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CA INTERMEDIATE

SUBJECT- TAXATION

Test Code – JKN_TAX_13

BRANCH - () (Date :)

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- NOTES: (1) WORKING NOTES SHOULD FORM PART OF ANSWERS.
 (2) INTERNAL WORKING NOTES SHOULD ALSO BE CONSIDERED.
 (3) NEW QUESTION SHOULD BE ON NEW PAGE

SECTION – A: INCOME TAX LAW (60 MARKS)

Division A – Multiple Choice Questions

ANSWER - 1

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

DIVISION B –DESCRIPTIVE QUESTIONS

ANSWER - 1

Computation of Taxable Income of Mr. Jagdish for the A.Y.2020-21

Particulars	Rs.	Rs.
Salaries		
Basic Salary = Rs. 51,000 x 12	6,12,000	
Dearness Allowance (DA) = Rs. 10,000 x 12	1,20,000	
House Rent Allowance (HRA) = Rs. 4,000 x 12	Rs. 48,000	
Less: Least of the following exempt u/s 10(13A)	<u>Rs. 10,800</u>	
	37,200	
(i) HRA actually received = Rs. 4,000 x 12 = Rs. 48,000		
(ii) Rent paid (-) 10% of salary [Rs. 84,000 (i.e., Rs. 7,000 x 12) (-) Rs. 73,200 (10% of salary i.e., 10% of Rs. 7,32,000 (Basic Salary + DA))] = Rs. 10,800		
(iii) 50% of salary [50% of Rs. 7,32,000 (Basic Salary + DA)] = Rs. 3,66,000		
Gross Salary	7,69,200	
Less: Standard deduction u/s 16(ia)	50,000	
		7,19,200
Income from house property		
Gross Annual Value [Rs. 46,000 x 9] ¹	4,14,000	
Less: Municipal tax paid during the P.Y. 2019-20	<u>27,000</u>	
Net Annual Value	3,87,000	

Less: Deduction u/s 24 [30% of Net Annual Value]	<u>1,16,100</u>	2,70,900
Profits and gains of business or profession		
Profits from share business	1,70,000	
Less: Securities transaction tax paid deductible u/s 36(1)(xv)	<u>30,000</u>	1,40,000
Particulars	Rs.	Rs.
Capital Gains		
Full value of consideration	<u>2,00,000</u>	
Less: Cost of acquisition of bonus shares allotted on or after 1.4.2001	<u>Nil</u>	
Long-term capital gains (since bonus shares are held for a period of more than 24 months)		2,00,000
Income from Other Sources		
Dividend received from domestic company	<u>13,00,000</u>	
Less: Exempt under section 10(34)	<u>10,00,000</u>	
Dividend in excess of Rs. 10 lakh chargeable to tax u/s 115BBDA@10%	<u>3,00,000</u>	
Interest from saving bank account deposits with IDBI Bank	<u>15,000</u>	
Lottery winnings [21,000 x 100/70]	<u>30,000</u>	3,45,000
Gross Total Income		16,75,100
Less: Deduction under Chapter VI-A		
Section 80C		
Deposits in PPF Rs. 2,00,000		
Restricted to Rs. 1,50,000, being the maximum allowable deduction	<u>1,50,000</u>	
Section 80D		
Medical insurance premium for wife and dependent son Rs. 31,000, restricted to	<u>25,000</u>	
Section 80TTA		
Interest on saving bank account deposit	<u>10,000</u>	1,85,000
Total Income		14,90,100

(10 MARKS)

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

Particulars	Rs.	Rs.
Tax on total income of Rs. 14,90,100		
Tax on long-term capital gains of Rs. 2,00,000@20% u/s 112	40,000	
Tax on lottery income of Rs. 30,000 @30% u/s 115BB	9,000	
Tax on dividend income of Rs. 3,00,000@10% u/s 115BBDA	30,000	
Tax on other income of Rs. 9,60,100 [Rs. 14,90,100 – Rs. 2,00,000, capital gains – Rs. 30,000, lottery income – Rs. 3,00,000, dividend income]		
Upto Rs. 2,50,000	Nil	
Rs. 2,50,001 – Rs. 5,00,000 [i.e., Rs. 2,50,000@5%]	12,500	
Rs. 5,00,001 – Rs. 9,60,100 [i.e., Rs. 4,60,100@20%]	92,020	1,83,520
Add: Health and education cess@4%		<u>7,341</u>
Tax liability		1,90,861
Less: Tax deducted at source ²		
TDS on lottery income		<u>9,000</u>
Tax Payable		<u>1,81,861</u>
Tax Payable (rounded off)		1,81,860

(4 MARKS)

ANSWER – 2

ANSWER - A

Mr. Shridhar is a non-resident for the A.Y.2020-21, since he was not present in India at any time during the previous year 2019-20 [Section 6(1)].

As per section 5(2), a non-resident is chargeable to tax in India only in respect of following incomes:

- (i) Income received or deemed to be received in India; and
- (ii) Income accruing or arising or income deemed to accrue or arise in India.

Computation of Gross Total Income of Mr. Shridhar for A.Y. 2020-21

Particulars	Rs.
Salaries	
Salary from Government of India	9,25,000
(Income chargeable under the head 'Salaries' payable by the Government to a citizen of India for services rendered outside India is deemed to accrue or arise in India under section 9(1)(iii). Hence, such income is taxable in the hands of Mr. Shridhar, a citizen of India, even though he is a non-resident and rendering services outside India)	

Foreign Allowance from Government of India [Any allowances or perquisites paid or allowed as such outside India by the Government to a citizen of India for rendering service outside India is exempt under section 10(7)].	Nil
Gross Salary	9,25,000
Less: Standard Deduction under section 16(ia) of Rs. 50,000, being lower of gross salary or Rs. 50,000	50,000
Income from House Property Rent from a house situated at Australia, received in Australia (Income from property situated outside India would not be taxable in India in the hands of a non-resident, since it neither accrues or arises in India nor is it deemed to accrue or arise in India nor is it received in India)	8,75,000 Nil
Income from Other Sources	
Interest on Post office savings bank account – exempt upto Rs. 3,500	1,000
Gross Total Income	8,76,000

Note – Interest on Post office saving bank account of Rs. 1,000 would be allowed as deduction under section 80TTA.

(7 MARKS)

ANSWER – B

1. Although tax on Rs. 2,00,000 was deducted on 31.3.2020 i.e., before the end of the previous year but it has been deposited on 15.10.2020.i.e. after the due date of return, hence, 30% of Rs. 2,00,000 amounting to Rs. 60,000 shall be disallowed in the previous year 2019 – 20 and same will be allowed as deduction in the previous year in which it is deposited i.e. previous year 2020 – 21 (A.Y. 2021 – 22)
2. Since, the tax has not been deducted at source during the previous year 2019 – 20, 30% of Rs. 4,40,000 amounting to Rs. 1,32,000 shall be disallowed in the previous year 2019 – 20 and the same will be allowed as deduction in the previous year in which tax is deposited i.e. previous year 2020 – 21 (A.Y. 2021 – 22).
3. In this case tax has been deducted before the end of the previous and same has been deposited in the next year but before the due date of furnishing the return of income hence nothing shall be disallowed u/s 40(a)(ia).
4. Although the tax has been deducted before the end of the previous year but the same has been deposited as under :

No.	Date of deposit	Amount of tax deposited	
(a)	18.9.2020	Rs. 32,000	50% tax has been deposited on 18.9.2020. Hence, 30% of Rs. 3,20,000 (50% of total expense of Rs. 6,40,000) i.e. Rs. 96,000 shall be disallowed in the previous year 2019 – 20.
(b)	15.2.2021	Rs. 19,200	Out of the balance TDS of Rs. 32,000, Rs. 19,200 has been deposited on 15.2.2021 which is 60% of Rs. 32,000.
			Hence, 60% of Rs. 96,000 (disallowed in previous year 2019 – 20) amounting to Rs. 57,600 shall be allowed as deduction in the previous year 2020 – 21.
(c)	5.4.2021	Rs. 12,800	Balance tax of Rs. 12,800 has been deposited on 5.4.2021 which is 40% of Rs. 32,000.
			Hence, 40% of Rs. 96,000 (disallowed in previous year 2019 – 20) amounting to Rs. 38,400 shall be allowed as deduction in the previous year 2021 – 22.

5. Tax has been deducted on Rs. 2,50,000 on 5.5.2020 which is after the end of the previous year 2019 – 20. Though the same has been deposited before the due date of return of income, still 30% of Rs. 2,50,000 i.e. Rs. 75,000 shall be disallowed in the previous year 2019 – 20 as the tax should have been deducted by 31.3.2020. Rs. 75,000 shall be allowed as deduction in the previous year 2020 – 21 in which the tax has been deposited.

(7 MARKS)

ANSWER – 3

ANSWER - A

Computation of income from house property of Mrs. Daya for the A.Y.2020-21

Particulars	Amount in Rs.
Computation of Gross Annual Value	
Expected Rent for the whole year = Higher of Municipal Value of Rs. 8,50,000 and Fair Rent of Rs. 7,30,000, but restricted to Standard Rent of Rs. 8,20,000	8,20,000
Actual rent receivable for the let-out period = Rs. 85,000 X 9	7,65,000
[Unrealised rent is not deductible from actual rent in this case since Mrs. Daya has not instituted any legal proceedings for recovery of unpaid rent. Hence, one of the conditions laid out in Rule 4 has not been fulfilled]	
GAV is the higher of Expected Rent for the whole year and Actual rent received/receivable for the let-out period	8,20,000
Gross Annual Value (GAV)	8,20,000
<i>Less:</i> Municipal taxes (paid by the owner during the previous year) = 12% of Rs.8,50,000	1,02,000

Net Annual Value (NAV)		7,18,000
Less: Deductions under section 24		
(a) 30% of NAV = 30% of Rs. 7,18,000	2,15,400	
(b) Interest on amount borrowed for repairs (Fully allowable as deduction, since it pertains to let- out property)		
	<u>50,000</u>	2,65,400
Income from house property		4,52,600

(8 MARKS)

ANSWER – 3

ANSWER - B

	Rs.	Rs.
(A) If land sold is urban agricultural land		
(a) Assessment year 2020 – 21		
Full value of consideration		33,00,000
Less : Indexed cost of acquisition – Rs. 8,00,000 $\times \frac{289}{113}$		20,46,018
Long – term Capital gain		12,53,982
Less : Capital gain exempt under section 54B		
Agricultural land purchased	5,70,000	
Investment in Capital Gain Deposit Scheme	6,00,000	11,70,000
Balance Long – term Capital gain		83,982

(b) Assessment year 2021 – 22; No treatment for this year

(c) Assessment year 2022 – 23 : The period of 2 years will end on 1.9.2021, i.e., 2 years from the date of original transfer and not from the date of deposit of the amount. Therefore, the unutilized amount of Rs. 1,30,000 will be taxable as long – term capital gain of the previous year 2021- 22, i.e., assessment year 2022 – 23.

(d) Assessment year 2021 – 22 : No treatment for this year.

(B) If land sold is rural agricultural land :

There is no capital gain as rural agricultural land is not a capital asset.

(6 marks)

ANSWER – 4

ANSWER - A

Computation of total income of Mr. Srivatsan for the A.Y.2020-21

Particulars	Rs.	Rs.
Salaries		
Income from salaries	2,20,000	
Less: Loss from house property	1,90,000	30,000
Profits and gains of business or profession		
Income from speculation business	30,000	
Less: Loss from cloth business set off	30,000	Nil
Capital gains		

Long-term capital gains from sale of urban land	2,50,000	
Less: Loss from cloth business set off	2,10,000	40,000
Income from other sources		
Income from betting		45,000
Gross Total Income		1,15,000
Less: Deduction under section 80C (life insurance premium paid)		30,000
Total income		85,000

Losses to be carried forward:

Particulars	Rs.
(1) Loss from cloth business (Rs. 2,40,000 - Rs. 30,000 - Rs. 2,10,000)	Nil
(2) Loss from specified business covered by section 35AD	20,000

(5 MARKS)

Notes:

- (i) Loss from specified business covered by section 35AD can be set-off only against profits and gains of any other specified business. Therefore, such loss cannot be set off against any other income. The unabsorbed loss has to be carried forward for set-off against profits and gains of any specified business in the following year.
- (ii) Business loss cannot be set off against salary income. However, the balance business loss of Rs. 2,10,000 (Rs. 2,40,000 – Rs. 30,000 set-off against income from speculation business) can be set-off against long-term capital gains of Rs. 2,50,000 from sale of urban land. Consequently, the taxable long-term capital gains would be Rs. 40,000.
- (iii) Loss from card games can neither be set off against any other income, nor can be carried forward.
- (iv) For providing deduction under Chapter VI-A, gross total income has to be reduced by the amount of long-term capital gains and casual income. Therefore, the deduction under section 80C in respect of life insurance premium paid has to be restricted to Rs. 30,000 [i.e., Gross Total Income of Rs.1,15,000 – Rs. 40,000 (LTCG) – Rs. 45,000 (Casual income)].
- (v) Income from betting is chargeable at a flat rate of 30% under section 115BB and no expenditure or allowance can be allowed as deduction from such income, nor can any loss be set-off against such income.

(5 MARKS)

ANSWER - B

Computation of Advance Tax Payable for the A.Y 2020-21

Particulars	Rs.
Tax Payable	4,40,000
TDS (deductible but not deducted), cannot be reduced for computing advance tax liability	<u>Nil</u>
Net Tax Payable	4,40,000

Due dates for payment of advance tax

Due date of installment	Amount payable
On or before 15 th June, 2019	Rs. 66,000 [15% of Rs. 4,40,000]
On or before 15 th September, 2019	Rs. 1,32,000 [Rs.1,98,000 (45% of Rs.4,40,000) less Rs.66,000, (amount paid in earlier installment)]
On or before 15 th December, 2019	Rs. 132,000 [Rs. 3,30,000 (75% of Rs. 4,40,000) Less Rs. 1,98,000 (amount paid in earlier installment or installments)]
On or before 15 th March, 2020	Rs. 1,10,000, [Rs. 4,40,000 (whole amount of advance tax liability less Rs. 3,30,000 (amount paid in earlier installment or installments)]

(4 MARKS)

OR

ANSWER - B

	Rs.	Rs.
Income from salary		
(i) Basic Salary 20,000 × 12		2,40,000
(ii) Dearness Allowance		24,000
		2,64,000
Less : Standard deduction under section 16(ia)		50,000
		2,14,000
Income from Other Sources		
(i) Interest saving on Bank deposits	70,000	
(ii) Wining from card games	7,000	77,000
Gross Total Income		2,91,000
Less : Deductions under section 80C to 80U		
(i) 80C	20,000	
(ii) 80 G – 100% of Rs. 3,000	3,000	
(iii) 80GG	22,200	
(iv) 80TTA	10,000	55,200
Total income		2,35,800

- Adjusted Gross Total Income = 2,91,000 – 20,000 – 3,000 = 2, 58,000.
- Deduction under section 80GG shall be the minimum of the following three amounts :

(a) excess of amount paid over 10% of Adjusted Gross Total Income i.e. 48,000 – 25,800	Rs. 22,200
(b) 25% of Adjusted Gross Total Income	64,500
(c) Rs. 5,000 per month	60,000

3. G and his family members do not own any residential accommodation at the place of work or place of residence. Where the assessee owns accommodation at any other place, the rule is that such accommodation should not be assessed as self – occupied in his case. In the above question Mrs. G own an accommodation at any other place i.e. Bombay and even if she claims it as self – occupied, G will still be entitled to deduction under section 80GG as he does not own that accommodation.

(4 MARKS)

SECTION – B: INDIRECT TAXES (40 MARKS)

Division A – Multiple Choice Questions

ANSWER -1

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

DIVISION B –DESCRIPTIVE QUESTIONS

ANSWER -1

Computation of net GST liability of Mr. Uttam Kumar October, 2018

Particulars	Amount (Rs.)	CGST (Rs.)	SGST (Rs.)
Intra-State taxable supply of service	6,40,000	57,600	57,600
Add: Amount received from Kapola Pvt. Ltd. for service provided to company, being intra-State transaction ¹ [Note-1]	5,00,000	Nil	Nil
Add: Legal fee paid to senior advocate for one legal matter within the State, being intra-State transaction ² [Note-2]	50,000	4,500	4,500
Add: Amount received for services provided as a commentator to a local recognized sports body, being intra-State transaction [Note-3]	1,20,000	10,800	10,800
Add: Amount received for acting as a coach in recreational activities relating to sports from one local charitable entity registered under section 12AA of the Income Tax Act, 1961, being intra-	30,000	2,700	2,700

State transaction [Note-4]			
Total tax payable		75,600	75,600
Less: Cash paid towards tax payable under reverse charge [A] [Note-5]		4,500	4,500
Output tax payable against which ITC can be set off		71,100	71,100
Less: ITC of tax paid on legal fees paid to senior advocate ³		4,500	4,500
Output tax payable after set off of ITC [B]		66,600	66,600
Net GST liability [A] + [B]		71,100	71,100

(6 MARKS)

Notes:-

1. Services supplied by a director of a company to the said company are taxable under reverse charge and thus, the tax leviable thereon will be paid by the company.
2. Services provided by a senior advocate by way of legal services are taxable under reverse charge and thus, the tax leviable thereon will be paid by Mr. Uttam Kumar.
3. Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body is exempt from GST vide exemption notification. However, services provided as a commentator to a local recognized sports body is taxable..
4. Services by way of coaching in recreational activities relating to sports by charitable entities registered under section 12AA of the Income-tax Act are exempt from GST vide exemption notification.
5. The amount available in the electronic credit ledger may be used for making payment towards output tax. However, tax payable under reverse charge is not an output tax. Therefore, tax payable under reverse charge cannot be set off against the input tax credit and thus, will have to be paid in cash.

(2 MARKS)

¹ It has been assumed that services provided to Kapola Pvt. Ltd. by Mr. Uttam Kumar are in the capacity of being a director in the company.

² It has been assumed that the turnover of Mr. Uttam Kumar in the previous year 2017-18 exceeded ₹ 20,00,000.

³ It has been assumed that the matter for which the legal fees is paid to the senior advocate is in the course or furtherance of business.

ANSWER -2

ANSWER -A

(a) Notification No. 2/2019 CT (R) dated 07.03.2019 provides an option to a registered person to pay CGST @ 3% [Effective rate 6% (CGST+ SGST/ UTGST)] on first supplies of goods and/or services upto an aggregate turnover of Rs. 50 lakh made on/after 1st April in any financial year, subject to specified conditions.

It is clarified in the notification that first supplies of goods or services or both shall, for the purposes of determining eligibility of a person to pay tax under this notification, include the

supplies from 1st April of a FY to the date from which he becomes liable for registration under the said Act, but for the purpose of determination of tax payable under this notification, shall not include the supplies from the first day of April of a financial year to the date from which he becomes liable for registration under the Act.

Thus, Care & Care Beauty Centre is eligible to pay tax under this notification upto the turnover of Rs. 50 lakh. The total tax payable by it is as under:-

Period	Tax Rate	Turnover (Rs.)	Tax liability (Rs.)
I Quarter	Since turnover did not exceed Rs. 20 lakh, it was not required to obtain	20 Lakh	Nil
	registration. Hence, no tax was required to be paid		
II Quarter	Effective rate is 6% (CGST+ SGST/ UTGST] under Notification No. 2/2019 CT (R)	30 Lakh [(50-20) lakh]	1,80,000
For the month of October, 20XX	Normal rate of GST of 18% is to be applied	20 lakh [(70-50) lakh]	3,60,000
Total tax payable			5,40,000

(4 MARKS)

- (b) No, Care & Care Beauty Centre cannot opt for composition scheme from the next financial year. Fundamentally, the composition scheme can be availed in respect of goods and only one service namely, restaurant service. As regards services other than restaurant services are concerned, only marginal supply of the such services for a specified value along with the supply of goods and/or restaurant service, as the case may be, is permitted under section 10(1) of CGST Act, 2017. Therefore, a person engaged exclusively in supply of services other than restaurant services is not eligible to opt for composition scheme.

(2 MARKS)

ANSWER –B

Computation of ITC available with Jamku Ltd. for the month of October 2018

Particulars	GST paid Rs.
Purchase of raw spices for furtherance of business [Note-1]	50,000
Purchase of raw spices for personal use of directors [Note-2]	Nil

Electric machinery purchased to be used in the manufacturing process [Note-1]	25,000
Motor vehicle used for transportation of employee [Note-3]	Nil
Payment made for material and to contractor for construction of staff quarter [Note-4]	Nil
Total ITC	75,000

Notes:-

1. Every registered person is entitled to take credit of input tax charged on any supply of goods to him which are used or intended to be used in the course or furtherance of his business.
2. ITC is not available on goods used for personal consumption.
3. ITC on motor vehicles can be availed, *inter alia*, when they are used for making the taxable supply of transportation of passengers. In the given case, since the supplier is in the business of spices, it cannot avail credit on motor vehicle used for transportation of the employee. Thus, ITC on motor vehicle used for transportation of the employee is blocked credit.
4. ITC is not available on goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

(4 MARKS)

ANSWER -3

ANSWER -A

Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A of the FORM GST EWB – 01, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e –way bill on the common portal in Part B of FORM GST EWB – 01.

However, where the goods are transported for a distance of upto fifty kilometers within the State or Union territory from the place of business of the transporter finally to the place of business of the consignee, the details of the conveyance may not be updated in the e – way bill.

Assignment of E – Way bill to another registered or enrolled transporter

The consignor or the recipient, who has furnished the information in Part A of FORM GST EWB – 01, or the transporter, may assign the e – way bill number to another registered or enrolled transporter for updating the information in Part B of FORM GST EWB – 01 for further movement of the consignment :

Provided that after the details of the conveyance have been updated by the transporter in Part B of FORM GST EWB – 01, the consignor or recipient, as the case may be, who has furnished the information in Part A of FORM GST EWB – 01 shall not be allowed to assign the e – way bill number to another transporter.

(4 marks)

ANSWER -B

Rule 59 of the CGST Rules, 2017, *inter alia*, stipulates that the details of outward supplies of goods and/or services furnished in form GSTR-1 shall include the–

- (a) invoice wise details of all –
 - (i) inter-State and intra-State supplies made to the registered persons; and
 - (ii) inter-State supplies with invoice value more than two and a half lakh rupees made to the unregistered persons;
- (b) consolidated details of all –
 - (i) intra-State supplies made to unregistered persons for each rate of tax; and
 - (ii) State wise inter-State supplies with invoice value upto two and a half lakh rupees made to unregistered persons for each rate of tax;

Thus, in view of the above-mentioned provisions, Mr. Gauri Shiva should furnish the details of outward supplies of goods made by him during the quarter ending June 20XX in the following manner:-

Supply	Recipient	Nature of supply	Value (Rs.)	Manner of furnishing details
1	Mr. A, a registered person	Inter-State	2,20,000	Invoice-wise details
2	Mr. B, a registered person	Inter-State	2,55,000	Invoice-wise details
3	Mr. C, an unregistered person	Intra-State	1,80,000	Consolidated details of supplies 3 and 4
4	Mr. D, an unregistered person	Intra-State	2,60,000	
5	Mr. M, an unregistered person	Inter-State	3,00,000	Invoice-wise details
6	Mr. N, an unregistered person	Inter-State	50,000	Consolidated details of supplies 6 and 7
7	Mr. O, an unregistered person	Inter-State	2,50,000	
8	Mr. P, an unregistered person	Inter-State	2,80,000	Invoice-wise details
9	Mr. Q, a registered person	Intra-State	1,50,000	Invoice-wise details
10	Mr. R, a registered person	Intra-State	4,10,000	Invoice-wise details

(6 MARKS)

ANSWER -4**ANSWER -A****Computation of value of taxable supply**

Particulars	(Rs.)
Fees charged for yoga camp conducted by a charitable trust registered under section 12AA of the Income-tax Act, 1961 [Note-1]	Nil
Amount charged by business correspondent for the services provided to the rural branch of a bank with respect to Savings Bank Accounts [Note-2]	Nil
Amount charged by cord blood bank for preservation of stem cells [Note-3]	Nil
Service provided by commentator to a recognized sports body [Note-4]	5,20,000

Notes:

1. Services by an entity registered under section 12AA of the Income-tax Act, 1961 by way of charitable activities are exempt from GST. The activities relating to advancement of yoga are included in the definition of charitable activities. So, such activities are exempt from GST.
2. Services by business facilitator or a business correspondent to a banking company with respect to accounts in its rural area branch have been exempted from GST.
3. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation are exempt from GST.
4. Services provided to a recognized sports body only by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST. Thus, services provided by commentators are liable to GST.

(5 MARKS)**ANSWER -B**

As per section 49(8) of the CGST Act, 2017, the liability of a taxable person has to be discharged in a chronological order as under:-

- (a) self -assessed tax and other dues for the previous tax periods have to be discharged first;
- (b) the self -assessed tax and other dues for the current period have to be discharged next;
- (c) Once these two steps are exhausted, thereafter any other amount payable including demand determined under section 73 or section 74 of the CGST Act, 2017 to be discharged. In other words, the liability if any, arising out of demand notice and adjudication proceedings comes last.

This sequence has to be mandatorily followed.

Thus, in view of the above-mentioned provisions, Mr. Ram Narayan cannot discharge his self-assessed tax liability for the current period before settling the dues for the previous tax period.

(3 MARKS)

ANSWER - C

Time of supply in the above case, shall be earlier of the following dates :

Date of the receipt of goods by G	26.11.2019
Date on which the payment is made and entered in the books of account by G	22.12.2019
Date when the payment is debited in the bank account of G	24.12.2019
Date immediately following 30 days from the date of issue of invoice by the supplier	21.12.2019

Thus, the time of supply of goods shall be 26.11.2019, being the earliest of the above dates and G shall have to pay GST under reverse charge basis.

(2 marks)