 |
| | Tax Refundable | | -4,080 }{1 M} |

Since tax refundable in case Dr. Sanjay opts for the provisions of section 44ADA is lower than the regular provisions of the Act, it would be beneficial for him not to opt for section 44ADA and get his books of account audited and declare income under the regular provisions.

Answer 2:

(a) Computation of self-assessment tax payable and interest thereon –

| | | | | | |
|---|-------------------------------------|--|---------------|----------------------|------------------------|
| Self-assessment tax payable | | | | | Rs. |
| Tax on Rs. 7,50,000 | | | | | |
| Upto Rs. 3,00,000 | | | | | Nil |
| Rs. 3,00,001 – Rs. 5,00,000 @ 5% | | | | | 10,000 |
| Rs. 5,00,001 – Rs. 7,50,000 @ 20% | | | | | 50,000 |
| | | | | | 60,000 }{1/2 M} |
| Add: Health and education cess @ 4% | | | | | 2,400 |
| | | | | | 62,400 }{1/2 M} |
| Less: Advance tax | | | | | 10,000 |
| Tax payable | | | | | 52,400 }{1/2 M} |
| Add: Interest under section 234A [Interest u/s 234A would not be attracted, since Ms. Jiya has furnished her return of income on 15-06-2024 which is before the due date of filing return of income] | | | | | - |
| Add: Interest under section 234B would be levied on Rs. 52,400 at 1% for 3 months i.e., From April to June. The interest under section 234B amount to Rs. 1,572 | | | | | 1,572 }{1/2 M} |
| Add: Interest under section 234Cs | | | | | 2,747 |
| Date of installment | Specified % of estimated tax | Amount due and unpaid (round off to nearest Rs. 100, ignoring fraction) | Period | Interest @ 1% | |
| 15 th June 2023 | 15% | 9,300 [15% of Rs. 62,400] | 3 months | 279 | }{1/2 M} |
| 15 th September 2023 | 45% | 28,000 [45% of Rs. 62,400] | 3 months | 840 | }{1/2 M} |
| 15 th December 2023 | 75% | 36,800 [(75% of Rs. 62,400) – Rs. 10,000] | 3 months | 1,104 | }{1/2 M} |
| 15 th March 2024 | 100% | 52,400 | 1 month | 524 | }{1/2 M} |
| | | | | 2,747 | |
| Self-assessment tax payable and interest thereon | | | | | 56,719 |
| Self-assessment tax payable and interest thereon (round off) | | | | | 56,720 |

Answer:

- (b)** (i) Tax 5% upto Rs. 7 lakhs and 20% above Rs. 7 lakhs is required to be collected u/s 206C by the seller of an overseas tour programme package, from Mr. Kalu, being the buyer of an overseas tour package, even if payment is made by account payee cheque. }{2 M}
- Accordingly, tax has to be collected @ 5% on Rs. 5 lakh.
TCS = 5% x Rs. 5 lakh = Rs. 25,000
- (ii) Mr. Anu is required to collect tax @ 0.1% u/s 206C from Mr. Ram, since his turnover in the P.Y. 2022-23 exceeds Rs. 10 crores, and the sales receipts from Mr. Ram in the P.Y. 2023-24 exceeds Rs. 50 lakhs. Tax has to be collected by Mr. Anu on Rs. 25 lakhs, being the amount exceeding Rs. 50 lakhs, at the time of receipt. Since receipt is in the P.Y. 2023-24, TCS }{2 M}

provisions are attracted even though part of the sales may relate to the preceding previous years. }

TCS = 0.1% x Rs. 25 lakhs = Rs. 2500

Answer:

(c) Computation of total income of Mr. Chirayu, Mrs. Chirayu and their minor children for the A.Y. 2024-25:

| Particulars | Mr. Chirayu | Mrs. Chirayu | Naina, minor Daughter | Rohan, Minor son |
|--|------------------|-----------------|-----------------------|------------------|
| | (₹) | (₹) | (₹) | (₹) |
| Income under the head "Salaries" | | | | |
| Salaries (computed) | 11,00,000 | | | |
| Profits and gains from business or profession | | | | |
| Income from Kathak performances | | 2,50,000 | | |
| Capital Gains | | | | |
| Long term capital gains from sale of shares | | 5,50,000 | | |
| Less: Set off of short-term capital loss from long term capital gain [Short term capital loss to the extent of ₹ 2 lakhs would be included in the income of Mrs. Chirayu, since the shares are purchased by Mr. Chirayu from the amount of ₹ 2 lakhs gifted by Mrs. Chirayu out of her Stridhan. Clubbing provisions would be attracted even if it is a loss and not income] | | 2,00,000 | | |
| [Refer Note 1 and 2 below] | | | | |
| The balance short-term capital loss of ₹ 3,10,000 has to be carried forward by Mr. Chirayu, since it cannot be set-off against salary income. | | 3,50,000 | {1/2 M} | |
| Income [before considering income of minor son and minor daughter] | 11,00,000 | 6,00,000 | | |
| Income of Naina, minor daughter, from performances in various quiz competitions would not be included in the hands of either parent, since such income arises from her own skills/talent. | | | 3,56,000 | {1/2 M} |
| However, interest of ₹ 15,000 on saving bank account [after providing for deduction of ₹ 1,500, being exempt under section 10(32)] is to be included in the hands of Mr. Chirayu, since his income is higher than that of his wife [₹15,000-₹1,500] | 13,500 | {1/2 M} | | |
| Income of Rohan, minor son suffering from disability u/s 80U, from fixed deposits would not be included in the income of parent but would be taxable in his hands. | | | | 35,000 |
| Gross Total Income | 11,13,500 | 6,00,000 | 3,56,000 | 35,000 |
| Less: Deductions under Chapter VI-A | {1/2 M} | {1/2 M} | | {1/2 M} |

| | | | | |
|--|------------------|-----------------|-----------------|------------|
| ➤ Under Section 80TTA: In respect of interest on saving bank account to the extent of | 10,000 | | | |
| ➤ Under Section 80U: Flat deduction of ₹ 75,000 to a person with disability. However, deduction would be restricted to gross total income | | | | 35,000 |
| Total Income | 11,03,500 | 6,00,000 | 3,56,000 | Nil |
| | }{1/2 M} | | | }{1/2 M} |

Note –

- (1) The question mentions that Mrs. Chirayu gifted ₹ 2 lakh to Mr. Chirayu out of her Stridhan on 1-4-2024 and that Mr. Chirayu invested the entire amount in stock market but suffered a short-term capital loss of ₹ 5,10,000. It is not possible to invest ₹2 lakhs and incur short-term capital loss of ₹ 5.10 lakhs. Accordingly, in the above solution, it has been assumed that the remaining ₹ 3,10,000 is invested by Mr. Chirayu and hence the same would be a short-term capital loss to be carried forward by him.

Due to the use of the words "invested the entire amount in the stock market" in the question, it is possible to take a view that the entire capital loss of ₹ 5,10,000 has to be set off against long-term capital gains of ₹ 5,50,000 in the hands of Mrs. Chirayu. In which case the total income of Mrs. Chirayu would be ₹ 2,90,000 instead of ₹ 6,00,000. Also, there would be no short-term capital loss in the hands of Mr. Chirayu.

Since the relevant assessment year for May 2024 examination is A.Y. 2024-25, accordingly, the relevant previous year is P.Y. 2023-24. The above solution has been worked out considering the date of gift as 1-4-2023.

- (2) Item (iv) mentions that the gift was made by Mrs. Chirayu to Mr. Chirayu on 1-4-2024, which falls outside the P.Y. 2023-24. Since the date of gift has been mentioned as 1-4-2024 in the question, as per the plain reading, such short term capital loss cannot be set-off against long-term capital gains of ₹ 5,50,000. In such a case, the total income of Mr. Chirayu would be ₹ 8,00,000.

Answer 3:**(a) Computation of gross total Income of Mrs. Prema for the A.Y. 2024-25**

| Particulars of income | | Resident but not ordinarily Resident (Rs.) | Non-Resident (Rs.) |
|-----------------------|---|--|--------------------|
| 1 | Salary income received in Malaysia for services rendered there (Note 1) | 2,00,000 | 2,00,000 |
| | <i>Less:</i> Standard deduction under section 16(ia) | 50,000 | 50,000 |
| | | 1,50,000 | 1,50,000 |
| 2 | Profit from business carried on in Orissa [Since it accrues or arises in India] | 80,000 | 80,000 |
| 3 | Loss from business carried on in Baroda [Since it accrues or arises in India] | (20,000) | (20,000) |
| 4 | Profit from business carried on in Paris (income is earned and received in Sydney and business is controlled from Paris) [Since it accrues or arises outside India] | Nil | Nil |
| 5 | Loss from business carried on in Canada (business is controlled from Dehradun) | (46,000) | Nil |
| 6 | Unabsorbed depreciation of business in | (16,000) | Nil |

| | | | |
|---------------------------|---|-----------------------|-----------------------|
| | Canada | | |
| 7 | Profit from Indonesia business (business is controlled from Delhi) | 70,000 | 28,000 |
| 8 | Rent from property situated in Canada and received in Canada | Nil | Nil |
| Gross Total Income | | {2 M} 2,18,000 | 2,38,000 {2 M} |

Note 1 - Income from "Salaries" payable by the Government to a citizen of India for services rendered outside India is deemed to accrue or arise in India as per section 9(1)(iii). Standard deduction under section 16(ia) is allowable, irrespective of residential status.

Note 2 - In case of a non-resident, only income received or deemed to be received in India and income accruing or arising or deemed to accrue or arise in India is chargeable to tax. However, in case of a resident but not ordinarily resident, income derived from a business controlled in or profession set up in India is also taxable even though it accrues or arises outside India.

Therefore, income referred to in S. No. 1, 2 and 3 are taxable in the hands of Mrs. Prema in both cases if she is a resident but not ordinarily resident or if she is a non-resident.

Loss from business carried on in Canada, unabsorbed depreciation of business in Canada and Profit from Indonesia business would be fully chargeable to tax in India if she is a resident but not ordinarily resident as it derived from a business controlled in India. However, Profit from Indonesia business is taxable in case of non-resident to the extent of such profits received in India.

Answer:

(b) Computation of Gross total income of Mr. Nirbhaya for the A.Y. 2024-25

| Particulars | | | Rs. | Rs. |
|-------------|--|--|--------------|-------------------------|
| I | Income from House Property | | | |
| | Unit-II (75% of floor area) | | | |
| | Gross Annual Value | | | |
| | (a) | Actual rent received (Rs. 8,500 x 12) | Rs. 1,02,000 | |
| | (b) | Expected rent | Rs. 1,27,500 | |
| | [Higher of municipal value (i.e. Rs. 1,60,000) and fair rent (i.e. Rs. 1,70,000) but restricted to standard rent (i.e. Rs. 1,90,000) Rs. 1,70,000 x 75%] | | | |
| | Higher of (a) or (b) is GAV | | 1,27,500 | |
| | Less: Municipal taxes (Rs. 1,60,000 x 8% x 75%) | | 9,600 | |
| | NAV | | 1,17,900 | |
| | Less: Deductions u/s 24 | | | |
| | (a) | 30% of NAV | Rs. 35,370 | |
| | (b) | Interest on loan (See note) | Rs. 96,750 | 1,32,120 (14,220) {1 M} |
| II | Profits & Gains of business & profession | | | |
| | Income from Profession | | 8,00,000 | |
| | Less: Light & Water Charges (25% of Rs. 2,000) | | Rs. 500 | |
| | Municipal taxes (25% of Rs. 12,800) | | Rs. 3,200 | |
| | Repairs (25% of Rs. 1,45,000) | | Rs. 36,250 | |

| | | | | | |
|--|--|------------|--------|-----------------|-------|
| | Interest on loan taken for repair (25% of Rs. 36,000) | Rs. 9,000 | | | |
| | Interest on loan taken for construction of house property (25% of Rs. 60,000) | Rs. 15,000 | | | |
| | Depreciation | Rs. 8,000 | 71,950 | 7,28,050 | {2 M} |
| | Gross Total Income | | | 7,13,830 | |

Note:

Computation of Interest on loan

| | Rs. |
|--|-----------------|
| Interest for the year (Rs. 5,00,000 x 12%) | 60,000 |
| Pre-construction period Interest- | |
| 12% of Rs. 5,00,000 for 33 months = Rs. 1,65,000 | |
| To be allowed in 5 equal instalments from the year of completion (Rs. 1,65,000 x 1/5) | 33,000 |
| Interest on loan taken for repair (no restriction for let out property) | 36,000 |
| Total Interest deduction u/s 24(b) | 1,29,000 |
| Total Interest deduction u/s 24(b) for let out property (75% x Rs. 1,29,000) | 96,750 |

Answer:

(c) Computation of gross total income of Mr. Vijay for the A.Y. 2024-25

| Particulars | Amount (Rs.) | Amount (Rs.) |
|--|------------------|------------------|
| Profits and gains of business or profession | | |
| Business income before depreciation | | 11,00,000 |
| Depreciated value of the block on April 1, 2023 | 10,00,000 | |
| Add: "Actual cost" of Plant C acquired on March 10, 2024 | 22,00,000 | |
| Less: Sale Consideration of Plant B | 19,00,000 | |
| Written down value on March 31, 2024 | 13,00,000 | |
| Normal depreciation (not available as Plant C is not put to use during the P.Y. 2023-24) | Nil | |
| Additional depreciation (not available as Plant C is not put to use during the P.Y. 2023-24) | Nil | |
| Capital Gains | | |
| Long term capital gain on transfer of unlisted equity shares [Since shares were held for more than 24 months] | | |
| Sale consideration | 23,50,000 | |
| Less: Indexed Cost of Acquisition [2,00,000 x 348/264] | 2,63,636 | |
| | | 20,86,364 |
| Less: Exemption under section 54EC | Nil | |
| [Deduction under section 54EC is allowable only in respect of long term capital gain on transfer of land and building] | | |
| Exemption under section 54F [20,86,364 x 19,00,000/23,50,000] | 16,86,847 | 16,86,847 |
| | | 3,99,517 |
| Gross Total Income | | 14,99,517 |

Answer 4:

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

| Particulars | Amount (Rs.) | Amount (Rs.) | |
|---|--------------|-----------------|---------|
| Salaries | | | |
| Income from Salary | 2,00,000 | | |
| Less: Loss from house property set-off against salary | 1,90,000 | | |
| | | 10,000 | {1/2 M} |
| Profits and gains from business or profession | | | |
| Income from speculative business B | 1,50,000 | | |
| Less: Loss of Rs. 30,000 from speculative business A | 30,000 | | |
| Less: Loss from cloth business [Loss from non-speculative business can be set off against profits from speculative business] | 80,000 | | |
| | | 40,000 | {1/2 M} |
| Capital Gains | | | |
| Long-term capital gain from sale of urban land | 3,00,000 | | |
| Less: Long-term capital loss on sale of shares (STT not paid) | 1,00,000 | | |
| Less: Long-term capital loss on sale of listed shares in recognizes stock exchange (STT paid at the time of acquisition and sale of shares) | 1,50,000 | | |
| | | 50,000 | {1/2 M} |
| Income from Other Sources | | | |
| Income from betting | 80,000 | | |
| Interest on savings bank deposits | 12,000 | | |
| Interest on fixed deposits with banks | 40,000 | 1,32,000 | {1/2 M} |
| Gross Total Income | | 2,32,000 | |
| Less: Deduction under section 80TTB (Maximum being Rs. 50,000, since Mr. Ram is a senior citizen) | | 50,000 | |
| Total Income | | 1,82,000 | {1 M} |

Notes:

- (i) Loss from specified business covered under section 35AD can be set off only against profits and gains of any other specified business. Therefore, such loss cannot be set off against any other income. The unabsorbed loss of Rs. 20,000 has to be carried forward for set-off against profits and gains of any specified business in the following year.
- (ii) Loss from gambling can neither be set off against any other income, nor can be carried forward.

Answer:**(b) Computation of total income of Mr. Jitendra and Mrs. Jitendra and minor son for the A.Y. 2024-25**

| Particulars | Amount (Rs.) | Amount (Rs.) | Amount (Rs.) |
|--|--------------|---------------|--------------|
| | Mr. Jitendra | Mrs. Jitendra | Minor Son |
| Interest on Mr. Jitendra fixed Deposit with State bank of India (Rs. 6,00,000 x 9%) | 54,000 | | |
| As per section 60, in case there is a transfer of income without transfer of assets from which such income is derived, such income shall be treated as income of the transferor. Therefore, the fixed deposit interest of Rs. 54,000 transferred by Mr. Jitendra to Mr. Raj shall be | | | |

| | | | |
|---|-----------------|-----------------|---------------|
| included in the total income of Mr. Jitendra | | | |
| Profit for P.Y. 2023-24 to be apportioned on the basis of capital employed on the first day of previous year i.e. as on 1st May, 2023, since business started on 1.5.2023 (6:5) | 2,18,182 | 1,81,818 | |
| Share of income of Mr. Jitendra [Rs. 4,00,000 x 6/11] | | | |
| Share of Income of Mrs. Jitendra [Rs. 4,00,000 x 5/11] | | | |
| Section 64(1)(iv) of the Income-tax Act, 1961 provided for the clubbing of income in the hands of the individual, if the income earned is from the assets (other than house property) transferred directly or indirectly to the spouse of the individual, otherwise than for adequate consideration or in connection with an agreement to live apart. | | | |
| Income of minor son through a business activity involving application his skill and talent. | | | 20,000 |
| In case the income earned by minor child is on account of any activity involving application of any skill or talent, then, such income of the minor child shall not be included in the income of the parent, but shall be taxable in the hands of the minor child. | | | |
| Therefore, the income of Rs. 20,000 derived by minor son through a business activity involving the application of his skill and talent shall not be clubbed in the hands of the parent. Such income will be taxable in the hands of the minor son. | | | |
| Total Income | 2,72,182 | 1,81,818 | 20,000 |

{1 M}

{1 M}

{1 M}

{1 M}

Answer:**(c)****Computation of total income of Mr. Vimal for the A.Y. 2023-24**

| Particulars | | Amount (Rs.) | Amount (Rs.) |
|-------------|--|------------------|--------------|
| I | Income from salaries | | |
| | Basic Salary [Rs. 3,50,000 x 12] | 42,00,000 | |
| | Client entertainment reimbursement [Rs. 2,40,000 - Rs. 2,00,000] | 40,000 | |
| | Leave Travel Allowance [Rs. 4,00,000 - Rs. 1,00,000] [Note 1] | 3,00,000 | |
| | Performance Bonus (20% of Basic Salary) | 8,40,000 | |
| | Interest on Housing loan [Rs. 15,00,000 x (8% - 2.5%) x 10/12] | 68,750 | |
| | Sweat Equity allotted by the employer (Rs. 1,500 - Rs. 1,300) x 1,500 | 3,00,000 | |
| | Gross Salary | 57,48,750 | {2 M} |
| | Less: Standard deduction | 50,000 | |
| | Taxable Salary | | 56,98,750 |
| II | Income from house property | | |
| | Gross Annual Value under section 23(1) [Rent received for 9 months has been taken as the Gross Annual Value in | 3,15,000 | |

| | | | |
|------------|---|----------|-------------------------|
| | the absence of other information relating to Municipal Value, Fair Rent and Standard Rent] [Rs. 35,000 x 9] | | |
| | Less: Municipal taxes paid [Paid by Mr. Vimal] | 12,000 | |
| | Net Annual Value (NAV) | 3,03,000 | |
| | Less: Deduction u/s 24 | | |
| | (a) @30% of NAV | 90,900 | |
| | (b) Interest on borrowed capital [15,00,000 x 2.5% x 10/12] | 31,250 | |
| | | | 1,80,850 }{1 M} |
| III | Capital gains | | |
| | STCG on sale of sweat equity shares [1,500 X (Rs. 2,100 - Rs. 1,500)] | | 9,00,000 |
| IV | Income from other sources | | |
| | Dividend Income | 5,00,000 | |
| | Interest on RBI bonds [Rs. 30,00,000 X 7% X 4/12] | 70,000 | 5,70,000 |
| | Gross total Income | | 73,49,600 }{1 M} |
| | Less: Deduction under Chapter VI-A | | |
| | Deduction u/s 80C for LIC premium paid for self and wife [Note 2] | 35,000 | |
| | Deduction u/s 80 D [Note 3] | Nil | 35,000 |
| | Total Income | | 73,14,600 }{1 M} |

Computation of tax liability of Mr. Vimal for the A.Y. 2023-24

| Particulars | Amount (Rs.) | Amount (Rs.) |
|--|--------------|-------------------------|
| Tax on STCG u/s 111A @15% on Rs. 9,00,000 | | 1,35,000 |
| Tax on other income of Rs. 64,14,600 | | |
| Upto Rs. 2,50,000 | Nil | |
| Rs. 2,50,001 - Rs. 5,00,000 @5% | 12,500 | |
| Rs. 5,00,001 - Rs. 10,00,000 @20% | 1,00,000 | |
| Rs. 10,00,001 - Rs. 64,14,600 @30% | 16,24,380 | 17,36,880 |
| | | 18,71,880 |
| Add: Surcharge@10% since total income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore | | 1,87,188 |
| | | 20,59,068 |
| Add: Health and Education cess @ 4% | | 82,363 |
| Tax Liability | | 21,41,431 |
| Tax Liability (Rounded off) | | 21,41,430 }{1 M} |

Notes:

- Hotel Bookings and lodgings are not covered under leave travel facility. Hence, only Rs. 1,00,000 of cost of tickets would be exempt under section 10(5).
- Premium for life insurance policy of father is not allowed as deduction under section 80C.
- Medical insurance premium on the health of brother is not allowable since brother does not come within the meaning of family u/s 80D. In case of son, premium is paid in cash, hence, the same is not allowed.

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

| Particulars | Value of supply (Rs.) | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) |
|---|-----------------------|-----------------|-----------------|------------------|
| GST payable under forward charge | | | | |
| Carnatic music performance given to promote a brand of readymade garments [Carnatic music performance by Mr. Dilip is not exempt from GST even though the consideration charged does not exceed Rs. 1,50,000 since said performance has been made by him as a brand ambassador.] | 1,40,000 | 12,600 | 12,600 | Nil |
| Services of transportation of students provided to Subhaskar College [Services of transportation of students provided to an educational institution other than an institution providing pre- school education or education up to higher secondary school, are not exempt.] | 1,00,000 | 9,000 | 9,000 | Nil |
| Services provided to Wealth Bank as a business correspondent [Services provided by a business correspondent to a banking company are not exempt when such services are provided with respect to accounts in its urban area branch.] | 2,00,000 | 18,000 | 18,000 | Nil |
| Services provided as a recovery agent [Tax is payable under forward charge since recovery agent's services are being provided to a person other than banking company/financial institution/ non-banking financial company.] | 15,000 | 1,350 | 1,350 | Nil |
| Total GST payable under forward charge (A) | | 40,950 | 40,950 | Nil |
| GST payable under reverse charge | | | | |
| Legal services availed from an advocate [Legal services received by a business entity with aggregate turnover in the preceding financial year exceeding threshold limit for registration (Rs. 20 lakh) are not exempt and tax on the same is payable under reverse charge.] | 1,75,000 | Nil | Nil | 31,500 |
| Total GST payable under reverse charge (B) | | Nil | Nil | 31,500 |
| Total GST payable [(A)+(B)] | ₹1 M | 40,950 | 40,950 | 31,500 |

Computation of total ITC available

| Particulars | Value of supply (Rs.) | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) |
|---|-----------------------|-----------------|-----------------|------------------|
| Outdoor catering services availed [ITC on outdoor catering services is blocked except when such services are (i) used by the taxpayer who is in the same line of business or (ii) provided by the employer to its employees under a statutory obligation.] | 50,000 | Nil | Nil | Nil |

MITTAL COMMERCE CLASSES
CA INTERMEDIATE – MOCK TEST

| | | | | |
|---|----------|--------------------|------------|---------------------|
| Legal services availed [ITC is available as said services are used in course or furtherance of business.] | 1,75,000 | Nil | Nil | 31,500 |
| General insurance taken on a car (seating capacity 5) used for official purposes [ITC on motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) is blocked except when the same are used for (i) making further taxable supply of such motor vehicles (ii) making taxable supply of transportation of passengers (iii) making taxable supply of imparting training on driving such motor vehicles. Further, ITC is not allowed on services of general insurance relating to such ineligible motor vehicles.] | 40,000 | Nil | Nil | Nil |
| Total ITC available | | {1/2 M} Nil | Nil | 31,500 {1 M} |

}{1/2 M}

Computation of net GST payable in cash

| Particulars | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) |
|---|---------------------|---------------------|---------------------|
| GST payable under forward charge | 40,950 | 40,950 | Nil |
| Less: ITC of IGST ¹ | (15,750) | (15,750) | - |
| | 25,200 | 25,200 | Nil |
| Add: GST payable under reverse charge in cash [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.] | Nil | Nil | 31,500 |
| Net GST payable in cash | 25,200 {1 M} | 25,200 {1 M} | 31,500 {1 M} |

Note: CGST and SGST is payable on the intra-State transaction and IGST is payable on the inter-State transactions.

Answer 6:

- (a) (i) GST is not payable by Dhruv Developers on sale of plot of land. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies applicability of GST on sale of land after levelling, laying down of drainage lines etc. As per Para 5 of Schedule III of the CGST Act, 2017, 'sale of land' is neither a supply of goods nor a supply of services. Therefore, the sale of land does not attract GST. Land may be sold either as it is or after some development such as levelling, laying down of drainage lines, water lines, electricity lines, etc. It is clarified that sale of such developed land is also sale of land and is covered by Para 5 of Schedule III and accordingly, does not attract GST. {1^{1/2} M}
- (ii) Transportation of passenger services provided by the private operator - Deccan Shipping Pvt. Ltd. - are exempt from GST. Circular No. 177/09/2022 GST dated 03.08.2022 clarifies the applicability of GST on private ferry tickets. Transportation of passengers by public transport, other than predominantly for tourism purpose, in a vessel between places located in India is exempt from GST vide Notification No. 12/2017 CT (R) dated 28.06.2017. It is clarified that this exemption would apply to tickets purchased for transportation from one point to another irrespective of whether the ferry is owned or operated by a private sector enterprise or by a PSU/Government. {1^{1/2} M}

It is further clarified that, the expression 'public transport' used in the said exemption notification only means that the transport should be open to public. It can be privately or publicly owned. Only exclusion is on transportation which is predominantly for tourism, such as services which may combine with transportation, sightseeing, food and beverages, music, accommodation such as in shikara, cruise etc.

Answer:

- (b)** (i) Services provided by way of renting of residential dwelling for use as residence is exempt from GST. However, where the residential dwelling is rented to a registered person, said exemption is not available. Further, tax on service provided by way of renting of residential dwelling to a registered person is payable by the recipient under reverse charge. {1^{1/2} M}
Therefore, in the given case, Rudra Technologies is liable to pay GST on the residential dwellings taken on rent by it from Siddhi Builders, under reverse charge mechanism.
- (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. {1^{1/2} M}
Since in the given case, sponsorship services are being provided by the private NGO to a partnership firm – M/s. Purohit Consultants, GST is payable by Purohit Consultants on said services under reverse charge.

Answer:

- (c)** Rule 21 of the CGST Rules, 2017 prescribes the contraventions which make a registered person liable to cancellation of registration. As per said rule, the registration granted to a person is liable to be cancelled, if the said person -
- (a) does not conduct any business from the declared place of business.
 - (b) issues invoice/bill without supply of goods/services in violation of the provisions of this Act, or the rules made thereunder.
 - (c) violates the provisions of section 171 of the CGST Act. Section 171 contains provisions relating to anti-profiteering measure.
 - (d) violates the provision of rule 10A of the CGST Rules relating to furnishing of bank account details.
 - (e) avails input tax credit in violation of the provisions of section 16 of the CGST Act or the rules made thereunder.
 - (f) furnishes the details of outward supplies in Form GSTR-1 under section 37 of the CGST Act for one or more tax periods which is in excess of the outward supplies declared by him in his valid return under section 39 for the said tax periods.
 - (h) being a registered person required to file return under section 39(1) of the CGST Act for each month or part thereof (i.e. monthly return filer), has not furnished returns for a continuous period of 6 months.
 - (i) being a registered person required to file return under proviso to section 39(1) of the CGST Act for each quarter or part thereof (i.e. quarterly return filer), has not furnished returns for a continuous period of 2 tax periods.
- {1/2 M
Each for
6 Points}

Answer 7:

(a) Section 49 of the CGST Act, 2017 stipulates that every taxable person shall discharge his tax and other dues under the GST law in the following order, namely:-

- (a) self-assessed tax, and other dues related to returns of previous tax periods;

- (b) self-assessed tax, and other dues related to the return of the current tax period; {1 M
- (c) any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74. Each}

Answer:

- (b) (i) An activity qualifies as supply under GST only if it is for a consideration and is in course / furtherance of business. Donations received by the charitable organizations are treated as consideration only when there's an obligation on part of the recipient of the donation to do anything. {2 M}
 Since in the given case, the display of products sold by the donor - Slory Ltd. - in charitable organization's premises aims at advertising / promotion of its business, it is supply for consideration in course / furtherance of business and thus, qualifies as supply under GST law.
- (ii) Supply includes importation of services, for a consideration whether or not in the course / furtherance of business. Thus, in the given case, the import of services by Mr. Swamy amounts to supply although it is not in course / furtherance of business. {1 M}

Answer:

(c) Computation of value of taxable supply made by Vivek Pvt. Ltd.:

| Particulars | Amount (Rs.) | |
|--|---------------|------------------------------|
| List price of the goods (exclusive of taxes and discount) | 50,000 | {1/2 M Each x 6 = 3 M} |
| Tax levied by Municipal Authority on the sale of such goods [Taxes other than GST, if charged separately, are includible in the value of supply.] | 6,000 | |
| Packing charges [Being incidental expenses, same are includible in the value of supply.] | 2,500 | |
| Subsidy received from NGO [Since subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply.] | Nil | |
| Payment made by Ajeet Pvt. Ltd. in relation to service provided by vendor to Vivek Pvt. Ltd. [Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply.] | 2,000 | |
| Turnover discount [since discount is not known at the time of supply, it is not deductible from the value of supply.] | - | |
| Interest for delayed payment (rounded off) [Includible in the value of supply] [5,000 x 100/118] | 4,237 | |
| Value of taxable supply | 64,737 | |

Answer 8:

- (a) Yes, the view of Mr. Ajay Singh is correct. GST is payable under reverse charge in case of supply of services by an author by way of transfer/permitting the use or enjoyment of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary work to a publisher located in the taxable territory in terms of reverse charge Notification No. 13/2017-CT(R) dated 28-06-2017. Therefore, in the given case, person liable to pay tax is the publisher - SBP. {1 M}

However, since SBP has completely refused to deposit the tax on the given transaction, Mr. Ajay Singh has an option to pay tax under forward charge on the same. For the purpose, he needs to fulfill the following conditions:

- (i) since he is unregistered, he has to first take registration under the CGST Act, 2017
- (ii) he needs to file a declaration, in the prescribed form, that he exercises the option to pay CGST on the said service under forward charge in accordance with section 9(1) of the CGST Act and to comply with all the provisions as they apply to a person liable for paying the tax in relation to the supply of any goods and/or services and that he shall not withdraw the said option within a period of 1 year from the date of exercising such option;
- (iii) he has to make a declaration on the invoice, which he would issue to SBP, in prescribed form.

{2 M}

Answer:

(b) Determination of POS in case of advertisement services to Government : As per section 12(14) of the IGST Act, 2017, the place of supply of advertisement services to the Central Government, a State Government, a statutory body or a local authority meant for the States or Union territories identified in the contract or agreement is taken as being in each of such States or Union territories (where the advertisement is broadcasted/run/ played/disseminated).

Therefore, in the given case, the place of supply of advertisement service is in the States of 'A', 'B', 'C', 'D' and 'E'.

The value of the supply of such advertisement services specific to each State/Union territory is in proportion to the amount attributable to the services provided by way of dissemination in the respective States/Union territories determined in terms of the contract or agreement entered into in this regard.

In the absence of such a contract or agreement between the supplier and recipient of services, the proportionate value of advertisement services attributable to different States/ Union territories (where the advertisement is broadcasted/run/played/ disseminated) is computed in accordance with rule 3 of the IGST Rules, 2017.

As per rule 3(f) of the IGST Rules, 2017, in the case of advertisement on television channels, the amount attributable to the value of advertisement service disseminated in a State shall be calculated on the basis of the viewership of such channel in such State, which in turn, shall be calculated in the following manner, namely: -

- (i) the channel viewership figures for that channel for a State or Union territory shall be taken from the figures published in this regard by the Broadcast Audience Research Council;
- (ii) the figures published for the last week of a given quarter shall be used for calculating viewership for the succeeding quarter;
- (iii) where such channel viewership figures relate to a region comprising of more than one State or Union territory, the viewership figures for a State or Union territory of that region, shall be calculated by applying the ratio of the populations of that State or Union territory, as determined in the latest Census, to such viewership figures;
- (iv) the ratio of the viewership figures for each State or Union territory as so calculated, when applied to the amount payable for that service, shall represent the portion of the value attributable to the dissemination in that State or Union territory.

Therefore, value of supply attributable to 'A', 'B', 'C', 'D' and 'E', will be computed as under:

| | | | |
|--------|-----------------------------|---------------------------|------------------------|
| States | Viewership figures of 'Moon | Viewership ratio of 'Moon | Proportionate value of |
|--------|-----------------------------|---------------------------|------------------------|

| | | | | |
|-------|--|--|--|---------|
| | Plus' channel as provided by the Broadcast Audience Research Council in the last week of June 2023 | Plus' channel in the States 'A', ('B' + 'C') and ('D' + 'E') | advertisement services for States A', ('B' + 'C') and ('D'+ 'E') | |
| A | 50,000 | 50,000:1,00,000: 50,000 = 1: 2: 1 | Rs. 10,00,000 × 1/4 = 2,50,000 | } {2 M} |
| B + C | 1,00,000 | | Rs. 10,00,000 × 2/4 = 5,00,000 | |
| D + E | 50,000 | | Rs. 10,00,000 × 1/4 = 2,50,000 | |

| | | | | |
|--------|---|--|--|---------|
| States | Population as per latest census (in crores) | Population ratio in the States 'B' & 'C' 'D' & 'E' | Proportionate value of advertisement services in the States 'A', 'B', 'C', 'D' & 'E' | |
| A | 50 | B:C = 180: 20 = 9: 1 | Rs. 2,50,000 | } {2 M} |
| B | 180 | | Rs. 5,00,000 × 9/10 = 3 4,50,000 | |
| C | 20 | Rs. 5,00,000 × 1/10 = 3 50,000 | | |
| D | 100 | D:E = 100: 25 = 4: 1 | Rs. 2,50,000 × 4/5 = 3 2,00,000 | |
| E | 25 | Rs. 2,50,000 × 1/5 = 3 50,000 | | |

Different tax invoices to be issued for different POS : Since, there are five different places of supply in the given case, 'Moon Plus' channel will have to issue five separate invoices for each of the States namely, 'A', 'B', 'C', 'D' & 'E' indicating the value pertaining to that State. The GST liability of 'Moon Plus' channel will, therefore, be worked out as under:

Computation of GST liability of 'Moon Plus':

| States | Proportionate value of advertisement services (Rs.) | CGST @ 9% (Rs.) | SGST @ 9% (Rs.) | IGST @ 18% (Rs.) | |
|--------|---|-----------------|-----------------|------------------|-----------|
| A | 2,50,000 | 22,500 | 22,500 | | |
| B | 4,50,000 | | | 81,000 | } {1/2 M} |
| C | 50,000 | | | 9,000 | } {1/2 M} |
| D | 2,00,000 | | | 36,000 | } {1/2 M} |
| E | 50,000 | | | 9,000 | } {1/2 M} |

Nature of supply : Only in case of supply of services in State 'A', the location of supplier (State 'A') and the place of supply are in the same State, hence the same is an intra-State supply in terms of section 8(1) of the IGST Act, 2017 and is thus, liable to CGST and SGST. In all the remaining cases of supply of services, the location of the supplier (State 'A') and the places of supply (States 'B', 'C', 'D' & 'E') are in two different States, hence the same are inter-State supplies liable to IGST [Section 7(1)(a) of the IGST Act, 2017 read with section 5(1) of that Act].

Answer 9:

(a) Computation of value of taxable supplies:

| Particulars | Rs. | |
|--|----------|-----------|
| Service relating to rearing of sheep [Exempt since services relating to rearing of all life forms of animals, except horses, for food etc. are exempt.] | Nil | } {1 M} |
| Services by way of artificial insemination of horses [Not exempt since services of artificial insemination are exempt only of livestock other than horses.] | 4,00,000 | } {1/2 M} |
| Processing of sugarcane into jaggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery changes the essential characteristics of sugarcane.] | 8,00,000 | } {1/2 M} |
| Milling of paddy into rice [Not exempt, since this process, being carried | 7,50,000 | } {1 M} |

| | |
|--|------------------------|
| out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy.] | |
| Services by way of fumigation in a warehouse of agricultural produce [Taxable]. | 1,80,000 |
| Value of taxable supplies | 21,30,000 {1 M} |

Answer:

- (b) Section 24 of the said Act enlists certain categories of persons who are mandatorily required to obtain registration, irrespective of their turnover. Persons who supply goods or services or both through such electronic commerce operator (ECO), who is required to collect tax at source u/s 52, is one such person specified u/s 24(ix). However, where the ECO is liable to pay tax on behalf of the suppliers of services under a notification issued u/s 9(5), the suppliers of such services are entitled for threshold exemption. Besides this vide Notification No. 65/2017- CT dated 15-11-2017, it has been provided that persons who are suppliers of service and supplying services through e-commerce operator are not required to register under GST if their aggregate turnover is less than 20 lakhs per annum (Rs. 10 lakh in case of Special Category States of Mizoram, Tripura, Manipur and Nagaland) {1^{1/2} M}
- E-commerce Operator: Section 2(45) of the CGST Act defines ECO as any person who owns, operates or manages digital or electronic facility or platform for electronic commerce. Electronic commerce is defined u/s 2(44) to mean the supply of goods or services or both, including digital products over digital or electronic network. {1 M}
- Since Hi-Tech Indya Pvt. Ltd. owns and manages a website for e commerce where both goods and services are supplied, it will be classified as an ECO under Section 2(45).
- ECO liable for Registration: Notification No. 17/2017-CT (R) dated 28-06-2017 issued u/s 9(5) specifies services by way of house-keeping, except where the person supplying such service through ECO is liable for registration under Section 22(1), as one such service where the ECO is liable to pay tax on behalf of the suppliers. {1^{1/2} M}
- In the given case, Abhay Pvt. Ltd. provides house-keeping services through an ECO. It is presumed that Hi-Tech Indya is an ECO which is required to collect tax at source under Section 52. However, house-keeping services provided by Abhay Pvt. Ltd., which is not liable for registration under Section 22(1) as its turnover is less than 7 20 lakh, is a service notified under Section 9(5). Thus, Abhay Pvt. Ltd. will be entitled for threshold exemption for registration and will not be required to obtain registration even though it supplies services through ECO.
- Supply of goods through ECO - Supplier liable for Compulsory Registration: In the second case, Abhay Pvt. Ltd. sells readymade garments through ECO. Such supply cannot be notified under Section 9(5) as only supplies of services are notified under that Section. Therefore, in the second case, Abhay Pvt. Ltd. will not be entitled for threshold exemption and will have to compulsorily obtain registration in terms of Section 24(ix). {1 M}

— ** —