Note: All questions are compulsory.

Question 1

A) Assessee: Ms. Rachna Previous Year: 2017-2018 Assessment Year: 2018-2019

Computation of Total Income and Tax Liability (5 marks)

Particulars	`	`
Profit and Gains from Business or Profession: [W.N. 2] Income from Capital Gains - Long Term Capital Gains [W.N. 3]		17,15,500 73,68,000
Gross Total Income		90,83,500
Less: Deduction under Chapter VI A - U/s 80CCD - Contribution to Approved Pension Fund U/s 80D - Medical Insurance Premium of ` 30,000 (Restricted to ` 25,000)	20,000 25,000	
U/s 80E - Interest on Education Loan (Only Interest is eligible u/s 80E)	20,000	(65,000)
Total Income (Rounded Off u/s 288A)		90,18,500
Add: Agricultural Income		2,00,000
Total Income + Agricultural Income		92,18,500
Tax on above = 1,12,500 + (92,18,500 - 10,00,000) x 30%		25,78,050
Less: Rebate on Agricultural Income [5% of 2,00,000] [2,00,000 + 2,50,000] - 2,50,000		10,000
		25,68,050
Add: Education Cess at 2%		51,361
Secondary and Higher Education Cess at 1%		25,681
Net Tax Payable (Rounded off)		26,45,090

Working Notes:

1. Income derived from Sapling or Seedling grown in Nursery shall be deemed to be Agricultural Income and Agricultural Income in India is exempt from Tax u/s 10(1). However, this Income is considered for Agricultural Income aggregation purposes. (1 mark)
2. Computation of Income chargeable under Profits and Gains of Business of Profession:
The Assessee is engaged in the business of Share Trading and hence the Income for the Share Trading Business is taxable under the head "Profits and Gains of Business or Profession" & not under Capital Gains. (2 marks)

Particulars	`	Particulars	`
To Opening Stock of Shares	NIL	By Sales of Shares	1,00,00,000
To Purchases of Shares (80 Lakhs - 30 Lakhs + 70 Lakhs)	1,20,00,000	By Closing Stock	40,00,000
To Contribution to Research Association = 150% of amount paid = (25,000 x 150%)	37,500		
To Depreciation - Computers (60,000 x 40% x 50%) (used < 180 days)	12,000		
To Net Connection Expenses	20,000		
To Salary and Other Expenses	2,00,000		
To Rent (2,500 x 6 Months)	15.000		
To Net Profit	17,15,500		
Total	1,40,00,000	Total	1,40,00,00

Note: It is assumed that the shares included in the Purchases are at Cost. Therefore the given amount of ` 80,00,000 is adjusted to include the Shares given by her friend at Fair Market Value.

3. Computation of Capital Gains: (2 marks)

Particulars	`
Sale Consideration *Less:* Expenses of Transfer	90,00,0081 Nil
Net Consideration *Less:* Indexed Cost of Acquisition - Cost of Acqn to the Previous Owner x $\frac{CII\ of\ year\ of\ Transfer}{CII\ of\ year\ in\ which\ the\ Asset\ is\ first\ held\ by}$ Previous Owner = 6,00,000 x $\frac{272}{100}$	90,00,000 (16,32,000)
Long Term Capital Gain	73,68.004

Note:

(a) In case the consideration is received partly in Cash and partly in the form of an Asset, the full value at consideration shall be the value of Money received and the Fair Market Value of the Asset as on the date of transfer. In this case, the Full Value of Consideration is ` 20 Lakhs + ` 70 Lakhs (FMV c f Shares) = ` 90 Lakhs.

(b) For Assets transferred under Gift / Will / Irrevocable Trust - Cost of Acquisition of Property shall be thq Cost to the Previous Owner. The Cost of the Asset in this case is ` 6,00,000. The CII shall be based ea the period from which the Previous Owner held the Asset.

(c) Since the Asset has been with the Assessee for a period in excess of 24 months it is a Long Tens Capital Asset and hence the Capital Gain arising from such Asset is Long Term Capital Gains.

B) a) Every supplier becomes liable for registration if his turnover exceeds 20lakh rupees [In a state/UT other than special category states] in a financial year)section 22). Since in the given case the turnover of Dhampur Industries exceeded 20 lakh rupees on 1st September, it becomes liable to registration on the said date. Further since the application for registration has been submitted with 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration (section 25 read with Rule 10 of the chapter III- Registration of CGST rules, 2017). Therefore the effective date of registration is 1st September. (2.5 marks)

b) Since in the given case the turnover of Mehta teleservices exceeds 20lakh rupees on 25th October, it becomes liable to registration on said date. Further since the application for registration has been submitted after 30 days from the date such person becomes liable to registration the registration shall be effective from the date of grant of registration. Therefore the effective date of registration is 5th December. (2.5 marks)

C) As Per Section 15(2)(e), the value of supply includes subsidies directly linked to the price, excluding state government and central government subsidies. In this case, the subsidies is not from government but from a philanthropic association. Therefore the subsidies is to be added back to the price to arrive at the to value, which comes to 5 lakh a year.**(5 marks)**

Question 2

A)

Capital Receipts (2 marks)	Revenue Receipts (2 marks)
1. Any amount received towards fixed capital or for fixed asset is Capital Receipt.	1. Amount received tofvards circulating capital or for floating asset is a Revenue Receipt.
2. Any receipt towards substitution of a source of income is a capital receipt.	2. Any receipt towards substitution of income is a revenue receipt.
3. The amount received as a compensation for surrender of any rights of ownership is a capital receipt.	3. Any compensation received for the loss of future profit is a revenue receipt.
4. 4. Profit from Sale of Capital Asset shall be chargeable to tax under the head Capital Gains u/s 45	4. Profits arising from sale of a Trading Asset are taxable as Business Income u/s 28.

Notes:

- Based on Recipient: Whether a receipt is a Capital Receipt or a Revenue Receipt is determined by its nature, in the hands of the Recipient, and not its character in the hands of the Payer.
- Not based on records: The nature of receipt should not be based on the name given to the amount received by the Assessee in his records.
- Installments vs Lump sum: Sometimes, Capital Receipt may be received in installments, and Revenue Receipts may be received in lump sum.

B) Assessee: Mr. X Previous Year: 2017-2018 Assessment Year: 2018-2019

1. Computation of Total Income (1.5 marks)

	Particulars		`
	Salary	(40,000 x 9)	3,60,000
	Taxable HRA	(W.N.I)	9,000
	Taxable Gratuity	(W.N.2)	1,31,250
	Taxable Leave	(W.N.3)	2,15,000
	Gross Salary		7,15,250
	Particulars		`
	Income from Business or Profession	(W.N.4)	NIL
	Gross Total Income		7,15,000
Less:	Deduction under Chapter VI A, i.e. Sec.80C	(W.N.5)	1,50,000
	Total Income		5,65,250

2. Computation of Tax Payable (1.5 marks)

	Particulars	`
	Tax on Total Income [12,500 + (5,65,250 - 5,00,000) * 20%]	25,550
Add:	Education Cess at 2%	511
Add:	Secondary and Higher Education Cess at 1%	256
	Tax Payable on Total Income	26,317
	Tax Payable - Rounded Off (Sec. 288B)	26,320

Working Notes: (1 mark each)

1. Computation of Taxable HRA u/s 10(13A)

	Particulars	`	`
	Amount of HRA Received (10,000 x 9)		90,000
Less:	Amount exempt u/s 10(13 A) = Least of the following -		
	(a) Actual HRA Received	90,000	
	(b) 50% of Salary (Being at Mumbai) = 50% of ` 3,60,000	1,80,000	
	(c) Rent Paid Less 10% of Salary = (13,000 x 9) - (10% of 3,60,000)	81,000	(81,000)
	Taxable HRA		9,000

Note: Salary = Basic + DA (Considered for Retirement Benefits) + Commission as a percentage of Turnover.

2. Taxable Gratuity u/s 10(10)

	Particulars	`	`
	Amount of Gratuity Received		6,00,000
Less:	Amount exempt u/s 10(10) = Least of the following -		
	(d) Actual Gratuity received	6,00,000	
	(e) ½ x Avg. Salary of 10 months x No. of fully completed years of Service		
	($^1/_2$ x 37,500 x 25 Years)	4,68,750	
	(f) Notified Amount	10,00,00	(4,68,750)
	Taxable Gratuity		1,31,250

Note: Average Salary of ` 37,500 is given in the question.

3. Computation of Taxable Leave Encashment

Particulars	`	`
Amount of Leave Encashment Received		5,15,000
Less: Amount exempt u/s 10(10AA) = Least of the following —		
(a) Amount actually received	5,15,000	
(b) Average Salary of past 10 months' Salary x 10 months (37,500 x 10)	3,75,000	
(c) Notified Amount	3,00,000	
(d) Leave Encashment Calculation on basis of 30 days credit for every completed years of service (15 x 25 x ` 37,500 ÷ 30) (assume 30 days credit accumulated 15 days a year)	4,68,750	(3,00,000)
Taxable Leave Encashment		2,15,000

4. Treatment of Loss: Loss under the head Business or Profession cannot be set off against Income under the head Salaries (Sec. 71). So, it shall be carried forward u/s 72 for a period of 8 Assessment Years and can be set off only against Business Income.

5. Computation of Deduction u/s 80C

Particulars	`
Contribution to RPF	22,500
PPF (Maximum Investment ` 1,50,000)	1,20,000
NSC	37,500
Total (Maximum deduction u/s 80C restricted to ` 1,50,000)	1,80,000

C) Consequences of mismatch of supplies:

1. Interest : a recipient in whose output tax liability any amount has brrn added shall be liable to pay interest at the rate specified u/s 50(1) on the amount so added from the the date of availing of credit till corresponding additions are made.(1.33 marks)

2.Reduction in output tax liability : the recipient shall be eligible to reduce, from his output tax liability, the amount added, if the supplier declares the details of the invoice and/or debit note in his valid return whithin the time soecified u/s 39 (9). (1.33 marks)

3.Refund of interest: where any reduction in output tax liabiloity is accepted u/s 42 (7), the interest paid shall be refunded to the recipient by crediting the amount in the corresponding head of his electronic cash ledger in such manner as may be prescribed. The amount of interest to be credited in any case shall not exceed the amount of interest paid by the supplier. (1.33 marks)

Question 3

A) Assessee: Mr. X Previous Year: 2017-2018 Assessment Year: 2018-2019

Computation of Income from House Property (4 marks for each unit)

Particulars	1st Unit (`)	2nd Unit (`)
Nature of House Property	Self Occupied	Let Out
Income from House Property		
Annual Value u/s 23(I)(a) / (b) (See Notes 1 & 2)	NIL	80,000
Less: Municipal Taxes (assumed as paid during the PY) - (` 1,90,000 x 15% x 50%)	NIL	(14,250)
Net Annual Value	NIL	65,750
Less: Deduction u/s 24		

Deduction at 30% of NAV	(` 65,750 x 30%)	NIL	(19,725)
Interest on Borrowed Capital	(` 750 p.m. x 12 months) each for 2 units	(9,000)	(9,000)
Income from House Property		(9,000)	37,025
Taxable Income from House Property		s	

Working Notes:

1. Annual Value of 2nd Unit is determined as under - It is assumed that both the House Properties occup\ equal floor space. [For Municipal Value & Tax Apportionment.]
   (a) Higher of Municipal Value (` 95,000) or Fair Rent (` 92,500) i.e ` 95,000.
   (b) Lower of ` 95.000 (as per (a) above) or Standard Rent (` 81.000).
   (c) Actual Rent Receivable for the whole year of? 96,000 (8,000 x 12) and the Standard Rent of ` 81,000 whichever is higher is the Annual Value.
   (d) However, the annual value shall be the Actual Rent received for let out period, if it is lower owing to vacancy. Hence, Annual Value is ` 80,000 (` 8,000 x 10).
2. Annual Value of 1st Unit: Since the House Property is self occupied by the Assessee, the Annual Value of the property is taken as NIL.
3. Set-off of Losses: Loss from one House property can be set off against Income from another Property, u/s 70.
4. Light and Water Charges, Lease Money, Insurance charges and Repairs are not allowable as deduction u/s 24.

B) (1 mark for each)

Particulars	Taxability		Reason
1. Salary paid by Central Government to an Indian Citizen for the services rendered outside India	Taxable	15,00,000	Payer is Central Government Salary paid for rendering services outside India, deemed to accrue or arise in India. However, exemption is available u/s 10(7) for allowances or perquisites.
2. Legal Charges paid to a Lawyer of London who visited India to represent a case at Supreme Court	Taxable	7,50,000	Legal Charges paid to a Non-Resident for earning any source of Income in India is deemed to accrue or arise in India.
3. Royalty paid by a Resident to a Non-Resident for a Business carried on outside India	Not Taxable	NIL	Payment relating to a Business or Profession carried on outside India, not deemed to accrue or arise in India.
4. Interest payment by a Non- Resident for carrying on Business or Profession in India	Taxable	1,00,000	U/s 9(1 Xv), Interest paid by Non-Resident for the puipose of carrying on Business or Profession in India is deemed to accrue or arise in India.

C) Services provided to a recognized sports body by an individual inter alia as a referee in a sporting event organized by a recognized sports body is exempt from GST. Since in the first case, the football match is organized by Sports Authority of India, which is a recognized sports body, services provided by the individual as a referee in such football match will be exempt. However, when he acts as a referee in a charity football match organized by a local sports club, he would not be entitled to afore-mentioned exemption as a local sports club is not a recognized sports body and thus, GST will be payable in this case.(4 marks)

Question 4

A) Assessee: Rao & Jain Previous Y ear: 2017-2018 Assessment Year: 2018-2019

	Particulars (8 marks)	`	`
	Net Profit of the Firm before deduction of the follow ing items -	7,00,000	
Less:	Depreciation u/s 32 of the IT Act	(1,50,000)	
	Profits before Deduction u/s 40(b)		5,50,000
Less:	u/s 40(b) Interest as per P'ship Deed (or) 12% p.a. whichever is less is allowed So, 5,00,000 x 12%		(60,000)
	Book Profits u/s 40(b)		4,90,000
Less:	Allowable Salary for Partners - Maximum Permissible Remuneration		
	(a) On First ` 3,00.000 = ` 1,50,000 or 90% of 3,00,000, whichever is higher	2,70,000	

Balance ` 1,90,000 = 60% of 1,90,000	1,14,000	
	3,84.000	
(b) Salary as per Partnership Deed = 20,000 x 2 Partners x 12 months	4,80,000	
Thus, u/s 40(b), Least of (a) or (b) is allowable		(3,84.0001
Profits and Gains from Business or Profession		1,06,000

Note: In the Partner's individual assessment, taxable Remuneration will be ` 1,95,000 each since that is the amount allowed as deduction for the Firm (i.e. ` 3,84,000 ÷ 2 Partners).

B) Assessee: Mr. Rajmohan Previous Year: 2017-2018 Assessment Year: 2018-2019

Computation of Total Income (4 marks)

Particulars		`
Gross Total Income		6,40,000
Less: Deductions under Chapter VI-A		
U/s 80C - 5 Years Time Deposit in an account under Post Office Time Deposit Rules	20,000	
- Stamp Duty Paid on Acquisition of Residential House allowed u/s 80C	50,000	(70,000)
U/s 80E - Interest on Loan taken for Higher Education of Spouse		(10,000)
U/s 80G - Donation to Trust = Lower of the following		
• 50% of ` 56,000 [(` 6,40,000 - ` 80,000) x 10%]	28,000	
• 50% of ` 25,000	12,500	(12,500)
Total Income		5,47,500

C) (1 mark each)

a. A consulting firm managing the IPO process of a listed company under a contract to finish the work in 4 months	Continuous supply of service since the contracted period is greater than 3 months
b. Implementation of of an ERP sstem for a company for period more than 3 months	Continuous supply of service since the contracted period is greater than 3 months
c. Service for which the entire consideration is paid at the beginning of the contract itself	Not a continuous suppkly of service, since one of the conditions for continuous supply of service is that payment must be periodical or from time to time.
d. Servce which is completed within 3 months, but payment is received over a period excedding 3 months.	Not a continuous supply of service, because the service as such must prevail for a period excedding 3 months

Question 5

A) Assessee: Mr. C Previous Year: 2008-2009 Assessment Year: 2009-2010

1. Transfer: Conversion of a Capital Asset into Stock-in-Trade is a transfer liable for Capital Gains.
2. Year of Taxation: Capital Gains shall be taxable as Income of previous year in which the converted stock is sold.
3. Year for Indexation: Indexation shall apply only on the basis of Year of Conversion.
4. The Indexed Cost of Acquisition shall be the Original Cost to the Previous Assessee or the FMV as on 01.04.2001, whichever is higher. Hence, the Cost shall be ` 16,00,000.
5. CII should be based on the year in which the Asset is first held by the Previous Owner and not the Assessee. In this case since both the holding year falls before 01.04.2001 the CII shall be taken as 100. [C1T vs Manjula J. Shah 204 Taxmann 691 (Bom.)]

Particulars (5 marks)	`
Profits and Gains of Business or Profession: A Business Income on Sale of Stock = Sale Value Less FMV on conversion = 75,00,000 - 50,00,000	25,00,000

Capital Gains: Consideration for transfer = Fair Market Value on date of conversion Less: Indexed Cost of Acquisition [Cost of Acquisition x $\frac{CII\ of\ Year\ of\ Conversion}{CII\ of\ Year\ of\ Acquisition}$] (16,00,000 x $\frac{113}{100}$)		64,00,000 (18,08,000)
Long Term Capital Gain Less: Exemption u/s 54 - Least of the following (a) Long Term Capital Gain (b) Cost of New Property	 45,92,000 50,00,000	45,92,000 (45,92,000)
Taxable Long Term Capital Gain B		NIL
Gross Total Income (A + B) (Rounded off)		25,00,000

Assessee: Mr. C Previous Year: 2017-2018 Assessment Year: 2018-2019

Particulars (3 marks)	`
Sale Consideration (Note) Less: Expenses (Brokerage at 1% on 80,00,000)	98,50,000 80,000
Net Consideration	97,70,000
Less: Indexed Cost (a) Cost of Acquisition: Cost of Acquisition x $\frac{CII\ of\ Year\ of\ Transfer}{CII\ of\ YEar\ of\ Acquisition}$ = 50,00,000 x $\frac{272}{137}$	(99,27,007)
(b) Cost of Improvement: Cost of Improvement x $\frac{CII\ of\ Year\ of\ Transfer}{CII\ of\ Year\ of\ Improvement}$ = 5,00,000 x $\frac{272}{148}$	(9,18,919)
Long Term Capital Loss	(10,75,926)

Notes:

1. U/s 50C where the value declared by Assessee is less than Stamp Duty Authority Value, value adopted by Stamp Duty Authority shall be treated as sale consideration for the purpose of Capital Gains.
2. Where the value determined by the Valuation Officer exceeds the value adopted by the Stamp Valuation Authority, the Capital Gain shall be computed based on the value adopted by Stamp Duty Authority only.

B) (1 mark for each)

Advance Tax Payable = (65,000 - 5,000)	` 60,000
I$^{s'}$ Installment: 15th June 2017 = 15% of ` 60,000	` 9,000
2nd Installment: 15th September 2017 = 45% of ` 60,000	` 27,000 (Cumulative) (18,000 Incremental)
3rd Installment: 15th December 2017 = 75% of ` 60,000	` 45.000 (Cumulative) (18,000 Incremental)
4^{lh} Installment: 15^{lh} March 2018 = 100% of ` 60,000	` 60,000 (Cumulative) (15,000 Incremental)

C) consequence of cancellation of registration: (1 mark for each)

1. Cancellation does not afftect liability: it doent afftect the liability to pay tax and other dues or to discharge any obligation under this act or the rules made thereunder for any period prior to the date of cancellation
2. Deemed cancellation: cancellation of registration under SGCT OR UTGST ACT, shall be deemed to be cancellation of registration under this act.
3. Debit in the electronic cash/credit ledger : every registered person whore registration is cancelled shall pay an amount , by ey of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi – finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in prescribed manner.

4 In case of capital goods or plant and machinery, the taxable person shall pay an amount equal to the input tax credit taken on the said capital goods or plant and machinery, reduced by percentage points as may be prescribed or the tax on the transaction value of such capital goods or plant and machinery u/s 15, whichever is higher calculated prescribed manner.

Question 6

A) Computation of Total Income (1 mark for each calculation)

Particulars	Minor Son (`)	Mr. A (`)	Mrs. A (`)
Income from Salaries [(10,000 x 12) and (20,000 x 12)]	-	1,20,000	2,40.000
Income from Profession (Commission received) [WN 2]	-	25,000	-
Income from Other sources			
(i) Income from Fixed Deposit [` 5,00,000 x 9%] [WN 1]	-	45,000	-
(ii) Income from Flat [WN 3]	-	52,000	-
(iii) Income from Business Activity (Involving Application) [WN 6]	20,000	—	—
Total Income (before including Minor's Income)	20,000	2,42,000	2,40,000
Add: Minor's Share of Income from Invst. in Business [WN 4, 5]	-	20,000	-
Less: Exemption u/s 10(32)	-	(1,500)	-
Gross Total Income	20,000	2,60,500	2,40,000
Less: Deduction under Chapter VI A	Nil	Nil	Nil
Total Income	20,000	2,60,500	2,40,000

Notes:

1. In case of Transfer of income without transfer of assets, the Income is taxable in the hands of the transferor.
2. Remuneration of spuse from a concern in which the individual has substantial interest other than fo rexercising professional knowledge is clubbed in the hands of the individual.
3. Income rom Assets transferred to the Spouse, for inadequate consideration is clubbed in the hands of the Individual.
4. Income of the Minor Child shall be clubbed in the hands of the Parent whose Total Income is greater. The Parent in whose hands the Minor`s Income is clubbed is entitled to an exemption u/s 10(32), Rs. 1,500 per child.
5. Gift received from a relative is not taxable. Hence, Rs. 200,000 received by Minor Son from his father Mr. A is not taxable in the hands of minor son.
6. Income of the Minor Child on account of any activity involving application of skills, talent or specialized knowledge and experience shall not be clubbed.

B) Individuals have to file their Return, if the Total Income before giving exemption u/s 10(38)/10A/10B/10BA or Deductions under Chapter VI-A exceeds the maximum amount not chargeable to tax. Hence, Mr. Atal has to file his Return of Income for the AY 2018-2019, as his Gross Total Income exceeds the maximum amount no: chargeable to tax of ` 5,00,000.(4 marks)

C) As the coupons can be used for varity of food items which are taxed at different rates, the supply cannot be identified at the time of purchase of the coupons. Therefor, the time of supply of the coupons is the date of their redemption in term of section 12(4) **(4 marks)**

Question 7

A) Assessee: Mr. X Previous Year: 2017-2018 Assessment Year: 2018-2019

Computation of Total Income (1 mark for each)

Particulars	`	`	`
Income from House Property			3,70,000
Profits and Gains of Business or Profession			
Income from Growing & Manufacturing Coffee (Rule 7B) ` 1,00,000 x 40%	40,000		
Income from Other Businesses	90,000	1,30,000	
Less: Set-off of the following:			
Current Year Depreciation		(30,000)	
Unabsorbed Business Loss brought forward		(70,000)	
Unabsorbed Brought Forward Depreciation of ` 1,40,000 (restricted to Business Income) i.e. ` 1,30,000 - ` 30,000 - ` 70,000		(30,000)	NIL
Capital Gains			
Long Term Capital Gain on Sale of Debentures	2,00,000		
Long Term Capital Loss on Sale of Shares (Note 2)	(40,000)	1,60,000	
Short Term Capital Gain on Sale of Jewellery	1,60,000		
Less: Unabsorbed Depreciation set off against LTCG [` 1,40,000 - ` 30,000 (already set-off against Business Income)] (Note 1)	(1,10,000)	50,000	2,10,000
Income from Other Sources			
Dividend on Shares held as Stock-in-Trade	10,000		

Particulars	`	`	`
Dividend from a Company carrying on agricultural activities	12,000	22,000	
Less: Exemption u/s 10(34)		(22,000)	NIL
Gross Total Income			5,80,000
Less: Deduction under Chapter VI-A: (			
U/s 80C Investment in NSC		1,00,000	
U/s 80G Donation to Local Authority for Family Planning = Least of actual donation of t 35,000 or 10% of (Gross Total Income - LTCG -Other Deductions) i.e. 10% of (5,80,000 - 1,60,000 - 1,00,000)		32,000	(1,32,000)
Total Income			4,48,000
Agricultural Income for Rate Purposes = 60% of ? 1,00,000			60,000
Total Income Including Agricultural Income			5,08,000
Tax on Total Income including Agricultural Income			
Tax on Long Term Capital Gain at 20% = ` 1,60,000 x 20%		32,000	
Balance Income of (5,08,000 - 1,60,000) = ` 3,48,000 (` 3,48,000- ` 2,50,000) x 10%		9,800	41,800
Less: Rebate on Agricultural Income = Tax on (Agricultural Income + Basic Exemption) = [(` 60,000 + X 2,50,000) - ` 2,50,000] x 10%			(6,000)
Net Tax Payable after Agricultural Income Rebate			35,800
Add: Education Cess at 2%			716
Add: Secondary and Higher Education Cess at 1%			358
Net Tax Payable (Rounded Off)			36,874

Notes:

1. Balance in Unabsorbed Depreciation has been claimed against Short Term Capital Gain, as it is subject to higher rate of taxation than Long Term Capital Gain and hence is more beneficial to the assessee.
2. Shares: Shares are assumed as not listed and not subject to Securities Transaction Tax.

B) Previous Year: 2017-2018 Assessment Year: 2018-2019

Tax Implications in the hands of Mr.X(1.33 marks)	1. As per Sec.50C, the Stamp Duty Value of House Property (i.e. ` 85 Lakhs) is deemed to be the Full Value of Consideration arising on transfer of property. Also the Property is held for less than 36 months and is hence an STCA. 2. Short Term Capital Gain on Sale of Bangalore Property in Asst. Year 2018-2019 = Consideration ` 85 Lakhs (-) Cost of Acquisition ` 40 Lakhs = STCG ` 45 Lakhs 3. Since Rural Agricultural Land is not a Capital Asset, the gains arising on sale of such land is not taxable in hands of Mr.X.
Tax Implications in the hands of Mr.Y (1.33 marks)	1. If Immovable Property is received for inadequate consideration, the difference between the Stamp Duty Value and actual consideration would be taxable/s 56(2)(vii), if such difference exceeds ` 50,000. 2. Therefore, in this case ` 25 Lakhs (` 85 Lakhs - ` 60 Lakhs) would be taxable in the hands if Mr.Y u/s 56(2)(vii) in respect of Bangalore Property. 3. However, since Agricultural land is not a Capital Asset, the provisions of Sec.56(2)(vii) are not attracted in respect of receipt of Agricultural Land for inadequate consideration since the definition of property u/s 56(2)(vii) includes only Capital Assets specified thereunder.
TDS Implications in the hands of Mr.Y(1.33 marks)	4. Since the Sale Consideration of Bangalore House Property exceeds ` 50 Lakhs, Mr.Y is required to deduct Tax at Source u/s 194-IA. 5. Tax to be deducted u/s 194-IA = 1% of ` 60 Lakhs = ` 60,000. 6. TDS u/s 194-IA are not attracted in respect of transfer of Rural Agricultural Land.

C) The following categories of person shall be required to obtain compulsory Registration. (4 marks)

1. Persons making any Inter-State taxable supply.
2. Casual taxable persons making taxable supply.
3. Persons who are required to pay tax under Reverse Charge.
4. Non-Resident taxable person making taxable supply.
5. Persons who are required to deduct tax u/s 51
6. Persons making taxable supply on behalf of other taxable persons whether as an agent or otherwise.
7. Input Service Distributor
8. Persons who supply goods or services through electronic commerce operator
9. Every electronic commerce operator
10. Every person supplyuing Online Information and Data base Access or Retrieval services (OIDAR) from a place outside India to a person in India, other than a registered person.
11. Such other person or class of persons as may be notified by the Government.