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**CA INTERMEDIATE**

**SUBJECT- TAXATION**

**Test Code – CIM 8646**

**BRANCH - () (Date :)**

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**SECTION A**  
**(DIRECT TAX)**

**ANSWER : 1**

1. B
2. D
3. A
4. B
5. A
6. C
7. A
8. C
9. C
10. C
11. A
12. A

**ANSWER : 2**

**Computation of Total Income of Mr. Manohar for the A.Y.2020-21**

Particulars	Rs.	Rs.
<b>Profit and gains from business or profession</b>		
Net income as per Income and Expenditure Account		49,25,500
<i>Add:</i> Expenses debited but not allowable		
- Excess salary of Rs. 4,000 per month to sister-in-law [not disallowed since sister-in-law does not fall within the definition of 'relative' under section 2(41)]	-	
- Motor car expenses attributable to personal use not allowable (Rs. 88,000 x 25%)	22,000	
- Depreciation as per books of account	87,500	
- Medical expenses of Rs. 15,000 for family planning expenditure for the employees [disallowed, since such expenditure is allowable to company assessee only]	15,000	
- Medical expenditure of Rs. 55,000 incurred for his father, not allowable, since it is personal in nature]	55,000	
- Purchase of computer (not allowable since it is capital in nature)	90,000	
- Bonus (allowed since it is paid on the due date of filing of return of income i.e., on 30.9.2020)	-	
[For the P.Y.2019-20, the gross receipts i.e., fees of Mr. Manohar from consultancy services is Rs. 58 lakhs (exceeding Rs. 50 lakhs), he has to get his books of account audited under section 44AB, in which case, his due date for filing return of income would be 30.9.2020]		

<p>- Commission paid without deduction of tax at source [Mr. Manohar would be liable to deduct tax at source under section 194-H on commission paid during the P.Y.2019- 20, since his gross receipts from profession during the P.Y.2018-19 exceeded the monetary limit specified in section 44AB i.e., Rs. 50 lakhs. Thus, 30% disallowance would be attracted since he has not deducted tax at source on the commission]</p>	12,600		
		2,82,100	
		<b>52,07,600</b>	
<p>Less: Income credited but not taxable or taxable under any other head</p>			
<p>- Share of profit from HUF (Exempt)</p>	55,000		
<p>- Interest on saving bank deposit</p>	25,000		
<p>- Interest on income-tax refund</p>	26,000		
		1,06,000	
		51,01,600	
<p>Less: Depreciation allowable under the Income-tax Act, 1961 [See Working Note]</p>		76,175	
<p>Income from Other Sources</p>		<b>50,25,425</b>	
<p>- Interest on saving bank deposits</p>	25,000		

- Interest on income-tax refund	26,000	
- Value of gold coins received from a family friend on the occasion of marriage anniversary (taxable under section 56(2)(x), as the fair market value of such coins exceeds Rs. 50,000)	85,000	
		<u>1,36,000</u>
Gross Total Income		<b>51,61,425</b>
Less: Deduction under Chapter VI-A		
<b>Section 80D</b> Medical expenses for father (Deduction allowable to the extent of Rs. 50,000 since father, aged 65 years, is a senior citizen and is not covered under any medical insurance policy)		50,000
<b>Section 80TTA</b> Interest on deposits in savings account		10,000
Total Income		<b>51,01,425</b>
Total Income (Rounded off)		<b>51,01,430</b>

(12 MARKS)

**Computation of tax liability of Mr. Manohar for A.Y. 2020-21**

Particulars	Rs.	Rs.
Tax on total income of Rs. 51,01,430		
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	
Above Rs. 10,00,001 i.e.,41,01,430 @30%	<u>12,30,429</u>	13,42,929
Add: Surcharge @10% [Since his total income exceed Rs. 50,00,000]		<u>1,34,293</u>
		<b>14,77,222</b>
Less: Marginal Relief:		
Excess tax payable [14,77,222 - 13,12,500, being the amount of tax payable on total income of Rs. 50 lakhs]	1,64,722	

Amount of income in excess of Rs. 50,00,000	<u>1,01,430</u>	<u>63,292</u>
Add: Health & Education cess@4%		<u>14,13,930</u>
<b>Tax liability</b>		<u>56,557</u>
<b>Tax liability (rounded off)</b>		<u>14,70,487</u>
		<b>14,70,490</b>

(2 MARKS)

**Working note:**

**Computation of depreciation allowable as per Income-tax Act, 1961**

Particulars	Rs.
<b>On Motor Car</b>	
Rs. 3,50,000 x 15% x 75%	39,375
<b>On Furniture and fittings</b>	
Rs. 80,000 x 10%	8,000
<b>On Computer</b>	
Rs. 72,000 x 40% [Actual cost of the computer is Rs. 72,000 (i.e., Rs. 90,000 – Rs. 18,000). Rs. 18,000 paid otherwise than by way of account payee cheque/bank draft or use of ECS is not includible in actual cost.	28,800
	<b>76,175</b>

**ANSWER : 3**

(A)

**Computation of Taxable Income for the assessment year 2020 - 21**

1. Income from salary	Amount (Rs.)	Amount (Rs.)
Basic pay	1,92,000	
Dearness allowance	72,000	
Medical reimbursement (Rs. 42,000 – 14,000)	28,000	
House rent allowance (Rs. 1,20,000 – 96,000) See note below	24,000	
Taxable Salary	3,16,000	
Less : Standard deduction	50,000	
Taxable salary		2,66,000
2. Income from House property		
Annual Value (Actual rent or Annual ratable value whichever is higher)	30,000	
Less : Municipal Taxes paid	1,800	
	28,200	
Less : (i) Standard deduction @ 30%	8,460	
(ii) Interest on amount borrowed for construction	14,460	13,740
Income from other sources :		
1. Interest on Savings Bank A/c.	69,000	
2. Dividends on Units of UTI	Exempt	
3. Interest accrued on NSC VIII Issue	34,000	1,03,000
Gross Total Income		3,82,740
Less : Deduction u/s 80C	59,000	

Deduction u/s 80TTA	10,000	69,000
Total Income		3,13,740

### Deduction u/s 80C

	Qualifying Amount	Amount (Rs.)
1.	Life Insurance Premium	6,000
2.	Public Provident Fund	6,000
3.	Interest accrued on NSC	34,000
4.	National Savings Scheme, 1992	10,000
5.	Repayment of housing loan to LIC	3,000
		59,000

House Rent allowance shall be exempt to the extent of minimum of the following 3 limits :

- (i) Rs. 1,20,0000
- (ii) Rs. 1,80,000 – 19,200 = Rs. 1,60,800
- (iii) Rs. 96,000 (50% of salary i.e. Rs. 1,92,000)

### Notes :

1. Interest on loan taken for construction of house property will be allowed as deduction under the head 'Income from house property' form annual value. On the other hand, repayment of principal amount to LIC will be eligible for deduction u/s 80C. Repayment of loan to a friend will not be eligible for deduction.
2. Interest on Public Provident fund is fully exempt.
3. Interest accrued on NSC IX issue will be included under the head 'Income from other sources' and will also qualify for deduction u/s 80C.

(7 MARKS)

### (B) TDS implications

- (i) **On payment of LIC maturity proceeds** - The annual premium exceeds 10% of sum assured in respect of a policy taken after 31.3.2012, and consequently, the maturity proceeds of Rs. 95,000 would not be exempt u/s 10(10D) in the hands of Ms. Varsha. However, tax deduction provisions u/s 194-DA are not attracted since the maturity proceeds are less than Rs. 1 lakh.
- (ii) **On payment of sale consideration for purchase of residential house property**  
  
Since the sale consideration of house property is less than Rs. 50 lakhs, Mr. Karan is not required to deduct tax at source u/s 194-IA, irrespective of the fact that the stamp duty value is more than the sale consideration as well as the threshold limit of Rs.50 lakhs.
- (iii) **On payment of fee for professional services and royalty** – Under section 194J, the threshold limit of Rs. 30,000 is specified separately for, *inter alia*, fees for professional services and royalty. Therefore, XYZ Private Limited is not required to deduct tax at source under section 194J either on fee of Rs. 22,000 for professional services or on royalty of Rs. 18,000 paid to Mr. Narayan, since the payment under each category does not exceed the independent threshold Rs. 30,000 specified thereunder.

- (iv) **On payment for purchase of calendar according to specifications** - As per section 194C, the definition of “work” does not include the manufacturing or supply of product according to the specification by customer in case the material is purchased from a person other than the customer.

Therefore, M/s ABC Limited is not required to deduct tax at source in respect of payment of Rs. 1,75,000 to Mr. Vaibhav, for purchase of calendar according to its specifications, since it did not supply the material for such calendar. Hence, the contract is a contract for ‘sale’ and not a works contract.

- (v) **On payment of sitting fees to the director** - Talent Private Limited is required to deduct tax at source @10% on sitting fees of Rs. 12,000 paid to its director, since the threshold limit of Rs. 30,000 u/s 194J is not applicable in respect of fees paid to a director of a company.
- (vi) **On payment of call centre service charges** - Since Radha Limited is engaged only in the business of operation of call centre, Shyam Limited is required deduct tax at source@2% on the amount of Rs. 70,000 u/s 194J on 18.3.2020 i.e., at the time of credit of call centre service charges to the account of Radha Limited, since the said date is earlier than the payment date i.e., 28.3.2020.

(7 MARKS)

**ANSWER : 4**

(A)

**Computation of depreciation allowance**

Particulars	Rs.
Since the car was put to use for more than 180 days in the P.Y.2019-20, full depreciation@30% (higher rate of depreciation is allowable on the actual cost, since car is purchased during the period 23.8.2019 to 31.3.2020] of Rs. 19,20,000, which is the total price (inclusive of GST) would be allowable.	
However, the depreciation actually allowed would be restricted to 75%, since 25% of usage is estimated for personal use, on which depreciation is not allowable	
Depreciation for P.Y.2019-20 = 30% x Rs. 19,20,000 x 75% =	4,32,000
Written Down Value as on 1.4.2020 = Rs. 19,20,000 – Rs.4,32,000 = Rs.14,88,000	
Depreciation for P.Y.2020-21 = 30% x Rs.14,88,000 x 75% =	3,34,800

**Note** - As per section 17(5) of the CGST Act, 2017, input tax credit would not be available in respect of motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the taxable supplies, namely, further supply of such motor vehicles; or transportation of passengers; or imparting training on driving such motor vehicles. Since Dr. Arjun used the car for his professional purpose and not for any purpose stated in exception cases, input tax credit would not be available and hence, both CGST & SGST would form part of actual cost of car.

(B)

## ASSESSMENT YEAR 2020 – 21

1. Capital gain on original shares i.e. 1000 shares	
Sales consideration of original shares	4,00,000
Less : Cost of acquisition (See below)Rs. 350 × 1,000	3,50,000
Cost of acquisition shall be higher of	
(i) Cost of acquisition of shares Rs. 117 per share and	
(ii) Lower of	
(a) FMV as on 31.12.2018 – Rs. 350 per share	
(b) Sale prices – Rs. 400 per share	
Hence cost of acquisition shall be Rs. 350	
Long term capital gain	50,000
2. Capital Gain on Bonus Shares	
Sale consideration (bonus shares)	2,00,000
Less : Cost of acquisition 500 × 350	1,75,000
Long – term capital gain	25,000
3. Capital Gain on right shares	
Full Value of consideration (Rs.500 × 400)	2,00,000
Less : Cost of acquisition (Rs. 500 × 60)	30,000
Short – term capital gain	1,70,000
4. Capital gain on the sale of right	
Sale price	60,000
Less : Cost of acquisition	Nil
Short term capital gain	60,000

Short term capital gain on right shares shall be taxable @ 15% but short – term capital gain on the sale of right shall be taxable at the normal rate and included in other income. Thus tax will be calculated as under :

## Computation of tax payable

Particulars	Amount (Rs.)
Tax on long – term capital gain on shares as per section 112A Rs. 75,000 (Rs. 50,000 + Rs. 25,000)	Nil (as LTCG does not exceed Rs. 1,00,000)
Tax on short – term capital gain on sale of right shares (15% of Rs. 92,000) (Rs. 78,000 shifted to other income)	13,800
Tax on other income	Nil
Rs. 1,12,000 + 60,000 + 78,000 (shifted from STCG on sale of right shares)	
Total Tax	13,800
Less : Rebate u/s 87A	12,500
	1,300
Add : Health and education cess @ 4%	52
Total tax payable	1,352
Total tax payable (rounded off)	1,350

(7 MARKS)



(C)

**Computation of Gross Total Income of Shri Subhash Chandra for the A.Y. 2020-21**

	<b>Particulars</b>	<b>Resident and Ordinarily Resident [ROR] (Rs.)</b>	<b>Resident but Not Ordinarily Resident [RNOR] (Rs.)</b>
(i)	<b><u>Income from business in India, controlled from London</u></b>  [Taxable both in the hands ROR and RNOR, since income accrues/arises from business in India, irrespective of the fact that business is controlled from London]	2,00,000	2,00,000
(ii)	Royalty received from a resident for technical service provided to run a business outside India  [Taxable in the hands of ROR, since global income is taxable in the hands of ROR. Not taxable in the hands RNOR, since royalty income is not deemed to accrue or arise in India as such income is paid by a resident for technical services used to run a business outside India.]	4,00,000	Nil
(iii)	Agricultural Income in Bhutan  Since agricultural income accrues/arises outside India, it is taxable only in the hands of ROR. No exemption is available in respect of agricultural income earned outside India]	90,000	Nil
(iv)	Income from house property in Dubai, which was deposited in a bank at Dubai  Since income accrues/arises outside India and is also received outside India, it is taxable only in the hands of ROR    73,000  <i>Less: Deduction u/s 24@30%                      <u>21,900</u></i>  <i>[See Note below for alternative treatment]</i>	51,100	Nil
	<b>Gross Total Income</b>	<b>7,41,100</b>	<b>2,00,000</b>

**Note** – In the above solution, income of Rs. 73,000 from house property in Dubai is presumed to be the rent received, since the said amount is stated to be the amount

deposited in bank. Accordingly, deduction@30% of the said amount has been provided to compute the "Income from house property", where Shri Subhash Chandra is a ROR.

However, since the words "Income from house property" appears to indicate that the same is the income computed under that head of income, it is possible to consider the said amount of Rs. 73,000 as income computed under the head "Income from house property" after providing deduction@30% under section 24(a). In such a case, the gross total income of Shri Subhash Chandra, if he were a ROR, would be Rs. 7,63,000.

(4 MARKS)

ANSWER : 5

(A)

#### Computation of deduction under section 10AA for A.Y. 2020-21

Since A.Y. 2020-21 is the 6 <sup>th</sup> assessment year from A.Y. 2015-16, relevant to the previous year 2014-15, 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.				
=	Profits of Unit in SEZ	x	$\frac{\text{Export turnover of Unit in SEZ}}{\text{Total turnover of Unit in SEZ}}$	x 50%
=	20,00,000	x	$\frac{40,00,000}{80,00,000}$	x 50% = ₹ 5,00,000

#### Working Note:

	Rs.
<b>Export Turnover</b>	
Sale proceeds received in India	45,00,000
Less: Freight and insurance for delivery of goods outside India to be excluded from export turnover	<u>5,00,000</u>
	<u>40,00,000</u>
Total turnover	<u>85,00,000</u>
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].	<u>5,00,000</u>
	<u>80,00,000</u>

(5 MARKS)

(B)

	Rs.	Rs.
Basic Salary		2,40,000
Dearness Allowance @ Rs. 5,000 p.m.		60,000
Education Allowance	3,600	
Less : Exempt	2,400	1200
Commission on Sales		10,000
Entertainment Allowance @ 700 p.m.		8,400
Traveling Allowance	30,000	
Less : Amount actually spent	30,000	Nil
Cloth given free of cost (tax free perquisites as it does not exceed Rs. 5,000)		
Value of accommodation of concessional rate : 15% of salary of Rs. 2,62,000	39,300	
Less : Rent deducted	18,000	21,300
Value of facility of cook @ Rs. 400 p.m.		4,800
Value of facility of watchman @ Rs. 400 p.m.		4,800
Value of car facility (Rs. 2,400 × 12)		28,800
Employer's contribution to RPF	40,000	
Less : 12% of salary i.e. of Rs. 2,52,400	30,288	9,712
Interest credited to RPF	16,250	
Less : Exempt 9.5% p.a.	11,875	4,375
Gross salary		3,93,387
Less : Standard deduction u/s 16(ia)		50,000
Income from salary		3,43,387

**Note**

1. Commission on sales has been taken to be a part of salary as it is a fixed percentage on turnover.
2. Salary for purpose of accommodation will include Basic Rs. 2,40,000. DA Rs. 2,400, Education Allowance Rs. 1,200, Commission Rs. 10,000, Entertainment Allowance Rs. 8,400.

**(5 MARKS)**

(C)

**(i) Fee for default in furnishing return of income u/s 234F**

Where a person, who is required to furnish a return of income under section 139, fails to do so within the prescribed time limit under section 139(1), he shall pay, by way of fee, a sum of –

Fee	Circumstances
Rs.5,000	If the return is furnished on or before the 31 <sup>st</sup> December of the assessment year;
Rs.10,000	In any other case
<b>Note</b> - However, if the total income of the person does not exceed Rs. 5 lakhs, the fees payable shall not exceed Rs. 1,000	

**(ii) Persons to whom provisions of section 139AA relating to quoting of Aadhar Number does not apply**

The provisions of section 139AA relating to quoting of Aadhar Number would not apply to an individual who does not possess the Aadhar number or Enrolment ID and is:

- (i) residing in the States of Assam, Jammu & Kashmir and Meghalaya;
- (ii) a non-resident as per Income-tax Act, 1961;
- (iii) of the age of 80 years or more at any time during the previous year;
- (iv) not a citizen of India.

**(4 MARKS)**

## SECTION B (INDIRECT TAX)

### ANSWER : 1

1.1	D
1.2	C
1.3	B
1.4	D
1.5	C
1.6	C
1.7	D
1.8	D
1.9	C
1.10	C

### ANSWER : 2

#### Computation of GST payable by M/s. Grey on outward supplies

		Rs.	GST Rs.
(i)	Inter – State supply of goods IGST @ 18% on Rs. 1,00,000		18,000
(ii)	Intra – State supply of goods CGST @ 14% on Rs. 2,00,000 SGST @ 14% pm Rs. 2,00,000	28,000 28,000	56,000
(iii)	Intra – State supply of service CGST @ 9% on Rs. 50,000 SGST @ 9% on Rs. 50,000 Total IGST payable Total CGST Payable Total SGST payable	4500 4500	9,000 18,000 32,500 32,500
	Total GST payable		83,000

#### Computation of total ITC Available

Particulars	IGST @ 18% (Rs.)	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)
Opening ITC	40,000	5,000	5,000
Add : ITC on Inter – State purchases of goods valuing Rs. 50,000	9,000	Nil	Nil
Add : ITC on repairs of bus used to transport Intra – State Valuing	Nil	4,500	4,500

Rs. 50,000			
<b>Total ITC</b>	<b>49,900</b>	<b>9,500</b>	<b>9,500</b>

#### Computation of GST Payable

Particulars	IGST (Rs.)	CGST (Rs.)	SGST (Rs.)
Total outward supply	18,000	32,500	32,500
Less : Total input IGST of Rs. 49,000 adjusted first from IGST payable then, as per discretion, from CGST payable i.e. Rs. 23,000 (Rs. 32,500 – 9,500) and balance adjusted from SGST	18,000	23,000	8,000
Less : ITC of CGST and SGST available	-	9,500	9,500
Balance GST payable	-	-	15,000

**(8 MARKS)**

#### ANSWER : 3 (A)

Yes, the view of Mr. Vicky Frankyn 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.

However, since SBP has completely refused to deposit the tax on the given transaction, Mr. Vicky Frankyn 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.

**(5 MARKS)**

#### ANSWER : 3(B)

- (i) Where a registered dealer is making inter State supply of goods, registration is mandatory irrespective of amount of turnover. In the instant case, Raghav is supplying inter state taxable goods hence registration is compulsory irrespective of turnover.
- (ii) The expression aggregate turnover include all supplies made by a taxable persons whether on his account or made on behalf of all his principals. In the instant case, Aggregate turnover of S.N. Gupta is more than Rs. 40,00,000 (i.e. 22,00,000 + 19,00,000) S.N. Gupta will be required to get registered.

**(5 MARKS)**

**ANSWER : 4(A)****Computation of eligible credit**

Particulars	Amount (Rs.)
GST paid on input R (exclusively used for taxable supplies)	50,000
GST paid on input S (exclusively used for exempted supplies) (input tax credit not available)	Nil
GST paid on input T (exclusively used for export of goods)	15,000
GST paid on input U (used for both taxable and exempted supplies and non – business purposes)	40,000
GST paid on input V (Exclusively used for purposes other than business) (input tax credit not available)	Nil
GST paid to Chartered Account for audit services	12,000
Total eligible credit including common input credit	1,17,000

**Computation of reversal of credit on account of non – business purpose and exempted supplies**

Particulars	Rs.
Total eligible amount of credit	1,17,000
Less : GST paid on inputs exclusively used for taxable supplies and exclusively used for export of goods.	65,000
Common input tax credit	52,000
The amount of input tax credit attributable towards exempt supplies	
D1 = Common input tax credit × the aggregate value of exempt supplies during the tax period ÷ total turnover during the tax period (Rs. 52,000 × 15,00,000 / 75,00,000)	10,400
D2 – 5% of such common ITC shall be considered to be used for non – business purposes (i.e. 5% of Rs. 52,000)	2,600
<b>Total amount of tax credit to be reversed (D1 + D2)</b>	<b>13,000</b>

**(6 MARKS)****ANSWER : 4(B)**

Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having value of supply of a unit of accommodation below or equal to Rs. 1,000 per day or equivalent have been exempted from GST vide an exemption notification.

Thus, in view of the above-mentioned provisions, GST is not payable by Holiday Guest House on the booking done by Mr. X as the charges for a unit of accommodation per day is less than Rs.1,000.

The answer will remain the same even if the charges of a single deluxe room per day is Rs. 1,000 as the exemption is also available in the case where value of supply of a unit of accommodation per day is Rs. 1,000/ i.e., such services are taxable only where value of supply of a unit of accommodation per day exceeds Rs. 1,000/-. Thus, no GST is payable by Holiday Guest House on the booking done by Mr. X even if the charges of a single deluxe room per day is Rs. 1,000.

**(4 MARKS)**

**ANSWER : 5(A)**

**Computation of value of taxable supply**

Particulars	Amount (Rs.)
List price of the goods (exclusive of taxes and discounts)	5,00,000
Add : (i) Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	50,000
(ii) CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2) (a)]	-
(iii) Packing charge [Includible in the value as per section 15(2)(c)]	10,000
(iv) Subsidy received from a non – Government body [Since subsidy is received from a non – Government body, the same is included in the value in terms of section 15(2)(e)]	20,000
Total	5,80,000
Less : Discount @ 2% on Rs. 5,00,000	10,000
Value of taxable supply	5,70,000

**(5 MARKS)**

**ANSWER : 5(B)**

The time of supply cannot be determined vide the provisions of clauses (a) and (b) of section 13(2) as neither the invoice has been issued nor the date of provision of service is available as also the date of receipt of payment in the books of the supplier is also not available. Therefore, the time of supply will be determined vide clause (c) of section 13(2) i.e., the date on which the recipient of service shows receipt of the service in his books of account.

Thus, time of supply will be 4<sup>th</sup> April, the date on which the Apartment Owners' Association records the receipt of service in its books of account.

**(2 MARKS)**

**ANSWER : 5(C)**

- (i) The said statement is partially correct. Where an e-way bill has been generated, but goods are either not transported at all or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill.

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B of the CGST Rules, 2017.

- (ii) The said statement is correct. The e-way bill generated under Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.

**(3 MARKS)**

**OR**

**ANSWER : 5(C)**

Title as well as possession both have to be transferred for a transaction to be considered as a supply of goods. In case title is not transferred, the transaction would be treated as supply of service in terms of Schedule II(1)(b) of the CGST Act. In some cases, possession may be transferred immediately but title may be transferred at a future date like in case of sale on approval basis or hire purchase arrangement. Such transactions will also be termed as supply of goods.