

Mock Test Paper - Series II: August, 2024

Date of Paper: 20th August, 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. Sambhav (aged 48 years) furnishes the following particulars for the previous year 2023-24 in respect of an industrial undertaking established in "Special Economic Zone" in March 2018. It began manufacturing in April 2018.

Particulars	(₹)
Total sales	85,00,000
Export sales [proceeds received in India by 30.9.2024]	45,00,000
Domestic sales	40,00,000
Profit from the above undertaking	20,00,000

Export Sales of F.Y. of 2023-24 include freight and insurance of ₹ 5 lakhs for delivery of goods outside India.

He received rent of ₹ 30,000 per month for a commercial property let out to Mr. Akash, a salaried individual. He earned interest on savings bank A/c of ₹ 15,000 and interest on Post Office savings A/c of ₹ 7,000 during the P.Y. 2023-24.

Mr. Sambhav has shifted out of the default tax regime under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: **(3 x 2 Marks)**

- (i) Compute the amount of export turnover and total turnover for purpose of computing deduction under section 10AA for A.Y. 2024-25.
- (a) ₹ 45,00,000 and ₹ 85,00,000, respectively

- (b) ₹ 40,00,000 and ₹ 80,00,000, respectively
 - (c) ₹ 45,00,000 and ₹ 80,00,000, respectively
 - (d) ₹ 40,00,000 and ₹ 85,00,000, respectively
- (ii) Compute the amount of deduction available to Mr. Sambhav under section 10AA for A.Y. 2024-25.
- (a) ₹ 10,00,000
 - (b) ₹ 4,70,577
 - (c) ₹ 5,62,500
 - (d) ₹ 5,00,000
- (iii) Compute the total income of Mr. Sambhav for A.Y. 2024-25.
- (a) ₹ 17,60,500
 - (b) ₹ 12,60,500
 - (c) ₹ 18,72,000
 - (d) ₹ 17,64,000
2. Mr. Anshul, aged 54 years, an Indian citizen, is working as Assistant Manager in ABC India Ltd. He is getting basic salary of ₹ 58,000 per month. He used to travel frequently out of India for his office work. He left India from Delhi Airport on 5th October, 2023 and returned to India on 2nd April, 2024.

For previous year 2023-24, following information are relevant;

- (a) Dearness Allowance - 10% of Basic Pay (considered for retirement purposes)
- (b) Bonus - ₹ 98,000
- (c) Medical allowance paid during P.Y. 2023-24 amounting to ₹ 60,000
- (d) He was also reimbursed medical bill of his mother amounting to ₹ 15,000.
- (e) He was also reimbursed salary of house servant of ₹ 4,000 per month.
- (f) Professional tax paid by employer amounting to ₹ 2,400.
- (g) 400 equity shares allotted by ABC India Ltd. at the rate of ₹ 250 per share against fair market value of share of ₹ 350 on the date of exercise of option.
- (h) Mr. Anshul has exercised the option to shift out of the default tax regime under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions: **(3 x 2 Marks)**

- (i) What is Mr. Anshul's residential status for the A.Y. 2024-25?
 - (a) Resident but can't determine resident and ordinarily resident or resident but not ordinarily resident from the given information

- (b) Non-Resident
 - (c) Resident but not ordinarily resident
 - (d) Resident and ordinarily resident
- (ii) What are his taxable perquisites for A.Y. 2024-25?
- (a) ₹ 55,000
 - (b) ₹ 90,400
 - (c) ₹ 1,05,400
 - (d) ₹ 1,03,000
- (iii) What is the income chargeable under the head "Salaries" in the hands of Mr. Anshul for A.Y. 2024-25?
- (a) ₹ 9,76,600
 - (b) ₹ 9,86,600
 - (c) ₹ 9,71,600
 - (d) ₹ 9,61,600
3. Mr. Ross, an Australian citizen, is employed in the Indian embassy in Australia. He is a non-resident in India for A.Y. 2024-25. He received salary and allowances in Australia from the Government of India for the year ended 31.03.2024 for services rendered by him in Australia. In addition, he was allowed perquisites by the Government. Which of the following statements are correct?
- (a) Salary, allowances and perquisites received outside India are not taxable in the hands of Mr. Ross, since he is non-resident
 - (b) Salary, allowances and perquisites received outside India by Mr. Ross are taxable in India since they are deemed to accrue or arise in India
 - (c) Salary received by Mr. Ross is taxable in India but allowances and perquisites are exempt
 - (d) Salary received by Mr. Ross is exempt in India but allowances and perquisites are taxable **(2 Marks)**
4. Which of the following returns can be revised under section 139(5)?
- (i) A return of income filed u/s 139(1)
 - (ii) A belated return of income filed u/s 139(4)
 - (iii) A return of loss filed u/s 139(3)
- Choose the correct answer:
- (a) Only (i)
 - (b) Only (i) and (ii)
 - (c) Only (i) and (iii)
 - (d) (i), (ii) and (iii) **(1 Mark)**

Division B – Descriptive Questions

Question No. 1 is compulsory.

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

1. Ms. Farah, aged 40 years, is an advocate (Taxation). She keeps her books of accounts on accrual basis. Her profit & loss account for the year ended on March 31, 2024 is as follows:

Profit & Loss Account for the year ending March 31, 2024

	AMOUNT (₹)		AMOUNT (₹)
Staff salary	40,10,000	Fees Earned from:	
Rent	9,00,000	Taxation services	50,00,000
Administrative expenses	6,50,000	Appeals	16,00,000
Incentives to office staff	2,00,000	Consultancy	15,00,000
Meetings, Seminars and conferences	1,70,000	Dividend from an Indian company (gross)	11,00,000
Purchase of car (for official use) on 01.07.2023	3,00,000	Interest on deposit certificates issued under gold monetization scheme, 2015	25,000
Repairs and Maintenance of car	35,000	Honorarium received for valuation of answer papers	50,000
Travelling Expenses	5,00,000	Rent received in respect of house property	90,000
Municipal tax paid in respect of house property	9,000		
Net profit	<u>25,91,000</u>		
	93,65,000		93,65,000

Other information:

- (i) Administrative expenses include ₹ 50,000 paid to a tax consultant in cash for assisting Ms. Farah in one of the professional assignments.
- (ii) The traveling expenses include expenditure incurred on foreign professional tour of ₹ 50,000 which was within the RBI norms.
- (iii) Ms. Farah paid medical insurance premium for her parents (senior citizens and not dependent on her) online amounting ₹ 47,000. She also paid ₹ 8,500 by cash towards preventive health check-up for herself and her spouse.
- (iv) Repairs and maintenance of car is for the period from 1-10-2023 to 30-09-2024.

- (v) She has paid ₹ 1,00,000 towards advance tax during the P.Y. 2023-24. Compute Total Income and Net tax payable as per the most beneficial taxation scheme for Ms. Farah for the A.Y. 2024-25. **(15 Marks)**
2. (a) Sagar, a Chartered Accountant, is presently working in a firm in India. He has received an offer for the post of Chief Financial Officer from a company at New York. As per the offer letter, he should join the company at any time between 1st September, 2023 and 31st October, 2023. He approaches you for your advice on the following issues to mitigate his tax liability in India:
- (i) Date by which he should leave India to join the company;
 - (ii) Direct credit of part of his salary to his bank account in Delhi maintained jointly with his mother to meet requirement of his family. **(6 Marks)**
- (b) Briefly discuss the provisions of tax deduction/collection at source under the Income-tax Act, 1961 and determine the amount, if any, of TDS and TCS in respect of the following payments:
- (i) Mr. Deepak wishes to purchase a residential house costing ₹ 60 lakhs from Ms. Priya. The house is situated at Chennai and its stamp duty value is ₹ 65 lakhs. He also wants to purchase agricultural lands in a rural area for ₹ 65 lakhs. Both the buyer as well as the sellers are residents in India.
 - (ii) ABC & Co., a partnership firm is having a car dealership showroom – 2. They have purchased cars for ₹ 2 crores from XYZ Ltd., car manufacturers, the cost of each car being more than (₹12 lakhs). They sell the cars to individual buyers at a price yielding 10% margin on cost. Turnover of ABC & Co. and XYZ Ltd. was less than ₹ 10 crores during the P.Y. 2022-23. **(4 Marks)**
3. (a) Mr. Kamal, a resident but not ordinarily resident in India during the Assessment Year 2024-25. He owns two houses, one in Dubai and the other in Mumbai. The house in Dubai is let out there at a rent of DHS 20,000 p.m. (1DHS=INR 22). The entire rent is received in India. He paid property tax of DHS 2,500 and Sewerage Tax DHS 1,500 there, for the Financial Year 2023-24. The house in Mumbai is self-occupied. He had taken a loan of ₹ 10,00,000 to construct the house on 1st June, 2020 @12%. The construction was completed on 31st May, 2022 and he occupied the house on 1st June, 2022. The entire loan is outstanding as on 31st March, 2024. Property tax paid in respect of the second house is ₹ 2,400 for the Financial Year 2023-24. Compute the income chargeable under the head "Income from House property" in the hands of Mr. Kamal for the Assessment Year 2024-25 under regular provisions of the Act. **(5 Marks)**
- (b) Mr. Ashish entered into an agreement with Mr. Dhaval to sell his residential house located at Navi Mumbai on 16.08.2023 for ₹ 80,00,000.

The sale proceeds was to be paid in the following manner;

- (i) 20% through account payee bank draft on the date of agreement.
- (ii) 60% on the date of the possession of the property.
- (iii) Balance after the completion of the registration of the title of the property.

Mr. Dhaval was handed over the possession of the property on 15.12.2023 and the registration process was completed on 14.01.2024. He paid the sale proceeds as per the sale agreement.

The value determined by the Stamp Duty Authority on 16.08.2023 was ₹ 90,00,000 whereas on 14.01.2024 it was ₹ 91,50,000.

Mr. Ashish had acquired the property on 01.04.2001 for ₹ 20,00,000. After recovering the sale proceeds from Dhaval, he purchased another residential house property in Kanpur for ₹ 15,00,000.

Compute the income under the head "Capital Gains" for the Assessment Year 2024-25.

Cost Inflation Index for Financial Year(s)

2001-02 - 100

2023-24 - 348 **(5 Marks)**

4. (a) Mr. Mohit submits the following information for the previous year 2023-24:

		(Amount in ₹)
(i)	Income from salary	6,50,000
(ii)	Income from House-I	55,000
(iii)	Loss from House-II (self-occupied property)	1,25,000
(iv)	Loss from House-III	190,000
(v)	Loss from leather business	68,000
(vi)	Profit from cloth business	1,70,000
(vii)	Short term capital loss in equity-oriented funds on which STT was paid	35,000
(viii)	Income from crossword puzzles	12,000
(ix)	Dividend from foreign company (Gross)	8,500
(x)	Loss on owning and maintenance of race horses	7,500
(xi)	Income from owning and maintenance of race bulls	9,000

Compute the gross total income and losses to be carried forward of Mr. Mohit for assessment year 2024-25 under regular provisions of the Act. Mr. Mohit has filed his return of income on 25.07.2024. **(6 Marks)**

- (b) What are the consequences of failure to intimate Aadhar Number. Is there any fee for such default? **(4 Marks)**

OR

- (b) (i) What is the fee for default in furnishing return of income u/s 234F?
- (ii) To whom the provisions of section 139AA relating to quoting of Aadhar Number do 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 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 29th February, 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

M/s. Maahi & Co., a LLP registered dealer under GST, is engaged in various types of business activities.

It provided GTA services to Government Department, registered under GST for providing various services. Maahi & Co. did not exercise the option to pay GST.

The firm provided services of Direct Selling Agency (DSA Services) to a Banking Company located in Mumbai.

The firm provided free gift to each of its employees valuing ₹ 50,000 once in a financial year.

M/s Maahi & Co let out its warehouse to Mr. Shankar, who in turn let out to an agriculturist for warehousing of agricultural produce. The firm also undertakes catering service to “Vishwas” Anganwadi. The said Anganwadi has received fundings from Government.

The firm purchased following goods during the month of July:-

- (a) Capital goods amounting to ₹ 45,000 purchased on which depreciation has been taken on full value including GST paid thereon.
- (b) Raw materials purchased amounting to ₹ 55,000 for which invoice is missing but delivery challan is available.

Further, for the month of July, the GST liability of the firm was ₹ 20,000 IGST; ₹ 10,000 CGST; ₹ 10,000 SGST. The following credits were available in the said month-

IGST: ₹ 8,000

CGST: ₹ 12,000

SGST: ₹ 5,000

All the amounts given above are exclusive of taxes, wherever applicable. All the supply referred above is intra-State unless specified otherwise. Conditions for availing ITC are fulfilled subject to the information given above.

Based on the information provided above, choose the most appropriate answer for the following questions-

1. Choose the correct statement(s).
 - (i) For GTA services, Government is liable to pay GST under reverse charge
 - (ii) For DSA services, Banking Company is liable to pay GST under reverse charge
 - (iii) For GTA services, Maahi & Co is liable to pay GST under forward charge
 - (iv) For DSA services, Maahi & Co is liable to pay GST under forward charge
 - (a) i & ii
 - (b) iii & iv
 - (c) i & iv
 - (d) ii & iii
2. Which of the following options is correct in respect of GTA services provided to Government Department?
 - (a) GTA service is taxable @ 12% without restriction of availing input tax credit.
 - (b) GTA service is taxable @ 12%, but input tax credit cannot be availed for the same.
 - (c) GTA service is taxable @ 5% without restriction of availing input tax credit.
 - (d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.
3. Gift of ₹ 50,000 in value provided by Maahi & Co to each of its employee will be:
 - (a) Supply of goods
 - (b) Supply of services
 - (c) Exempt supply
 - (d) Not a supply
4. Which of the following statements is correct:-
 - (i) Letting out of warehouse to Shankar is exempt
 - (ii) Catering service to "Vishesh" Anganwadi is exempt
 - (iii) Letting out of warehouse to Shankar is not exempt
 - (iv) Catering service to "Vishesh" Anganwadi is not exempt

- (a) i & ii
 (b) iii & iv
 (c) i & iv
 (d) ii & iii
5. M/s Maahi & Co is eligible to claim input tax credit of _____
 (a) ₹ 45,000
 (b) ₹ 55,000
 (c) ₹ 1,00,000
 (d) Nil
6. Compute the GST liability of the firm for the month of July to be paid in cash, if rule 86B of the CGST Rules, 2017 is not applicable?
 (a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
 (b) IGST: ₹ 12,000; CGST: Nil; SGST: ₹ 5000
 (c) IGST: Nil; CGST: ₹ 10,000, SGST: ₹ 5000
 (d) IGST: 5,000; CGST: Nil, SGST: 10,000 **(6 x 2 Marks = 12 Marks)**
7. Kids Bazaar Pvt. Ltd., registered in Maharashtra sells kids clothing via an E-commerce operator Champ.com. Mr. Dhruv placed an order of 10 sets of Ethnic wear in different colours each costing ₹ 5,000 (GST @18% not included) on 20th January 2023. However, he returned 2 sets back after 2 days in accordance with the exchange policy of Champ.com. Determine the value of supply on which Champ.com should collect TCS from Kids Bazaar Pvt. Ltd.
 (a) ₹ 40,000
 (b) ₹ 59,000
 (c) ₹ 50,000
 (d) ₹ 47,200 **(2 Marks)**
8. Miss Gyati, a jeweller registered under GST in Mumbai, wants to sell her jewellery in a Trade Expo held in Delhi. Which of the following statements is false in his case?
 (a) She needs to get registration in Delhi as casual taxable person.
 (b) She needs to pay advance tax on estimated tax liability.
 (c) She needs to mandatorily have a place of business in Delhi.
 (d) She needs to file GSTR-1/ IFF and GSTR-3B for Delhi GSTIN for the month or quarter, as the case may be, when she gets registered in Delhi. **(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) Vishwanath Ltd., a registered supplier in Karnataka has provided the following details for supply of one machine:-

	Particulars	Amount in (₹)
(1)	List price of machine supplied [exclusive of items given below from (2) to (4)]	80,000
(2)	Tax levied by Local Authority on sale of such machine	6,000
(3)	Discount of 2% on the list price of machine was provided (recorded in the invoice of machine)	
(4)	Packing expenses for safe transportation charged separately in the invoice	4,000

Vishwanath Ltd. received ₹ 5,000 as price linked subsidy from a NGO on sale of each such machine, The Price of ₹ 80,000 of the machine is after considering such subsidy.

During the month of February, Vishwanath Ltd. supplied three machines to Intra-State customers and one machine to Inter-State customer.

Vishwanath Ltd. purchased inputs (intra-State) for ₹ 1,20,000 exclusive of GST for supplying the above four machines during the month.

The Balance of ITC at the beginning of February was:

CGST	SGST	IGST
₹ 18,000	₹ 4,000	₹ 26,000

Note:

- (i) Rate of CGST, SGST and IGST to be 9%,9% and 18% respectively for both inward and outward supplies.
- (ii) All the amounts given above are exclusive of GST.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum net GST payable in cash by Vishwanath Ltd. for the month of February.

(10 Marks)

- (b) Veda Ltd. procured the following goods in the month of January, 2024.

Inward Supplies	GST (₹)
(1) Goods used in constructing an additional floor of office building. The cost of construction of additional floor has been capitalized.	96,200

(2) Trucks used for transportation of inputs in the factory	11,000
(3) Inputs used in trial runs	8,350
(4) Confectionery items for consumption of employees working in the factory	4,325
(5) Cement used for making foundation and structural support to plant and machinery	9,550

Note: Depreciation has not been claimed on tax component in case of trucks.

Compute the amount of ITC available with Veda Ltd. for the month of January, 2024 by giving necessary explanations. Assume that all the other conditions necessary for availing ITC have been fulfilled. **(5 Marks)**

2. (a) Determine the place of supply in the following independent cases:-
- Harpreet (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.
 - LP Refineries (Mumbai, Maharashtra) gives a contract to Bhansali Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat. **(5 Marks)**
- (b) Green Agro Services, a registered person provides the following information relating to its activities during the month of February, 2024:

Gross Receipts from	(₹)
Services relating to rearing of goats	3,75,000
Services by way of artificial insemination of horses	5,00,000
Processing of sugarcane into jaggery	7,00,000
Milling of paddy into rice	8,00,000
Services by way of warehousing of agricultural produce	2,25,000

All the above receipts are exclusive of GST.

Compute the value of taxable supplies under GST laws for the month of February, 2024. **(5 Marks)**

3. (a) Sheen Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 372 kilometres. Calculate the validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise. **(5 Marks)**
- (b) Apex Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of the CGST Act, 2017 read with fourth proviso to rule 46 of the CGST Rules, 2017.

During the month of February, 2024, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.

Advise Apex Cinemas for the procedure to be followed in this regard.

(5 Marks)

4. (a) Who are not eligible to opt for composition scheme for goods under GST laws? **(5 Marks)**

Or

- (a) Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services".

State the exceptions of the above statement.

(5 Marks)

- (b) Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act, 2017? **(5 Marks)**

Mock Test Paper - Series II: August, 2024

Date of Paper: 20th August, 2024

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

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

ANSWERS

Division A – Multiple Choice Questions

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

Division B – Descriptive Questions

1. **Computation of Total Income of Ms. Farah for the A.Y.2024-25 under default tax regime under section 115BAC**

Particulars	₹	₹	₹
Income from house property			
Gross Annual Value ¹		90,000	
Less: Municipal taxes paid		<u>9,000</u>	
Net Annual Value (NAV)		81,000	
Less: Deduction under section 24(a) – 30% of NAV = 30% of ₹ 81,000		<u>24,300</u>	56,700
Profits and gains of business or profession			
Net profit as per Profit and loss account		25,91,000	
Add: Expenses debited but not allowable			
(i) Purchase of car [Amount paid for purchase of car is not allowable since it is a capital expenditure]	3,00,000		

¹ Rent received has been taken as the Gross Annual Value in the absence of other information relating to Municipal Value, Fair Rent and Standard Rent.

(ii) Municipal tax paid in respect of house property [allowable as deduction under the head "Income from house property"]	9,000		
(iii) Payment made to tax consultant in cash [disallowed under section 40A(3), since such cash payment exceeds ₹ 10,000]	50,000		
(iv) Travel expenditure on foreign professional tour [Since it is incurred in connection with professional work, the same is allowable as deduction. As it has already been debited to profit and loss account, no further adjustment is required]	-		
(v) Repair and maintenance of car [Repairs and maintenance paid in advance for the period 1.4.2024 to 30.9.2024 i.e. for 6 months amounting to ₹ 17,500 is not allowable as deduction, since Ms. Farah is following the accrual system of accounting]	17,500	3,76,500	
Less: Income credited but not taxable under this head:		29,67,500	
(i) Dividend from an Indian company (taxable under the head "Income from Other Sources")	11,00,000		
(ii) Interest on deposit certificates issued under gold monetization scheme, 2015 (taxability or otherwise to be considered under the head "Income from Other Sources")	25,000		
(iii) Honorarium for valuation of answer papers	50,000		
(iv) Rent received in respect of house property	90,000	12,65,000	
		17,02,500	
Less: Depreciation on car @15%		45,000	
Income from Other Sources			16,57,500
Dividend from an Indian company		11,00,000	

Interest on deposit certificates issued under gold monetization scheme, 2015 [Exempt under section 10(15)]		-	
Honorarium for valuation of answer papers		50,000	11,50,000
Gross Total Income			28,64,200
Less: Deduction under Chapter VI-A [Deduction under section 80D would not be allowable]			-
Total Income			28,64,200

Computation of tax payable under default tax regime under section 115BAC

Particulars	₹
Tax on total income of ₹ 28,64,200	
Upto ₹ 3,00,000	Nil
₹ 3,00,001 – ₹ 6,00,000 [i.e., ₹ 3,00,000@5%]	15,000
₹ 6,00,001 – ₹ 9,00,000 [i.e., ₹ 3,00,000@10%]	30,000
₹ 9,00,001 – ₹ 12,00,000 [i.e., ₹ 3,00,000@15%]	45,000
₹ 12,00,001 – ₹ 15,00,000 [i.e., ₹ 3,00,000@20%]	60,000
₹ 15,00,001 – ₹ 28,64,200 [i.e., ₹ 13,64,200 @30%]	<u>4,09,260</u>
	5,59,260
Add: Health and Education cess@4%	<u>22,370</u>
Tax Liability	5,81,630
Less: Advance Tax paid	1,00,000
Less: Tax deducted at source on dividend income from an Indian company under section 194 [₹ 11,00,000 x 10%]	<u>1,10,000</u>
Tax payable	<u>3,71,630</u>

Computation of total income and tax payable by Ms. Farah for the A.Y.2024-25 under regular provisions of the Act

Particulars	₹
Gross Total Income	28,64,200
[Income under the “Income from house property” “Profits and gains from business or profession” and “Income from other sources” would remain the same under regular provisions of the Act]	
Less: Deductions under Chapter VI-A	
<u>Section 80D</u>	
Medical insurance premium paid online for parents, being senior citizens	47,000

Payment made in cash of ₹ 8,500 for preventive health check-up for self and spouse restricted to	5,000	52,000
Total Income		28,12,200
Tax on total income of ₹ 28,12,200		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000 [i.e., ₹ 2,50,000@5%]	12,500	
₹ 5,00,001 – ₹ 10,00,000 [i.e., ₹ 5,00,000@20%]	1,00,000	
₹ 10,00,001 – ₹ 28,12,200 [i.e., ₹ 18,12,200 @30%]	<u>5,43,660</u>	
		6,56,160
Add: Health and Education cess@4%		<u>26,246</u>
Tax Liability		6,82,406
Less: Advance Tax paid		1,00,000
Less: Tax deducted at source on dividend income from an Indian company under section 194 [₹ 11,00,000 x 10%]		<u>1,10,000</u>
Tax payable		<u>4,72,406</u>
Tax payable (Rounded off)		<u>4,72,410</u>

Note – Since the tax payable under default tax regime under section 115BAC is lower than the tax payable under the regular provisions of the Act, it would be beneficial for Ms. Farah to pay tax under default tax regime under section 115BAC for A.Y. 2024-25.

2. (a) An Indian citizen, who leaves India in any previous year, *inter alia*, for purposes of employment outside India, would be resident in India during the relevant previous year if he stayed in India during that previous year for 182 days or more.
 - (i) Since Sagar is leaving India for the purpose of employment outside India, he will be treated as resident only if the period of his stay during the previous year amounts to 182 days or more. Therefore, Sagar should leave India on or before 28th September, 2023, in which case, his stay in India during the previous year would be less than 182 days and he would become non-resident for the purpose of taxability in India. In such a case, only the income which accrues or arises in India or which is deemed to accrue or arise in India or received or deemed to be received in India shall be taxable.

The income earned by him in New York would not be chargeable to tax in India for A.Y. 2024-25, if he leaves India on or before 28th September, 2023.
 - (ii) If any part of Sagar's salary will be credited directly to his bank account in Delhi then, that part of his salary would be considered as income received in India during the previous year under section 5 and would be chargeable to tax under Income-tax Act, 1961, even

if he is a non-resident. Therefore, Sagar should receive his entire salary in New York and then remit the required amount to his bank account in Delhi in which case, the salary earned by him in New York would not be subject to tax in India.

(b) TDS implications

- (i) Since the sale consideration or stamp duty value of residential house exceeds ₹ 50 lakhs, Mr. Deepak is required to deduct tax at source @1% of ₹ 65 lakhs, being higher of sale consideration of ₹ 60 lakh and stamp duty value of ₹ 65 lakhs under section 194-IA.

TDS provisions under section 194-IA are not attracted in respect of transfer of rural agricultural land, even if the consideration exceeds ₹ 50 lakh.

- (ii) Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ₹ 10 lakhs, is required to collect tax at source @1% of the sale consideration from the buyer.

TCS provisions will, however, not apply on sale of motor vehicles by manufacturers to dealers/distributors. Hence, XYZ Ltd., the manufacturer-seller need not collect tax at source on sale of cars to the dealer, ABC & Co., even if the value of each car exceeds ₹ 10 lakhs.

However, TCS provisions would be attracted when ABC & Co., sells cars to individual buyers, since the value of each car exceeds ₹ 10 lakhs. ABC & Co. has to collect tax @1% of the consideration on sale of each car to an individual buyer.

3. (a) Computation of income from house property of Mr. Kamal for A.Y. 2024-25

Particulars	₹	₹
1. Income from let-out property in Dubai [See Note 1 below]		
² Gross Annual Value (DHS 20,000 p.m. x 12 months x ₹ 22)		52,80,000
Less: Municipal taxes paid during the year [DHS 4,000 (DHS 2,500 + DHS 1,500) x ₹ 22] ³		<u>88,000</u>
Net Annual Value (NAV)		51,92,000
Less: Deductions under section 24		
(a) 30% of NAV	15,57,600	

² In the absence of information related to municipal value, fair rent and standard rent, the rent receivable has been taken as the GAV

³ Both property tax and sewerage tax qualify for deduction from gross annual value

(b) Interest on housing loan	-	15,57,600 <u>36,34,400</u>
2. Income from self-occupied property in Mumbai		
Annual Value [Nil, since the property is self-occupied]		NIL
[No deduction is allowable in respect of municipal taxes paid in respect of self-occupied property]		
Less: Deduction in respect of interest on housing loan [See Note 2 below]		<u>1,64,000</u> <u>(1,64,000)</u>
Income from house property [₹ 36,34,400 – ₹ 1,64,000]		34,70,400

Notes:

- (1) Since Mr. Kamal is a resident but not ordinarily resident in India for A.Y. 2024-25, income which is, *inter alia*, received in India shall be taxable in India, even if such income has accrued or arisen outside India. Accordingly, rent received from house property in Dubai would be taxable in India since such income is received by him in India. Income from property in Mumbai would accrue or arise in India and consequently, interest deduction in respect of such property would be allowable while computing Mr. Kamal's income from house property because of self-occupied property.

(2) Interest on housing loan for construction of self-occupied property allowable as deduction under section 24

Interest for the current year (₹ 10,00,000 x 12%) ₹ 1,20,000

Pre-construction interest

For the period 01.06.2020 to 31.03.2022

(₹ 10,00,000 x 12% x 22/12) = ₹ 2,20,000

₹ 2,20,000 allowed in 5 equal installments

(₹ 2,20,000/5) ₹ 44,000

₹ 1,64,000

(b) Computation of income chargeable under the head "Capital Gains" for A.Y. 2024-25

Particulars	₹
Capital Gains on sale of residential house	
Actual sale consideration ₹ 80 lakhs	
Value adopted by Stamp Valuation Authority ₹ 90 lakhs	
Full value of sale consideration [Higher of the above]	90,00,000

[As per section 50C, where the actual sale consideration is less than the value adopted by the Stamp Valuation Authority for the purpose of charging stamp duty, and such stamp duty value exceeds 110% of the actual sale consideration, then, the value adopted by the Stamp Valuation Authority shall be taken to be the full value of consideration. In a case where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided the whole or part of the consideration is paid by way of account payee cheque/bank draft or by way of ECS through bank account on or before the date of agreement. In this case, since 20% of ₹ 80 lakhs is paid through account payee bank draft on the date of agreement, stamp duty value on the date of agreement can be adopted as the full value of consideration]	
Less: Indexed cost of acquisition of residential house [₹ 20 lakhs x 348/100]	<u>69,60,000</u>
Long-term capital gains [Since the residential house property was held by Mr. Ashish for more than 24 months immediately preceding the date of its transfer]	20,40,000
Less: Exemption under section 54	15,00,000
The capital gain arising on transfer of a long-term residential property shall not be chargeable to tax to the extent such capital gain is invested in the purchase of one residential house property in India within one year before or two years after the date of transfer of original asset.	
Long term capital gains chargeable to tax	5,40,000

4. (a) **Gross Total Income of Mr. Mohit for A.Y. 2024-25**

Particulars	₹	₹
Salaries		
Income from salary	6,50,000	
Less: Loss from house property of ₹ 2,60,000, restricted to	<u>2,00,000</u>	4,50,000
Income from house property		
Income from House I	55,000	
Less: Loss from House II (self-occupied)	1,25,000	
Loss from House III	<u>1,90,000</u>	
	<u>3,15,000</u>	
	(2,60,000)	

Set-off of loss from house property against salary income, restricted to	<u>2,00,000</u>	
Loss to be carried forward to A.Y. 2025-26	<u>(60,000)</u>	
Profits and gains of business or profession		
Profit from cloth business	1,70,000	
Less: Loss from leather business	<u>68,000</u>	1,02,000
Capital Gains		
Short term capital loss in equity-oriented funds on which STT is paid ₹ 35,000 to be carried forward to A.Y. 2025-26 since such loss can be set-off only against capital gains and not against income under any other head	-	
Income from other sources		
Income from owning and maintenance of race bulls	9,000	
Loss of ₹ 7,500 from the activity of owning and maintenance of race horses cannot be set-off against any source other than income from the activity of owning and maintaining race horses. Hence, such loss has to be carried forward to A.Y. 2025-26.	Nil	
Income from crossword puzzles	12,000	
Dividend from foreign company	<u>8,500</u>	
		<u>29,500</u>
Gross Total Income		<u>5,81,500</u>

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

Particulars	₹
Loss from house property [to be carried forward for set-off against income from house property]	60,000
Short-term capital loss in equity oriented funds on which STT was paid [to be carried forward for set-off against capital gains, long-term or short-term]	35,000
Loss from owning and maintaining race horses [to be carried forward for set-off against income from the activity of owning and maintaining race horses]	7,500

Note: Loss from house property can also be set-off to the extent of ₹ 1,02,000 from profits and gains from business or profession and balance i.e., ₹ 98,000 against Income under the head “Salaries”.

(b) First alternative

If a person, who has been allotted PAN as on 1st July, 2017 and is required to intimate his Aadhaar number, has failed to intimate the same on or before 31st March, 2022, the PAN of such person would become inoperative.

A person, whose PAN has become inoperative, would be liable for following further consequences for the period commencing from the date notified by the CBDT till the date it becomes operative –

- (i) no refund of any amount of tax or part thereof, due under the provisions of the Act;
- (ii) interest would not be payable on such refund for the period, beginning with the date notified by the CBDT and ending with the date on which it becomes operative;
- (iii) where tax is deductible at source in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA;
- (iv) where tax is collectible at source in case of such person, such tax shall be collected at higher rate, in accordance with provisions of section 206CC:

Where a person, who is required to intimate his Aadhaar Number under section 139AA(2), fails to do so on or before the notified date i.e., 31.3.2022, he shall be liable to pay such fee, as may be prescribed, at the time of making intimation under section 139AA(2) after 31.3.2022.

However, such fee shall not exceed ₹ 1,000.

(b) Second alternative

(i) Fee for default in furnishing return of income u/s 234F

Where a person who is required to furnish a return of income under section 139, fails to do so within the prescribed time limit under section 139(1), he shall pay, by way of fee, a sum of ₹ 5,000.

However, if the total income of the person does not exceed ₹ 5 lakhs, the fees payable shall not exceed ₹ 1,000

(ii) Persons to whom provisions of section 139AA relating to quoting of Aadhar Number does not apply

The provisions of section 139AA relating to quoting of Aadhar Number would not apply to an individual who does not possess the

Aadhar number or Enrolment ID and is:

- (i) residing in the States of Assam, Jammu & Kashmir and Meghalaya;
- (ii) a non-resident as per 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)

Division A - Multiple Choice Questions

Question No.	Answer
1	(c) i & iv
2	(d) GTA service is taxable @ 5%, but input tax credit cannot be availed for the same.
3	(d) Not a supply
4	(d) ii & iii
5	(d) Nil
6	(a) IGST: ₹ 10,000; CGST: Nil, SGST: ₹ 5000
7	(a) ₹ 40,000
8	(c) She needs to mandatorily have a place of business in Delhi.

Division B - Descriptive Questions

1. (a) Computation of value of taxable supply

Particulars	Amount (₹)
List price of the machine	80,000
Add: Tax levied by Local Authority on the sale of machine [Tax other than GST, if charged separately, are includible in the value in terms of section 15 of the CGST Act, 2017.]	6,000
Add: Packing expenses for safe transportation [Includible in the value as per section 15 of the CGST Act, 2017.]	4,000
Add: Price-linked subsidy received from a NGO on sale of each machine [Subsidy received from a non-Government body and which is directly linked to the price, the same is included in the value in terms of section 15 of the CGST Act, 2017.]	<u>5,000</u>
Total	95,000
Less: Discount @ 2% on ₹ 80,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15 of the CGST Act, 2017.]	<u>1,600</u>
Value of taxable supply	93,400

**Computation of minimum net GST payable in cash by
Vishwanath Ltd.**

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Sale of machine [Intra-State sales = ₹ 93,400 × 3 machines = ₹ 2,80,200 Inter-State sales = ₹ 93,400 × 1 machine = ₹ 93,400]	25,218 [2,80,200 × 9%]	25,218 [2,80,200 × 9%]	16,812 [93,400 × 18%]
Total output tax	25,218	25,218	16,812
Less: Set off of IGST against IGST and SGST [IGST credit first be utilized towards payment of IGST, remaining amount can be utilized towards CGST and SGST in any order and in any proportion]		(9,188)	(16,812)
Less: Set off of CGST against CGST and SGST against SGST [CGST credit cannot be utilized towards payment of SGST and vice versa.]	(25,218)	(14,800)	
Minimum net GST payable in cash	Nil	1,230	

Working Note:

Computation of total ITC available

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Opening balance of ITC	18,000	4,000	26,000
Add: Inputs purchased during the month	10,800 [₹ 1,20,000 × 9%]	10,800 [₹ 1,20,000 × 9%]	
Total ITC available	28,800	14,800	26,000

**(b) Computation of amount of ITC available for the month of
January, 2024**

S. No.	Particulars	GST (₹)
(1)	Goods used in construction of additional floor of office building [ITC on goods received by a taxable person for construction of an immovable property on his own account is blocked even if the same is used in the course or furtherance of business.]	Nil
(2)	Trucks used for transportation of inputs in the factory	11,000

	[ITC on motor vehicles used for transportation of goods is not blocked.]	
(3)	Inputs used in trial runs [Being used in trial runs, inputs are used in the course or furtherance of business and hence ITC thereon is allowed.]	8,350
(4)	Confectionary items for consumption of employees working in the factory [ITC on food or beverages is blocked unless the same is used in same line of business or as an element of the taxable composite or mixed supply. Further, ITC on goods and/or service used for personal consumption is blocked.]	Nil
(5)	Cement used for making foundation and structural support to plant and machinery [ITC on goods used for construction of plant and machinery is not blocked. Plant and machinery includes foundation and structural supports through which the same is fixed to earth.]	9,550
	Total eligible ITC	28,900

2. (a) (i) The place of supply of goods supplied on a board a conveyance like aircraft, train, vessel, motor vehicle is the location where such goods have been taken on board.

Place of supply of goods supplied on board a conveyance is determined under this provision even if the supply has been made by any of the passenger on board the conveyance and not by the carrier of the conveyance.

Thus, in the given case, the place of supply of goods is the location at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.

- (ii) If the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly.

This is a case of composite supply of goods wherein two supplies are involved, supply of goods and ancillary supply of installation/assembling service. The principal supply is supply of goods which are being installed.

Thus, the place of supply is the site of assembly of machine, i.e. Kutch even though LP refineries is located in Maharashtra.

(b) **Computation of value of taxable supplies**

Particulars	Amount (₹)
Services relating to rearing of goats	Nil

[Exempt since services relating to rearing of all life forms of animals, except horses, for food etc. are exempt.]	
Services by way of artificial insemination of horses [Not exempt since services of artificial insemination are exempt only of livestock other than horses.]	5,00,000
Processing of sugarcane into jaggery [Not exempt, since processes which alter the essential characteristics of agricultural produce are not exempt and processing of sugarcane into jaggery changes the essential characteristics of sugarcane.]	7,00,000
Milling of paddy into rice [Not exempt, since this process, being carried out after cultivation is over, is not an intermediate production process in relation to cultivation of plants and it also changes the essential characteristics of paddy.]	8,00,000
Services by way of warehousing of agricultural produce [Specifically exempt from GST.]	Nil
Value of taxable supplies	20,00,000

3. (a) The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road between two cities situated at a distance of 372 km is as under:

- (i) **If it is over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 20 km and one additional day for every 20 km or part thereof thereafter.

Thus, validity period in given case:

= 1 day + 18 days

= 19 days

- (ii) **If it is a cargo other than over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.

Thus, validity period in given case:

= 1 day + 1 day

= 2 days

- (b) The procedure to be followed by Apex Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under:-

The option to issue consolidated tax invoice is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. Thus, Apex Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.

Apex Cinemas is required to issue an electronic ticket.

The said electronic ticket shall be deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.

4. (a) The registered person who is not eligible for composition scheme for goods under GST law are as under:
- (i) Supplier engaged in making any supply of goods or services which are not leviable to tax.
 - (ii) Supplier engaged in making any inter-State outward supplies of goods or services.
 - (iii) Person supplying any goods or services through an electronic commerce operator who is required to collect tax at source (under section 52).
 - (iv) Manufacturer of ice cream, panmasala, tobacco, aerated waters, fly ash bricks; fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.
 - (v) Supplier who is either a casual taxable person or a non-resident taxable person
 - (vi) Supplier of services exceeding an amount which is higher of 10% of the turnover in a State/U.T. in the preceding financial year or ₹ 5 lakh.

Note: Any 5 points may be mentioned.

Or

- (a) Tax on following services supplied by the Central Government or State Government to a business entity in India is payable by the supplier of services:
- (1) services of renting of immovable property provided to an unregistered business entity.
 - (2) services by the Department of Posts and the Ministry of Railways (Indian Railways)
 - (3) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.
 - (4) services of transport of goods or passengers.
- (b) Following persons can be registered as Goods and Service Tax Practitioners:

Any person who, (i) is a citizen of India; (ii) is a person of sound mind; (iii) is not adjudicated as insolvent; (iv) has not been convicted by a competent court;

and satisfies any of the following conditions, namely that he:

1. is a retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazetted officer for a period ≥ 2 years, or
2. is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the erstwhile indirect tax laws for a period of not less than 5 years, or
3. acquired any of the prescribed qualifications
4. has passed Graduate/postgraduate degree or its equivalent examination having a degree in specified disciplines, from any Indian University or a degree examination of any Foreign University recognised by any Indian University as equivalent to degree examination
5. has passed any other notified examination
6. has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India

Note: Any 5 points may be mentioned.