

Mock Test Paper - Series II: April, 2026

Date of Paper: 6th April, 2026

Time of Paper: 10 A.M. to 1 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.2026-27.

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. Saksham (aged 50 years) is a CEO of XYZ Enterprises (P) Ltd. During the P.Y.2025-26, he has earned the following income -

- salary of ₹ 45 lakhs
- long-term capital gain on sale of listed equity shares (STT paid) amounting to ₹ 6,54,000
- dividend of ₹ 12,00,000 (gross) from shares of Indian companies
- interest on saving bank account with SBI of ₹ 16,000
- interest on fixed deposits with BOB of ₹ 45,000

Mr. Saksham has made the following payments towards medical insurance premium for health policies taken for his family members:

- Medical premium for his spouse aged 47 years: ₹ 13,500 (by cheque)
- Medical premium for his mother aged 70 years: ₹ 26,670 (by cheque)
- Preventive health check-up of ₹ 5,500 each for his wife and mother in cash.

Mr. Saksham also incurred medical expenses, by credit card, of ₹ 17,000 for the treatment of his mother and of ₹ 27,000 for his father who is 73 years old.

He has multiple life insurance policies. The details of such policies are given hereunder:

Particulars	X	Y	Z	A	B (Term insurance policy)
Date of issue	1.4.2017	1.4.2023	1.4.2025	1.4.2024	1.3.2023
Annual premium	₹ 40,000	₹ 3,00,000	₹ 2,00,000	₹ 2,50,000	₹ 80,000
Date of maturity	31.3.2026	31.3.2032	31.3.2034	31.3.2033	28.3.2056
Consideration received on maturity (including bonus)	₹ 7,00,000	₹ 36,00,000	₹ 28,00,000	₹ 30,00,000	-
Sum assured	₹ 5,00,000	₹ 33,00,000	₹ 25,00,000	₹ 27,00,000	₹ 2,00,00,000

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

- (i) Which are the life insurance policies in respect of which Mr. Saksham would be eligible for exemption under section 10(10D) in respect of maturity proceeds? Choose the option which is most beneficial to Mr. Saksham.
 - (a) X, Y and Z
 - (b) X and Y
 - (c) X, Z and A
 - (d) Y and Z
- (ii) What would be your answer to MCQ (i), if Mr. Saksham surrendered LIC A in A.Y. 2028-29 and claimed exemption under section 10(10D) in respect of such LIC? This information is only for the purpose of this MCQ.
 - (a) X, Y and Z
 - (b) X and Y
 - (c) X, Z and A
 - (d) Y and Z
- (iii) What would be the amount of deduction available to Mr. Saksham under Chapter VI-A for the A.Y. 2026-27 if he has exercised the option to shift out of the default tax regime?
 - (a) ₹ 82,170
 - (b) ₹ 78,500

- (c) ₹ 2,28,500
- (d) ₹ 2,32,170
- (iv) What is the total income of Mr. Saksham for A.Y. 2026-27 under optional tax regime.
- (a) ₹ 61,32,830
- (b) ₹ 62,86,500
- (c) ₹ 64,36,500
- (d) ₹ 61,36,500
- (v) What is Mr. Saksham's tax liability for A.Y.2026-27 under the default tax regime under section 115BAC?
- (a) ₹ 16,95,410
- (b) ₹ 15,46,600
- (c) ₹ 14,06,000
- (d) ₹ 15,41,280
- (vi) What is Mr. Saksham's tax liability for A.Y.2026-27 if he has exercised the option to shift out of the default tax regime?
- (a) ₹ 17,42,740
- (b) ₹ 15,84,310
- (c) ₹ 18,45,700
- (d) ₹ 17,94,220 **(6 x 2 = 12 Marks)**
2. Mr. Ramesh makes a gift of ₹ 25,000 to his wife, Mrs. Rani, on 27.03.2025. Mrs. Rani, on 1.4.2025, invests ₹ 1,00,000 (₹ 25,000 out of gift and ₹ 75,000 of her own) in a partnership firm as capital which is her total capital contribution in the firm. During the year ended 31.03.2026, she earns an interest of ₹ 15,000 and salary of ₹ 1,20,000 from the firm, both of which are approved by the partnership deed. What amount shall form part of total income of Mr. Ramesh for the previous year 2025-26?
- (a) ₹ 3,000 as interest on capital from firm
- (b) ₹ 3,750 as interest on capital from firm
- (c) ₹ 3,000 as interest on capital from firm and ₹ 30,000 as salary from firm
- (d) ₹ 3,750 as interest on capital from firm and ₹ 30,000 as salary from firm **(2 Marks)**

3. Mr. Pawan is engaged in the business of roasting and grinding coffee beans. During F.Y. 2025-26, his total income is ₹ 4.5 lakhs. Mr. Pawan filed his return of income for A.Y. 2026-27 on 3rd December, 2026. What shall be the fee payable for default in furnishing in return of income for A.Y. 2026-27?
- (a) ₹ 5,000
- (b) Not exceeding ₹ 1,000
- (c) No fee is payable as tax on total income is Nil
- (d) No fees payable as total income is below ₹ 5,00,000

(1 Mark)

Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Mrs. Natasha, a resident individual aged 54 years, is carrying on business of manufacturing of textile fabrics, as a proprietor. The turnover in the previous year 2024-25 was ₹ 250 lakhs and in the current previous year 2025-26, it is ₹ 600 lakhs. The net profit as per the profit and loss account as on 31-03-2026 is ₹ 15,61,000 after debiting/crediting the following items.
- (i) Received subsidy of 20% on new machine purchased on 03.07.2025 during the previous year under technology upgradation fund Scheme from the Central Government.
- (ii) She paid a job charges for the value addition on the fabrics of ₹ 90,000 without deduction of tax to job worker by an account payee cheque.
- (iii) ₹ 25,000 paid to creditor for goods in cash.
- (iv) Interest amounting ₹ 2,00,000, duly authorised by partnership deed of M/s Ramji textiles @ 15% p.a. on the capital employed. She is sleeping partner in the Ramji textiles.

Additional Information

- (a) Depreciation has not been debited to profit and loss account. The details of the plant & machinery employed in the business are given as under:

Date	Particulars	Amount (₹)
1.4.2025	Opening written down value of machinery used for manufacturing purpose	4,75,000

3.7.2025	New machinery purchased during the year, payment made by an account pay cheque.	7,25,000
10.3.2026	Sold one of the old machineries	75,000

She does not have any other fixed assets employed in the business.

- (b) Incurred loss of ₹ 1,17,500 from an eligible transaction carried out in respect of trading in derivatives in a recognised stock exchange.
- (c) Commission paid to one agent allowed as deduction in earlier assessment year amounting ₹ 50,000, has now been received back during previous year 2025-26, from the agent due to settlement with commission agent.
- (d) She received a gold coin (bullion) worth ₹ 55,000 (FMV) from her cousin (daughter of uncle) during the previous year 2025-26.
- (e) She deposited a sum of ₹ 50,000 with life insurance Corporation of India every year for the maintenance of her mother aged 70 years depended upon him and suffering from severe disability.
- (f) She also sold her vacant land on 01.12.2025 for ₹ 15,25,000. The land was purchased in May 2013 and the cost of acquisition of such land was ₹ 4.8 lakhs.

The CII for the F.Y. 2025-26 and 2013-14 are 376 and 220, respectively.

You are required to compute the total income and tax liability of Mrs. Natasha for the assessment year 2026-27 under both the regimes. Give brief note wherever necessary.

(15 Marks)

2. (a) Mrs. Reshma, an Indian Citizen, is a government employee working for the Indian Government. She submits the following information for the previous year ending 31.03.2026:

		₹
1	Salary income received in Malaysia for services rendered there	2,00,000
2	Profit from business carried on in Orissa	80,000
3	Profit from business carried on in Paris (income is earned and received in Sydney and business is controlled from Paris)	42,000
4	Loss from business carried on in Canada (though profits are not received in India, business is controlled from Dehradun)	(46,000)

5	Unabsorbed depreciation of business in Canada	16,000
6	Profit from Indonesia business (controlled form Delhi) and 60% of profit deposited in a bank in Indonesia and 40% received in India	70,000

Determine the gross total income of Reshma for the A.Y. 2026-27 ignoring the provisions of section 115BAC on the assumption that she is:

- (1) Resident but not ordinarily resident in India
- (2) Non-resident in India. **(6 Marks)**

(b) Discuss the liability of tax deduction at source under the Income-tax Act, 1961 in respect of the following cases with reference to A.Y. 2026-27. (State applicable provision and give brief reasons for your answer, wherever applicable)

(i) Manoj, a part time director of ABC Pvt. Ltd. was paid an amount of ₹ 2,49,000 as commission on sales (which was not in the nature of Salary) for the period 01.04.2025 to 31.03.2026. **(1 Mark)**

(ii) Mr. Aggarwal, a resident senior citizen, aged 86 years, is a retired State Govt. employee. He gets pension of ₹ 72,000 p.m. He has his saving account with Bank of Baroda, a bank notified by the Central Govt. u/s 194P. He has received the interest on saving account of ₹ 15,000 during the P.Y. 2025-26. His pension is also credited in this account. In the same bank he has deposited ₹ 10 lakhs in a 5 years Term Deposit @7% simple interest on 01.07.2025. He has no other income. He has opted out of the default tax regime. **(3 Marks)**

3. (a) Mr. Aditya owns a residential house property whose Municipal Value, Fair Rent and Standard Rent are ₹ 1,60,000, ₹ 1,70,000 and ₹ 1,90,000, respectively. The house has two independent units. Unit I (25% of floor area) is utilized for the purpose of his profession and Unit II (75% of floor area) is let out for residential purposes at a monthly rent of ₹ 8,500. Municipal taxes @8% of the Municipal Value were paid during the year by Mr. Aditya. He made the following payments in respect of the house property during the previous year 2025-26:

Light and Water charges	₹ 2,000
Repairs	₹ 1,45,000
Interest on loan taken for the repair of property	₹ 36,000

Mr. Aditya has taken a loan of ₹ 5,00,000 in July, 2020 for the construction of the above house property. Construction was completed on 30th June, 2023. He

paid interest on loan @12% per annum. No repayment of loan has been made so far.

Income of Mr. Aditya from his profession amounted to ₹ 8,00,000 during the year (without debiting house rent and other incidental expenditure including admissible depreciation of ₹ 8,000 on the portion of house used for profession).

Determine the Gross total income of Mr. Aditya for the A.Y. 2026-27 ignoring the provisions of section 115BAC. **(6 Marks)**

- (b) Mr. Arjun, a resident individual aged 58 years, sells (unlisted) shares in a private company on May 17, 2025 for ₹ 10,00,000. The shares were bought on 01.08.2012 for a consideration of ₹ 2,00,000. Mr Arjun paid ₹ 2,000 as brokerage on sale of shares.

Mr. Arjun deposited ₹ 5,00,000 in Capital Gain Account Scheme on 15.06.2026 (Before filing the return of income for the Assessment Year 2026-27).

On April 30, 2027, he withdraws ₹ 4,50,000 and purchases a residential house properly at Delhi on May 1, 2027 for ₹ 4,50,000.

Cost Inflation Index (CII) – F.Y. 2012-13 - 200, F.Y. 2025-26 - 376.

Ascertain –

- (i) The amount of Capital Gain chargeable to tax for the A.Y. 2026-27.
(ii) Tax treatment (with mention of relevant assessment year) of the unutilized amount. **(4 Marks)**

4. (a) Kiran, a resident aged 50 years, furnishes the following information for the year ended on 31-03-2026:

Particulars	Amount (₹)
Salary (Gross)	2,75,000
Income from let out house property	(2,85,000)
Interest on loan paid for self-occupied house property	1,20,000
Income from sale of rubber products from rubber plants	2,00,000
Business income - Retail business	1,20,000
Business income - wholesale business	(1,00,000)
Brought forward business loss (A.Y. 2023-24)	(1,35,000)
Dividend received from ABC Ltd., an Indian company carrying on agricultural operations	13,500 (Net)

Long term capital gain from sale of listed equity shares (STT paid on sale and purchase of shares)	2,00,000
Short-term capital gains on sale of shares	(1,10,000)
Lottery winnings (gross)	45,000
Contribution to provident fund and NSC	1,50,000
Income of minor son Raju from special talent	1,50,000
Interest from Bank received by Raju on deposit made out of his special talent	10,000

Compute Kiran's total income under the default tax regime under section 115BAC for the A.Y. 2026-27 assuming Kiran's income is higher than of her husband. **(6 Marks)**

- (b) (i) Awesome Ltd. filed its return of income for the A.Y. 2026-27, on 15th December 2026. On 2nd January 2027, the accountant of Awesome Ltd. realised that he had forgotten to claim a genuine business expenditure amounting to ₹ 15 lakhs. He wants to file revised return to claim such expenditure as the assessment is not yet completed. Whether the action of the accountant of Awesome Ltd. is valid?
- (ii) Mahesh, a resident individual aged 45 years earned a salary income of ₹ 2 crores during the F.Y. 2025-26. He also earned dividend from unlisted shares amounting to ₹ 4 lakhs. He wants to file his return of income for the A.Y. 2026-27 through a Tax Return Preparer. Can he do so?

(4 Marks)

OR

- (b) Specify all the documents in which quoting of Aadhaar Number is mandatory u/s 139AA of the Income-tax Act, 1961. Also explain to whom provisions of section 139AA does not apply. **(4 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 in Section B should be answered on the basis of position of GST law as amended by Finance Act 2025 and significant notifications and circulars, which have become effective upto 31.10.2025.

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

Mr. Venugopal of Kerala, unregistered under GST, is engaged in supplying cosmetic items within Kerala. In April, he ordered an I-phone for his son studying in Pune, Maharashtra, through an Electronic Commerce Operator. He gave his Kerala address for billing and his son's hostel address in Maharashtra for delivery. The supplier located in Delhi dispatched the phone from his godown located in Karnataka.

His aggregate turnover exceeded the applicable threshold limit of ₹ 40 lakh in the month of May.

He applied for registration under GST in the name of Venugopal & Co., a proprietorship concern and got registered in the State of Kerala in the month of May:

During the month of June:

- (i) he supplied stock valued at ₹ 1,50,000 to an unregistered buyer in Kerala. Out of the said supply, stock valued at ₹ 50,000 was returned to Venugopal in the month of August.
- (ii) he sold an agriculture land for ₹10,25,000.
- (iii) Venugopal paid ₹ 10,000 towards rent to Local Municipal Corporation for the shop taken on rent at a Bus Terminal in Kerala.
- (iv) he paid a rent of ₹ 20,000 for a residential house property taken on rent in Kerala. This property was used for his personal residence.

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

Applicable rates of GST for goods and services are 9%, 9% and 18% for CGST, SGST and IGST respectively. Subject to the information given above, conditions for availing ITC are complied with.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below carrying 2 marks each:

1. In respect of I-phone purchased by Mr. Venugopal in April, place of supply will be _____.
 - (a) Kerala
 - (b) Delhi
 - (c) Karnataka
 - (d) Maharashtra
2. Determine the value of outward supply of Mr. Venugopal for the month of June.
 - (a) ₹ 1,60,000
 - (b) ₹ 1,50,000
 - (c) ₹ 1,70,000
 - (d) ₹ 30,000
3. Amount of ITC that can be availed by Mr. Venugopal, for the month of June including RCM transactions if any, will be _____ each under CGST and SGST.
 - (a) ₹ 3,600
 - (b) ₹ 1,800
 - (c) ₹ 900
 - (d) ₹ 2,700
4. In relation to the goods returned in the month of August, Mr. Venugopal shall issue a _____ to claim the reduction of GST paid at the time of original supply.
 - (a) Receipt Voucher
 - (b) Bill of Supply

- (c) Credit Note
- (d) Debit Note

Case Scenario 2

Ganesh & Sons, a partnership firm registered under GST, is engaged in the sale of both taxable and exempt goods and services in Bhubaneswar, Odisha. On 20-03-2025, it entered into a contract of providing painting services to one of its client for his office. The value of the whole contract was pre-decided at ₹ 2,00,000. The due date to complete contract was estimated to be 20-04-2025. However, due to some dispute with the client, painting service was stopped abruptly on 31-03-2025. Only 60% of work was completed upto 31-03-2025.

Ganesh & Sons received a new order from Mr. Aseem of Kerala on 25-04-2025 for supply constituting both taxable and exempt goods. He sold goods amounting to ₹ 55,000 (excluding GST) out of which goods worth ₹ 10,000 were exempt. The value of exempt goods is separately mentioned in the invoice and both goods are independent to each other. Applicable rate of IGST was 18%. He issued a single invoice in respect of both taxable and exempt supply of goods.

The accountant of the firm advised the firm that the requirement of e-way bill is based on the requirement of consignment value of goods supplied.

Further, the firm took on rent, a new warehouse near its factory in Bhubaneswar for storage and dispatch of goods. The goods are being transported between the factory and new warehouse in non-motorized cart. The value of such goods transported in single trip is up to ₹ 5 lakh. Further, the rent of warehouse is ₹ 18 lakh for the initial 11 months and the same shall be revised to ₹ 21 lakh after expiry of initial 11 months. Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 5 to 7 below carrying 2 marks each:

5. The due date of issuance of invoice and the value of such invoice issued for work contract is:
 - (a) 18-04-2025 and ₹ 2,00,000
 - (b) 31-03-2025 and ₹ 2,00,000
 - (c) 31-03-2025 and ₹ 1,20,000
 - (d) 30-04-2025 and ₹ 1,20,000
6. Consignment value of goods supplied to Kerala to Mr. Aseem, in order to determine applicability of issue of e-way bill, is
 - (a) ₹ 64,900
 - (b) ₹ 55,000
 - (c) ₹ 45,000

- (d) ₹ 53,100
7. Which of the following statements is most appropriate in relation to the new warehouse taken on rent by the firm?
- Separate GST registration is not required mandatorily.
 - Separate GST registration is required mandatorily.
 - GST registration is required as a casual taxable person for the term of rent agreement.
 - Separate GST registration is required once the rent is more than ₹ 20 lakh per annum.
8. Mr. Ramesh was a registered taxpayer under GST and was required to file returns under section 39(1). His GST registration was cancelled on 10th July, and the cancellation order was issued on 25th July. By when should Mr. Ramesh file the Final Return (GSTR-10)?
- 10th October
 - 25th October
 - 10th August
 - 25th August
- (1 Mark)**

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

1. (a) BSM Private Limited, a registered person in Udaipur, Rajasthan engaged in various lines of business, provided the following details regarding the transactions undertook in the month of March:

Outward Transactions	Amount (₹)
Advance received from Mr. Shantanu for business support services to be supplied in the month of April	2,00,000
Provided commissioning services under pure labour contract to M/s Shubhmanglam Developers of Jaipur, Rajasthan for multistorey residential complex.	5,00,000
Stock transferred without consideration to its branch in Jodhpur, Rajasthan. Branch has same GSTIN.	1,25,000

Outward sale of goods to various unrelated persons:			As provided in the column
Particulars	Market Value (₹)	Transaction Value (₹)	
Intra-State	5,00,000	5,75,000	
Inward Transactions			Amount (₹)
Received car rental services from Wheely Private Limited, an unregistered company in Udaipur engaged in car renting services. BSM Private Limited paid rent on monthly basis (Cost of fuel also included in the monthly rent). [Rate of CGST and SGST is 2.5% each]			1,20,000
Intra-State inward supply of various goods and services for use in the course or furtherance of business.			7,50,000 [Goods] 2,50,000 [Services]

Additional Information:

- (i) The company paid ₹ 50,000 to Mr. Arun, an independent director, as sitting fees.
- (ii) The company made donation of ₹ 4,50,000 to a local old age home (a trust not registered under GST) for setting a Water Cooler at old age home with the name of company embedded on the water cooler to express their support for the good cause.
- (iii) All the amounts given above are exclusive of GST.
- (iv) All inward and outward supplies are intra-State except where otherwise stated.
- (v) Subject to information given above, all the conditions necessary for availing the ITC have been fulfilled.
- (vi) Applicable rates of GST for goods and services is 9%, 9% and 18% for CGST, SGST and IGST respectively.

Calculate the net GST payable in cash by BSM Private Limited for the month of March. Support your solutions with relevant explanatory notes. **(10 Marks)**

- (b) M/s Alpha Tech Ltd., a registered supplier, supplies machinery to Beta Ltd. (registered in the same State). It furnishes the following details in respect of the said supply:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Packing charges	15,000
(iii)	Subsidy received from Nav Chetna Jagriti Trust [Subsidy is directly linked to the price of the machinery supplied.]	50,000
(iv)	Freight charges for delivery of the machine [M/s Alpha Tech Ltd., has agreed to deliver the machinery at Beta Ltd. premises]	2,000
(v)	Late fees for delayed payment inclusive of GST [Beta Ltd. paid the late fees. However, these charges were ultimately waived by M/s Alpha Tech Ltd., and the amount was refunded to Beta Ltd. during the same month]	1,000
(vi)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	

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

Determine the value of taxable supply made by M/s Alpha Tech Ltd. to Beta Ltd.

(5 Marks)

2. (a) Determine the place of supply from the given information in each of the following independent cases:
- Mr. Sanjay Bisaria, a bank manager, is transferred from Bareilly in Uttar Pradesh to Bhopal in Madhya Pradesh. His family is stationed in Kanpur, Uttar Pradesh. He hires Paridhi Carriers of Lucknow, Uttar Pradesh, who are registered under GST in Uttar Pradesh, to transport his household goods from Kanpur to Bhopal. Mr. Sanjay Bisaria is not registered under GST. Determine the place of supply of the transportation service.
 - Mr. Sundar, an unregistered person based in Gurugram, Haryana, books a two-way air journey ticket from New Delhi to Mumbai on 5th December. He departs from New Delhi on 10th December in a late-night flight and lands in Mumbai the next day. He leaves Mumbai on 14th December in a morning flight and reaches New Delhi on the same day. Determine the place of supply for both journeys.

(5 Marks)

- (b) KayPee Engineering Pvt. Ltd., registered in Haryana, is engaged in providing maintenance and repair services for heavy steel machinery. For carrying out the repair work, KayPee Engineering Pvt. Ltd. sends its container trucks equipped with items like repair equipments, consumables, tools, parts etc. from Haryana workshop to its own repairing centres (registered under GST law) located in other States across India where the clients' machinery are being brought and are being repaired.

Discuss the levability of GST on the inter-State movement of trucks from the workshop of KayPee Engineering Pvt. Ltd. in Haryana to its own repairing centres located in other States across India. **(5 Marks)**

3. (a) M/s. Blue Moon & Co. have defaulted in filing the return under section 39 of the CGST Act, 2017 i.e. GSTR-3B for the month of March within the specified due date. Reason for such delay is attributable to delay in closure of books for March, which have been finalised during May. The GST Common portal prompted for payment of late fees payable under section 47 of the CGST Act, 2017 for a sum of ₹ 2,000 under CGST and SGST each. Accountant of M/s. Blue Moon & Co. sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger Give your guidance in this regard.

(5 Marks)

- (b) M/s Goel 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) Services provided by an entity registered under section 12AB of the Income-tax Act, 1961 are exempt from GST if such services are provided by way of charitable activities. Elaborate the term 'charitable activities'. **(5 Marks)**

Or

- (a) GST is payable on advance received for supply of goods and services taxable under forward charge.

Do you agree with the statement? Support your answer with legal provisions.

(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: April, 2026

Date of Paper: 6th April, 2026

Time of Paper: 10 A.M. to 1 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)	(a)	2.	(a)
	(ii)	(c)	3.	(b)
	(iii)	(c)		
	(iv)	(d)		
	(v)	(b)		
	(vi)	(a)		

Division B – Descriptive Questions

1. Computation of total income of Mrs. Natasha for A.Y. 2026-27 under default tax regime

	Particulars	₹	₹	₹
I	<u>Income from business or profession</u> Net Profit as per profit and loss account Add: Disallowances not considered while computing business income - Job charges without deduction of tax [30% of ₹ 90,000] [Mrs. Natasha's turnover for the P.Y. 2024-25 exceeds ₹ 1 crore, hence, she is liable to deduct tax at source u/s 194C on job charges of ₹ 90,000. Since Mrs. Natasha has not deducted tax at source on ₹ 90,000, 30% would be disallowed u/s 40(a)(ia). - Payment to creditor in cash [Payment to creditor in cash is not allowable as	27,000 25,000	15,61,000 52,000	

business expenditure as per section 40A(3), since such amount exceeds ₹ 10,000 and paid in cash]		
Less: Items credited but not taxable while computing business income		16,13,000
- Subsidy on new machinery [20% x ₹ 7,25,000] [Subsidy received from Central Government on new machinery is to be reduced from actual cost.]	1,45,000	
- Interest on capital from partnership firm [₹ 2,00,000/15% x 3%] [Since interest on capital from M/s Ramji textiles is authorized by partnership deed, interest@12% p.a. would be allowed as deduction in the hands of firm u/s 40(b) even for sleeping partner. Consequently, interest @ 12% p.a. would be the business income of Mrs. Natasha u/s 28. Hence, 3% would not be taxable as business income of Mrs. Natasha]	40,000	1,85,000
Add: Items not credited but taxable while computing business income		14,28,000
- Commission from agent on settlement [Since deduction was allowed in respect of commission in earlier year and during the P.Y. 2025-26, Mrs. Natasha received back such amount due to settlement, the same would be deemed as her income u/s 41(1)]		50,000
Less: Depreciation as per Income-tax Rules		14,78,000
Opening WDV of machinery 4,75,000		
Add: Purchase of machinery for ₹ 7,25,000 during the P.Y. 2025-26 by A/c payee cheque. Subsidy of ₹ 1,45,000, being 20% of cost, received from Central	<u>5,80,000</u>	

	Government on new machinery is to be reduced from actual cost (₹ 7,25,000 – ₹ 1,45,000).			
	10,55,000			
	Less: Sale proceeds	75,000		
	WDV as on 31.3.2026 before depreciation for P.Y. 2025-26	9,80,000		
	Depreciation @15% on ₹ 9,80,000	1,47,000		
	Additional Depreciation [Not allowable under default tax regime]	-	1,47,000	
	Less: Loss from eligible transaction carried out in respect of trading in derivatives in a recognized stock exchange is not a speculative business and hence, the same is allowed to be set off from textile business income		13,31,000 1,17,500	
II	<u>Capital Gains</u>			12,13,500
	Long term capital gain on sale of vacant land since it is held for more than 24 months			
	Sales consideration		15,25,000	
	Less: Cost of acquisition		4,80,000	
				10,45,000
III	<u>Income from Other Sources</u>			
	Fair market value of gold coin received from cousin [Taxable u/s 56(2)(x), since cousin is not a relative and the fair market value exceeds ₹ 50,000]			55,000
	Gross Total Income			23,13,500
	Less: Deduction under Chapter VI-A			
	Deduction under section 80DD [Not allowable under default tax regime]			-
	Total Income			23,13,500

Computation of tax liability of Mrs. Natasha for A.Y.2026-27 under default tax regime

Particulars	₹
Tax on total income of ₹ 23,13,500	
Tax on LTCG on sale of vacant land	
As the asset is a long-term capital asset, being land acquired before 23.07.2024 and transferred on or after 23.07.2024 by a resident individual, the tax shall be computed @20% with indexation benefit or @12.5% without indexation benefit, whichever is more beneficial to the assessee.	
<u>Tax @20% with indexation</u>	
Sale consideration = ₹ 15,25,000	
Cost of acquisition = ₹ 4,80,000 x 376/220 = ₹ 8,20,364	
Gain = ₹ 7,04,636	
Tax @20% = ₹ 7,04,636 x 20% = ₹ 1,40,927	
<u>Tax @12.5% without indexation</u>	
Tax @12.5% = ₹ 10,45,000 x 12.5% = ₹ 1,30,625	
Tax on LTCG on sale of vacant land @12.5% without indexation	1,30,625
Tax on other income of ₹ 12,68,500 at slab rates	70,275
	2,00,900
Add: Health and education cess@4%	8,036
Tax liability	2,08,936
Tax liability (rounded off)	2,08,940

Computation of total income of Mrs. Natasha for A.Y. 2026-27 under optional tax regime

Particulars	₹
Gross Total Income as per default tax regime	23,13,500
Less: Additional depreciation on new machinery @20% on ₹ 5,80,000	1,16,000
Gross Total Income as per optional tax regime	21,97,500
<u>Less: Deduction under Chapter VI-A</u>	
Deduction under section 80DD [Sum deposited with LIC for the maintenance of her dependent mother and suffering from severe disability [Eligible for higher deduction ₹ 1,25,000 in case of severe disability irrespective of amount deposited with LIC]	1,25,000
Total Income as per optional tax regime	20,72,500

Computation of tax liability of Mrs. Natasha for A.Y.2026-27 under optional tax regime

Particulars	₹
Tax on total income of ₹ 20,72,500	
Tax on LTCG on sale of vacant land @12.5% without indexation (as computed above)	1,30,625
Tax on other income of ₹ 10,27,500 at slab rates	1,20,750
	2,51,375
Add: Health and education cess@4%	10,055
Tax liability	2,61,430

2. (a) **Computation of gross total Income of Mrs. Reshma for the A.Y. 2026-27**

Particulars of income		Resident but not ordinarily Resident (₹)	Non-Resident (₹)
1	Salary income received in Malaysia for services rendered there (Note 1)	2,00,000	2,00,000
	Less: Standard deduction under section 16(ia)	50,000	50,000
		1,50,000	1,50,000
2	Profit from business carried on in Orissa [Since it accrues or arises in India]	80,000	80,000
3	Profit from business carried on in Paris (income is earned and received in Sydney and business is controlled from Paris) [Since it accrues or arises outside India]	Nil	Nil
4	Loss from business carried on in Canada (business is controlled from Dehradun)	(46,000)	Nil
5	Unabsorbed depreciation of business in Canada	(16,000)	Nil
6	Profit from Indonesia business (business is controlled from Delhi)	70,000	28,000
Gross Total Income		2,38,000	2,58,000

Note 1 - Income from "Salaries" payable by the Government to a citizen of India for services rendered outside India is deemed to accrue or arise in India as per section 9(1)(iii). Standard deduction under section 16(ia) is allowable, irrespective of residential status.

Note 2 – In case of a non-resident, only income received or deemed to be received in India and income accruing or arising or deemed to accrue or arise in India is chargeable to tax. However, in case of a resident but not ordinarily resident, income derived from a business controlled in or profession set up in India is also taxable even though it accrues or arises outside India.

Therefore, income referred to in S. No. 1 and 2 are taxable in the hands of Mrs. Reshma in both cases if she is a resident but not ordinarily resident or if she is a non-resident.

Loss of business carried on in Canada, unabsorbed depreciation of business in Canada and Profit from Indonesia business would be fully chargeable to tax in India if she is a resident but not ordinarily resident as it derived from a business controlled in India. However, Profit from Indonesia business is taxable in case of non-resident to the extent of such profits received in India.

- (b) (i) ABC Pvt. Ltd. is required to deduct tax at source u/s 194J @10% on ₹ 2,49,000 paid to Manoj, a part time director, as commission, which is not in the nature of salary on which tax is deductible under section 192.

Therefore, ₹ 24,900 (₹ 2,49,000 x 10%) is required to be deducted at source.

- (ii) Bank of Baroda, being a specified bank notified by the Central Government u/s 194P, is required to deduct tax at source at the rates in force on the total income of Mr. Aggarwal, being a specified senior citizen (75 years or more) computed as follows:

**Computation of total income and tax liability of Mr. Aggarwal for
A.Y.2026-27 under optional tax regime**

	Particulars	₹	₹
I	Salaries		
	Pension (₹ 72,000 x 12)	8,64,000	
	Less: Standard deduction u/s 16(ia)	<u>50,000</u>	8,14,000
II	Income from Other Sources		
	Interest on savings account	15,000	
	Interest on fixed deposit (₹ 10 lakh x 7% x 9/12)	<u>52,500</u>	<u>67,500</u>
	Gross total income		8,81,500

Less: Deductions under Chapter VI-A		
Under section 80C		
Deposit in 5 years term deposit, restricted to	1,50,000	
Under section 80TTB		
Interest on fixed deposit and savings account, restricted to ₹ 50,000, since Mr. Aggarwal is a resident Indian of the age of 60 years or more	<u>50,000</u>	<u>2,00,000</u>
Total Income		<u>6,81,500</u>
Computation of tax liability for A.Y. 2026-27		
Tax on ₹ 6,81,500 [20% on income exceeding ₹ 5 lakhs, being the basic exemption limit, since Mr. Aggarwal is of the age of 80 years or more]		36,300
Add: Health and Education Cess@4%		<u>1,452</u>
Tax liability		<u>37,752</u>
Tax liability (Rounded off)		<u>37,750</u>

3. (a) **Computation of Gross total income of Mr. Aditya for the A.Y. 2026-27**

Particulars	₹	₹
I Income from House Property		
Unit-II (75% of floor area)		
<u>Gross Annual Value</u>		
(a) Actual rent received (₹ 8,500 x 12)	₹ 1,02,000	
(b) Expected rent	₹ 1,27,500	
[Higher of municipal value (i.e. ₹ 1,60,000) and fair rent (i.e. ₹ 1,70,000) but restricted to standard rent (i.e. ₹ 1,90,000) ₹ 1,70,000 x 75%]		
Higher of (a) or (b) is GAV	1,27,500	
Less: Municipal taxes (₹ 1,60,000 x 8% x 75%)	9,600	
NAV	1,17,900	
Less: Deductions u/s 24		
(a) 30% of NAV	₹ 35,370	
(b) Interest on loan (See note)	₹ 96,750	
	1,32,120	(14,220)

II Profits & Gains of business & profession		
Income from Profession	8,00,000	
Less: Light & Water Charges (25% of ₹ 2,000)	₹ 500	
Municipal taxes (25% of ₹ 12,800)	₹ 3,200	
Repairs (25% of ₹ 1,45,000)	₹ 36,250	
Interest on loan taken for repair (25% of ₹ 36,000)	₹ 9,000	
Interest on loan taken for construction of house property (25% of ₹ 60,000)	₹ 15,000	
Depreciation	₹ 8,000	71,950
Gross Total Income		7,13,830

Note:

Computation of Interest on loan

	₹
Interest for the year (₹ 5,00,000 x 12%)	60,000
Pre-construction period Interest- 12% of ₹ 5,00,000 for 33 months = ₹ 1,65,000	
To be allowed in 5 equal instalments from the year of completion (₹ 1,65,000 x 1/5)	33,000
Interest on loan taken for repair (no restriction for let out property)	36,000
Total Interest deduction u/s 24(b)	1,29,000
Total Interest deduction u/s 24(b) for let out property (75% x ₹ 1,29,000)	96,750

- (b) (i) **Computation of Capital Gains on sale of unlisted shares for A.Y. 2026-27**

Particulars	₹
Net Sales Consideration [₹ 10,00,000 – ₹ 2,000]	9,98,000
Less: Cost of acquisition	<u>2,00,000</u>
	7,98,000
Less: Exemption u/s 54F	
Deposit in Capital Gains Accounts Scheme on or before the due date of filing return of income would be deemed	

to be cost of new asset. Accordingly, exemption u/s 54F would be	<u>3,99,800</u>
₹ 3,99,800 [₹ 5,00,000 x ₹ 7,98,000 / ₹ 9,98,000]	
Capital Gains chargeable to tax	<u>3,98,200</u>

(ii) **Tax treatment of unutilized amount in Capital Gains Accounts Scheme**

The unutilized amount will be chargeable to tax as capital gains on proportionate basis in the previous year in which the 3 years period from the date of transfer expires. In this case, the 3 years period from 17.5.2025 expires on 16.5.2028. Consequently, the proportional capital gains on the unutilized amount will be taxable in the F.Y. 2028-29.

The amount of capital gains for F.Y. 2028-29 would be ₹ 39,980 [₹ 3,99,800 – ₹ 3,59,820 (₹ 4,50,000 x ₹ 7,98,000 / ₹ 9,98,000)].

4. (a) **Computation of total income of Mrs. Kiran for A.Y.2026-27**

Particulars	₹	₹
Salary		
Gross salary	2,75,000	
Less: Standard deduction under section 16(ia)	75,000	2,00,000
Income from house property		
Interest on loan paid for self occupied house property [Not allowable under section 115BAC]	-	
Loss from let out house property	2,85,000	
[Loss from house property is not allowed to be set off against income under any other head nor carried forward while computing income under section 115BAC.]	2,85,000	
Profits and gains from business and profession		
Income from sale of rubber products from rubber plants [₹ 70,000 (35% of ₹ 2,00,000) is business income and ₹ 1,30,000 (65% of ₹ 2,00,000) is agricultural income which is exempt from tax]	70,000	
Business Income - Retail business	1,20,000	
	1,90,000	
Less: Set-off of wholesale business loss of ₹ 1,00,000	1,00,000	
	90,000	

Less: Set-off of brought forward business loss of ₹ 1,35,000 of A.Y.2023-24 allowable to the extent of ₹ 90,000 by virtue of section 72(1)	90,000	Nil
[Balance brought forward business loss of ₹45,000 (i.e., ₹ 1,35,000 – ₹ 90,000) to be carry forward to A.Y. 2027-28 for set-off against business income of that year]		
Capital Gains		
Long-term capital gain on sale of listed equity shares on which STT is paid	2,00,000	
Less: Set-off of short term capital loss of ₹ 1,10,000	1,10,000	90,000
Income from Other Sources		
Dividend from Indian companies [13,500/90 x 100]	15,000	
Lottery winnings	45,000	
Income of minor son from special talent [Not included in Kiran's income since it is earned from special talent]	-	
Interest from bank received by minor son on deposit made out of his income from special talent [Includible in the income of Mrs. Kiran, since her income is higher than of her husband]	10,000	
Less: Exemption under section 10(32) [Not allowable under section 115BAC]	-	70,000
Gross Total Income		3,60,000
Less: Deduction under section 80C [Not allowable under section 115BAC]		-
Total Income		3,60,000

- (b) (i) The due date of filing return of income of Awesome Ltd for the A.Y. 2026-27 is 31st October, 2026 since it is a company.

However, it filed its return of income on 15.12.2026, which is a belated return.

If any omission is discovered even in a belated return, the same can also be revised up to 31.12.2026, being the date 3 months prior to the end of the relevant assessment year i.e. 31.03.2027 or completion of assessment, whichever is earlier.

However, it cannot file a revised return on 02.01.2027 since it is beyond

31.12.2026. Hence, the action of accountant of Awesome Ltd is not valid.

- (ii) Since Mr. Mahesh is a resident individual, not being a company or a person whose accounts are required to be audited under section 44AB for the P.Y. 2025-26, and therefore he can file his return of income for A.Y. 2026-27 through a Tax Return Preparer.

OR

- (b) Every person who is eligible to obtain Aadhaar number is required to mandatorily quote Aadhaar Number in the application form for allotment of Permanent Account Number and in the return of income.

The provisions of section 139AA relating to quoting of Aadhaar Number would not apply to an individual who does not possess the Aadhaar number and is:

- (i) residing in Assam, Jammu & Kashmir and Meghalaya;
- (ii) a non-resident as per the Income-tax Act, 1961;
- (iii) of the age of 80 years or more at any time during the previous year;
- (iv) not a citizen of India

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

SUGGESTED ANSWERS

Division A - Multiple Choice Questions

Question No.	Answer
1.	(d) Maharashtra
2.	(b) ₹ 1,50,000
3.	(c) ₹ 900
4.	(c) Credit Note
5.	(c) 31-03-2025 and ₹ 1,20,000
6.	(d) ₹ 53,100
7.	(a) Separate GST registration is not required mandatorily
8.	(b) 25 th October

Division B - Descriptive Questions

1. (a) **Computation of net GST payable in cash by BSM Private Limited for the month of March**

Particulars	Value (₹)	CGST (₹)	SGST (₹)
GST payable under forward charge			
Advance received from Mr. Shantanu for business support services [Tax is payable at the time of receipt of advance for supply of services.]	2,00,000	18,000 [2,00,000 × 9%]	18,000 [2,00,000 × 9%]
Commissioning services under pure labour contract for multi-storied residential complex [Taxable, since pure labour contract services pertain to a multi-storied residential complex.]	5,00,000	45,000 [5,00,000 × 9%]	45,000 [5,00,000 × 9%]
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	--	--	--

Intra-State supply of goods to unrelated persons [Transaction value is the value of supply]	5,75,000	51,750 [5,75,000 × 9%]	51,750 [5,75,000 × 9%]
Total output tax		1,14,750	1,14,750
Less: ITC available		<u>94,500</u>	<u>94,500</u>
Net GST payable [A]		20,250	20,250
GST payable under reverse charge			
Services of an independent director availed [B] [Tax on services provided by a director to a company is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, has to be paid in cash since the tax payable under reverse charge is not an output tax.]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]
Net GST payable in cash [A] + [B]		24,750	24,750

Working Note:

Computation of ITC available

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Car rental services [Tax is not payable under reverse charge mechanism since supplier is a body corporate. Further, no tax is payable under forward charge also since supplier is unregistered and thus, no ITC is available.]	--			
Intra-State inward supply of goods [ITC of goods used in the course/furtherance of business is available.]	7,50,000	67,500 [7,50,000 × 9%]	67,500 [7,50,000 × 9%]	

Intra-State inward supply of services [ITC of services used in the course/ furtherance of business is available.]	2,50,000	22,500 [2,50,000 × 9%]	22,500 [2,50,000 × 9%]	
Services of an independent director availed [ITC of services used in the course/ furtherance of business is available.]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Donation made to local old age home there's no <i>quid pro quo</i> and thus, it is not a supply [Since the name of donor – the company - is displayed in such a manner: • which can be said to be an expression of gratitude and public recognition of donor's act of philanthropy • which is not aimed at giving publicity/ advertisement/ promotion to the donor's business Hence, no ITC is available.]	--			
Total		94,500	94,500	

(b) **Computation of value of taxable supply made by M/s Alpha Tech Ltd.to Beta Ltd.**

Particulars	Amount (₹)
Price of the machinery	5,50,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15(2)(c)]	15,000
Subsidy received from Nav Chetna Jagriti Trust	50,000

[Since the subsidy is received from a non-Government body and directly linked to price, the same is includible in the value in terms of section 15(2)(e)]	
Freight charges for delivery of the machinery [Since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are includible in the value of principal supply.]	2,000
Late fees for delayed payment [Not includible since the same is waived off]	Nil
Total	6,17,000
Less: Discount @ 2% on the price of machinery [₹ 5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a).]	11,000
Value of taxable supply	6,06,000

2. (a) Determination of place of supply:

(i)	The place of supply of services by way of transportation of goods shall be the location of the registered recipient where the recipient is registered. However, where the recipient is an unregistered person, the place of supply shall be the location at which the goods are handed over for their transportation. In the given case, Mr. Sanjay Bisaria is an unregistered person and the goods are handed over for transportation at Kanpur. Therefore, the place of supply of the transportation service shall be Kanpur, Uttar Pradesh.
(ii)	The place of supply of passenger transportation services to an unregistered person shall be the place where the passenger embarks on the conveyance for a continuous journey. Further, the return journey shall be treated as a separate journey even if the tickets for the onward and return journeys are issued at the same time. In the given case, Mr. Sundar is an unregistered person. For the outward journey from New Delhi to Mumbai, the passenger embarks at New Delhi. Therefore, the place of supply shall be New Delhi. For the return journey from Mumbai to New Delhi, the passenger embarks at Mumbai and hence the place of supply shall be Mumbai.

- (b) A person who has obtained more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as 'distinct persons'.

Schedule I to the CGST Act specifies situations where activities are to be treated as supply even if made without consideration. Supply of goods and/or services between 'distinct persons' as specified in section 25, when made in the course or furtherance of business is one such activity included in Schedule I under para 2.

However, as per CBIC circular, the inter-State movement of various modes of conveyance including, *inter alia*, trucks, carrying goods or passengers or both or for repairs and maintenance, between 'distinct persons' as specified in section 25(4), not involving further supply of such conveyance, may be treated 'neither as a supply of goods nor supply of service' and therefore, will not be leviable to IGST. Applicable CGST/SGST/IGST, however, shall be leviable on repairs and maintenance done for such conveyance [Circular No. 1/1/2017 IGST dated 07.07.2017].

Thus, in the given case, inter-State movement of trucks from the workshop of KayPee Engineering Pvt. Ltd. located in Haryana to its repair centres located in other States is 'neither a supply of goods nor supply of service'.

3. (a) Section 49(3) of the CGST Act, 2017 provides that the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner.

Further, section 49(4) provides that the amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the IGST Act, 2017 in prescribed manner.

Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through electronic cash ledger and payment of the same is not possible through electronic credit ledger. Thus, contention of the accountant of M/s. Blue Moon & Co., is not correct and the amount of late fee shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.

- (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 Goel 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 Goel 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 term 'charitable activities' mean activities relating to-

- (i) public health by way of-
 - (A) care or counseling of
 - (I) terminally ill persons or persons with severe physical or mental disability;
 - (II) persons afflicted with HIV or AIDS;
 - (III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - (B) public awareness of preventive health, family planning or prevention of HIV infection;
- (ii) advancement of religion, spirituality or yoga;
- (iii) advancement of educational programmes/skill development relating to,-
 - (A) abandoned, orphaned or homeless children;
 - (B) physically or mentally abused and traumatized persons;
 - (C) prisoners; or
 - (D) persons over the age of 65 years residing in a rural area;
- (iv) preservation of environment including watershed, forests & wildlife.

Or

- (a) The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge.

As per section 13, the time of supply of services taxable under forward charge is–

- Date of issue of invoice or date of receipt of payment, whichever is earlier, if the same is issued within 30 days from the date of supply of service;

OR

- Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within 30 days from the date of supply of service.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, *Notification No. 66/2017 CT dated 15.11.2017* provides that a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Therefore, in case of goods, tax is not payable on receipt of advance payment.

- (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.