



MOCK TEST PAPER

INTERMEDIATE (NEW) COURSE

PAPER – 4: TAXATION

☞ Important note: The purpose of this mock paper is to develop conceptual skill and writing skill of the subject amongst the student. This paper does not necessarily represent the exam pattern. Further, in Case Study based questions 9 to 11 MCQs have been given for better understanding of the case study-based questions, although in exam case study will comprise 5 to 6 MCQs.

Time Allowed – 3 Hours

Maximum Marks – 100

PART – I: MULTIPLE CHOICE QUESTIONS

Total No. of Questions – 2

Maximum Marks: 30

Write most appropriate answer to each of the MCQs by choosing the one of most appropriate option given. All Questions are compulsory.

SECTION - A: Income Tax Laws (18 Marks)

All questions pertaining to Income Tax, relate to A.Y 2019-20, unless stated otherwise in the question and to be answered based on the provisions of the Finance Act, 2018

1. Mrs. Sharma, a software engineer worked for Data Consultancy Services (India) Ltd. Bangalore, India over 15 years. On 1.6.2016 she left India to work in Data Consultancy Services (England) Inc., London, England, on deputation. On 10th January, 2019 DCS (India) L td. again brought her back to India. During the year, she received total salary of ₹10 lakhs from DCS (India) Ltd. and ₹60 lakhs (converted into INR) from DCS (England) Inc. During the year she also received leave encashment of ₹ 5,00,000 from DCS (India) Ltd. She exercised the option to acquire 30,000 shares of DCS (India) Ltd. under an ESOP Scheme @ ₹ 950 per shares on 1.2.2019. The Market price of the shares in Stock exchange on 1.2.2019 is as under:



Particulars	BSE	NSE
Total No of shares of DCS (India) Ltd. traded	60,000	50,000
Opening market price	990	996
Closing market price	1010	1012

She owned only one house property in Bangalore. Outstanding bank loan for acquisition of said property as on 1.4.2018 is ₹ 30 lakhs. Interest payable @ 10% p.a. The property is non-occupied till 9th January' 2019 due to her employment outside India. From 10th January'2019 she used the property as her residence. On 1.4.2018 she gifted ₹ 40 lakhs to her Spouse Mr. Sharma. Mr. Sharma is a fashion designer employed in a branded company in India. On 1.4.2018, he left the job and started his own sole proprietorship concern of fashion designing and introduced the amount gifted to him by Mrs. Sharma in the business on the same day. During the year he earned profit of ₹10 lakhs. Out of the profit earned ₹ 5 lakh is invested in corporate bonds fetching interest @ 8% p.a on 1.12.2018.

Mrs. Sharma also owned a free hold land in Kolkata through legal inheritance in August, 2004. The said property was acquired by her father for ₹ 2 lakhs in June,1986. She agreed to sold the property to Mr. Ghosh and took advance money of ₹ 5,00,000 on August'2018 but the transaction was not successful and she forfeited the advance money. Finally, she sold the property in October, 2018 for ₹ 75,00,000 to Mr. Gupta. The value of property was adopted as ₹ 78,00,000 by the state stamp valuation authority for registration purpose. The Fair Market Value of the property as on 1.4.2001 was ₹ 10,00,000. Out of the consideration received she acquired a residential house in March, 2019 for ₹ 25,00,000 in Kolkata. She deposited ₹ 10,00,000 in capital gain bonds issued by National Highways Authority of India (NHAI) in June 2019. CII: F.Y.2001-02 = 100; F.Y.2004-05 =113; F.Y. 2018-19 = 280

On 31.3.2019, the DCS(India) Ltd. declared interim dividend of ₹50 per share.

Mrs. Sharma being a tax compliant citizen of India, seeks your advice on the following issues in order to comply the provisions of the Income Tax Act, 1961:

Marks



(1) What should be her residential Status in India for the P.Y 2018-19? 1

- (a) Resident and ordinarily resident of India
- (b) Resident and not- ordinarily resident of India
- (c) non-resident of India
- (d) none of the above

(2) With respect to Income under the head salaries:

i. Whether salary received by Mrs. Sharma in outside India is taxable in India 2

- (a) Yes, since she is a resident and ordinarily resident of India.
- (b) No, since salary is not accrued in India
- (c) No, since salary is not received in India
- (d) Yes, since salary is accrued in India

ii. What should be her taxable salaries in India? 1

- (a) ₹90,00,000
- (b) ₹89,60,000
- (c) ₹86,60,000
- (d) ₹29,60,000

(3) With respect to Income under the head house properties:

i. Whether interest on outstanding loan utilised for acquisition house property 1

at Bangalore, for the period for which the property is non-occupied due to her employment outside India shall be allowed as deduction u/s. 24(b) of the Income Tax Act, 1961? If yes, the maximum limit if any.

- (a) Yes, the benefit of deduction allowed to self-occupied property as well as non-occupied due to employment elsewhere, upto 2,00,000
- (b) No, since the property is not self-occupied
- (c) Yes, upto 30,000
- (d) No, since loan is not taken in this year.

ii. What should be her income from house property in India? 1

- (a) (₹2,00,000)
- (b) (₹3,00,000)
- (c) (₹2,10,000)
- (d) Nil



iii. Can she be eligible to set off the house property loss against other heads of Income in the P.Y 2018-19 as per section 71 of the Income Tax Act, 1961 and if yes, how much? 1

- (a) Yes, maximum of ₹ 2,00,000
- (b) Yes. maximum of ₹ 3,00,000
- (c) No, can be set off only against own heads of Income
- (d) No, the entire loss to be carried forward to the subsequent year

(4) Whether Mrs. Sharma or Mr. Sharma is liable for any gift tax in India? 1

- a) Yes, Gift is taxable u/s. 56(2)(x) in the hands of Mr. Sharma being the recipient of cash gift exceeding ₹50,000.
- b) Yes, Gift is taxable u/s. 56(2)(x) in the hands of Mrs. Sharma being the giver of cash gift exceeding ₹50,000.
- c) No, nothing taxable in the hands of Mr. Sharma u/s. 56(2)(x), since gift is received from a relative i.e his wife.
- d) No, nothing taxable in the hands of Mrs. Sharma u/s. 56(2)(x), since gift is given to a relative i.e her husband.

(5) What should be the treatment of business income earned by Mr. Sharma in P.Y 2018-19? 1

- (a) The entire business income is to be clubbed in the total income of Mrs. Sharma as per section 64(1)(iv) of the Income Tax Act, 1961 and Mrs. Sharma is liable to pay tax on it.
- (b) the entire income is taxable in the hands of Mr. Sharma, as the provisions of clubbing shall not be attracted in the given case.
- (c) Only some portion is clubbed in the hands of Mrs. Sharma and balance is taxable in the hands of Mr. Sharma
- (d) Business income cannot be clubbed in this year

(6) With respect to the income under the head capital gains:

(i) What would be the cost of acquisition and period of holding of free hold land acquired through inheritance by Mrs. Sharma? 1

- (a) Nil, from August, 2004 to October, 2018
- (b) ₹10,00,000, from June, 1986 to October, 2018
- (c) ₹2,00,000, from June, 1986 to October, 2018



(d) ₹5,00,000, from June, 1986 to October, 2018

(ii) What would be the Gross taxable capital gains on sale of free hold property by Mrs. Sharma? 1

- (a) ₹50,00,000
- (b) ₹47,00,000
- (c) ₹61,00,000
- (d) ₹64,00,000

(iii) Whether she is eligible to claim any exemption under capital gains on purchase of residential house property in Kolkata? If yes, how much? 1

- (a) Yes, U/s. 54 of ₹ 25,00,000
- (b) Yes, U/s. 54F of ₹ 15,66,667
- (c) No, since she already owns a property in Bangalore
- (d) No, since the original property was acquired through inheritance

(iv) Whether she is eligible to claim any exemption under capital gains on purchase of capital gains bonds issued by National Highways Authority of India in June 2019? If yes, how much? 1

- (a) Yes, U/s. 54EC of ₹ 10,00,000 in the P.Y 2018-19
- (b) No, since it is acquired after the expiry of relevant period.
- (c) No, since section 54EC is not applicable in case of capital assets being free hold land
- (d) Yes, but allowed in the subsequent year.

(7) With respect to the income under the head Other Sources:

(i) the interest income earned by Mr. Sharma is to be clubbed and taxable under the head income from other sources of Mrs. Sharma. [True/False] 1

- (a) True, as per the provisions of section 64(1)(iv) of the Income Tax Act, 1961
- (b) False, not covered u/s. 64(1)(iv) of the Income Tax Act, 1961 since being income from income and not income earned from an asset transferred.
- (c) Partially correct
- (d) None of the above

(ii) What should be the treatment of ₹5,00,000 of advance money forfeited by Mrs. Sharma in August, 2018? 1

- (a) ₹ 5,00,000 shall be reduced from the cost of acquisition



- (b) ₹ 5,00,000 shall be taxable in the year of receipt under the head income from other sources by virtue of section 56(2)(ix)
- (c) Either (a) or (b)
- (d) None of the above

(iii) What should be the treatment of interim dividend received by Mrs. Sharma on listed equity shares held under ESOP? 1

- (a) ₹ 15,00,000 is taxable under the head income from other sources
- (b) ₹ 5,00,000 is taxable under the head income from other sources and balance is exempted u/s. 10(34)
- (c) nothing shall be taxable as entire dividend is exempted u/s. 10(34).
- (d) ₹ 10,00,000 is taxable under the head income from other sources and balance is exempted u/s. 10(34)

(8) What should be her taxable income in India for the A.Y 2019-20? 1

- (a) ₹1,38,93,330
- (b) Nil
- (c) ₹1,40,93,330
- (d) None of the above

(9) What would be her tax liability in India for the A.Y 2019-2020? 1

- (a) ₹46,33,280
- (b) ₹38,80,499
- (c) ₹42,66,330
- (d) None of the above



SECTION -B: Indirect Taxes (12 Marks)

All the Questions should be answered based on GST Laws as amended up to 30th April, 2019

2. Mr. Lalelal Bhai Daruwala, a native of Tripura, came to Kolkata for study purpose and has completed his Diploma in Food and Beverages (F&B) Services from the Institute of Hotel Management, Kolkata on 1.5.2018. Thereafter, he joined 'Aamaar Bangla' a 3-star hotel under a placement programme. On 1.8.2018 he applied for a retail liquor license to the State Excise Department of Tripura. On 20.11.2018 he got the license to open a retail wine shop in the State of Tripura. On the same day he left his job and shifted to his hometown. During his internship he got total salary of ₹1,20,000. On 1.12.2018 he started his retail wine shop in his home town. From 10.1.2019 he started an ice-cream and soft drink parlour in his home town.

His turnover from both the business are as under:

Period	Wine Shop	Ice Cream and Soft drink parlour
1.12.2018 to 31.12.2018	20 lakhs	-
1.1.2019 to 9.1.2019	7 lakhs	-
10.1.2019 to 10.1.2019	1 lakh	2 lakhs
Total	28 lakhs	2 lakhs

His Other business transaction during the month of January, 2019 are as under: -

Date	Nature of Transaction	Value excluding taxes (₹ in lakhs)
01.01.2019	Purchase of refrigerator to be used in wine shop. IGST paid ₹ 5 lakhs	45
02.01.2019	Sale of industrial land	30
03.01.2019	Interest on Bank deposits	3
05.01.2019	Sale of Shares and securities	20
10.01.2019	Intra State inward supply of Ice cream and soft drink products from a registered dealer. GST paid CGST 14,000 and SGST 14,000	1
15.01.2019	Goods and services consumed for construction of additional room on his own account to be used as	5



	stock room for ice cream and soft-drink products. GST paid -CGST 30,000, SGST 30,000.	
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With effect from 10.1.2019 the refrigerator has been used only for effecting supply of soft drink product. Earlier it was used for supply of wine products.

Assuming that the GST rate on ice cream and soft drink products Central tax 14% and State tax 14%. Ignore compensation cess. There was no further supply during the month. All the sales are effected over the counter.

You are required to answer the following queries raised by Mr. Lalelal Bhai Daruwala in order to comply the GST Laws: -

Marks

- | | | |
|-----------|--|----------|
| 1. | Which of the following shall be considered for determining aggregate turnover for the purpose of registration? | 1 |
| | (i) Salary received by him from hotel Aamaar Bangla | |
| | (ii) Sale of Shares and Securities | |
| | (iii) Sale of Industrial land | |
| | (iv) interest on bank deposits | |
| | (a) i | |
| | (b) ii | |
| | (c) ii and iv | |
| | (d) iv | |
| 2. | What would be the aggregate turnover u/s. 2(6) of the CGST Act, 2017? | 1 |
| | (a) 33 lakhs | |
| | (b) 83 lakhs | |
| | (c) 80 lakhs | |
| | (d) 2 lakhs | |
| 3. | What is the threshold limit for registration for him and whether he is liable for registration under GST? | 1 |
| | (a) ₹10 lakhs and Yes | |
| | (b) ₹40 lakhs and No | |



(c) ₹20 lakhs and Yes

(d) ₹10 lakhs and No

4. From which date he is liable for registration and the last date of filing application and in which Form? **1**

(a) From 1.1.2019, by 31.1.2019, in Form GST REG-01

(b) From 10.1.2019, by 9.2.2019, in Form GST REG-01

(c) From 1.12.2018, by 31.1.2019, in Form GST REG-01

(d) From 10.1.2019, by 9.2.2019, in Form GSTR-01

5. What would be net GST payable for the month of January, 2019? **1**

(a) CGST ₹14,000; SGST ₹14,000

(b) Nil

(c) ₹2,12,000

(d) none of the above

6. Whether he is eligible for any input tax credit on IGST paid on purchase of refrigerator on 1.1.2019 and used for supplying ice cream and soft-drink product on 10.1.2019, if yes how much? **1**

(a) No

(b) Yes, ₹4,75,000

(c) Yes, ₹4,91,667

(d) Yes, ₹5,00,000

7. What document he is required to prepare and issue to his customer for supply of wine product and in how many copies? **1**

(a) Tax Invoice, in triplicate

(b) Consolidated tax invoice, in duplicate

(c) bill of supply or any other commercial invoice, in triplicate

(d) receipt voucher, in duplicate

8. What document he is required to prepare and issue to his customer for supply of ice cream and soft-drink product and in how many copies and the due date of issue? **1**

(a) Tax Invoice; in triplicate, before or at the time of removal of goods

(b) Tax Invoice; in duplicate, before or at the time of removal of goods

(c) bill of supply or any other commercial invoice

(d) Tax Invoice; in triplicate, within 30 days from the date of supply



- 9.** Whether he is required to furnish any return under GST? If yes, in which form and the period covered in his first monthly return and the due date of furnishing the return, if order of registration certificate is issued on 05.02.2019? **2**
- (a) Yes, in GSTR-3B, From 10.01.2019 to 28.02.2019, by 20th March 2019
- (b) No
- (c) Yes, GSTR-3B, 10.01.2019 to 05.02.2019, by 20th Feb 2019
- (d) Yes, GSTR-3B, 05.02.2019 to 28.02.2019, by 20th March 2019
- 10.** Can he opt composition Scheme u/s. 10 to discharge his GST liability? **1**
- (a) Yes, since turnover does not exceed ₹ 75 lakhs
- (b) No, since provisions of section 10(2) violates
- (c) Yes, since not engaged in manufacture of ice-cream
- (d) Yes, since value of service does not exceed ₹ 5 lakhs
- 11.** Can he opt No.2/2019, Central Tax (Rate) dated 07.03.2019, to discharge his GST liability? **1**
- (a) Yes, since cannot opt for composition scheme
- (b) No, since prescribed conditions not satisfied
- (c) No, since can opt for the composition scheme
- (d) none of the above



PART -II

Total No. of Questions – 8

Maximum Marks -70

Working notes should form part of the respective answers. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of note.

Section – A: Income Tax Laws

It comprises of questions 1-4. Question 1 is compulsory and answer any 2 questions from Question No. 2 to 4. All questions related to A.Y 2019-20, unless stated otherwise

- 1.** Ms. Rekha, a resident individual aged 50, provides the following information **14**
for the financial year 2018-19:

- (i) She is a partner in AK & Co. and received the following amounts from the firm:
- | | |
|---|------------|
| Share of profit from the firm | ₹ 35,000 |
| Interest on capital @ 15% p.a. | ₹ 3,00,000 |
| Salary as working partner
(fully allowed in the hands of the firm) | ₹ 1,00,000 |

- (ii) She is running a rice mill as proprietor. The net profit as per Profit & Loss Account is ₹4,50, 000. The following items are debited to Profit & Loss account:

- | | |
|--------------------------|------------|
| ●Advance Income-tax paid | ₹ 1,00,000 |
| ●Personal drawings | ₹ 50,000 |

The following items are credited to Profit and Loss Account:

- | | |
|---|----------|
| ●Interest on savings bank account with SBI | ₹ 12,000 |
| ●Interest on savings account with post office | ₹ 5,000 |
| ●Dividend from listed Indian Company (DDT paid) | ₹ 80,000 |

- (iii) She owned a house property in Mumbai which was sold in January, 2017. She received ₹ 90,000 by way of arrear rent in respect of the said property in October, 2018.

- (iii) She made the following investments:

Life insurance premium on a policy in the name of her married daughter ₹ 60, 000. (The policy was taken on 1-10-2013 and the sum assured being ₹ 5, 00, 000).

Health insurance premium on a policy covering her mother aged 75. She is not dependant on Ms. Rekha. Premium paid by cheque ₹ 35, 000.



Compute the Total Income and the tax liability of Ms. Rekha for the Assessment Year 2019-20.

2. (a) Compute the total income and tax liability of Harish for the A.Y.2019-20 from 10
the following particulars:

Particulars	₹
(1) Income from house property (computed)	3,15,000
(2) Income from textile business before adjusting the following:	1,20,000
(a) Business loss brought forward	80,000
(b) Current depreciation	40,000
(c) Unabsorbed depreciation brought forward	1,20,000
(3) Short-term capital gains on sale of land	1,25,000
(4) Long-term capital loss on sale of shares sold through a recognised stock exchange (securities transaction tax paid)	25,000
(5) Long term capital gain on sale debentures	50,000
(6) Dividend on shares held as stock-in-trade	5,000
(7) Dividend from a company carrying on agricultural operation	7,000
(8) Income from growing and manufacturing coffee (cured and roasted)	80,000

During the previous year 2018-19, Harish has donated ₹50,000 to an approved Local Authority for promotion of family planning and repaid ₹90,000 towards principal portion of housing loan.

- (b) What is the difference between sub-section and Clauses of a Section? 2
- (c) List our four exceptions to the rule that income of the previous year will be 2
assessed in a subsequent assessment year.
- 3 (a) Discuss the allowability or treatment or comment on the following situations with respect to the provisions of the Income Tax Act, 1961: 6
- (i) interest paid on unpaid purchase price of a house property.
- (ii) Interest certificate is must to claim deduction of maximum ₹2 lakhs in case of self-occupied house property.
- (iii) Notional Income is charge to tax instead of actual income under house property.



- (iv) ownership is not necessary under House Property.
- (v) registration of house is not necessary under House property.
- (vi) In some cases, income taxable under business or professions even if business is not in existence.
- (b) The income tax department found Jewellery valued ₹ 5 lakhs kept by Mr. Shyam which was not recorded in the books and Mr. Shyam fails to offer any explanation about the nature and source of thereof. Discuss the taxability u/s. 115BBE. 4
- (c) State the applicability of TDS provisions and TDS amount in the following cases – 4
- a) Rent paid for hire of machinery by B Ltd. to Mr. Raman ₹ 2,10,000
- b) Fee paid to Dr. Srivatsan by Sunder (HUF) ₹ 35,000 for surgery performed to a member of the family.
- 4 (a)** XYZ Limited has two units – one engaged in manufacture of computer hardware and the other involved in developing software. As a restructuring drive, the company has decided to sell its software unit as a going concern by way of slump sale for ₹ 385 lakh to a new company called S Limited, in which it holds 74% equity shares.

The balance sheet of XYZ limited as on 31st March 2019, being the date on which software unit has been transferred, is given hereunder –

Balance Sheet as on 31.03.2019

Liabilities	₹ in lakh	Assets	₹ in lakh
Paid up Share Capital	300	<u>Fixed Assets</u>	
General Reserve	150	Hardware unit	170
Share Premium	50	Software unit	200
Revaluation Reserve	120	<u>Debtors</u>	
<u>Current Liabilities</u>		Hardware unit	140
Hardware unit	40	Software unit	110
Software unit	90	<u>Inventories</u>	
		Hardware unit	95
		Software unit	<u>35</u>
	<u>750</u>		<u>750</u>

Following additional information are furnished by the management:

- (i) The Software unit is in existence since May, 2009.



(ii) Fixed assets of software unit includes land which was purchased at ₹ 40 lakh in the year 2006 and revalued at ₹ 60 lakh as on March 31, 2019.

(iii) Fixed assets of software unit includes at ₹ 140 lakh (₹ 200 lakh minus land value ₹ 60 lakh) is written down value of depreciable assets as per books of account. However, the written down value of these assets under section 43(6) of the Income-tax Act is ₹ 90 lakh.

Ascertain the Capital Gain, which would arise from slump sale to XYZ Limited. **8**

- (b) Mr. X, aged, 50 years, provided that his taxable salary (computed) for the **6**
P.Y 2018-19 is ₹15,00,000. During the year he has received arrear of salary of ₹ 5,00,000. The details of earlier years for which arrear of salary is received is as under
P.Y 2010-11: Taxable salary (computed) ₹7,00,000.

Arrear received in P.Y 2018-19 ₹3,00,000

P.Y 2011-12: Taxable salary (computed) ₹ 8,00,000.

Arrear received in P.Y 2018-19 ₹2,00,000

Note- Taxable salary are excluding arrear of salary.

Rate of tax for resident individual below 60 years

<u>For A.Y 2011-12:</u>		<u>For A. Y 2012-13:</u>	
Upto ₹1,60,000	Nil	Upto ₹1,80,000	NIL
Next ₹3,40,000	10%	Next ₹3,20,000	10%
Next ₹ 3,00,000	20%	Next ₹3,00,000	20%
Above ₹ 8,00,000	30%	Above ₹8,00,000	30%
EC & SHEC @ 3%		EC & SHEC @ 3%	

Section -B: Indirect Taxes

It comprises of questions 5-8. Question 5 is compulsory and answer any 2 questions from Question No. 6 to 8. All questions should be answered based GST law as amended upto 30th April,2019

5. Determine the tax liability of Mr. X, a registered dealer of West Bengal in the **8**
following case -



Case 1- if he is a trader

Case 2- if he is a manufacturer

Other information - His aggregate turnover in the preceding year is 110 lakhs. He opted to pay tax under composition scheme. All intra state supply made by him in the current financial year are as under -

(1) Supply of goods liable for GST @ 12%	₹ 40,00,000
(2) Supply of services liable for GST @ 18%	₹ 8,00,000
(3) Supply of services exempted u/s. 11	₹ 2,00,000
(3) Interest on Bank deposits -exempt service	₹ 5,00,000
(4) Inward supplies liable under RCM @18%	₹ 2,00,000

- 6 (a)** Compute the GST liability from the following services provided by Indian Institute of Management (IIM), Kolkata for the month of March, 2019: **5**

- (1) Admission fees for one year post graduate programs for Executives ₹ 50 lakhs
- (2) Development fees for the above course ₹ 20 lakhs
- (3) 6 months special skill courses for executives ₹ 30 lakhs
- (4) Fees charges from corporates for conducting Campus interview ₹ 20 lakhs. GST paid ₹ 1 lakhs to a registered event manager for organising the campus interview.

- (b)** Ms. Achintya a registered supplier in Kochi (Kerala State) has provided for the following details in respect of her supplies made within Intra-State for the month of March 2019: **5**

Particulars	Amount in (₹)
(i) List price of goods supplied intra-state (items given below from ii to v, not adjusted)	3,30,000
(ii) Swachh Bharat cess levied on sale of the goods	12,500
(iii) Packing expenses charged separately in the invoice	10,800
(iv) Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	



- (v) Subsidy received from State Govt. for encouraging women entrepreneurs. 5,000

Compute the value of taxable supply and the gross GST liability of Ms. Achintya for the month of March 2019 assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST.

- 7 (a)** Mr. Lakhan provides Continuous Supply of Services (CSS) to M/s. TNB Limited. **6**
He furnishes the following further information:

- (i) Date of commencement of Providing CSS - 01-10-2018
(ii) Date of completion of Providing CSS - 31-01-2019
(iii) Date of receipt of payment by Mr. Lakhan - 30-03-2019

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances:

- (i) If no due for payment is agreed upon by both under the contract of CSS.
(ii) If payment is linked to the completion of service.
(iii) If M/s. TNB Limited has to make payment on 25-03-2019 as per the contract between them.

- (b)** Enumerates the persons who are not eligible to opt Notification No. 2/2019, **4**
Central tax(rate), dated 07.03.2019

- 8 (a)** M/s J & Co. Chartered Accountants a partnership firm having its registered and **6**
head office at Mumbai and registered under the GST Act in the State of Maharashtra only. It does not have any branches in other state. The Gross Receipts of the firm in the Financial Year 2017-18 was ₹ 60 lakhs. Firm has submitted following information for the month of March, 2019:

Particulars	Amount (Rs.) (Excluding GST)
Professional Services Provided and Bills Raised during the month for providing of services of ITR filing and Income Tax Consultancy	1,00,000
Internal Audit of X Pvt. Ltd. at their office in Mumbai (Registered in the state of Maharashtra)	50,000
Statutory Audit Services provided to M/s. Tirupati Trading Pvt. Ltd. at Ahmedabad (Registered in the state of Gujarat)	70,000



Firm has also furnished following information in respect of input services availed from registered dealers for providing of output services during the month March, 2019:

Particulars	Amount (₹) (Excluding GST)	CGST	SGST	IGST
Services availed from Courier Agency	5,000	450	450	Nil
Railway Travelling Expenses from Mumbai to Ahmedabad and Return Ticket for conducting of Audit of M/s. Tirupati Trading Pvt. Ltd. for 3 Tier AC	12,000	Nil	Nil	600
Services availed from another Professional Firm at Mumbai amount is paid without TDS U/s 194J of Income Tax Act	20,000	1,800	1,800	Nil

Notes:

- (i) Rate of CGST, SGST and IGST to be 9%, 9% & 18% respectively, on outward supplies
- (ii) All the conditions necessary for availing the ITC have been fulfilled.
- (iii) Opening Balance of available input tax credit is NIL for CGST, SGST and IGST.

Compute the net GST payable by M/s. J & Co. for the month of August, 2018 after adjusting the GST Credit. Brief reasoning should form part of your answer.

- (b)** Harshgeet Pvt. Ltd. a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information pertaining to GST paid on the purchases made/input services availed by it during the month of July, 2018: **4**

Particulars	GST Paid
(1) Raw Material (To be received in September, 2018)	2,50,000
(2) Voluntary membership of a club availed for employees working in the factory	1,45,000
(3) Inputs to be received in 5 lots, out of which 3 rd lot was received during the month	80,000
(4) Trucks used for transport of raw material	40,000
(5) Capital Goods (out of 3 items, invoice for 2 items is missing and GST paid on that item is ₹80,000)	1,50,000



Determine the amount of Tax Credit available with Harshgeet Pvt. Ltd' for the month of July, 2018 by giving the necessary explanation for treatment of various items. All the conditions necessary for availing the ITC have been fulfilled.

Or

- (b) (i) Discuss the provisions relating to issuance of credit notes and debit notes 2
under CGST Act and rules there under.
- (ii) State whether the following supplies would be treated as supply of goods or 2
supply of services as per Schedule-II of CGST Act:
- (a) Renting of Immovable Property
 - (b) Transfer of right in goods without transfer of title in goods.
 - (c) Works Contract Services
 - (d) Temporary transfer of permitting use or enjoyment of any intellectual property



Brief Answers to Mock Test Paper

PART – I

1.

Question No.	Correct Option	Hints
1.	(a)	Since, she stays in India in the relevant previous year for more than 60 days (i.e 81 days) and in 4 years preceding the relevant previous year for more than 365 days (i.e 792 days) and therefore is resident for the A.Y. 2018-19. [2 nd conditions of section 6(1) applicable since she came back to India not for visit but for employment purpose] Again, since she was in India for 15 years therefore, she satisfies both the secondary conditions. Therefore, she will be treated as resident and ordinarily resident for the A.Y. 2019-20.
2.(i)	(a)	since she is a resident and ordinarily resident of India, therefore her global income is taxable in India.
2.(ii)	(b)	70,00,000 + 5,00,000+15,00,000 (-) 40,000 = ₹89,60,000 Leave encashment during employment fully taxable Taxable value of ESOP = [FMV – allotment price] x no of shares = [1000 – 500] x 30,000 = 15,00,000 BSE price to be taken (highest no. of shares of the co. is traded) = 990+1010/2 = 1,000
3.(i)	(a)	Allowed to both self-occupied and to non-occupied due to employment elsewhere
3.(ii)	(a)	Net Annual Value Nil (-) Interest on loan (maximum allowed ₹2 lakhs) = loss 2,00,000
3.(iii)	(a)	Where in respect of any assessment year, the net result of the computation under the head “Income from house property” is a loss and the assessee has income assessable under any other head of income, the assessee shall not be entitled to set off such loss, to the extent the amount of the loss exceeds Rs. 2,00,000, against income under the other head [Section 71(3A)]
4.	(c)	Nothing taxable, being exempted u/s. 56(2)(x)
5.	(a)	Since amount is invested in the 1 st day of April 2018. The entire capital is from money received from Mrs. Sharma; therefore, entire profit is to be clubbed.
6.(i)	(b)	In case of inheritance cost of asset shall be taken as that of previous owner. Further, since acquired before 1.4.2001, original cost or FMV as on 1.4.2001, higher i.e., 10 lakhs Period of holding = June 1986 to October 2018 [as per case of Manjula J. shah]
6.(ii)	(b)	FVC = 75,00,000 (since stamp value is not more 105%) (-) Indexed cost [10,00,000 x 280/100] i.e., 28,00,000 = 47,00,000
6.(iii)	(b)	Sec. 54F allowed in owns maximum 1 house 25/75 x 47 lakhs = 15,66,667
6.(iv)	(b)	Since invested after 6 months from the date of transfer.



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7.(i)	(b)	Being income from income cannot be clubbed.																																																
7.(ii)	(b)	Since advance money is forfeited on or after 1.4.2014 the same shall be taxable under other sources.																																																
7.(iii)	(b)	Dividend from Indian company received by resident of India shall be exempted u/s. 10(34) upto 10 lakhs and balance is taxable. $[30,000 \times 50] - 10,00,000 = 5,00,000$.																																																
8.	(a)	<p>1. Salary:</p> <table> <tr> <td>Total salary (In India + in USA)</td><td>70,00,000</td><td></td></tr> <tr> <td>Leave encashment during employment -fully taxable</td><td>5,00,000</td><td></td></tr> <tr> <td>Perquisite value of ESOP $[(1000 - 500) \times 30,000]$</td><td><u>15,00,000</u></td><td></td></tr> <tr> <td>[BSE Market value $[(990+1010)/2]$</td><td>90,00,000</td><td></td></tr> <tr> <td>Less: Std. deduction u/s. 16(ia)</td><td><u>40,000</u></td><td></td></tr> <tr> <td></td><td>89,60,000</td><td></td></tr> </table> <p>2. Income from house property:</p> <table> <tr> <td>NAV of self-occupied property</td><td>NIL</td><td></td></tr> <tr> <td>Less: Interest on loan -maximum</td><td><u>2,00,000</u></td><td>(2,00,000)</td></tr> </table> <p>3. Profit and gains from business or professions (to be clubbed u/s. 64(1)(iv)) 10,00,000</p> <p>4. Capital Gains</p> <table> <tr> <td>Full value of consideration [stamp value not considered since difference with actual price does not exceed 105%]</td><td>75,00,000</td><td></td></tr> <tr> <td>Less: ICOA $[10,00,000 \times 280/100]$</td><td><u>28,00,000</u></td><td></td></tr> <tr> <td></td><td>47,00,000</td><td></td></tr> <tr> <td>Less: Exemption u/s. 54F $[25 \text{ lakhs}/75 \text{ lakhs} \times 47 \text{ lakhs}]$</td><td><u>15,66,667</u></td><td>31,33,333</td></tr> </table> <p>5. Income from other sources</p> <table> <tr> <td>Dividend received from Indian co. taxable in excess of 10 lakhs $[(30,000 \times 50) - 10,00,000]$</td><td>5,00,000</td><td></td></tr> <tr> <td>advance money forfeited u/s. 56(2)(ix)</td><td><u>5,00,000</u></td><td><u>10,00,000</u></td></tr> <tr> <td>Gross Total Income</td><td></td><td>1,38,93,333</td></tr> <tr> <td>R/off</td><td></td><td>1,38,93,330</td></tr> </table>	Total salary (In India + in USA)	70,00,000		Leave encashment during employment -fully taxable	5,00,000		Perquisite value of ESOP $[(1000 - 500) \times 30,000]$	<u>15,00,000</u>		[BSE Market value $[(990+1010)/2]$	90,00,000		Less: Std. deduction u/s. 16(ia)	<u>40,000</u>			89,60,000		NAV of self-occupied property	NIL		Less: Interest on loan -maximum	<u>2,00,000</u>	(2,00,000)	Full value of consideration [stamp value not considered since difference with actual price does not exceed 105%]	75,00,000		Less: ICOA $[10,00,000 \times 280/100]$	<u>28,00,000</u>			47,00,000		Less: Exemption u/s. 54F $[25 \text{ lakhs}/75 \text{ lakhs} \times 47 \text{ lakhs}]$	<u>15,66,667</u>	31,33,333	Dividend received from Indian co. taxable in excess of 10 lakhs $[(30,000 \times 50) - 10,00,000]$	5,00,000		advance money forfeited u/s. 56(2)(ix)	<u>5,00,000</u>	<u>10,00,000</u>	Gross Total Income		1,38,93,333	R/off		1,38,93,330
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9.	(c)	<table> <tr> <td>Tax on Normal income 1,02,60,000 =</td><td>28,90,500</td><td></td></tr> <tr> <td>Tax on LTCG @ 20% on 3133330</td><td>6,26,666</td><td></td></tr> <tr> <td>Dividend @ 10% on 5,00,000 =</td><td><u>50,000</u></td><td></td></tr> <tr> <td></td><td>35,67,166</td><td></td></tr> <tr> <td>+SC @15%</td><td><u>5,35,075</u></td><td></td></tr> <tr> <td></td><td>41,02,241</td><td></td></tr> <tr> <td>+HEC @ 4%</td><td><u>1,64,090</u></td><td></td></tr> <tr> <td></td><td>42,66,331</td><td>(r/off 4266330)</td></tr> </table>	Tax on Normal income 1,02,60,000 =	28,90,500		Tax on LTCG @ 20% on 3133330	6,26,666		Dividend @ 10% on 5,00,000 =	<u>50,000</u>			35,67,166		+SC @15%	<u>5,35,075</u>			41,02,241		+HEC @ 4%	<u>1,64,090</u>			42,66,331	(r/off 4266330)																								
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2.

Q. No.	Correct Option	Hints
1.	(d) interest on bank deposit (exempted supply)	(i),(ii),(iii) are neither supply of goods nor supply of services, therefore will not form part of aggregate turnover.
2.	(a) 33 lakhs	As per section 2(6) aggregate turnover = taxable + exempted + non-taxable supply of goods or services = 2 + 3 + 28 = 33 lakhs
3.	(a) ₹10 lakhs and Yes	The limit for the State of Tripura is ₹10 lakhs
4.	(b) From 10.1.2019, by 9.2.2019, in Form GST REG-01	For the period between 1.12.2018 to 09.01.2019, he shall not be required to be registered as he is engaged in exclusively non-taxable and exempted supplies. [Refer Section 23] From 10.1.2019, he shall be required apply for registration within the 30 days, as his engaged in supply of taxable goods and his aggregate turnover exceeds ₹10 lakhs.
5.	(a) CGST ₹14,000 SGST ₹14,000	CGST 14% of ₹ 2 lakhs (-) ITC CGST 14,000 = 14,000 SGST 14% of ₹ 2 lakhs (-) ITC SGST 14,000 = 14,000 [Credit blocked u/s. 17(5) for construction of immovable property (other than P&M) on own a.c
6.	(a) No	IGST paid on purchase of machinery shall not be allowed as Input tax credit. The provision of section 18(1) is applicable in relation to inputs held in stock, WIP and in Finished goods and not w.r.t capital goods.
7.	(c) bill of supply or any other commercial invoice, in triplicate	
8.	(a) Tax Invoice; in triplicate, before or at the time of removal of goods	
9.	(a) Yes, in GSTR-3B, From 10.01.2019 to 28.02.2019, by 20 th March 2019	
10.	(b) NO	Since engaged in supply of non-taxable or services
11.	(b) NO	Since engaged in supply of non-taxable or services



Brief Answers to Mock Test Paper

PART II

1. Computation of total income and tax liability of Ms.Rekha for the A.Y.2019-20

Particulars	₹	₹	₹
Income from house property			
Arrears of rent (taxable u/s. 25A in the year of receipt whether or not the assessee is the owner)		90,000	
Less: Deducting @30%		<u>27,000</u>	63,000
Profits and gains from business or profession			
Income from firm AK & Co.			
Share of profit from partnership firm is exempt u/s. 10(2A)	Nil		
Salary as a working partner (fully taxable as entire amount allowed in the hands of the firm)	1,00,000		
Interest on capital upto 12% is taxable (12% x 3,00,000/15%), assuming firm got deduction of 12%.	<u>2,40,000</u>	3,40,000	
Income from proprietary rice mill	4,50,000		
Net profit as per profit and loss account			
Add: Items not allowed but debited to P/L			
Advance income-tax paid disallowed u/s 40(a)	1,00,000		
Personal drawings disallowed u/s.37	<u>50,000</u>		
	6,00,000		
Less: Income credited but not taxable or treated separately			
Interest on savings bank A/c with SBI 12,000			
Interest on savings A/c with Post Office 5,000	<u>97,000</u>	<u>5,03,000</u>	8,43,000
Dividend from listed Indian company <u>80,000</u> [Exempted u/s. 10(34)]			
Income from Other Sources			
Interest on savings bank A/c with SBI		12,000	
Interest on savings A/c with post office	5,000		
Less: Exempt u/s.10(15)	<u>3,500</u>	1,500	<u>13,500</u>
Gross Total Income			9,19,500
Less: Deduction under Chapter VI-A			
Under section 80C		50,000	
LIC premium paid for married daughter ₹ 60,000 but restricted to 10% of 5,00,000.			
Under section 80D		35,000	



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Medical insurance premium paid for mother (senior citizen) whether or not dependent assuming resident being a senior citizen, is allowable upto ₹50,000.			
Under section 80TTA			
Interest on savings bank A/c with SBI	12,000		
Interest on savings A/c with post office	<u>1,500</u>		
Maximum	13,500	<u>10,000</u>	<u>95,000</u>
Total Income			8,24,500
Computation of tax liability for A.Y. 2019-20	₹		
Tax on normal income of ₹ 8,24,500			
Upto 2,50,000	Nil		
Next 2,50,000@5%	12,500		
Balance 3,24,500 @20%	<u>64,900</u>		
	77,400		
Add: Health and education Cess @ 4%	<u>3,096</u>		
Total tax liability	80,496		
Less: Advance income-tax paid	<u>1,00,000</u>		
Net amount refundable	19,504		
Rounded off	19,500		

2.(a) Computation of total income of Mr. Harish for relevant A.Y

Particulars	₹	₹	₹
Income from house property			3,15,000
Profits and gains of business or profession			
Income from textile business	1,20,000		
Income from coffee business (40% of ₹80,000)	<u>32,000</u>	1,52,000	
Less: (1) Current year depreciation	40,000		
(2) Brought forward business loss	<u>80,000</u>	<u>1,20,000</u>	32,000
Capital Gains			
Short term capital gain-land		1,25,000	
Long-term capital gain- debentures	50,000		
LTCL on sale of shares (STT) , now allowed for set off since section 10(38) is not applicable on such income.	25,000	<u>25,000</u>	1,50,000
Income from other resources			
Dividend on shares held as stock-in-trade [Exempt u/s 10(34)]	-	-	-
Dividend from agricultural company [Exempt u/s 10(34)]	-	-	-
			4,97,000
Less: Unabsorbed depreciation			1,20,000
Gross total income			3,77,000
Less:			



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Deduction u/s 80C – Repayment of housing long	90,000		
Deduction u/s 80G @ 100% of ₹50,000 subject to [10% of (3,77,000 – 90,000 (80C) – 25,000(LTCG))]	<u>26,200</u>		1,16,200
Total income			2,60,800

Computation of tax liability

Particulars	₹	₹
Tax on non-agricultural income plus agricultural income i.e. ₹48,000 (i.e. 60% of ₹80,000) + ₹2,60,800 = ₹3,08,800		
Tax on LTCG of ₹25,000 @ 20%	5,000	
Tax on balance income ₹2,83,800	<u>1,690</u>	6,690
Less: Tax on agricultural income plus basic exemption limit i.e. (₹48,000 + ₹2,50,000) = ₹2,98,000		<u>2,400</u>
Tax payable		4,290
Less: Rebate u/s. 87A		<u>2,500</u>
		1,790
Add:- Health and Education Cess @4%		72
Total Tax payable		1862
Total tax payable (rounded off)		1860

2.(b)

Subsection	Clauses
<p>subsection are parts of the Section which are interrelated to each other and complete meaning of section can be understood only by reading all the parts.</p> <p>For example –</p> <p>Section 35(1): provides expenditure on scientific research for which deduction allowed.</p> <p>Section 35(2): provides for quantum of deduction allowed for capital expenditure on scientific research</p>	<p>Clauses are parts of section or sub-sections which are not related to each other and are independent. For example:</p> <p>Section 2(1): defines Advance tax</p> <p>Section 2(1A): defines Agricultural income</p> <p>Section 2(1B): defines Amalgamation</p>

2(c) write Any four

- (i) Shipping business of a non-resident [Section 172]
- (ii) Persons leaving India [Section 174]
- (iii) Transfer of property to avoid tax [Section 175]
- (iv) Assessment of AOP or BOI or artificial juridical person formed for a particular event or purpose [Section 174A]
- (v) discontinued business [Section 176]

3(a)



(i) interest paid on unpaid purchase price of a house property.	Treated as if buyer has borrowed money from the seller. Therefore, interest payable to seller on unpaid purchase price shall be allowed as deduction u/s. 24(b)
(ii) Interest certificate is must to claim deduction of maximum ₹2 lakhs in case of self-occupied house property.	The statement is correct. It is the evidence to prove that money has been borrowed from the person to whom interest is payable.
(iii) Notional Income is charge to tax instead of actual income under house property.	The statement is correct. For example- (i) Expected Rent is taken if it is higher than the actual rent, in case of let out property. (ii) Expected rent is taken, where actual rent is lower not due to vacancy. (iii) in case of more than one self-occupied property, at the option of the assessee one house is taxable based on expected rent.
(iv) ownership is not necessary under House Property.	Generally, the statement is not correct. However, in case of deemed ownership tax is payable by deemed owner and not the legal owner. Further, in case of arrear of rent and recovery of unrealised rent, income is taxable even if assessee is not the owner in the year of receipt.
(v) registration of house is not necessary under House property.	The statement is correct. Where the assessee took the possession of the property without registering the sale deed income is taxable in his hands.
(vi) In some cases, income taxable under business or professions even if business is not in existence.	The statement is correct. Refer section 41 deemed profit and section 176(3A)/(4)

3(b) Section 69B of the Income Tax Act, 1961 provides that where in the financial year the assessee has made investments or found to be the owner of any money, bullion, jewellery or valuable article not recorded in the books of account wholly or partly, and the assessee offers no explanation about the nature and source thereof the value of the investments etc. may be deemed to be the income of the Assessee for such financial year.

Further, as per section 115BBE such undisclosed incomes are taxable under the head other sources @ 60% tax rate PLUS Surcharge @25% of tax and 4% HEC without basic exemption limit. Further, no adjustment shall be allowed w.r.t any expenses, allowances or set of losses.

Accordingly, in the given case, the tax liability u/s. 115BBE shall be as under –



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Tax @ 60% of ₹ 5,00,000 =	3,00,000
Add: Surcharge @ 25% =	<u>75,000</u>
	3,75,000
Add: HEC @ 4% =	<u>15,000</u>
	3,90,000

3(c) (a) Since the rent paid on hire of machinery exceeds ₹ 1,80,000 therefore B Ltd. is required to deduct tax @ 2% on ₹ 2,10,000 as per section 194I i.e, ₹ 4,200.

Note: In case the deductee does not furnish PAN No. to the deductor the tax shall be deducted tax at source @ 20% on ₹ 2,10,000 by virtue of section 206AA.

(b) HUF is required to deduct tax at source only when it is subjected to tax audit during the immediately preceding financial year.

However, as per section 194J where payment for professional service is made exclusively for the personal purpose of any members of HUF, then Tax shall not be deductible on such payment. Hence, in the given case provisions of TDS shall not be applicable.

4(a) First write provisions of section 50B

Computation of tax liability of XYZ Ltd. from slump sale of Software unit

Period of Holding – May 2009 to 31.3.2019 (Long term). However, indexation shall not be allowed.

Particulars	(₹ in lakh)
Full value of consideration	385
Less: Cost of acquisition (Note 1) being the net worth of Software Unit	<u>185</u>
Long term capital gains	<u>200</u>

Note 1: Computation of net worth of Software Unit (₹ in lakh)

(1) Book value of non-depreciable assets	
(i) Land (Revaluation not to be considered)	40
(ii) Debtors	110
(iii) Inventories	35
(2) Written down value of depreciable assets under section 43(6)	<u>90</u>
Aggregate value of total assets	275
Less: Current liabilities of software unit	<u>90</u>
Net worth of software unit	<u>185</u>

4(b) Computation of tax payable for A.Y 2019-20

	Total Income of 2019-20	Total Income of 2019-20
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	on receipt basis	On accrual basis
Salary Computed	15,00,000	15,00,000
Arrears of Salary	5,00,000	-
Total Income	20,00,000	15,00,000
Tax Payable	4,12,500	2,62,500
Add: Cess @ 4%	16,500	10,500
Tax Liability, including cess	4,29,000	2,73,000

Computation of tax payable for years to which arrear of salary is attributable

	Total Income of A.Y 2011-12 on receipt basis	Total Income of A.Y 2011-12 On accrual basis	Total Income of A.Y 2012-13 on receipt basis	Total Income of A.Y 2012-13 on receipt basis
Salary Computed	7,00,000	7,00,000	8,00,000	8,00,000
Arrears of Salary	3,00,000	-	2,00,000	-
Total Income	10,00,000	7,00,000	10,00,000	8,00,000
Tax Payable	1,54,000	74,000	1,52,000	92,000
Add: Cess @ 3%	4,620	2,220	4,560	2,760
Tax Liability, including cess	1,58,620	76,220	1,56,560	94,760

Additional Tax required to pay in A.Y. 2019-20 = 4,29,000 – 2,73,000	= 1,56,000
Additional Tax that would have been paid if charged to tax in respective years on arrears [(1,58,620 – 76,220) + (1,56,560 – 94,760)]	= <u>1,44,200</u>
Excess Tax Payable – Relief U/s 89(1)	11,800

Tax Payable for A.Y 2020-21	4,29,000
Less: Relief U/s 89(1)	<u>11,800</u>
Tax Payable	4,17,200

5. Since his aggregate turnover in the preceding year does not exceeds 1.5 cr he can opt for the composition scheme and can also made supply of services of up to 10% of 110 lakhs i.e 11 lakhs. In the given case, the value of supply of services excluding interest on fixed deposit is ₹ 10,00,000, which is within the above limit, hence he is eligible for composition scheme.

Particulars	Trader	Manufacturer
Supply of goods	40,00,000	40,00,000
Supply of taxable services	8,00,000	8,00,000
Supply of exempted services	-	2,00,000
Interest on bank deposits	-	5,00,000
Inward supply liable for RCM- normal rate applicable. Composite rate not applicable	-	-
Aggregate Turnover	48,00,000	55,00,000
Rate of tax	1%	1%



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Tax payable under composition scheme	48,000	55,000
Add: Tax payable under RCM [2,00,000 x 18%]	36,000	36,000
Total Tax liability	84,000	91,000

Note: For trader composite tax is 1% of only taxable supply of goods and services, therefore interest on FD and other exempted supplies are not considered. However, for manufactures it is 1% of the total turnover.

6 (a) Write relevant provisions of notified Exemption

(1) Admission fees for one year post graduate programs for Executives [exempt]	Nil
(2) Development fees for the above course [Exempt]	Nil
(3) 6 months special skill courses for executives – taxable	₹ 30 lakhs
(4) Fees charges from corporates for conducting Campus interview-taxable	₹ 20 lakhs.
Taxable Value	₹ 50 lakhs
GST @ 18%	₹ 9 lakhs
Less: Input Tax credit	₹ 1 lakhs
Net Payable	₹ 8 lakhs

6(b) Computation of value of taxable supply and the gross GST liability

Particulars	Amount (₹)
(i) List price of goods	3,30,000
Add: (i) Swachh Bharat cess levied on sale of the goods, being any other tax than GST	12,500
(ii) Packing expenses charged separately in the invoice, being incidental exp.	10,800
Less: i) Discount of 1% on list price of goods was provided (recorded in the invoice of goods) – 1% of 3,30,000	(3,300)
ii) Subsidy received from State Govt. for encouraging women entrepreneurs. [assuming directly linked to price of the goods]	(5,000)
Value of taxable supply	3,45,000
CGST @ 9%	₹31,050
SGST @ 9%	₹31,050
Total	₹62,100

7(a) Write relevant provisions of section 13 of the CGST Act, 2017.

- (i) Invoice should be issued on or before 30.03.2019 (i.e date of receipt of payment, since due date of payment is not ascertainable)
- (ii) Invoice should be issued on or before 31.1.2019 (date of completion of service)
- (iii) Invoice should be issued on or before 25.03.2019 (i.e due date payment, since due date of payment is ascertainable)



7(b) in the following cases, a registered person, is not eligible to opt **Notification No. 2/2019:**

- (i) whose aggregate turnover in the preceding financial year exceeds ₹50 lakh;
- (ii) who is eligible to pay tax under sub-section (1) of section 10 of the said Act;
- (iii) who is engaged in making any supply which is not leviable to tax under the said Act;
- (iv) who is engaged in making any inter-State outward supply;
- (v) who is either a casual taxable person or a non-resident taxable person;
- (vi) who is engaged in making any supply through an electronic commerce operator who is required to collect tax at source under section 52; and
- (vii) who is engaged in making supplies of goods being - (I) Ice cream and other edible ice, whether or not containing cocoa; (II) Pan masala; (III) Tobacco and manufactured tobacco substitutes,

8(a) Particulars	Value	ISGT	CGST	SGST
Professional Services including ITR filing and Income Tax Consultancy	1,00,000	-	9,000	9,000
Internal Audit of X Pvt. Ltd. at their office in Mumbai (Registered in the state of Maharashtra)	50,000	-	4,500	4,500
Statutory Audit Services provided to M/s. Tirupati Trading Pvt. Ltd. at Ahmedabad	70,000		12,600	-
Total Output GST			12,600	13,500
Less: Input tax Credit (note 1)				
IGST (to be fully used first)			600	-
CGST			-	2,250
SGST			-	-
Net payable			12,000	11,250

Note 1: ITC available

Particulars	Amount (₹) (Excluding GST)	CGST	SGST	IGST
(i) Services availed from Courier Agency	5,000	450	450	Nil
(ii) Railway Travelling Expenses from Mumbai to Ahmedabad and Return Ticket for conducting				



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of Audit of M/s. Tirupati Trading Pvt. Ltd. for 3 Tier AC	12,000	Nil	Nil	600
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(iii) Services availed from another Professional Firm at Mumbai amount is paid without TDS U/s 194J of Income Tax Act	20,000	1,800	1,800	Nil
		2,250	2,250	600

8(b)

Particulars	₹
(1) Raw Material (To be received in September, 2018) – allowed when actually received.	NIL
(2) voluntary membership of a club availed for employees working in the factory – Credit blocked u/s. 17(5)	NIL
(3) Inputs to be received in 5 lots, out of which 3 rd lot was received during the month [Allowed only after receipt of last instalment]	NIL
(4) Trucks used for transport of raw material	40,000
(5) Capital Goods (out of 3 items, invoice for 2 items is missing and GST paid on that item is ₹80,000 [no credit on missing invoice]	70,000
Total ITC available	1,10,000

Or

b(i). “Business” is defined under Section 2(17) include any trade, commerce, manufacture, profession, vocation, adventure or wager etc. whether or not undertaken for a pecuniary benefit. Business also includes any activity or transaction which is incidental or ancillary to the aforementioned listed activities. In addition, any activity undertaken by the Central Govt. or a State Govt. or any local authority in which they are engaged as public authority shall also be construed as business. From the above, it may be noted that any activity undertaken included in the definition for furtherance or promoting of a business could constitute a supply under GST law

b(ii) Refer Schedule II: (i) Supply of Services; (ii) supply of services; (iii) supply of services; (iv) supply of services;