

**SECTION – A: INCOME TAX LAW (60 MARKS)**

**Division A – Multiple Choice Questions (Compulsory)**

Mr. Kishan is engaged in the following activities on agricultural land situated in India, total area of land is 5 acres.

**Activity A :** He grows saplings or seedlings in a nursery spreading over on one acre land, the sale proceeds of which is Rs. 5,00,000. Cost of plantation is Rs. 1,40,000. Basic operations are not performed for growing saplings or seedlings.

**Activity B :** He grows cotton on 3 acres land. 40% of cotton produce is sold for Rs. 4,00,000, the cost of cultivation of which is Rs. 2,25,000. The cost of cultivation of balance 60% cotton is Rs. 3,37,500 and the market value of the same is Rs. 6,00,000, which is used for the purpose of manufacturing yarn. After, incurring manufacturing expenses of Rs. 1,00,000, yarn is sold for Rs. 8,50,000.

**Activity C :** Land measuring 1 acres is let out to Mr. Ramesh on monthly rental of Rs. 15,000 which is used by Mr. Ramesh as follows :

- 50% of land is used for agricultural purpose.
- 50% of land is used for non – agricultural purpose.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions (1.1 to 1.5):

1.1 What amount of income arising from activity A would constitute agricultural income in the hands of Mr. Kishan ? **(2 MARKS)**

- (a) Rs. 5,00,000
- (b) Nil
- (c) Rs. 3,60,000
- (d) Rs. 1,40,000

1.2 What amount of income from activity B with respect to sale of cotton would constitute agricultural income or / and business income in the hands of Mr. Kishan ? **(2 MARKS)**

- (a) Rs. 1,75,000 as agricultural income
- (b) Rs. 1,75,000 as business income
- (c) Rs. 1,75,000 as agricultural income and Rs. 2,62,500 as business income
- (d) Rs. 4,00,000 as agricultural income

- 1.3 What amount of the income from activity B with respect to sale of yarn constitute agricultural income or/ and business income in the hands of Mr. Kishan ? **(2 MARKS)**
- (a) Rs. 1,50,000 as agricultural income
  - (b) Rs. 2,62,500 as agricultural income and Rs. 1,50,000 as business income
  - (c) Rs. 3,37,500 as agricultural income and Rs. 1,50,000 as business income
  - (d) Rs. 4,12,500 as business income
- 1.4 What amount of income arising from activity C constitute agricultural income or otherwise in the hands of Mr. Kishan ? **(2 MARKS)**
- (a) Whole amount of Rs. 1,80,000 would be agricultural income
  - (b) Whole amount of Rs. 1,80,000 would be business income.
  - (c) Rs. 90,000 would be agricultural income and Rs. 63,000 is chargeable to tax as income from house property
  - (d) Rs. 90,000 would be agricultural income and Rs. 90,000 is chargeable to tax under the head "Income from Other Sources "
- 1.5 Compute the gross total income of Mr. Kishan for the P.Y. 2020 – 21, assuming he has no other source of income. **(2 MARKS)**
- (a) Rs. 2,40,000
  - (b) Rs. 3,30,000
  - (c) Rs. 5,02,500
  - (d) Rs. 2,13,000
- 1.6 An individual client has consulted you on the matter of PAN. He is carrying on the business of sale & purchase of electronic appliances. His turnover is Rs. 3,00,000 and the profit is Rs. 75,000 for the P.Y. 2020 – 21. He has asked you to provide him threshold of turnover, if any, exceeding which he has to apply for PAN. **(1 MARK)**
- (a) More than Rs. 2,00,000
  - (b) More than Rs. 2,50,000
  - (c) More than Rs. 3,00,000
  - (d) More than Rs. 5,00,000
- 1.7 Mr. X, a resident Indian, wins Rs. 10,000 in a lottery. Which of the statement is true ? **(1 MARK)**
- (a) Tax is deductible u/s 194B @ 30%
  - (b) Tax is deductible u/s 194B@ 30.9%
  - (c) No tax is deductible at source
  - (d) None of the above

1.8 Which of the following details/evidences are required to be furnished by an employee to his / her employer in respect of deduction of interest under the head "Income from house property," when the employer is estimating the total income of the employee for the purpose of tax deduction at source u/s 192 ? **(1 MARK)**

- (i) Amount of Interest payable or paid
- (ii) Rate of interest payable or paid
- (iii) Name of the lender
- (iv) Address of the lender
- (v) PAN or Aadhaar number as the case may be, of the lender
- (vi) TAN of the lender

Choose the correct answer :

- (a) (i), (iii), (v)
- (b) (i), (iii), (iv), (v)
- (c) (ii), (iv), (v), (vi)
- (d) (i), (ii)

1.9 Mr. A, whose total sales is Rs. 201 lakhs, declares profit of Rs. 10 lakhs for the F.Y. 2020 – 21. He is liable to pay advance tax – **(1 MARK)**

- (a) in one instalment
- (b) in two instalments
- (c) in three instalments
- (d) in four instalments

1.10 Mr. Ritvik has purchased his first house in Gwalior for self – occupation on 5.4.2020 for Rs. 45 lakhs (stamp duty value being the same) with bank loan sanctioned on 30.3.2020 and disbursed on 3.4.2020. He paid interest of Rs. 3.8 lakhs during the P.Y. 2020 – 21. What is the tax treatment of interest paid by him ? **(1 MARK)**

- (a) Interest of Rs. 2 lakhs allowable u/s 24
- (b) Interest of Rs. 2 lakhs allowable u/s 24 and Rs. 1.8 lakhs allowable u/s 80EEA
- (c) Interest of Rs. 2 lakhs allowable u/s 24 and Rs. 1.5 lakhs allowable u/s 80EEA
- (d) Interest of Rs. 1.5 lakhs allowable u/s 24 and Rs. 1.5 lakhs allowable u/s 80EEA

1.11 During the A.Y. 2020 – 21, Mr. A has a loss of Rs. 8 lakhs under the head "Income from house property" which could not be set off against any other head of income as per the provisions of section 71. The due date for filing return of income u/s 139(1) in case of Mr. A has already expired and Mr. A forgot to file his return of income within the said due date. However, Mr. A filed his belated return of income for A.Y. 2020 – 21. Now, while filing return of income for A.y. 2021 – 22, Mr. A wishes to set off the said loss against income from house property for the P.Y. 2020 – 21. Determine whether Mr. A can claim the said set off. **(1 MARK)**

- (a) No, Mr. A cannot claim set off of loss of Rs. 8 lakhs during A.Y. 2021 – 22 as he failed to file his return of income u/s 139(1) for A.Y. 2020 – 21.
- (b) Yes, Mr. A can claim set off of loss of Rs. 2 lakhs, out of Rs. 8 lakhs, from its income from house property during A.Y. 2021 – 22, if any, and the balance has to be carried forward to A.Y. 2022 – 23.
- (c) Yes, Mr. A can claim set off of loss of Rs. 2 lakhs, out of Rs. 8 lakhs, from its income from any head during A.Y. 2021 – 22, and the balance, if any, has to be carried forward to A.Y. 2022 – 23.
- (d) Yes, Mr. A can claim set off of loss of Rs. 8 lakhs during A.Y. 2021 – 22, from its income from house property, if any, and the balance has to be carried forward to A.Y. 2022 – 23.

1.12 Mr. Aarav gifted a house property valued at Rs. 50 lakhs to his wife, Geetha, who in turn has gifted the same to her daughter – in – law Deepa. The house was let out at Rs. 25,000 per month throughout the P.Y. 2020 – 21. Computer income from house property for A.Y. 2021 – 22. In whose hands is the income from house property chargeable to tax ? **(1 MARK)**

- (a) Rs. 3,00,000 in the hands of Mr. Aarav
- (b) Rs. 2,10,000 in the hands of Mr. Aarav
- (c) Rs. 2,10,000 in the hands of Geetha
- (d) Rs. 2,10,000 in the hands of Deepa

1.13 XYZ Ltd. has two units, one unit at Special Economic Zone (SEZ) and other unit at Domestic Tariff Area (DTA). The unit in SEZ was set up and started manufacturing from 12.3.2012 and unit in DTA from 15.6.2015. Total turnover of XYZ Ltd. and Unit in DTA is Rs. 8,50,00,000 and Rs. 3,25,00,000, respectively. Export sales of unit in SEZ and DTA is Rs. 2,50,00,000 and Rs. 1,25,00,000, respectively and net profit of Unit in SEZ and DTA is Rs. 80,00,000 and Rs. 45,00,000, respectively. XYZ Ltd. would be eligible for deduction under section 10AA for P.Y. 2020 – 21 for – **(1 MARK)**

- (a) Rs. 38,09,524
- (b) Rs. 19,04,762
- (c) Rs. 23,52,941
- (d) Rs. 11,76,471

## DIVISION B – DESCRIPTIVE QUESTIONS

### Question No. 1 is compulsory

**Attempt any two questions from the remaining three questions**

#### QUESTION NO.1

Mr. Ram (45 years of age), who does not maintain books of accounts for the year ended 31.3.2021, requests you to compute his total income and tax payable thereon from the following :

- (a) Basic Salary – Rs. 20,000 p.m.
- (b) CCA – Rs. 1,000 p.m.
- (c) HRA – Rs. 5,000 p.m.
- (d) Ram resides in Chennai, paying a rent of Rs. 6,000 per month.
- (e) Ram is paid in education allowance of Rs. 500 per month per child for all the three of his children. Actual expenses (tuition fees only) amounts to Rs. 15,000, Rs. 10,000 and Rs. 5,000 respectively.
- (f) Employer's contribution to Staff Group Insurance Scheme Rs. 5,440.
- (g) He bought a light goods vehicle on 7.6.2020 and has been letting it on hire from the same date, He declares an income of Rs. 34,900 from the same.
- (h) Interest from company deposits is Rs. 15,000 and Bank interest on fixed deposit is Rs. 85,000.
- (i) Interest is payable on bank loans availed for buying truck and making company deposits as follows ;

Purpose	Date of loan	Amount	Interest rate
Light goods vehicle purchase	01.04.2020	5 lakh	10% p.a.
Company deposit	01.10.2020	1 lakh	9% p.a.

- (j) Loss carried forward arising from speculating in shares during the preceding previous year and eligible for set – off is Rs. 1,00,000.
- (k) Ram has invested Rs. 12,000 in NSC, Rs. 52,000 in Public provident fund, Rs. 9,000 as life insurance premium on his own life (sum assured Rs. 40,000 – Policy is taken before 01.04.2013) and Rs. 15,000 towards pension fund of LIC.

Note: Assume that assessee has not followed section 115BAC.

**(14 marks)**

#### QUESTION NO.2

- (A) Mrs. Geetha and Mrs. Leena are sisters and they earned the following income during the Financial Year 2020 – 21. Mrs. Geetha is settled in Malaysia since 1988 and visits India for a month every year. Mrs. Leena is settled in Indore since her marriage in 1996. Compute the total income of Mrs. Geetha and Mrs. Leena for the assessment year 2021 – 22 :

(amount in Rs.)

Particulars	Mrs. Geetha	Mrs. Leena
1. Income from Professoin in Malaysia, (set up in India) received there	15,000	-
2. Profit from business in Delhi, but managed directly from Malaysia	40,000	-
3. Rent (computed) from property in Malaysia deposited in a Bank at Malaysia, later on remitted to India through approved banking channels.	1,20,000	
4. Dividend from PQR Ltd. an Indian Company	5,000	9,000
5. Dividend from a Malaysian Company received in Malaysia	15,000	8,000
6. Cash gift received from a friend on Mrs. Leena's 50 <sup>th</sup> birthday	-	51,000
7. Agricultural income from land in Maharashtra	7,500	4,000
8. Past foreign untaxed income brought to India	5,000	-
9. Fees for technical services rendered in India received in Malaysia	25,000	-
10. Income from a business in Pune (Mrs. Geetha receives 50% of the income in India)	12,000	15,000
11. Interest on debentures in an Indian company (Mrs. Geetha received the same in Malaysia)	18,500	14,000
12. Short – term capital gain on sale of shares of an Indian company	15,000	25,500
13. Interest on savings account with SBI	12,000	8,000
14. Life Insurance premium paid to LIC	-	30,000

(7 marks)

(B) Mr. X, a retail trader of Cochin gives the following Trading & Profit and Loss A/c for the year ended 31.3.2021 (amount in Rs.) :

To Opening stock	90,000	By sales	12,11,500
To Purchases	10,04,000	By Income from UTI	2,400
To Gross profit	3,06,000	By Other Business receipts	6,100
		By Closing stock	1,80,000
	<b>14,00,000</b>		<b>14,00,000</b>
To salary	60,000	Gross Profit B/d	3,06,000
To Rent and Rates	36,000		
To Interest on loan	15,000		
To Depreciation	1,05,000		
To Printing and Stationery	13,200		
To Postage and Telegram	1,640		
To Loss on Sale of Shares (short – term)	8,100		
To Other General Expenses	7,060		
To Net Profit	60,000		
	<b>3,06,000</b>		<b>3,06,000</b>

**Additional Information :**

- (a) It was found, some stocks were omitted to be included in both the Opening and Closing sock, the values of which were : Opening stock – Rs. 9,000, and Closing stock – Rs. 18,000.
- (b) Salary includes Rs. 10,000 paid to his brother, which is unreasonable to the extent of Rs. 2,000.
- (c) The whole amount of Printing and Stationery was paid in cash.
- (d) The Depreciation provided in Profit & Loss A/c. Rs. 1,05,000 was based on following information :  
  
The WDV of Plant & Machinery is Rs. 4,20,000. A new Plant falling under same Block of depreciation of 15% was bought on 1.7.2020 for Rs. 70,000. Two old plants were sold on 1.10.2020 for Rs. 50,000.
- (e) Rent and Rates includes Goods and Services Tax liability of Rs. 3,400 paid on 7.7.2021.
- (f) Other Business receipts include Rs. 2,200 received as refund of Goods and Services Tax relating to 2019 – 20.
- (g) Other General Expenses include Rs. 2,000 paid as Donation to a Public Charitable Trust.
- (h) Sale proceeds are received through account payee cheque.

Advise Mr. X whether he can offer his business income under section 44AD i.e. presumptive taxation.

**(7 marks)**

**QUESTION NO.3**

- (A)** Two brothers Arun and Bimal are co – owners of a house property with equal share. The property was constructed during the financial year 1997 – 98. The property consists of eight identical units and is situated at Cochin. During the current year, each co – owner occupied one unit for residence and the balance of six units were let out at a rent of Rs. 12,000 per month per unit. The municipal value of the house property is Rs. 9,00,000 and the municipal taxes are 20% of municipal value, which were paid during the year. The other expenses were as follows :

	<b>Rs.</b>
(i) Repairs	40,000
(ii) Insurance Premium (paid)	15,000
(iii) Interest payable on loan taken for construction of house	3,00,000

One of the let out units remained vacant for four months during the year. Arun could not occupy his unit for six months as he was transferred to Chennai. He does not own any other house. The other income of Mr. Arun and Mr. Bimal are Rs. 2,90,000 and Rs. 1,80,000 respectively for the year. Compute the income under the head 'Income from House Property' and the total income of two brothers.

**(7 marks)**

- (B) Mr. Roy owned a residential house in Noida. It was acquired on 09.09.2009 for Rs. 30,00,000. He sold it for Rs. 1,57,00,000 on 07.10.2017.

Mr. Roy utilized the sale proceeds of the above property to acquire a residential house in Panchkula for Rs. 2,05,000 on 20.07.2017. The said house property was sold on 31.05.2020 and he purchased another residential house in Delhi for Rs. 2,57,00,000 on 02.03.2021. The property at Panchkula was sold for Rs. 3,25,00,000.

Calculate capital gains chargeable to tax for the A.Y. 2017 – 18 and 2021 – 22. All workings should form part of your answer.

Cost inflation index for various financial year are as under : 2009 – 10 : 148; 2016 – 17 : 264, 2017 – 18 : 272 and 2020 – 21 : 301

(7 marks)

#### QUESTION NO.4

- (A) Mr. Nambi, a salaried employee, furnishes the following details for the financial year 2020 – 21.

Particulars	Rs.
Basic salary	6,00,000
Dearness allowance	3,20,000
Commission	50,000
Entertainment allowance	7,500
Medical expense reimbursed by the employer	21,000
Profession Tax (of this, 50% paid by employer)	7,000
Health insurance premium paid by employer	9,000
Gift voucher given by employer on his birthday	12,000
Life insurance premium of Nambi paid by employer	34,000
Laptop provided for use at home. Actual cost of Laptop to employer [Children of the assessee are also using the Laptop at home]	30,000
Employer – Company owns a Tata Nano car, which was provided to the assessee, both for official and personal use. No driver was provided. (Engine cubic capacity less than 1.6 litres)	
Annual credit card fees paid by employer [Credit card is not exclusively used for official purposes; details of usage are not available]	2,000

You are required to compute the income chargeable under the head “Salaries” for the AY 2021 – 22.

Note: Assume that assessee has not followed section 115BAC.

(6 marks)

- (B) Mr. Garg, a resident individual, furnishes the following particulars of his income and other details for the previous year 2020 – 21.

	Rs.
(1) Income from salary (computed)	15,000
(2) Income from Business (before providing depreciation)	66,000
(3) Long term capital gain on sale of Land	10,800
(4) Loss on maintenance of Race Horses	15,000
(5) Loss from Gambling	9,100

The other details of unabsorbed depreciation and brought forward losses pertaining to A.Y. 2020 – 21 are as follows :



	Rs.
(1) Unabsorbed depreciation	11,000
(2) Loss from Speculative business	22,000
(3) Short term capital loss	9,800

Compute the Gross Total income of Mr. Garg for the Assessment Year 2021 – 22 and the amount of loss, if any, that can be carried forward, or not.

**(4 marks)**

**(C)** State with reasons whether you agree or disagree with the following statements :

- (a) Return of income of Limited Liability Partnership (LLP) could be verified by any partner.
- (b) Time limit for filing return u/s 139(1) in the case of Mr. A having total turnover of Rs. 160 lakhs for the year ended 31.03.2021, whether or not opting to offer presumptive income u/s 44AD, is 30<sup>th</sup> September 2021.

**(4 marks)**

**OR**

**(C)** Mr. Kalpesh borrowed a sum of Rs. 30 lakhs from the National Housing Bank towards purchase of a residential flat. The loan amount was disbursed directly to the flat promoter by the bank. Though the constructions was completed in May 2021, repayments towards principal and interest had been made during the year ended 31.3.2021.

In the light of the above facts, state :

- (i) Whether Mr. Kalpesh can claim deduction u/s 24 in respect of interest for assessment year 2021 – 22.
- (ii) Whether deduction under Section 80C can be claimed for the above assessment year, even though the construction was completed only after the closure of the year ?

**(4 marks)**

## **SECTION B - INDIRECT TAXES (40 MARKS)**

### **Division A – Multiple Choice Questions (Compulsory)**

Mr. Pasupathi, registered taxpayer under GST, is engaged in trading of various types of consumer goods. His turnover in the preceding financial year was below the threshold limit liable for registration.

He has issued various bill of exchange unsecured debentures, and promissory notes in course of his business activity. Further, he is also engaged in betting activities.

During the month of April in the current year, he availed the following services –

- (a) GTA services from XYZ Transports (GST not charged on invoice and GST rate is 5%) – Rs. 35,000
- (b) Renting of Godown premises from Local Municipality – Rs. 40,000.
- (c) Legal service availed from the Firm of Advocates – Rs. 50,000.

He sold a car used for his personal purposes for Rs. 1,00,000. He disposed off his old computers for Rs. 60,000 on which no ITC was claimed. He also gave away his stock of old consumer goods amounting to Rs. 75,000 (on which he had claimed (ITC) to an Orphanage Home.

He received goods on 1st May that are liable to tax under reverse charge. Invoice was issued on 5th May and payment for the same was made on 6th June.

He paid repair expenses for truck used for transportation of goods of his business. GST component involved thereon was Rs. 13,000. He arranged for catering on Labour Day function and paid bill in which GST component was Rs. 15,000. He received first lot of certain goods having GST component of Rs. 25,000.

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra – state unless specified otherwise. Conditions necessary for claiming ITC have been fulfilled subject to the information given above.

Based on the information given above, choose the most appropriate answer for the following questions (1.1 to 1.5) :

1.1 Which of the following is not considered as a supply as per the provisions of CGST Act, 2017 ? **(1 Mark)**

- (i) Bill of Exchange
  - (ii) Unsecured debenture
  - (iii) Betting
  - (iv) Promissory Note
- (a) i, ii  
(b) i, ii and iii  
(c) ii, iii and iv  
(d) i, ii and iv

1.2 Determine the value of services taxable under reverse charge mechanism ? **(1 Mark)**

- (a) Rs. 35,000
- (b) Rs. 75,000
- (c) Rs. 85,000
- (d) Rs. 1,25,000

1.3 In respect of sale of personal car and disposal of computer and stock of goods, taxable value of supply will be \_\_\_\_\_ **(1 Mark)**

- (a) Rs. 60,000
- (b) Rs. 75,000
- (c) Rs. 1,35,000
- (d) Rs. 2,35,000

1.4 Time of supply of goods received by Mr. Pasupathi is \_\_\_\_\_ **(1 Mark)**

- (a) 1st May
- (b) 5th May
- (c) 5th June
- (d) 6th June

- 1.5 Compute the amount of input tax credit (except ITC on services taxable under reverse charge mechanism) that can be claimed by Mr. Pasupathi ? **(1 Mark)**
- (a) Rs. 28,000
  - (b) Rs. 38,000
  - (c) Rs. 40,000
  - (d) Rs. 13,000
- 1.6 During the month of May, Z Ltd. sold goods to Y Ltd. for Rs. 2,55,000 and charged GST @ 18%. However, owing to some defect in the goods, Y Ltd. returned the goods by issuing debit note of Rs. 40,000 in the same month. Z Ltd. records the return of goods by issuing a credit note of Rs. 40,000 plus GST in the same month. In this situation, GST liability of Z Ltd. for the month of May will be – **(2 Marks)**
- (a) Rs. 45,900
  - (b) Rs. 38,700
  - (c) Rs. 53,100
  - (d) Rs. 40,000
- 1.7 Sham Ltd. is receiving legal services from a lawyer Mr. Gyan. The aggregate turnover of Sham Ltd. in the preceding financial year is Rs. 40 lakhs. The information regarding date of payment, invoice etc. is as follows – **(1 Mark)**
- Invoice issued by Mr. Gyan on 15<sup>th</sup> April  
Payment received by Mr. Gyan on 5<sup>th</sup> May  
Date of payment entered in books of accounts of Sham : 1<sup>st</sup> May  
What is time of supply of services ?
- (a) 1st May
  - (b) 5th May
  - (c) 14th June
  - (d) 15th April
- 1.8 Which of the following is not considered as 'goods' under the CGST Act, 2017 ? **(1 Mark)**
- (i) Ten – paisa coin having sale value of Rs. 100.
  - (ii) Shares of unlisted company
  - (iii) Lottery tickets
- (a) (i)
  - (b) (ii)
  - (c) (ii) and (iii)
  - (d) (i), (ii) and (iii)
- 1.9 Which of the following services received, in the course or furtherance of business, without consideration amount to supply ? **(1 Mark)**
- (i) Import of services by a person in India from his son well – settled in USA
  - (ii) Import of services by a person in India from his brother well – settled in Germany

- (iii) Import of services by a person in India from his brother (wholly dependent on such person in India) in France
- (iv) Import of services by a person in India from his daughter (wholly dependent on such person in India) in Russia
- (a) i, iii and iv
- (b) ii, iii and iv
- (c) ii and iii
- (d) i and ii

1.10 Rama Ltd. has provided following information for them month of September :

**(2 Marks)**

Intra – State outward supply	Rs. 8,00,000/-
Inter – State exempt outward supply	Rs. 5,00,000/-
Turnover of exported goods	Rs. 10,00,000/-
Payment made for availing GTA services	Rs. 80,000/-

Calculate the aggregate turnover of Rama Ltd.

- (a) Rs. 8,00,000/-
- (b) Rs. 23,80,000/-
- (c) Rs. 23,00,000/-
- (d) Rs. 18,00,000/-

## DIVISION B –DESCRIPTIVE QUESTIONS

**Question No. 1 is compulsory**

**Attempt any two questions out of remaining three questions.**

### QUESTION NO.1

Mr. Uttam Kumar a registered supplier of service in Kolkata, has provided following information for the month of October, 2018:

No.	Particulars	Amount (Rs.)
1.	Intra-State taxable supply of service	6,40,000
2.	Amount received from Kapola Pvt. Ltd., for service provided to company. (He is a director in Kapola P. Ltd.), being Intra-State transaction.	5,00,000
3.	Paid legal fee to senior advocate for one legal matter within State, being Intra-State transaction.	50,000
4.	Amount received for service provided by him as a commentator to a local recognized sports body, being Intra-State transaction	1,20,000
5.	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- State transaction.	30,000

**Compute the net GST liability (CGST, SGST or IGST) of Mr. Uttam Kumar for the month of October, 2018.**

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given are exclusive of CGST, SGST and IGST, wherever applicable.

**(8 marks)**

**QUESTION NO.2**

- (A) X Ltd. provides taxable as well as exempted services. Turnover of X Ltd. during the month of October, 2020 is as under :

Particulars	Rs.
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, 2020 are as under (amount in Rs.)**

Particulars	CGST	SGST	IGST
Total Input tax	1,08,000	1,08,000	54,000
The above Input tax on input services includes the following :			
(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, 2020 under Rule 42 of the CGST Rules and also calculate the amount to be reversed in GSTR – 3B by X Ltd.

Note: Other input and input services were used for non business purpose as well.

**(6 marks)**

- (B) Mr. A, a retailer who keeps no inventories, presents the following estimated information for the year –

- (1) Purchases of goods : Rs. 50 lakhs (GST @ 5%)
- (2) Sale (at fixed selling price inclusive of all taxes) : Rs. 60 lakhs (GST on sales @ 5%)

Discuss whether he should opt for composition scheme if composite tax is 1% of turnover.

Expenses of Keeping detailed statutory records required under the GST Laws will be Rs. 1,20,000 p.a., which shall get reduced to Rs. 50,000 if composition scheme is opted for Other expenses are Rs. 3,00,000 p.a.

**(4 marks)**

### QUESTION NO.3

(A) Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organized at Hotel Park Royal, Delhi on 4<sup>th</sup> January, 2021. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is Rs. 5,00,000(excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10<sup>th</sup> February, 2021 showing the lumpsum amount of Rs. 5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day. Answer the following questions :

- (i) Examine whether the tax invoice has been issued within the time limit prescribed under law ?
- (ii) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Service Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions ?

(4 marks)

(B) Examine whether GST is payable in the following independent Cases :

- (i) Ekta charitable trust, registered under section 10(23C) (v) of the Income – tax Act manages a temple in Rohini, Delhi. It has given on rent a community hall, located within temple premises, to public for celebration of Teej Mela. Rent charged is Rs. 9,500.
- (ii) Speed post services by Department of Post to Union Territory of Daman & Diu.
- (iii) ST Ltd. has given on hire 5 trucks to Titu Transporters of Delhi (a goods transport agency) for transporting goods in Central and West Delhi. The hiring charges for the trucks are Rs. 7,500 per truck per day.

(6 marks)

### QUESTION NO.4

(A) Mr. Achintya a registered supplier in Kochi (Kerala State) has provided the following details in respect of her supplies made within Intra – State for the month of March 2021:

Particulars	Amount in (Rs.)
(i) List price of goods supplied intra – state (exclusive of items given below from it to v)	3,30,000
(ii) Swachh Bharat cess levied on sale of the goods	12,500
(iii) Packing expenses charged separately in the invoice	10,800
(iv) Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	
(v) Subsidy received from State Government for encouraging women entrepreneurs	5,000

Compute the value of taxable supply and the gross GST liability of Ms. Achintya for the month of March 2021 assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST.

(5 marks)

- (B) Mahadev Enterprises, a sole proprietorship firm, opened a shopping complex dealing in supply of goods at multiple locations, i.e. in Himachal Pradesh, Uttarakhand and Tripura in the month of June.

It has furnished the following details relating to the sale made at such multiple locations for the month of June :

Particulars	Himachal Pradesh (Rs.)*	Uttarakhand (Rs.)	Tripura (Rs.)
Intra – State sale of taxable goods	22,50,000	-	7,00,000
Intra – State sale of exempted goods	-	-	6,00,000
Interest received from banks on the fixed deposits	-	-	60,000
Intra – State sale of non – taxable goods	-	21,00,000	40,000

\*excluding GST

With the help of the above mentioned information, answer the following questions giving reasons :

- (1) Determine whether Mahadev Enterprises is liable to be registered under GST law and what is the threshold limit of taking registration in this case.
- (2) Explain with reasons whether your answer in (1) will change in the following independent cases :
  - (a) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh ;
  - (b) If Mahadev Enterprises is dealing in taxable supply of goods and services only from Himachal Pradesh;
  - (c) If Mahadev Enterprises is dealing in taxable supply of goods only from Himachal Pradesh and has also effected inter – State supplies of taxable goods amounting to Rs. 4,00,000.

(5 marks)

OR

**QUESTION NO.4(B)**

- (i) Shipra Traders is a registered supplier of goods in Assam. It purchased goods valued at Rs. 10,000 from Kartik Suppliers located within the same State. Kartik Suppliers charged CGST & SGST separately in its invoice. Subsequently, Shipra Traders sold goods valuing Rs. 9,500 to Rabina Manufacturers located in Assam. 20% of the inputs purchased are still lying in stock and there was no opening stock of goods. Rate of CGST and SGST on supply and purchase of goods is 9% each. Calculate the net GST payable by Shipra Traders and input tax credit (ITC) to be carried forward, if any.

(3 marks)

- (ii) An income – tax search was carried out at residential premises of Mr. X, working in a multinational company. In course of search large volume of undisclosed assets were found, which he claims as service income. On this basis, the GST authorities investigate the GST liability. Dates of provision of service, whether in the first half or the second half of the financial year being scrutinized by income – tax authorities, are not known. Mr. X voluntarily pays GST during the investigation. What is the time of supply of the services?

(2 marks)