

Mock Test Paper - Series II: December, 2024

Date of Paper: 11th December, 2024

Time of Paper: 2 P.M. to 5 P.M.

INTERMEDIATE COURSE: GROUP-I

PAPER – 3: TAXATION

Time Allowed – 3 Hours

Maximum Marks – 100

SECTION – A: INCOME TAX LAW (50 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 Questions in Division A, working notes are not required.

The relevant assessment year is A.Y.2024-25.

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. Ashish born on 1.4.1964 furnished his return of income for Assessment Year 2024-25 on 10.07.2024. He has paid tax under default tax regime. He had shown the following income in his original return of income -
 - Salary of ₹ 10.50 lakhs from PQR (P) Ltd (Computed)
 - Interest from savings bank account of ₹ 15,700
 - Interest from fixed deposits with SBI of ₹ 50,000.

During the P.Y. 2023-24, he paid interest on loan of ₹ 2,50,000 for purchase of self-occupied property. He contributed ₹ 1,50,000 towards the PPF. He paid health insurance premium of ₹ 40,000 by account payee cheque for self and wife. He paid ₹ 2,200 in cash for his health check-up and ₹ 4,000 by cheque for preventive health check-up of his parents. He also paid medical insurance premium of ₹ 29,000 during the year to insure the health of his mother, aged 80 years. He further incurred medical expenditure of ₹ 18,000 on his father, aged 81 years, who is staying with him. His father is not covered under any mediclaim policy.

He met one of his friends, CA. Ashwin on 01.02.2025. While discussing with his friend, his friend told him that the default tax regime under section 115BAC is not beneficial to him. He advised him to revise his return of income and shift out of the default tax regime. However, Mr. Ashish's son, who is employed in the accounts department of TQM (P) Ltd., is of the view that once tax is paid under section 115BAC in original return, it cannot be changed in revised return.

From the information given above, choose the **most appropriate answer** to the following questions –

- (i) What is the total deduction under Chapter VI-A allowable to Mr. Ashish if he shifts out of the default tax regime under section 115BAC?
- ₹ 2,34,800
 - ₹ 2,35,000
 - ₹ 2,92,000
 - ₹ 2,92,200
- (ii) What is total income of Mr. Ashish under normal provisions of the Act for A.Y. 2024-25?
- ₹ 5,73,700
 - ₹ 6,23,700
 - ₹ 6,25,700
 - ₹ 6,30,700
- (iii) Can Mr. Ashish file his revise return of income for A.Y. 2024-25 after the due date and declare income under the regular provisions of the Act?
- Yes, Mr. Ashish can revise his return of income and declare income under the regular provisions of the Act
 - No, though he can file a revised return of income, option to shift out from section 115BAC once not opted in original return of income cannot be opted in revised return of income if he is filing revised return after due date.
 - No, Mr. Ashish cannot revise his return of income for A.Y. 2024-25
 - No, he cannot do so since he is a salaried employee. He would have made a declaration to pay tax under section 115BAC to his employer, which cannot be changed subsequently at the time of filing of return of income

(3 x 2 Marks)

2. Mr. Rajiv, an Indian resident, purchased a residential house property at Gwalior on 28.05.1999 for ₹ 28.5 lakhs. The fair market value and the stamp duty value of such house property as on 1.4.2001 was ₹ 33.5 lakhs and ₹ 32.4 lakhs, respectively. On 25.03.2014, Mr. Rajiv entered into an agreement with Mr. Virat for sale of such property for ₹ 74 lakhs and received an amount of ₹ 3.9 lakhs as advance. However, as Mr. Virat did not pay the balance amount, Mr. Rajiv forfeited the advance.

On 15.04.2023, Mr. Rajiv sold the house property to Mr. Suraj for ₹ 2.10 crores, when the stamp duty value of the property was ₹ 2.33 crores.

Cost inflation index –

P.Y. 2023-24: 348; P.Y. 2013-14: 220; P.Y. 2001-02: 100

From the information given above, choose the **most appropriate answer** to the following questions –

- (i) What shall be the indexed cost of acquisition of residential house property at Gwalior for computation of capital gains in the hands of Mr. Rajiv?
- (a) ₹ 1,12,75,200
 (b) ₹. 99,18,000
 (c) ₹ 1,03,00,800
 (d) ₹ 1,05,27,200
- (ii) The amount of capital gains for A.Y. 2024-25 in the hands of Mr. Rajiv for sale of residential house property at Gwalior is -
- (a) ₹ 1,20,24,800
 (c) (b) ₹ 1,29,99,200
 (d) ₹ 1,33,82,000
 (d) ₹ 1,27,72,800
- (iii) The amount required to be deducted as TDS by Mr. Suraj under section 194-IA, is -
- (a) ₹ 2,33,000
 (b) Nil
 (c) ₹ 2,10,000
 (d) ₹ 23,000

(3 x 2 Marks)

3. Mr. Sushil is a person of Indian origin, residing in Canada. During P.Y. 2023-24, he visited India on several occasions and his period of stay, in total, amounted to 129 days during P.Y. 2023-24 and his period of stay in India during P.Y. 2022-23, P.Y.2021-22, P.Y. 2020-21 and P.Y. 2019-20 was 135 days, 115 days, 95 days and 125 days, respectively. He earned the following incomes during the P.Y. 2023-24:

Source of Income	Amount (₹)
Income received or deemed to be received in India	2,50,000
Income accruing or arising or which is deemed to accrue or arise in India	3,75,000
Income accruing or arising and received outside India from business controlled from India	5,50,000
Income accruing or arising and received outside India from business controlled outside India	6,50,000

What is the residential status of Mr. Sushil for A.Y. 2024-25 and his income liable to tax in India during A.Y. 2024-25?

- (a) Non-Resident; ₹ 6,25,000 is liable to tax in India
 (b) Resident and ordinary resident; ₹ 18,25,000 is liable to tax in India
 (c) Resident but not ordinarily resident; ₹ 11,75,000 is liable to tax in India

(d) Non-Resident; ₹ 11,75,000 is liable to tax in India **(2 Marks)**

4. Mr. Arora made the following cash withdrawals during the P.Y.2023-24 -

Date	Amount	From
1.6.2023	₹ 70 lakhs	Canara Bank
1.8.2023	₹ 50 lakhs	Canara Bank
1.10.2023	₹ 60 lakhs	Repco Bank (Co-operative Bank)
1.11.2023	₹ 10 lakhs	SBI
1.12.2023	₹ 10 lakhs	Repco Bank (Co-operative Bank)
20.1.2024	₹ 20 lakhs	Repco Bank (Co-operative Bank)
1.2.2024	₹ 15 lakhs	Repco Bank (Co-operative Bank)
10.2.2024	₹ 75 lakhs	SBI
1.3.2024	₹ 15 lakhs	SBI

Which of the above banks are required to deduct tax at source on cash withdrawals made by Mr. Arora in the P.Y.2023-24 if he regularly files his return of income?

- (a) Canara Bank
- (b) SBI & Repco
- (c) Repco & Canara Bank
- (d) Repco

(1 Mark)

Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Mr. Ashok, aged 61 years, a resident individual, engaged in a wholesale business of stationary products provides you the following information for the year ended 31.3.2024. He is also a partner in UVW & Co., a partnership firm.

Sl. No.	Particulars	₹	₹
(i)	Interest on capital received from UVW & Co., at 14% [in accordance with the partnership deed]		1,40,000
(ii)	Share of profit from the firm		44,000
(iii)	Salary as working partner (fully allowed in the hands of the firm)		1,00,000
(iv)	Interest from bank on fixed deposit (Net of TDS)		49,500
(v)	Interest on saving bank account		13,300
(vi)	Income-tax refund received relating to assessment year 2023-24 including interest of ₹ 1,400		34,500

(vii)	Net profit from wholesale business		6,60,000
	Amounts debited include the following:		
	- Depreciation as per books	34,000	
	- Motor car expenses	40,000	
	- Municipal taxes for the shop	7,000	
	(For two half years; payment for one half year made on 12.7.2023 and for the other on 31.12.2024)		
	- Salary to manager by way of a single cash payment	22,000	
(viii)	The WDV of the assets (as on 1.4.2023) used in above wholesale business is as under:		
	- Computers	2,40,000	
	- Computer printer	1,50,000	
(ix)	Motor car acquired on 31.12.2023 (20% used for personal use)	6,80,000	
(x)	He owned a house property in Mumbai which was sold in January, 2021. He received arrears of rent in respect of the said property in October, 2023.		1,35,000
(x)	LIP paid for independent son	60,000	
(xi)	PPF of his wife	70,000	
(xii)	Health insurance premium paid by way of A/c payee cheque for self	35,000	
(xiii)	Contribution toward Prime Minister National Relief Fund	50,000	

You are required to compute the total income and tax liability of Mr. Ashok for the A.Y. 2024-25 assuming he opts out from the provisions of section 115BAC. **(15 Marks)**

2. (a) Mr. Sudesh (aged 58 years), a citizen of India, serving in the Ministry of Finance in India, was transferred to Indian Embassy in UK on 15th March 2023. His income during the financial year 2023-24 is given hereunder:

Particulars	₹
Rent from a house situated at UK, received in UK. Thereafter, remitted to Indian bank account.	5,25,000
Salary from Government of India	9,25,000
Foreign Allowances from Government of India	8,00,000

Mr. Sudesh did not come to India during the financial year 2023-24. Compute his total income for the Assessment year 2024-25. **(3 Marks)**

- (b) Mr. Sumit has submitted his income-tax return containing certain losses/deductions in respect of the P.Y. 2023-24 on 22.10.2024. The due date for filing the return for Mr. Sumit was 31st July, 2024 under section 139(1). You are required to examine with reference to the relevant provisions of Income-tax Act, 1961 whether the following losses/deductions can be carried forward/claimed in subsequent years by Mr. Sumit if he pays tax under default tax provisions of the Act.

- (i) Loss from the business carried on by him as a proprietor: ₹ 10,80,000 (computed)
- (ii) Unabsorbed Depreciation: ₹ 2,00,000 (computed)
- (iii) Loss from let out house property: ₹ 2,50,000 (computed)

(3 Marks)

- (c) Briefly discuss the provisions of tax deducted at source under the Income-tax Act, 1961 in respect of the following payments:

- (i) Mr. Shamsher (a resident individual aged 65 years) has maintained two fixed deposits in two different branches of HFC Bank of India (working on core banking solution). During the year 2023-24, the bank paid ₹ 32,000 and ₹ 17,000 as interest on these fixed deposits.
- (ii) Mr. Chetan, a pensioner, pays ₹ 55,00,000 during F.Y. 2023-24 to Mr. Gopi, for contract payment for reconstruction of his residential house.

(4 Marks)

3. (a) Mr. Yogesh constructed a house in P.Y. 2017-18 with 3 independent units. During the P.Y. 2023-24, Unit - 1 (50% of floor area) is let out for residential purpose at monthly rent of ₹ 20,000. Rent of January, 2024 could not be collected from the tenant and a notice to vacate the unit was given to the tenant. No other property of Mr. Yogesh is occupied by the tenant. Unit - 1 remains vacant for February and March 2024 when it is not put to any use. Unit - 2 (25% of the floor area) is used by Mr. Yogesh for the purpose of his business, while Unit - 3 (the remaining 25%) is utilized for the purpose of his residence. Other particulars of the house are as follows:

Municipal valuation - ₹ 2,88,000

Fair rent - ₹ 2,98,000

Standard rent under the Rent Control Act - ₹ 2,78,000

Municipal taxes - ₹ 30,000 paid by Mr. Yogesh

Repairs - ₹ 7,000

Interest on capital borrowed for the construction of the property - ₹ 90,000,

Ground rent - ₹ 6,000 and

Fire insurance premium paid - ₹ 60,000.

Income of Yogesh from the business is ₹ 2,40,000 (without debiting house rent and other incidental expenditure).

Determine the taxable income of Mr. Yogesh for the assessment year 2024-25 if he pays tax under section 115BAC. **(5 Marks)**

- (b) Mr. Soham, a builder, entered into an agreement on 1.4.2023 with Mr. Aman to transfer 4th Floor in Tower A of a new project for ₹ 1,50,00,000. He received ₹ 25 lakhs as advance in cash on 1.4.2023. The stamp duty value of such floor on that date was ₹ 1,70,00,000. The sale deed was executed and registered on 15.6.2023 for the agreed consideration. However, the stamp duty value on that date was ₹ 1,75,00,000.

Discuss the tax consequences of above, in the hands of Mr. Soham and Mr. Aman. **(5 Marks)**

4. (a) Mr. Mohan, aged 30 years, submits the information of following transaction/income during the P.Y. 2023-24
- (i) Mr. Mohan had a house in Delhi. During financial year 2020-21, he had transferred the said house to Ms. Veena, daughter of his brother without any consideration. House would go back to Mr. Mohan after the life time of Ms. Veena. The transfer was made with a condition that 15% of rental income from such house shall be paid to Mrs. Mohan. Rent received by Ms. Veena during the previous year 2023-24 from such house property is ₹ 6,50,000.
 - (iii) Mr. and Mrs. Mohan forms a partnership firm with equal share in profits. Mr. Mohan transferred a fixed deposit of ₹ 50 lakhs to such firm. Firm had no income or expense other than the interest of ₹ 6,00,000 received from such fixed deposit. Firm distributed the entire surplus to Mr. and Mrs. Mohan at the end of the year.
 - (iv) Mr. Mohan holds preference shares in M/s X Pvt. Ltd. He instructed the company to pay dividends to Ms. Roshni, daughter of his servant. The transfer is irrevocable for the life time of Roshni. Dividend received by Ms. Roshni during the previous year 2023-24 is ₹ 10,00,000.
 - (v) Mr. Mohan has a short term capital loss of ₹ 16,000 from sale of property and long term capital gain of ₹ 15,000 from sale of property.
 - (vi) Other income of Mr. Mohan includes
 - Interest from saving bank account of ₹ 2,00,000
 - Cash gift of ₹ 75,000 received from daughter of his sister on his birthday.
 - Income from betting of ₹ 34,000
 - Income from card games of ₹ 46,000

- Loss on maintenance of race horses of ₹ 14,600

Compute the total income of Mr. Mohan for the Assessment Year 2024-25 and the losses to be carried forward if he pays tax under normal provisions of the Act. **(7 Marks)**

- (b) Mr. Prince, a senior citizen, has reported a Total Income ₹ 1,90,000. He has claimed exemption of ₹ 50,000 under section 54EC in respect of long term capital gain on sale of house property and deductions under Chapter VI-A amounting to ₹ 1,50,000 for the previous year 2023-24. Is he liable to file his return of income under section 139(1) for the Assessment year 2024-25? If so why? **(3 Marks)**

OR

- (b) Examine with reasons, whether the following statements are true or false, with regard to the provisions of the Income-tax Act, 1961:
- (i) The Assessing Officer has the power, *inter alia*, to allot PAN to any person by whom no tax is payable.
 - (ii) Where the Karta of a HUF is absent from India, the return of income can be verified by any male member of the family.

(3 Marks)

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

QUESTIONS

- (i) Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.
- (iii) All questions should be answered on the basis of position of the GST law as amended by provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2023, including significant notifications and circulars issued, up to 30th June, 2024.

Division A - Multiple Choice Questions (MCQs)

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.

Total Marks: 15 Marks

Case Scenario 1

Anushka, registered under GST in the State of Madhya Pradesh, is engaged in supplying multiple taxable goods and services. She has undertaken the following activities/transactions in the month of October in the current financial year:

- (i) Donated some money to Netrajyoti Charitable Trust, Madhya Pradesh, in the memory of her late mother. The Netrajyoti Charitable Trust constructed a room in the school run by it from such donation and wrote “Donated by Miss. Anushka in the memory of her mother” on the door of the room so constructed.
- (ii) Organized a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP. Anushka received a sponsorship fee of ₹1,50,000.
- (iii) Ashoka Public School intended to distribute gift packages consisting of fountain pen, calculator and tape dispenser to its students on the occasion of Children’s Day. Therefore, it entered into a contract with Anushka on 28th October for supply of 2,000 packages at a single price of ₹ 250. Rates of GST for fountain pen, calculator and tape dispenser are 5%, 12% and 18% respectively.
- (iv) Received the following payments during the month of October:
 - earned ₹ 160,000 by performing at a western Indian cinematic concert in Indore
 - earned ₹ 50,000 for renting of space for use as a Textile Emporium
 - received ₹ 70,000 for supply of farm labour
- (v) Supplied machinery with a basic price of ₹ 45,000 (before TCS under Income Tax Act, 1961). Tax collected at source under Income-tax Act, 1961 on said machinery is ₹ 2,500. Further, a subsidy of ₹50,000 is received from Prakarti Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to energy saved during the month.

Anushka needs to transport one consignment to the transporter and then to the consignee. The distance, within the same State, between her godown and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

All the amounts given above are exclusive of GST, wherever applicable.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:-

1. Donation made by Anushka to Netrajyoti Charitable Trust is _____.
 - (a) exempted from GST by way of a notification
 - (b) not a supply at all
 - (c) liable to GST under forward charge
 - (d) liable to GST under reverse charge
2. Which of the following statements is correct with respect to the sponsorship fee received by Anushka?
 - (a) Tax on sponsorship services is payable by Anushka under forward charge.
 - (b) Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.
 - (c) Sponsorship services are exempt from GST since services provided to a sports academy are exempt.
 - (d) Tax on sponsorship services is payable by Anushka under reverse charge.
3. Determine the nature of supply and the applicable rate of GST for the packages supplied by Anushka to Ashoka Public School.
 - (a) composite supply & applicable rate of GST is 12%
 - (b) mixed supply & applicable rate of GST is 18%
 - (c) composite supply & applicable rate of GST is 18%
 - (d) mixed supply & applicable rate of GST is 12%
4. Out of all the payments received by Anushka in the month of October, value of exempt supply amounts to _____.
 - (a) ₹ 4,30,000
 - (b) ₹ 70,000
 - (c) ₹ 1,20,000
 - (d) ₹ 2,20,000

5. The value of supply of machinery supplied by Anushka is_____.
- ₹ 45,000
 - ₹ 47,500
 - ₹ 48,500
 - ₹ 51,000
6. Which of the following statements is true in respect of furnishing of details of conveyance in Part B of e-way bill?
- Part B need not be filed in respect of transport of consignment from Godown of Anushka to transporter location.
 - Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.
 - Information in Part-B is neither required in transport of consignment from Godown of Anushka to transporter location nor from transporter location to consignee's location.
 - Information in Part-B is mandatory in transport of consignment from Godown of Anushka to transporter location and from transporter location to consignee's location. **(6 x 2 Marks = 12 Marks)**
7. While filing return for the month of November, a firm - Vedika & Co. - registered under GST generated E-Challan on 5th December for making payment of GST through RTGS of their bank. Determine the validity of E-Challan generated by Vedika & Co. for payment of taxes for the month of November?
- 5th December
 - 15th December
 - 20th December
 - 31st December **(1 Mark)**
8. Vikas Nigam Limited (a Public Sector Undertaking) has placed an order to Bharti Steels registered in Bokaro, Orissa for supply of 70 Iron shields each costing ₹ 12000 (exclusive of GST). However, the supply will take place in 3 lots containing 10 shields, 20 shields, 40 shields on different days. Determine whether tax is required to be deducted under GST law by Vikas Nigam Limited on the above order?
- No TDS will be deducted
 - TDS to be deducted on the third lot of 40 shields only as value exceeds Rs. 2,50,000
 - TDS to be deducted on entire order of 70 shields
 - TDS to be deducted on supply of 2nd order of 20 shields **(2 Marks)**

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

1. (a) Aashima Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 2024:

Sl. No.	Particulars			Amount in ₹	
(i)	Outward supply of goods made during the month to various non-related persons:			As given in particulars column	
		Particulars	Market value		Transaction Value (₹)
	a.	in the State of Bihar (Intra-State)	3,00,000		4,00,000
	b.	to other States (Inter-State)	2,00,000		1,00,000
(ii)	Services by way of warehousing of potato chips (Inter-State transaction)			5,00,000	
(iii)	Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTN for convenience of accounting and billing. Value under section 15 of the CGST Act, 2017 - ₹ 20,000 (Intra -State)			Nil	
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices)			6,50,000	

Additional Information:

- (a) All the amounts given above are exclusive of taxes.
- (b) During the course of arranging and filing documents, the accountant of Aashima Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2023 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2024. This invoice was issued by Mr. Suhaas of Patna, from whom Aashima Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra-State transaction).
- (c) Rate of GST applicable on various supplies are as follows:

Nature of supply	CGST	SGST	IGST
Car rental service	2.5%	2.5%	5%
All other inward and outward supplies	9%	9%	18%

- (d) No opening balance of input tax credit exists in the beginning of the month.
- (e) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in which Invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR 2B for the month of January 2024, since the suppliers had filed their GSTR-1.
- (f) Subject to the information given above, conditions necessary for claiming ITC were complied with.
- (g) Aashima Ltd. is not engaged in renting of cars business.

You are required to calculate the amount of net GST liability payable in cash by Aashima Limited for the month of January 2024. Brief notes for treatment given for each item should form part of your answer.

(10 Marks)

- (b) Shri Narayan Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Ram Pvt. Ltd.-

S. No.	Particulars	Amount (₹)
(i)	Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)]	1,00,000
(ii)	Municipal tax	2,000
(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Shyam Trust [Subsidy is directly linked to the goods supplied]	50,000
(v)	Late fees for delayed payment inclusive of GST [Shri Ram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Narayan Pvt. Ltd. and the amount was refunded to Shri Ram Pvt. Ltd. during the same month]	1,000
(vi)	Weighment charges [Such charges were paid by Shri Ram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Narayan Pvt. Ltd.]	2,000

Note: Price of the goods is net of the subsidy received.

Determine the value of taxable supply made by Shri Narayan Pvt. Ltd. to Shri Ram Pvt. Ltd.

(5 Marks)

2. (a) Determine the time of supply from the given information in each of the following independent cases:

(i)

Particulars	Date
Supplier invoices goods taxable on reverse charge basis to Saroj & Co. (30 days from the date of issuance of invoice elapse on June 3)	May 4
Saroj & Co receives the goods	May 12
Saroj & Co makes the payment	May 30

(ii)

Particulars	Date
Supplier invoices goods taxable on reverse charge basis to Durable & Co. (30 days from the date of issuance of invoice elapse on June 3)	May 4
Durable & Co receives the goods	May 12
Durable & Co makes the payment	May 30

(4 Marks)

- (b) Examine whether the following activities would amount to supply under section 7 read with Schedule I:

(i) Rimjhim Manufacturers have a factory in Delhi and a depot in Mumbai. Both these establishments are registered in respective States. Finished goods are sent from factory in Delhi to the Mumbai depot without consideration so that the same can be sold from the depot.

(ii) Mohan is an architect in Chennai. His brother who is settled in London is a well-known lawyer. Mohan has taken legal advice from him free of cost with regard to his family dispute. **(6 Marks)**

3. (a) World Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Green India, Delhi on 4th January. For the occasion, it gets the service by way of makeover of its models from Glamour Beauty Services Ltd., Mayur Vihar, on 4th January, for which a consideration of ₹ 5,00,000 (excluding GST) has been charged. Glamour Beauty Services Ltd. issued a duly signed tax invoice on 10th February showing the lumpsum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each for the services provided. Answer the following questions:

- (i) Examine whether the tax invoice has been issued within the time limit prescribed under law.
- (ii) Tax consultant of World 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 Glamour Beauty Services Ltd. However, Glamour Beauty Services 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 World Fashions. **(5 Marks)**

- (b) M/s Balaji Electronics, a registered dealer, is supplying all types of electronic appliances in the State of Karnataka. Its aggregate turnover in the preceding financial year by way of supply of appliances is ₹ 120 lakh.

The firm also expects to provide repair and maintenance service of such appliances from the current financial year.

With reference to the provisions of the CGST Act, 2017, examine:

- (i) Whether the firm can opt for the composition scheme, under section 10(1) and 10(2), for the current financial year, as the turnover may include supply of both goods and services?
- (ii) If yes, up to what amount, the services can be supplied?

(5 Marks)

4. (a) What is the place of supply for mobile connection? Can it be the location of supplier? **(5 Marks)**

Or

- (a) What would be the place of supply of services provided by an event management company for organizing a sporting event for a Sports Federation which is held in multiple States? **(5 Marks)**
- (b) What are the documents and devices to be carried by person-in-charge of conveyance under rule 138A of CGST Rules, 2017? Also explain the meaning of consignment value of goods. **(5 Marks)**

Mock Test Paper - Series II: December, 2024

Date of Paper: 11th December, 2024

Time of Paper: 2 P.M. to 5 P.M.

INTERMEDIATE COURSE: GROUP-I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

SOLUTIONS

Division A – Multiple Choice Questions

MCQ No.	Sub-part	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(i)	(c)	3.	(a)
	(ii)	(b)	4.	(c)
	(iii)	(c)		
2.	(i)	(b)		
	(ii)	(c)		
	(iii)	(a)		

Division B – Descriptive Questions

1. Computation of total income of Mr. Ashok for the A.Y.2024-25

Particulars	₹	₹
Income from house property		
Arrears of rent (Taxable under section 25A even if Mr. Ashok is not the owner of the house property in the P.Y.2023-24)	1,35,000	
Less: Deduction@30%	<u>40,500</u>	94,500
Profits and gains of business or profession		
Income from wholesale business		
Net profit as per books	6,60,000	
Add: Amount debited to P & L A/c, not allowable as deduction		
- Depreciation as per books	34,000	
- Disallowance of municipal taxes paid for the second half-year under section 43B, since the same was paid after the due date of filing of return of income (₹ 7,000/2)	3,500	
- Disallowance under section 40A(3) in respect of salary paid in cash since the same exceeds ₹ 10,000	22,000	

- 20% of car expenses for personal use	<u>8,000</u>	
	7,27,500	
Less: Depreciation allowable (Note 1)	<u>1,96,800</u>	
	5,30,700	
Income from firm		
Share of profit from the firm is exempt under section 10(2A)	-	
Interest on capital from partnership firm (Note 2)	1,20,000	
Salary as working partner fully taxable	<u>1,00,000</u>	7,50,700
Income from other sources		
Interest on bank fixed deposit (Gross) [₹ 49,500 x 100/90]	55,000	
Interest on saving bank account	13,300	
Interest on income-tax refund	<u>1,400</u>	<u>69,700</u>
Gross total income		9,14,900
Less: Deduction under Chapter VIA (Note 3)		<u>2,65,000</u>
Total Income		<u>6,49,900</u>

Computation of tax liability of Mr. Ashok for the A.Y.2024-25

Particulars	₹
Upto ₹ 3,00,000	Nil
₹ 3,00,001 – ₹ 5,00,000 [i.e., ₹ 2,00,000@5%]	10,000
₹ 5,00,001 – ₹ 6,49,900 [i.e., ₹ 1,49,900@20%]	<u>29,980</u>
	39,980
Add: Health and Education cess@4%	<u>1,599</u>
Tax liability	<u>41,579</u>
Tax liability (Rounded off)	<u>41,580</u>

Notes:

(1) Depreciation allowable under the Income-tax Rules, 1962

		Opening WDV/ Actual cost	Rate		Depreciation
Block 1	Computers	2,40,000	40%		96,000
	Computer printer	1,50,000	40%		60,000
Block 2	Motor Car	6,80,000	15%	51,000 [50% of 15% is allowable,	40,800

				since it is put to use for less than 180 days]	
	Less: 20% disallowance for personal use			<u>10,200</u>	
					<u>1,96,800</u>

- (2) Only to the extent the interest is allowed as deduction in the hands of the firm, the same is includible as business income in the hands of the partner. Since interest is paid in accordance with partnership deed, maximum interest allowable as deduction in the hands of the firm is 12% p.a. Therefore, interest @12% p.a. amounting to ₹ 1,20,000 would be treated as the business income of Mr. Ashok.

(3) **Deduction under Chapter VI-A**

Particulars	₹	₹
Under section 80C		
LIP for independent son	60,000	
PPF paid in wife's name	<u>70,000</u>	
		1,30,000
Under section 80D		
Health insurance premium taken for himself is fully allowable as deduction, since he is a senior citizen		35,000
Under section 80G		
Contribution towards PM National Relief Fund eligible for 100% deduction without any qualifying limit		50,000
Under section 80TTB		
Interest on deposits in case of senior citizen, restricted to		<u>50,000</u>
Total deduction		<u>2,65,000</u>

2. (a) Mr. Sudesh is a non-resident for the A.Y.2024-25, since he was not present in India at any time during the previous year 2023-24.

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

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

Computation of Total Income of Mr. Sudesh for A.Y. 2024-25

Particulars	₹
Salaries	
Salary from Government of India (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. Sudesh, a citizen of India, even though he is a non-resident and rendering services outside India)	9,25,000
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)].	<u>Nil</u>
Gross Salary	9,25,000
Less: Standard Deduction under section 16(ia) of ₹ 50,000, being lower of gross salary or ₹ 50,000	<u>50,000</u>
	8,75,000
Income from House Property	
Rent from a house situated at UK, received in UK (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)	Nil
Gross Total Income/ Total Income	8,75,000

- (b) Mr. Sumit has furnished his return of income under default tax regime for A.Y.2024-25 on 22.10.2024, i.e., after the due date specified under section 139(1) i.e., 31st July 2024. Hence, the return is a belated return under section 139(4).

As per section 80 read with section 139(3), specified losses, which have not been determined in pursuance of a return of loss filed within the time specified in section 139(1), cannot be carried forward to the subsequent year for set-off against income of that year. The specified losses include, *inter alia*, business loss but does not include loss from house property and unabsorbed depreciation.

Accordingly, business loss of ₹ 10,80,000 of Mr. Sumit for A.Y. 2024-25, not determined in pursuance of a return of loss filed within the time specified in section 139(1), cannot be carried forward to A.Y. 2025-26.

However, the loss of ₹ 2,50,000 from let out house property and unabsorbed depreciation of ₹ 2,00,000 pertaining to A.Y.2024-25, can

be carried forward to A.Y.2025-26 for set-off, even though Mr. Sumit has filed the return of loss for A.Y.2024-25 belatedly.

- (c) (i) HFC Bank is not required to deduct tax at source under section 194A, since the aggregate interest on fixed deposit with the two branches of the bank ₹ 49,000 does not exceed the threshold limit of ₹ 50,000, applicable in case of senior citizen. Since HFC Bank has adopted core banking solution (CBS), the aggregate interest paid by both branches has to be considered.
- (ii) TDS provisions under section 194C are not attracted in this case, since Mr. Chetan is a pensioner. However, Mr. Chetan has to deduct tax at source@5% u/s 194M, since the payment to contractor, Mr. Gopi, exceeds ₹ 50 lakhs.

3. (a) **Computation of taxable income of Mr. Yogesh for A.Y. 2024-25**

Particulars	Amount (₹)	Amount (₹)
Income from house property (A)		
<u>Unit - 1 [50% of floor area - Let out]</u>		
Gross Annual Value, higher of		
- Expected rent ₹ 1,39,000 [Higher of Municipal Value of ₹ 1,44,000 p.a. and Fair Rent of ₹ 1,49,000 p.a., but restricted to Standard Rent of ₹ 1,39,000 p.a.]		
- Actual rent ₹ 1,80,000 i.e., [₹ 20,000 x 10] less unrealized rent of January, 2024 ₹ 20,000		
Gross Annual Value	1,80,000	
Less: Municipal taxes [50% of ₹ 30,000]	<u>15,000</u>	
Net Annual Value	1,65,000	
Less: Deductions from Net Annual Value		
(a) 30% of Net Annual Value	49,500	
(b) Interest on loan [50% of ₹ 90,000]	<u>45,000</u>	70,500
<u>Unit – 3 [25% of floor area – Self occupied]</u>		
Net Annual Value	-	
Less: Interest on loan [Not allowed as Mr. Yogesh is paying tax under section 115BAC.]	<u>-</u>	<u>-</u>
		70,500
Profits and gains from business or profession (B)		
Business Income [without deducting expenditure of Unit – 2, 25% floor area used for business purposes]	2,40,000	
Less: Expenditure in respect of Unit -2		

- Municipal taxes [25% of ₹ 30,000]	7,500		
- Repairs [25% of ₹ 7,000]	1,750		
- Interest on loan [25% of ₹ 90,000]	22,500		
- Ground rent [25% of ₹ 6,000]	1,500		
- Fire Insurance premium [25% of ₹ 60,000]	<u>15,000</u>	<u>48,250</u>	<u>1,91,750</u>
Taxable Income (A+B)			<u>2,62,250</u>

Note: Alternatively, if as per income-tax returns, unrealised rent is deducted from GAV, then GAV would be ₹ 2,00,000, being higher of unexpected rent of ₹ 1,39,000 and actual rent of ₹ 2,00,000. Thereafter, unrealised rent of ₹ 20,000 and municipal taxes of ₹ 15,000 would be deducted from GAV of ₹ 2,00,000 to arrive at the NAV of ₹ 1,65,000

(b)

I	<u>Tax consequences in the hands of Mr. Soham</u>
	As per section 43CA, where the consideration received or accruing is less than the stamp duty value of an asset (other than capital asset), being land or building or both and such stamp duty value exceeds 110% of the consideration received or accruing, then the stamp duty value shall be deemed to be the full value of the consideration. However, where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided whole or part of the considered is received by way of account payee cheque/ bank draft/ ECS or through any other prescribed modes on or before the date of agreement. In this case, since ₹ 25 lakhs is received by cash on the date of agreement, stamp duty value on the date of registration is to be considered. Since such stamp duty value (₹ 1.75 crores) exceed 110% of the consideration received (₹ 1.50 crores), business income would be computed in the hands of Mr. Soham, for A.Y.2024-25, taking sale consideration of ₹ 1,75,00,000 as the full value of consideration arising on transfer.
II	<u>Tax consequences in the hands of Mr. Aman</u>
	In case, immovable property is received for inadequate consideration, the difference between the stamp duty value and actual consideration would be taxable under section 56(2)(x) in the hands of the recipient, if such difference exceeds the higher of ₹ 50,000 and 10% of actual sales consideration. Where the date of agreement is different from the date of

	registration, stamp duty value on the date of agreement can be considered provided whole or part of the considered is received by way of account payee cheque/ bank draft/ ECS or through any other prescribed modes on or before the date of agreement. In this case, since ₹ 25 lakhs is received by cash on the date of agreement, stamp duty value on the date of registration is to be considered. Accordingly, ₹ 25,00,000 would be taxable in the hands of Mr. Aman under the head "Income from Other Sources" in A.Y.2024-25 since the difference of ₹ 25,00,000 exceed ₹ 15,00,000, being the higher of ₹ 50,000 and ₹ 15,00,000 (10% of consideration).
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4. (a) Computation of Total Income of Mr. Mohan for A.Y. 2024-25

Particulars	Amount (₹)	Amount (₹)
Income from house property		
<u>House in Delhi</u> [Since Mr. Mohan receives direct or indirect benefit from income arising to his brother's daughter, Ms. Veena, from the transfer of house to her without consideration, such income is to be included in the total income of Mr. Mohan as per proviso to section 62(1), even though the transfer may not be revocable during lifetime of Ms. Veena]		
Gross Annual Value ¹	6,50,000	
Less: Municipal taxes	-	
Net Annual Value	6,50,000	
Less: Deductions from Net Annual Value		
(a) 30% of Net Annual Value	1,95,000	
(b) Interest on loan	-	
		4,55,000
Profits and gains from business or profession		
Share of profit from firm [Exempt u/s 10(2A)]	-	
Exempt income cannot be clubbed		
Capital Gains		
Long term capital gain from sale of property	15,000	
Less: Short-term capital loss can be set-off against both short-term capital gains and long-term capital gains ² . Short term capital loss of ₹ 16,000 set off against long-term	15,000	-

¹ Rent receivable has been taken as the gross annual value in the absence of other information

² as per section 74(1)

capital gains to the extent of ₹ 15,000 ³ .		
Income from other sources		
Dividend on preference shares [Taxable in the hands of Mr. Mohan as per section 60, since he transferred the income, i.e., dividend, without transferring the asset, i.e., preference shares]	10,00,000	
Interest from saving bank account	2,00,000	
Cash gift [Taxable as per section 56(2)(x), since sum of money exceeding ₹ 50,000 is received from his niece, who is not a relative]	75,000	
Income from betting [No loss is allowed to be set off against such income]	34,000	
Income from card games [No loss is allowed to be set off against such income]	<u>46,000</u>	<u>13,55,000</u>
Gross Total Income		18,10,000
Less: Deduction under Chapter VI-A		
Deduction under section 80TTA [Interest from savings bank account]	<u>10,000</u>	10,000
Total Income		18,00,000

Losses to be carried forward to A.Y. 2025-26

Particulars	Amount (₹)
Short term capital loss [₹ 16,000 – ₹ 15,000]	1,000
Loss on maintenance of race horses [Loss incurred on maintenance of race horses cannot be set-off against income from any source other than the activity of owning and maintaining race horses. Hence, such loss has to be carried forward to A.Y.2025-26]	14,600

(b) First Alternative

As per sixth proviso to section 139(1), every person, being an individual whose total income without giving effect to the provisions of, *inter alia*, section 54EC and Chapter VI-A exceeds the basic exemption limit, is compulsorily required to furnish return of income on or before the due date.

Therefore, in the present case, Mr. Prince, a senior citizen is required to file return of income, since his total income of ₹ 3,90,000 before giving effect to the exemption under section 54EC and deduction of ₹ 1,50,000 under Chapter VI-A, exceeds the basic exemption limit of ₹ 3,00,000 applicable in his case.

³ as per section 74(1)

(b) Second Alternative

- (i) **True:** Section 139A(2) provides that the Assessing Officer may, having regard to the nature of transactions as may be prescribed, also allot a PAN to any other person, whether any tax is payable by him or not, in the manner and in accordance with the procedure as may be prescribed.
- (ii) **False:** Section 140(b) provides that where the Karta of a HUF is absent from India, the return of income can be verified by any other adult member of the family; such member can be a male or female member.

SECTION B – GOODS AND SERVICES TAX (50 MARKS)**SUGGESTED ANSWERS****Division A - Multiple Choice Questions**

Question No.	Answer	
1.	(b)	not a supply at all
2.	(b)	Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.
3.	(b)	mixed supply & applicable rate of GST is 18%
4.	(b)	₹ 70,000
5.	(a)	₹ 45,000
6.	(a)	Part B need not be filed in respect of transport of consignment from Godown of Anushka to transporter location.
7.	(c)	20 th December
8.	(c)	TDS to be deducted on entire order of 70 shields

Division B - Descriptive Questions

1. (a) **Computation of net GST payable in cash by Aashima Ltd. for the month of January 2024**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Outward intra-State supply of goods made in the State of Bihar [Value of supply is the transaction value of the goods.]	36,000 [4,00,000 × 9%]	36,000 [4,00,000 × 9%]	
Outward supply of goods made to other States [Value of supply is the transaction value of the goods.]			18,000 [1,00,000 × 18%]
Services by way of warehousing of potato chips [Taxable since services by way of warehousing of only cereals, pulses, fruits & vegetables are exempt.]			90,000 [5,00,000 × 18%]
Intra-State stock transfer to Gaya Branch with separate registration	1,800 [20,000 × 9%]	1,800 [20,000 × 9%]	

[Supply of goods between distinct persons in course or furtherance of business qualifies as supply even if made without consideration.]			
Total output tax	37,800	37800	1,08,000
Less: Input Tax Credit [Refer Working Note below] [CGST credit should be utilized for payment of CGST and IGST in that order. Similarly, SGST credit should be utilized for payment of SGST and IGST in that order. ITC of CGST cannot be utilized for payment of SGST and vice versa.]	(37,800) (CGST)		(7,200) (CGST)
		(37,800) (SGST)	(7,200) (SGST)
Net GST payable in cash	Nil	Nil	93,600

Working Note:

Computation of ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State inward supply of services [₹ 6,50,000 – ₹1,50,000] [ITC cannot be claimed on the e-invoices without IRN since an e-invoice without IRN is not treated as valid document for claiming ITC.]	45,000 [5,00,000 × 9%]	45,000 [5,00,000 × 9%]	--
Cars taken on rental basis from Mr. Suhaas [Tax on renting of motor car services wherein cost of fuel is included in consideration provided by a non-body corporate to a body corporate and invoice is issued charging CGST/SGST @ 2.5% is payable under reverse charge. Time of supply of such services is 1 st February being earlier of	--	--	--

date of payment, or date immediately following 60 days since issue of invoice by the supplier. Since the time of supply of renting of motor car services in the given case does not fall in January, tax liability on the same does not arise in said month. Further, ITC on renting of motor car services received is blocked since the recipient - Aashima Ltd. is not in the same line of business.]			
Total ITC available	45,000	45,000	--

(b) Computation of value of taxable supply made by Shri Narayan Pvt. Ltd. to Shri Ram Pvt. Ltd.

Particulars	Amount (₹)
Price of the goods	1,00,000
Municipal tax [Includible in the value as per section 15(2)(a) of the CGST Act, 2017]	2,000
Inspection charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value as per section 15(2)(c) of the CGST Act, 2017]	15,000
Subsidy received from Shri Shyam Trust [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e) of the CGST Act, 2017]	50,000
Late fees for delayed payment [Not includible since the same is waived off]	Nil
Weighment charges paid to Radhe Pvt. Ltd. on behalf of Shri Narayan Pvt. Ltd. [Any amount that the supplier is liable to pay in relation to the supply but has been incurred by the recipient and not included in the price actually paid or payable for the goods, is includible in the value of supply in terms of section 15(2)(b) of the CGST Act, 2017]	<u>2,000</u>
Value of taxable supply	1,69,000

2. (a) Determination of time of supply:

	Particulars
(i)	May 12 will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3) of the CGST Act, 2017].
(ii)	June 4, 31 st day from the date of supplier's invoice, will be the time of supply, being the earliest of the three stipulated dates namely, receipt of goods, date of payment and date immediately following 30 days of issuance of invoice [Section 12(3) of the CGST Act, 2017].

- (b) (i) Schedule I read with section 7(1)(c) of the CGST Act, 2017, *inter alia*, stipulates that supply of goods or services or both between related persons or between distinct persons as specified in section 25 of the CGST Act, 2017, is supply even without consideration provided it is made in the course or furtherance of business. Further, a person who has obtained more than one registration, whether in one State/Union territory or more than one State/Union territory shall, in respect of each such registration, be treated as **distinct persons** [Section 25(4) of the CGST Act, 2017].

In view of the same, factory and depot of Rimjhim, Manufacturers are distinct persons. Therefore, supply of goods from Delhi factory of Rimjhim Manufacturers to Mumbai Depot without consideration, but in course/furtherance of business, is supply under section 7 of the CGST Act, 2017 read with Schedule I.

- (ii) Schedule I read with section 7(1)(c) of the CGST Act, 2017, *inter alia*, stipulates that import of services by a taxable person from a **related person** located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business. Explanation to section 15 of the CGST Act, 2017, *inter alia*, provides that persons shall be deemed to be “**related persons**” if they are **members of the same family**. Further, as per section 2(49) of the CGST Act, 2017, family means, —

- (a) the spouse and children of the person, and
- (b) the parents, grand-parents, brothers and sisters of the person **if they are wholly or mainly dependent on the said person**.

In the given case, Mohan has received free of cost legal services from his brother. However, in view of section 2(49)(ii) of the CGST Act, 2017 above, Mohan and his brother cannot be considered to be related as Mohan's brother is a well-known lawyer and so, not wholly/mainly dependent on Mohan. Further, Mohan has taken legal advice from him in personal matter and not in course or furtherance of business. Consequently, services provided by

Mohan's brother to him would not be treated as supply under section 7 of the CGST Act, 2017 read with Schedule I.

3. (a) (i) As per section 31 of the CGST Act, 2017 read with the CGST Rules, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/ banking company or financial institutions including NBFCs] from the date of supply of service.

In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 3rd February. However, the invoice has been issued on 10th February.

- (ii) Section 31 of the CGST Act, 2017 read with the CGST Rules, *inter alia*, provides that tax invoice in addition to other mandatory details shall also contain the amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess). Further, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax charged in respect of taxable goods or services which shall form part of the price at which such supply is made.

The objection raised by the tax consultant of World Fashions suggesting that the amount of tax charged in respect of the taxable supply of makeover services should be shown separately in the invoice raised by Glamour Beauty Services Ltd., is valid in law.

- (b) (i) The registered person, whose aggregate turnover in the preceding financial year does not exceed ₹ 1.5 crore, may opt to pay tax under composition levy, under section 10(1) and 10(2) of the CGST Act, 2017.

The scheme can be availed by an intra-State supplier of goods and supplier of restaurant service.

However, the composition scheme permits supply of marginal services (other than restaurant services) for a specified value along with the supply of goods and restaurant service, as the case may be.

Thus, M/s Balaji Electronics can opt for composition scheme for the current financial year as its aggregate turnover is less than ₹ 1.5 crore in the preceding financial year and it is not engaged in inter-State outward supplies.

- (ii) The registered person opting for composition scheme, under section 10(1) and 10(2) of the CGST Act, 2017, can also supply services (other than restaurant services) for a value up to 10% of the turnover in the preceding year or ₹ 5 lakh, whichever is higher, in the current financial year.

Thus, M/s Balaji Electronics can supply repair and maintenance services up to a value of ₹ 12 lakh [10% of ₹ 120 lakh or ₹ 5 lakh, whichever is higher] in the current financial year.

4. (a) The location of supplier of mobile services cannot be the place of supply as the mobile companies are providing services in multiple states and many of these services are inter-state. The consumption principle will be broken if the location of supplier is taken as place of supply and all the revenue may go to a few states where the suppliers are located.

The place of supply for mobile connection would depend on whether the connection is on postpaid or prepaid basis. In case of postpaid connections, the place of supply is the location of billing address of the recipient of services on the record of supplier of services.

In case of pre-paid connections, if the service is supplied:-

- (i) through a selling agent or a re-seller or a distributor of SIM card or re-charge voucher, the place of supply is the place address of the selling agent or re-seller or distributor as per the record of the supplier at the time of supply; or
- (ii) by any person to the final subscriber, the place of supply is the location where such prepayment is received or such vouchers are sold;
- (iii) in other cases, the place of supply is the address of the recipient as per the records of the supplier of services and where such address is not available, the place of supply shall be location of the supplier of services.

However, if the recharge is done through internet/e-payment, the location of recipient of service on record of the supplier will be taken as the place of supply.

Or

- (a) In case of an event, if the recipient of service is registered, the place of supply of services for organizing the event is the location of such person. However, if the recipient is not registered, the place of supply is the place where event is held.

Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each State in proportion to the value for services determined in terms of the contract or agreement entered into in this regard.

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in each State (where the event is held) will be computed in accordance with rule 5 of the IGST Rules by the application of generally accepted accounting principles.

- (b)** The person-in-charge of a conveyance has to carry -
- (a) the invoice or bill of supply or delivery challan, as the case may be; and
 - (b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance [except in case of movement of goods by rail or by air or vessel] in such manner as may be notified by the Commissioner

Consignment value of goods shall be the value:

- ◆ determined in accordance with the provisions of section 15 of the CGST Act, 2017,
- ◆ declared in an invoice, a bill of supply or a delivery challan, as the case may be, issued in respect of the said consignment and
- ◆ also includes the Central tax, State or Union territory tax, integrated tax and cess charged, if any, in the document and
- ◆ shall exclude the value of exempt supply of goods where the invoice is issued in respect of both exempt and taxable supply of goods.