

PART – I (DIRECT TAX)

Question no.1 is compulsory and attempt any two of three questions.

QUESTION : 1

X(age : 30 years) is a salaried employee in Bombay. He gets the following emoluments from his employer during the previous year ending March 31, 2019:

	Rs.
Basic salary	4,80,000
Bonus	1,30,000
Commission (fixed)	1,48,000
House rent allowance	1,20,000
Employer's contribution towards recognized provident fund	62,400

During the previous year 2018 – 19, the employer has provided a laptop computer for using if for official and private purpose. Ownership is not transferred. Further the employer provides club facility for official use.

He owns a house property which is used by him for his own residence. Municipal valuation of the house property is Rs. 1,30,000 : whereas the standard rent under the Rent Control Act is Rs. 1,20,000. He makes the following expenditures in respect of house property: municipal taxes : Rs. 13,000; repairs : Rs. 11,000 ; interest on capital borrowed to pay municipal tax : Rs. 3,150; and insurance : Rs. 1,600.

Besides, he has received Rs. 1,59,000 as interest from deposits in savings bank account. He has received different gifts from A – Rs. 25,000 on October 1, 2018 and from B Rs. 26,000 on March 1, 2019. During the previous year 2018 – 19, he makes the following expenditure and investments :

	Rs.
Contribution towards recognized provident fund	1,40,000
Payment of insurance premium on own life policy (sum assured in 2006 : Rs. 60,000)	14,000
Donation to the National Defence Fund	3,200

Determine the net income and tax liability of X for the assessment year 2019 – 20.

(14 MARKS)

QUESTION : 2

- A. Paras aged 55 years is resident of India. During the F.Y. 2018-19, interest of Rs. 2,88,000 was credited to his Non-resident (External) Account with SBI. Rs. 30,000, being interest on fixed deposit with SBI, was credited to his saving bank account during this period. He also earned Rs. 3,000 as interest on this saving account. Is Paras required to file return of income?

What will be your answer, if he owns one shop in Kerala having area of 150 sq. ft.?

(5 MARKS)

- B.** The income of charitable trust for the previous year 2018 – 19 is Rs. 8,60,000. The trust actually spends only Rs. 3,80,000 during the previous year 2018 – 19. **Determine the taxable income of the trust** on the assumption that :
- (a) the trust has not applied for the option under clause (2) of the Explanation to section 11(1), and
- (b) the trust has applied for the option and has obtained extension of time for applying the unutilized portion of income for charitable purpose during the next previous year, i.e. 2019 – 20 and has actually spent Rs. 24,700 during that previous year.

(5 MARKS)

- C.** A is minor son of X and Mrs. X. Taxable business income of X is Rs. 10,00,000. Taxable salary income of Mrs. X (after standard deduction) is Rs. 13,80,000. A transfers a residential house property on April 10, 2018 (gifted about 4 years ago by his maternal grandfather) for Rs. 60,00,000 (indexed cost of acquisition : Rs. 3,00,000). X transfers a plot of land on May 10, 2018 (long – term capital gain being Rs. 54,00,000). A invests Rs. 50,00,000 in NHAI bonds on May 20, 2018. X invests Rs. 50,00,000 in NHAI bonds on June 1, 2018. **Find out the income of X, Mrs. X and A for the assessment year 2019 – 20.**

(4 MARKS)

QUESTION : 3

- A.** X (age : 64 years), a resident individual, furnishes the following particulars relevant for the assessment year 2019 – 20 :

Profit and Loss Account for the year ending March 31, 2019

	Rs.		Rs.
Salary to staff	34,000	Gross Profit	16,86,000
General expenses	48,000	Commission & discount	2,17,200
Bad debts written off	15,000	Sundry receipts	43,000
Reserve for losses	2,000	Short – term profit on sale of investment	31,000
Fire Insurance premium (office premises)	4,200		
Advertisement Rs. 2,400			
Add : Outstanding Rs. 1,600	4,000		
Interest on X's capital	3,500		
Interest on bank loan	14,500		
Expenditure on acquisition of a patent right acquired and put to use on June 30, 2018	17,000		
Lump sum consideration for acquiring know – how on March 3, 2019	60,000		
Depreciation on plant and machinery	28,000		
Provision for outstanding sales tax and excise duty	13,000		

Net profit	17,34,000		
	19,77,200		19,77,200

Other Information :

1. Advertisement expenditure includes Rs. 3,400, being cost of 2 diaries (cost of each being Rs. 1,700) presented to customers.
2. Depreciation on plant and machinery according to income – tax provision comes to Rs. 29,700.
3. Salary to staff includes payment of Rs. 8,000 to a relative which is unreasonable to the extent of Rs. 3,000.
4. General expenses include (a) expenditure of Rs. 4,800, incurred by X on training of his employees, (b) commission of Rs. 10,000 for securing a business order, and (c) compensation of Rs. 6,000 paid to an employee while terminating his service in the business interest.
5. Out of outstanding sales tax and excise duty, Rs. 3,000 is paid on July 10, 2019 and Rs. 8,000 is paid on October 3, 2019. The balance is not paid as yet. Due date of filing return of income is July 31, 2019.
6. Income of X from company deposit is Rs. 12,000 which is not shown in the Profit and Loss Account.

Determine the taxable income and tax liability of X for the assessment year 2019 – 20, assuming that insurance premium paid by X on the life insurance policy (since 2011) of Mrs. X is Rs. 1,03,200 (sum assured : Rs. 10,00,000).

(8 MARKS)

B. X (60 years) transfers the following assets –

1. Rural agricultural land situated in Tamil Nadu (date of transfer : April 20, 2018, sale consideration : Rs. 20,00,000, purchase consideration : Rs. 18,000, year of acquisition : 2003 – 04, after purchasing the land is lying vacant and has not been used for any purpose, although it is agricultural land).
2. Agricultural land within the municipal limits of Delhi (date of transfer : May 10, 2018, sale consideration : Rs. 12,15,000, stamp duty value : Rs. 12,50,000, year of acquisition : 2004 – 05, indexed cost of acquisition : Rs. 5,70,000, after purchasing it is used by X for agricultural purposes).
3. Shares in A Ltd. (shares are quoted in Bombay Stock Exchange, transferred to a friend outside stock exchange on June 1, 2018 for Rs. 42,00,000, cost of acquisition : Rs. 4,00,000, year of acquisition : 2007 – 08). Fair market value on January 31, 2018 (as per Bombay Stock Exchange quotation) is Rs. 41,00,000.

X is a businessman. His business turnover is Rs. 1.20 crore and income from business is Rs. 4,08,000. To avail of the benefit of exemption under section 54B, X deposits a sum of Rs. 1,00,000 in capital gain deposit account scheme on September 1, 2019. Another deposit is made on November 15, 2019 of Rs. 50,000. Find out capital gain and taxable liability on capital gain for the assessment year 2019 – 20 (due date of submission of return of income is September 30, 2019).

(6 MARKS)

QUESTION : 4

- A. X, a businessman of Delhi, furnishes the following information relevant for the assessment year 2019 – 20 :

	Rs.
Income from house property (computed)	2,60,000
Business profits (before claiming the following deductions)	2,34,000
Current depreciation allowance	1,08,000
Unabsorbed depreciation allowance of the previous year :	
2012 – 13	13,000
1995 – 96	3,500
Unabsorbed business loss of the previous years :	
2012 – 13	9,000
1995 – 96	4,000
Current scientific research expenditure	1,06,000

Determine the net income of X for the assessment year 2019 – 20.

(7 MARKS)

- B. Ashwin doing manufacture and wholesale trade furnishes you the following information :

Total turnover for the financial year

Particulars	Rs.
2017 – 18	2,05,00,000
2018 – 19	95,00,000

Examine whether tax deduction at source provisions are attracted for the below said expenses incurred during the financial year 2018 – 19 :

Particulars	Rs.
Interest paid to UCO Bank	41,000
Contract payment to Raj (2 contracts of Rs. 12,000 each)	24,000
Shop rent paid (one payee)	1,90,000
Commission paid to Balu	7,000

(4 MARKS)

- C. Examine with reasons, whether the following statements are true or false, with regard to the provisions of the Income – tax Act, 1961 :

- (i) The Assessing Officer has the power, inter alia, to allot PAN to any person by whom no tax is payable.
- (ii) Where the karta of a HUF is absent from India, the return of income can be verified by any male member of the family.

(3 MARKS)

Question no.5 is compulsory

M.C.Q NO. 1 TO 6 carries 1 mark each

M.C.Q NO. 7 TO 12 carries 2 marks each

QUESTION : 5

1. Mr. P has a house property in Delhi whose Municipal value is Rs.1,00,000 and the Fair Rental Value is Rs.1,20,000. The standard rent is fixed at Rs.1,08,000. It was self-occupied by Mr. P from 01.04.2018 to 31.07.2018. With effect from 01.08.2018, it was let out at Rs. 10,000 per month. Compute the net annual value of the house property for A.Y. 2019-20 if the municipal taxes paid by him during the year were Rs. 20,000.
 - (a) Rs.1,00,000
 - (b) Rs. 88,000
 - (c) Rs. 60,000
 - (d) Rs.1,08,000

2. During the P.Y. 2018-19, Mr. Samar, a non-resident, received Rs.75,00,000 on account of sale of agricultural land in Mauritius. The money was first received in Mauritius and then remitted to his Indian bank account. Is the sum taxable in India?
 - (a) No, as agricultural income is exempt u/s 10(1).
 - (b) No, as the income has accrued and arisen outside India and is also received outside India.
 - (c) Yes, since it is remitted to India in the same year.
 - (d) Yes, as agricultural income earned outside India is not exempted in India in the hands of a non- resident.

3. Mr. Karan filed his return of income for A.Y.2019-20 showing total income of Rs.7 lakhs on 1.1.2020. The fee payable by him under section 234F is –
 - (a) Nil
 - (b) Rs.1,000
 - (c) Rs.5,000
 - (d) Rs.10,000

4. X Ltd. credits a sum of Rs.45,000 as commission to Y Ltd., an Indian company on 25.06.2018 without deducting tax at source. Y Ltd. paid its entire tax liability on its income by way of advance payment of tax during P.Y. 2018-19 and filed its return of income for A.Y. 2019-20 on 15.07.2019. X Ltd. also has a certificate in Form No. 26A from a chartered accountant. Compute the amount of deduction that shall be allowed to X Ltd. in respect of the commission credited to Y Ltd. assuming that X Ltd. follows mercantile system of accounting.

- (a) Rs. 45,000
- (b) Nil
- (c) Rs. 13,500
- (d) Rs. 31,500
5. Mr. Shiva made a donation of Rs.50,000 to National Children's Fund and Rs.20,000 to Rajiv Gandhi Foundation by cheque. He made a cash donation of Rs.10,000 to a public charitable trust. The deduction allowable to him under section 80G for A.Y.2019-20 is
- (a) Rs.80,000
- (b) Rs.70,000
- (c) Rs.60,000
- (d) Rs.35,000
6. Mr. Anuj, a businessman, whose total income (after allowing deduction under chapter VI-A except under section 80GG) for AY 2019-20 is Rs.5,95,000. He does not own any house property and is staying in a rented accommodation in Patna for a monthly rent of Rs.9,000. Deduction allowance under section 80GG for A.Y. 2019-20 is:
- (a) Rs.48,500
- (b) Rs.1,48,750
- (c) Rs.60,000
- (d) Rs.1,08,000
7. Mr. Vaibhav sold his old residential house in April, 2017 for Rs.28,00,000. Long-term capital gain arising on transfer of old house amounted to Rs.8,40,000. In December, 2017 he purchased another residential house worth Rs.5,00,000. The new house was however, sold in April, 2018 for Rs.14,00,000 (stamp duty value of the new house was Rs.12,00,000). What will be amount of taxable capital gains in the hands of Mr. Vaibhav for the A.Y. 2018- 19 and 2019-20?
- (a) Long term capital gain of Rs.3,40,000 in A.Y. 2018-19 and short-term capital gain of Rs.14,00,000 in A.Y. 2019-20
- (b) Long term capital gain of Rs.3,40,000 in A.Y. 2018-19 and long term capital gain of Rs.5,00,000 and short-term capital gain of Rs.14,00,000 in A.Y. 2019-20
- (c) Long term capital gain of Rs.3,40,000 in A.Y. 2018-19 and long term capital gain of Rs.5,00,000 and short-term capital gain of Rs.9,00,000 in A.Y. 2019-20
- (d) Long term capital gain of Rs.3,40,000 in A.Y. 2018-19 and long term capital gain of Rs.5,00,000 and short-term capital gain of Rs.7,00,000 in A.Y. 2019-20
8. M/s PQR & Co., a firm carrying on business, furnishes the following particulars for the P.Y. 2018-19.

Particulars

Rs.

Book profits (before setting of unabsorbed depreciation and brought forward business loss)	2,70,000
Unabsorbed depreciation of P.Y.2012-13	1,20,000
Brought forward business loss of P.Y.2017-18	2,00,000

Compute the amount of remuneration allowable under section 40(b) from the book profit.

(a) Rs. 2,43,000

(b) Rs.1,80,000

(c) Rs.1,50,000

(d) Nil

9. Mr. X, a resident, is due to receive Rs.4.50 lakhs on 31.3.2019, towards maturity proceeds of LIC policy taken on 1.4.2016, for which the sum assured is Rs.4 lakhs and the annual premium is Rs.1,25,000. Mr. Z, a resident, is due to receive Rs.95,000 on 1.10.2018 towards maturity proceeds of LIC policy taken on 1.10.2012 for which the sum assured is Rs.90,000 and the annual premium is Rs.10,000.
- (a) Tax is required to be deducted on maturity proceeds payable to Mr. X and Mr. Z
(b) Tax is required to be deducted on maturity proceeds payable to Mr. X
(c) Tax is required to be deducted on maturity proceeds payable to Mr. Z
(d) No tax is required to be deducted on maturity proceeds payable to either Mr. X or Mr. Z
10. M/s Unnati Group, a proprietorship firm following cash system of accounting incurred the following expenditure during the P.Y. 2018-19:
- Customs duty of A.Y. 2019-20: Rs.75,000 paid on 15.5.2019
 - Income tax paid for A.Y. 2018-19: Rs.84,000 paid on 16.6.2018
- Calculate the amount of expenditure allowable to Unnati Group while computing its business income for A.Y. 2019-20.
- (a) Rs.1,59,000
(b) Rs.75,000
(c) Nil
(d) Rs.84,000
11. M/S Mohan & Sons paid Rs.35,000 to Mr. Goel on 01.05.2018 towards fee for legal advisory services without deduction of tax at source. Another payment of Rs.47,000 was due to Mr. Goel on 31.07.2018 and TDS on entire amount (i.e. Rs.35,000 plus Rs.47,000) was deducted and then the net amount was paid. However, the total tax deducted was deposited on 15.11.2018. The interest chargeable under section 201(1A) will be:
- (a) Rs.650
(b) Rs.433
(c) Rs.486
(d) Rs.597

12. Mr. Ravi incurred loss of Rs.4 lakh in the P.Y.2018-19 in leather business. Against which of the following incomes earned during the same year, can he set-off such loss?

- (i) Profit of Rs.1 lakh from apparel business
- (ii) Long-term capital gains of Rs.2 lakhs on sale of jewellery
- (iii) Salary income of Rs.1 lakh
- (iv) Choose the correct answer.
- (a) Only (i)
- (b) Only (ii)
- (c) Only (iii)
- (d) Both (i) and (ii)

PART – II (INDIRECT TAX)

Question no.6 is compulsory and attempt any two of three questions.

QUESTION : 6

Mr. Ekaant, a supplier registered in Delhi, is engaged in the business of sale and purchase of plastic raincoats. He furnishes the following information pertaining to inward / outward supply made by him for the month of July, 20XX :

Particulars	Amount (Rs. in lakh)
Value of inter – State outward supply to registered persons	30
Value of intra – State outward supply to registered persons	50
Value of intra – State outward supply to unregistered persons	15
Value of intra – State inward supply from registered persons	10
Value of inter – State inward supply form registered persons	5
Value of intra – State inward supply from unregistered persons	2

Following additional information is also provided by Mr. Ekaant –

Particulars	Amount (Rs. in lakh)
IGST credit on capital goods purchased in the month of July	1.5
CGST / SGST credit on other inward supplies [including credit of Rs. 5,000 (CGST and SGST each) on account of membership of a club]	0.5 (CGST and SGST each)
Availed consultancy services from Mr. Sujit, lawyer located in Delhi [intra – State services]	1

The amount of ITC brought forward in the month of July, 20XX is as under :-

CGST : Rs. 2 lakh

SGST : Rs. 2 lakh

IGST : Rs. 5 lakh

Calculate the net GST liability (CGST and SGST or IGST, as the case may be) to be paid in cash for the month of July, 20XX by assuming the rates of GST as under :

CGST	9%
SGST	9%
IGST	18%

Note :

- (i) All the amounts given above are exclusive of taxes.
- (ii) All the conditions necessary for availing the ITC have been fulfilled.

(8 MARKS)

QUESTION : 7

A. Kamal Book Depot, a wholesaler of stationery items, registered in Mumbai, has received order for supply of stationery items worth Rs. 2,00,000/- on 12th November, 20XX from another local registered dealer, Mr. Mehta, Mumbai. Kamal Book Depot charged the following additional expenses from Mr. Mehta :

Particulars	Amount (Rs.)
Packing charges	5,000
Freight & Cartage	2,000
Transit insurance	1,500
Extra designing charges	6,000
Taxes by Municipal Authority	500

The goods were delivered to Mr. Mehta on 14th November, 20XX. Since Mr. Mehta was satisfied with the quality of the goods, he made the payment of goods the same day and simultaneously placed another order on Kamal Book Depot of stationery items amounting to Rs. 10,00,000 to be delivered in the month of December, 20XX**. On receipt of second order, Kamal Book Depot allowed a discount of Rs. 20,000 on the first order placed by Mr. Mehta.

Compute the GST liability of Kamal Book Depot for the month of November, 20XX assuming the rates of GST on the goods supplied as under :

CGST 9%
SGST 9%

Would your answer be different if expenses (i) to (v) given in above table are already included in the price of Rs. 2,00,000 ?

Note :

- (i) All the amounts given above are exclusive of GST.
- (ii) Kamal Book Depot and Mr. Mehta are not related persons and price is the sole consideration of the supply.

**Payment and invoice for the second order will also be made in the month of December, 20XX only.

(6 MARKS)

B. If a return has been filed, how can it be revised if some changes are required to be made?
(4 MARKS)

QUESTION : 8

A. Discuss whether the following services are chargeable to GST -

1. Transport of passengers by auto – rickshaw/e – rickshaw.
2. Indian Railways Finance Corporation gives wagons / coaches on lease to Indian Railways. Lease rent is Rs. 47 lakh per month.
3. X is a senior advocate in the Bombay High Court. He provides legal service to a firm to advocates (legal charges being Rs. 35 lakh).

(3 MARKS)

B. Discuss whether payment of GST under Composition Scheme is possible in the cases given below –

1. X is a painter. A Trade Fair is organised by Maharashtra Government in Mumbai from December 20, 2018 to December 28, 2018. X wants to display and sell his painting in the Mumbai Trade Fair. He has not sold any of his painting earlier. His turnover in Trade Fair is not likely to be more than Rs. 40 lakh. He wants to opt for Composition Scheme.
2. Y imports home appliances from Singapore. These appliances are sold in his store in Krishna Market, Jodhpur. As his annual turnover is not more than Rs. 40 lakh, he wants to opt for Composition Scheme with effect from January 10, 2019.

(4 MARKS)

C.

Investigation shows that ABC & Co carried out service of cleaning and repairs of tanks in an apartment complex, for which the Apartment Owners' Association showed a payment in cash on 4th April to them against work of this description. The dates of the work are not clear from the records of ABC & Co. ABC & Co have not issued invoice or entered the payment in their books of account.

(3 MARKS)

QUESTION: 9

- A.** Is it necessary for the UN bodies to get registration under GST ? **(5 MARKS)**
- B.** X provides computer maintenance service since 2002 in Odisha. During the month ending March 31, 2019, he provides computer maintenance service in Puri to A Ltd. X receives Rs. 25,000 from A Ltd. and Rs. 16,40,000 from holding company of A Ltd. A Ltd. is of the view that only Rs. 25,000 is chargeable to tax (GST on Rs. 25,000 at the rate of 18 per cent will be paid by A Ltd.) Find out GST liability on this case on the assumption that any additional liability will be borne by X (and not by A Ltd. or its holding company).

(5 MARKS)

Question no.10 is compulsory

M.C.Q NO. 1 TO 8 carries 1 mark each

M.C.Q NO. 9 TO 10 carries 2 marks each

QUESTION: 10

- 1 Mr. Narayan Goel has booked a room on rent in Sunshine Hotel for the purpose of lodging on 10.08.20XX. GST is not payable by Mr. Narayan Goel in case value of supply for the same is _____
 - (a) Rs. 800
 - (b) Rs. 6000
 - (c) Rs. 11000
 - (d) Rs. 1500

2. Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:
- before/at the time of supply.
 - 6 months from the date of removal.
 - Earlier of (a) or (b).
 - Later of (a) or (b).
3. Which of the following is not considered as 'goods' under the CGST Act, 2017?
- Sale of a ten-paisa coin having sale value of Rs.100/-
 - Sale of shares of unlisted company
 - Sale of lottery tickets
 - All of the above
4. Mr. Sham is receiving legal services from a lawyer Mr. Gyan. The information regarding date of payment, invoice etc. is as follows-
- Invoice issued by Mr. Gyan on 15-Apr-20XX
 - Payment received by Mr. Gyan on 5-May-20XX
 - Date of payment entered in books of accounts of Sham: 1-May-20XX

What is time of supply of services?

- 1-May-20XX
 - 5-May-20XX
 - 14-Jun-20XX
 - 15-Apr-20XX
5. Which of the following persons is required to obtain compulsory registration?
- Persons exclusively engaged in making supplies tax on which is to be paid by the recipient on reverse charge basis under section 9(3) of the CGST Act, 2017.
 - Persons making inter-State supplies of taxable services up to Rs. 20,00,000
 - Persons making supplies of services through an ECO (other than supplies specified under section 9(5) of the CGST Act) with aggregate turnover up to Rs. 20,00,000
 - None of the above.
6. Which of the following is a recognised system of medicine for the purpose of exemption for health care services?
- Allopathy
 - Unani
 - Siddha
 - All of the above

7. Alcoholic liquor for human consumption is subjected to
1. State excise duty
 2. Central Sales Tax/Value Added Tax
 3. Both (a) and (b)
 4. GST
8. Which of the following shall be discharged first, while discharging liability of a taxable person?
- (a) All dues related to previous tax period
 - (b) All dues related to current tax period
 - (c) Demand raised under section 73 and 74
 - (d) No such condition is mandatory.
9. How the aggregate turnover is calculated for computing threshold limit of registration?
- (i) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person having same PAN computed on all India basis.
 - (ii) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person computed for each state separately.
 - (iii) Aggregate value of all taxable intrastate supplies, export of goods/services and exempt supplies of a person having same PAN computed for each state separately.
 - (iv) Aggregate value of all taxable supplies(excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, export of goods/services and interstate supplies of a person having same PAN computed on all India basis and excluding taxes if any charged under CGST Act, SGST Act and IGST Act.
- (a) (i)
 - (b) (ii)
 - (c) (iii)
 - (d) (iv)
10. Warehousing of _____ is exempt from GST.
1. Rice.
 2. Minor forest produce
 3. Jaggery
 4. Whole gram
- a) 1), 2) and 4)
 - b) 1) and 3)
 - c) 2), 3) and 4)
 - d) 3)