

SECTION A: INCOME TAX LAWS (60 Marks)

Working notes should form part of the answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answers to Question in Division A, working notes are not required.

The relevant assessment year is A.Y. 2020-21

Division A-Multiple Choice Questions

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. Mr. Bhagirath is a salaried person. He owns three residential house properties at Ahmedabad. House 1&2 both are self-occupied and House-3 is Let out. Municipal Value of House-1 is ` 3,00,000, municipal tax is 20%. Municipal value of House-2 is ` 5,00,000 & Fair rent is ` 6,00,000. For house-3 Municipal value is ` 5,00,000, Fair rent is ` 600,000. Maximum rent that can be collected by owner is ` 5,50,000 as per rent control act. Municipal tax is 10% (Half is paid by owner and remaining paid by tenant). This house is rented to Mr. Mohan who is giving rent of ` 51,000 per month. However, 2 months rents are not realised but conditions of Rule 4 are also not satisfied. Loan is taken in house 1 for repairs. Interest for the year is ` 40,000. Loan is also taken on house 3 for repairs & Interest for the year ` 2,50,000 (Not paid).

Mr. Bhagirath has other business income ` 200,000 which is accrued in USA but controlled from India. His stay in India during P.Y. 2019-20 is 180 days and in last 4 P.Y. together 370 days. Prior to that he was completely in India. He went abroad in all the year just for trip purpose and not for employment purpose.

- (i) What is house property income of Mr. Bhagirath for House-3?

- (a) ` 1,60,900 (b) ` 72,000
 (c) ` 89,500 (d) Nil

(ii) What is residential Status of Mr. Bhagirath for P.Y. 2019-20?

- (a) Resident & ordinary resident
 (b) Resident but not ordinary resident
 (c) Non resident
 (d) None of the above

(iii) What will be Total Income of Mr. Bhagirath for the year?

- (a) ` 1,30,900 (b) ` 3,30,900
 (c) ` 3,60,900 (d) ` 3,20,900

(iv) What will be Total Income of Mr. Bhagirath for the year if his stay in preceding 4 years is 360 instead of 370?

- (a) ` 3,30,900 (b) ` 3,60,900
 (c) ` 1,30,900 (d) ` 3,20,900

(v) In the original question what will be tax payable?

- (a) ` 4050 (b) ` 4207
 (c) ` 4210 (d) NIL

(5 * 2 Marks)

2. Mr. Jupitar do not have any house property prior to 2019-20. In the year 2019-20 he got housing loan sanctioned from Bank of Baroda for ` 50,00,000 @10% (Disbursed on 1/4/19). The actual value of the house property is ` 60,00,000 & Stamp duty is ` 40,00,000. The house is self-occupied during the year. What will be eligible for deductions?

- (a) U/s 24(b) ` 2,00,000
 (b) U/s 24(b) ` 200,000 & ` 50000 U/s 80EE
 (c) U/s 24(b) ` 200,000 & ` 50000 U/s 80EEA

(d) U/s 24(b) ` 200,000 & ` 150000 U/s 80EEA

(2 Marks)

3. Mr. Umang (NR) gave a loan of ` 10,00,000 to Mr. Pavan (NR). Mr. Pavan is using ` 600,000 for business in India and ` 400,000 for purchasing land in India. During the year Mr. Pavan paid Interest of ` 200,000. Discuss taxability.

(a) ` 120000 is taxable to Mr. Umang

(b) Nothing is taxable Mr. Umang

(c) ` 80000 is taxable Mr. Umang

(d) ` 2,00,000 is taxable to Mr. Umang

(2 Marks)

4. Mr. A has following turnover of his business. Determine presumptive PGBP Income as per section 44AD (Return filing due date is 31.7.20)

Turnover Amt	Received On	Received Through
10,00,000	28.3.20	A/c payee cheque
20,00,000	1.1.20	Paytm
35,00,000	20.4.20	Cash
40,00,000	1.5.20	NEFT
25,00,000	30.8.20	ECS

(a) ` 10,40,000

(b) ` 7,80,000

(c) ` 9,00,000

(d) ` 7,15,000

(2 Marks)

5. Coffee Ltd. paid rent of building to Mr. Starbucks for ` 2,10,000 & rent for plant for ` 50,000. What will be TDS liability for the company?

(a) TDS u/s 194I ` 26000

(b) TDS u/s 194I ` 5200

(c) TDS u/s 194I ` 22000

(d) No TDS.

(1 Mark)

6. Interest on recognized PF is exempt upto:

(a) 12% p.a

(b) 9.5% p.a.

(c) 10% p.a.

(d) Fully Taxable

(1 Mark)

Division B -Descriptive Questions**Question 1 is compulsory****Attempt any two questions from the remaining three questions****Q.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, 2020:

	Rs.
Basic salary	4,80,000
Bonus	1,30,000
Commission (fixed)	1,58,000
House rent allowance	1,20,000
Employer's contribution towards recognized provident fund	62,400

During the previous year 2019 – 20, 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, 2019 and from B Rs. 26,000 on March 1, 2020. During the previous year 2019 – 20, 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 2020 – 21.

(14 Marks)

2. (a) Mr. Vijay, a citizen of India, came to India during the year for visit purpose on 1.5.19 and left India on 28.10.19. During the year he earned following Incomes:

Particulars	Amount
Basic Salary paid by Government of India for working in embassy office outside India(Fully received outside India)	₹ 10,000 P.M.
Allowances Paid by Government of India for the same job.	₹ 5000 P.M.
Capital gain (Computed) for Land sold outside India amount received in India directly (It was purchased 5 years back)	₹ 200,000
Business in France, controlled in France, received half in India and half in France	₹ 100,000
Life Insurance Premium Paid	₹ 130,000

You are required to compute his total income & Tax payable for the assessment year 2020-21.

(9 Marks)

- (b) Examine and compute the liability for deduction of tax at source, if any, in the cases stated hereunder, for the financial year ended 31st march,2020.

- (a) Mr. Jerry (last year turnover of business more than ₹ 1,00,00,000) during the year paid ₹ 200,000 to Mr. Tom for carrying out some work as per the specification in his goods. He only supplied goods to Mr. Tom.
- (b) Ms. Vasundhara is a salaried person. During the year she paid rent for the house to Mr. Sachin for ₹ 60,000 per month. Mr. Sachin don't have PAN.
- (c) Amitabh Bachan Private Limited paid interest of ₹ 100,000 for the year 2019-20 to Bank of Baroda for business loan.

(2 + 2 + 1 Marks)

- Q.3 (a)** Mr. Arjun is carrying on business having 2 units. Unit A is running Hospital having 150 Beds in Ahmedabad & Unit B is running Hospital having 70 Beds in Baroda. Both Units commenced operations in 2018-19. During the year capital expenses for Land and building was done in Unit A worth ` 30,00,000 (Land cost-20,00,000 & Building cost-10,00,000) For Unit B ` 20,00,000(Land and building cost equal).

Mr, Arjun is also having a Unit C in SEZ which commenced its operation in 2017-18.

Data related to all 3 units are given below:

Unit	Domestic Turnover	Export Turnover	Net Profit
A	40,00,000	20,00,000	20,00,000
B	15,00,000	5,00,000	7,00,000
C	20,00,000	30,00,000	6,00,000

Determine Tax payable by Mr. Arjun for the PY 2019-20 considering all provisions of Income Tax Act, 1961.

(10 Marks)

- (b)** Mr. Amitabh has gifted a house property to his daughter in law Aishwarya. Aishwarya is getting rent of ` 10,000 per month. She invests this rent income in Bank FD and yearly gets interest of ` 12,000.

Mr. Amitabh has received during the year Dividend from Reliance Industries Ltd. For ` 15,00,000. He also has business loss of ` 300,000.

Compute Total Income of Mr. Amitabh for the year 2019-20.

(4 Marks)

Q.4 (a) Mr. Mohan (Resident, 65 years) sold his ongoing business on 1.4.19 which was setup 5 years before. The whole business was sold in ` 30,00,000. Balance sheet of the business is as under:

Liability	`	Asset	`
Capital	25,00,000	Land	13,50,000
Revaluation Reserve on Land	2,00,000	Building	8,00,000
Profit & Loss A/c	1,00,000	Plant & Machinery	10,00,000
Sundry Creditors	4,50,000	Cash	2,00,000
Bank Loan	2,00,000	Other Asset	1,00,000
Total	34,50,000	Total	34,50,000

1. WDV of building as per Income Tax Act is 9,00,000. All other depreciable asset is having same value as shown in Income tax return.
2. Half Plant & Machinery was used for specified business U/s 35AD.
3. Other asset Includes goodwill purchased on 1.4.2018 for ` 20,000 on which no depreciation was claimed.
4. On sale of business no value is assigned to individual asset.
5. Expenses on this transfer is ` 25000.

Calculate Capital Gain amount & tax payable by Mr. Mohan assuming he don't have other incomes.

(10 Marks)

(b) Who is authorised to verify return of income for the followings U/s 140:

1. Partnership Firm
2. LLP
3. HUF
4. AOP

(4 Marks)

Section B – Indirect Tax

Working Notes Should Form Part of Answers

New Question Should be on New Page

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given.

Division A - Multiple Choice Questions

1. Mr. Keyur, a chartered accountant (unregistered under GST Law) of Gujarat providing services as an author to PK Pvt. Ltd. of Maharashtra, a well known publisher of commerce stream for which he get royalty of ` 5,00,000 find out whether GST payable in this transaction? If yes, by whom?
(a) Not Liabile for GST
(b) GST Payable by Mr. Keyur
(c) GST Payable by PK Pvt. Ltd.
(d) Partly Payable by Both.
2. What would be your answer, if in above (1) question, given that Mr. Keyur is registered under GST Law and has filed declaration in the form Annexure I, with the jurisdictional CGST or SGST commissioner.
(a) Not Liabile for GST
(b) GST Payable by Mr. Keyur
(c) GST Payable by PK Pvt. Ltd.
(d) None of the above.
3. Members of “Raghupati Ni Ketan” housing society [a low-rise 3 floor building in Ahmedabad] approached a well known Builder Bakeri Group for redevelopment of building as per new norms of Govt.
Builder agreed and started construction of building as per new FSI and incurred ` 4.70 crores for procurement of goods and services which are used in construction of building (which includes ` 70 lakhs for cements and ` 2 crores for other materials purchased from unregistered person) In this transaction GST payable by Bakeri Group under reverse charge is ` _____
(a) 23,50,000
(b) 31,68,000
(c) 38,68,000
(d) 48,60,000

(Each of 2 Marks)

	Particulars	GST paid (₹)
(i)	Lease of cabs used for the transportation of its employees	3,30,000
(ii)	Goods consisting of three lots, out of which first lot was received during the month	1,25,000
(iii)	Raw Materials (out of three items, invoice for one item was missing and GST paid on that item was ₹ 25,000)	2,50,000
(iv)	Food catering service availed on Women's day	72,000

Determine the amount of input tax credit available with M/s Fun Pharma Private Limited for the month of September, 2019. All the conditions necessary for availing the input tax credit have been fulfilled.

- (a) ₹ 6,96,667 (b) ₹ 6,21,667
(c) ₹ 7,05,000 (d) ₹ 2,25,000

9. Zebra, a supplier of goods located at Jaipur paid GST under regular scheme. The supplies are chargeable to GST @ 18%. The outward taxable supply in the month of February, 2019 made by him of Intra-state ₹ 2,00,000 and Inter-state ₹ 5,00,000. The net tax liability under SGST shall be _____, if he is having the Opening Balance of ITC available of ₹ 45,000 each under CGST and SGST and of ₹ 55,000 under IGST.

- (a) ₹ 26,000 (b) ₹ 19,000
(c) (₹ 19,000) carried forward (d) None of the above

(Each of 1 Mark)

Division B-Descriptive Questions**Question 5 is compulsory****Attempt any two questions from the remaining three questions****All questions should be answered on the basis of position of GST law as amended up to 30th April, 2020.**

Working notes should form part of the answer.

Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of note.

Q.5 X Ltd. provides taxable as well as exempted services. Turnover of X Ltd. during the month of October, 2019 is as under:

Particulars	₹
Value of exempted supply of services	15,00,000
Value of taxable supply of services	32,00,000
Value of Zero rated taxable Supply of services	8,00,000
Supply of services made for personal use	5,00,000
Total	60,00,000

Details of Input tax credit for the month of October, 2019 are as under

(amount in ₹)

Particulars	CGST	SGST	IGST
Total Input tax			
The above Input tax on input services includes the following:	1,08,000	1,08,000	54,000
(i) Input tax on input services exclusively used for supplying exempted services	18,000	18,000	7,200
(ii) Input tax on input services exclusively used for supplying taxable services (including Zero rated supplies)	54,000	54,000	3,600
(iii) Input tax on inputs which are not eligible u/s 17(5)	18,000	18,000	6,300
(iv) Input tax on input services exclusively used for supplying services for personal use	10,800	10,800	5,400

What would be the entitlement of input tax credit of X Ltd. for month of October, 2019 under Rule 42 of the CGST Rules and also calculate the amount to be reversed in GSTR - 3B by X Ltd. **(8 Marks)**

Q.6 (a) Decide with reason whether the following independent services are exempt under CGST Act, 2017:

- (i) IIM, Ahmedabad starts Executive Development Program (EDP) of 15 days for the graduate students to enhance their skills.
- (ii) Kamal Goods Transport Agency provides transportation of goods services to Governmental agencies, which has taken registration under the Central Goods and Services Tax Act, 2017 for making a taxable supply of goods or services.

(4 Marks)

- (b) (i)** Jasoos Ltd. deployed 3 security guards to a Zaveri Tribhovan Bhimji, a registered person under GST, find out who is liable to pay GST in this transaction?
- (ii)** What would be your answer if security service provided to a composition dealer instead of Zaveri Tribhovan Bhimji, a registered person under GST?
- (iii)** Will your answer change in the first question if it is given that security service provided by Mr. Jagga instead of Jasoos Ltd.?

(3 Marks)

- (c)** Shiva foods Pvt. Ltd. of Madhya Pradesh supplied goods worth ` 5,00,000 plus 12% GST to M/S Arvind kumar & Sons of Gujarat on 10th April, 2020 but goods found inferior in quality to recipient and he denied to take delivery of the goods so supplier offered ` 1,00,000 discount and reduced the sale price to ` 4,00,000 and accordingly Shiva foods Pvt. Ltd. issued credit note of ` 1,00,000 plus 12%. Find out taxable value of this transaction as per GST Law.

(3 Marks)

Q.7 (a) Jai hind Sweets, retailer registered under GST as a normal tax payer in Delhi wants to start another branch in Delhi and wants to transfer half of the assets to new branch and for that owner wants to take separate registration for new branch in the same state. Is it possible as per provisions of GST Law to take multiple registrations in the same state?

Owner of Jai hind Sweets is of the opinion that since half of his assets transfer to new branch so he can transfer half of his GST credit also to newly opened branch. Is his opinion correct? Answer with brief provision.

(4 Marks)

(b) Mr. Raja sells agricultural produce by utilizing the services of Mr. Gulam who is a commission agent as per the Agricultural Produce Marketing Committee Act (APMC Act) of the State. Mr. Gulam identifies the buyers and sells the agricultural produce on behalf of Mr. Raja for which he charges a commission from Mr. Raja. In this situation whether Mr. Gulam is liable to registered under GST Law?

Will your answer change if Mr. Gulam is issuing invoices to the buyer in his name so by considering as an agent as covered under Para 3. of Schedule I?

(4 Marks)

(c) Dwiti Enterprises has made a cash deposit of ` 10,000 under minor head 'tax' of major head 'SGST'. It has a liability of ` 2,000 for minor head "Interest" under the major head "SGST".

State whether Dwiti Enterprises can utilize the amount available for payment of interest.

(2 Marks)

Q.8 (a) What is the eligibility criteria for GSTP? What are the activities which can be undertaken by a GSTP?

(3 + 2 = 5 Marks)

Answer either 8(b) or 8(c) but not both

(b) In accordance with the provisions of Input Tax Credit advice with brief explanation whether followings are eligible for credit or not

- (i) ITC on buses (seating capacity for 14 persons) purchased by a company for transportation of its employees from their residence to office and back.
- (ii) Outdoor catering service is availed by a company to run a free canteen in its factory. The Factories Act, 1948 requires the company to set up a canteen in its factory.
- (iii) ITC on works contract services availed by an automobile company for construction of a foundation on which a machinery (to be used in the production process) is to be mounted permanently
- (iv) MN & Constructions procures cement, paint, iron rods and services of architects and interior designers for construction of a commercial complex for one of its clients.
- (v) Services of repair and maintenance of motor lorries used for transportation of goods.

(5 Marks)

(c) What are the provisions of E-way Bill in case of 'Bill To Ship To' Model?

Write down any three Situations where E-way Bill is not required to be generated

(2 + 3 = 5 Marks)