

**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 Question in Division A, working notes are not required.**

**The relevant assessment year is A.Y. 2020-21**

**Section A – Direct Tax**

**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.**

**Q.1 Multiple Choice Questions**

1. Mr. Aagam, an Indian citizen came to India for visiting forts of Rajasthan from 1.5.19 to 30.9.19 for the first time. Then he never came in India after 30.9.19 in that year. While visit in India he purchased one residential flat in Udaipur for ₹60,00,000 from Mr. Chintan on 1.6.2019.

From 1.7.2019 he gave this house on rent to Mr. Karan for ₹10,000 P.M. However, its decided that Mr. Karan will pay rent directly to USA bank account of Mr. Aagam. As mutually agreed, its decided that municipal tax will be paid by Mr. Karan in India amounts to ₹ 3,000 P.A.

Mr. Aagam has also taken life insurance policy in India during visit for which he pays premium of ₹ 30,000. He is also an employee in USA in a company from which he is withdrawing salary \$5000 P.M. Its directly credited to USA bank account. However, for the month of May to September on his request company has credited salary directly in Indian bank account.

The value of one USD may be taken as ₹ 70.

Based on the above information, choose the most appropriate option of the following Multiple Choice Question (MCQ) for A.Y. 2020-21:-

- (i) What will be residential status of Mr. Aagam for PY 2019-20?
- (a) Resident & ordinary resident
  - (b) Resident but not ordinary resident
  - (c) Non resident
  - (d) None of the above.
- (ii) What will be House property Income for Mr. Aagam?
- (a) Nil (as directly credited outside India)
  - (b) ₹60,900
  - (c) ₹63,000
  - (d) ₹21000
- (iii) What will be Salary Income for Mr. Aagam?
- (a) ₹41,50,000
  - (b) ₹17,00,000
  - (c) NIL (As salary accrued outside India)
  - (d) ₹25000
- (iv) What will be Total Income for Mr. Aagam?
- (a) ₹17,33,000
  - (b) ₹41,80,900
  - (c) ₹42,10,900
  - (d) ₹17,63,000

**(8 Marks)**

2. Mr. Smart is a businessman having turnover in last PY 2018-19 ₹1,50,00,000. During the year he made 2 payments: ₹ 1,00,000 as a professional fee to architect to draw a plan to renovate office premises & ₹ 60,00,000 as contract payment to contractor for renovating residential house. Which of the following statement is correct?
- (a) TDS U/s 194J on ₹100,000 & TDS U/s 194C on ₹ 60,00,000
  - (b) TDS U/s 194M on both amount
  - (c) TDS U/s 194J on ₹100,000 & No TDS on ₹ 60,00,000
  - (d) TDS U/s 194J on ₹100,000 & TDS U/s 194M on ₹60,00,000

**(2 Marks)**

3. Mr. Tiktok is non-resident and his friend Mr. PUBG is resident in India. On 1.4.19 Mr. PUBG gave gift of ₹100,000 to Mr. Tiktok in China. On 1.8.19 again he gave gift of ₹200,000 in China. What is taxable income of Mr. Tiktok for PY 2019-20?
- (a) ₹3,00,000 (b) Nil  
(c) ₹ 2,00,000 (d) ₹1,00,000
- (2 Marks)**
4. Book profit of the partnership firm without any deduction of brought forward loss & Unabsorbed depreciation is ₹ 5,00,000.  
Brought forward business loss is ₹ 4,00,000  
Unabsorbed Depreciation is ₹ 2,00,000  
What will be maximum remuneration payable as per section 40(b):
- (a) ₹3,90,000 (b) ₹2,70,000  
(c) ₹1,50,000 (d) ₹3,30,000
- (2 Marks)**
5. Mr. Suraj (NR) received following Incomes in USA:  
Salary from US government (Computed): ₹2,00,000  
Saving bank A/c Interest from BOB: ₹20,000  
Long term capital Gain from land in India: ₹3,00,000  
What is total Income?
- (a) ₹3,10,000 (b) ₹5,10,000  
(c) ₹3,20,000 (d) NIL
- (2 Marks)**
6. Mr. Suraj purchased a house property for actual consideration of ₹49,00,000 and ₹ 1,00,000 as lifetime parking fees for the building. Which of the following statement is true?
- (a) TDS u/s 194IA is not applicable as actual consideration is less than 50,00,000  
(b) TDS u/s 194IA is not applicable as total Consideration is Not more than 50,00,000.  
(c) TDS u/s 194IA applicable as total consideration is exact 50,00,000.  
(d) None of the above.
- (1 Marks)**
7. Power to make Income Tax act is derived from:
- (a) Article 246 (b) Article 246A  
(c) Article 1 (d) none of the above
- (1 Marks)**

## Division B-Descriptive Questions

### Question 1 is compulsory

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

**Q.1** Mr. Gaurav, a resident individual, age 61 years provides consultancy services in the field of Taxation. His Income and Expenditure account for the year ended 31st March, 2020 is as follows:

#### Income and Expenditure account for the year ending 31st March, 2020

Expenditure	Amount (₹)	Income	Amount (₹)
To Salary	5,00,000	By Consulting fees	70,00,000
To Motor car expenses	78,000	By Share of Profit from HUF	25,000
To Depreciation	87,500	By Interest on post office saving bank deposits	35,000
To Medical expenses	60,000	By Income tax refund	26,000
To Purchase of computer	80,000	(Including Interest ₹6000)	
To Bonus	25,000		
To General expenses	1,05,000		
To Office & administrative	1,15,000		
To Excess of income over Expenditure	60,35,500		
	<b>70,86,000</b>		<b>70,86,000</b>

The following other information relates to the financial year 2019-20:

- (1) Salary includes a payment of ₹ 22,000 per month to his sister-in-law who is in-charge of the marketing department. However, in comparison to similar business, the reasonable salary of a marketing supervisor is ₹18,000 per month.
- (2) Written down value of the assets as on 1st April, 2019 are as follows:
 

Motor Car (25% used for personal use)	₹ 3,50,000
Furniture and Fittings	₹ 80,000
- (3) Medical expenses include:
  - Family planning expenditure ₹25,000 incurred for the employees which was revenue in nature.
  - Medical expenses for his father ₹55,000. (Father's age is 81 years and he is not covered under any medical insurance policy). ₹2,500 incurred in cash and remaining by credit card.

- (4) The computer was purchased on 5th June, 2019 on credit. The total invoice was paid in the following manner:
- ₹18,000 paid in cash as down payment on the date of purchase.
  - Remaining amount was paid through account payee cheque on 10th August, 2019.
- (5) Bonus was paid on 30th November, 2020.
- (6) General expenses include commission payment of ₹42,000 to Mr. Mahesh for the promotion of business on 17th September, 2019 without deduction of tax at source.
- (7) He also received gold coins from nephew on the occasion of marriage anniversary on 15th November, 2019. The market value of the coins on the said date was ₹85,000.

The consultancy fees for the previous year 2018-19 was ₹ 62,51,000.

Compute the total income and the tax liability of Mr. Gaurav for the assessment year 2020-21. **(14 Marks)**

- Q.2 (a)** Following are the incomes of Ramesh(23 years), a citizen of India, for the previous year 2019-20:

1.	Interest on Saving Bank Deposit in Corporation Bank, Delhi	12,000
2.	Income from agriculture in Africa invested in Russia	5,000
3.	Dividends received in USA from an English Company, out of which ₹ 2,000 were remitted to India	12,000
4.	Salary drawn for two months for working in Indian Embassy's Office in Australia and salary received there (After Standard Deduction)	48,000
5.	Rent from house property. (The building is situated in Iraq, out of which ₹ 20,000 deposited in a bank in Iraq and the balance remitted to India)	30,000
6.	Pension received in Belgium for services rendered in India with a limited company (After standard deduction)	10,000

You are required to compute his total income for the assessment year.

**(7 Marks)**

- (b) Examine and compute the liability for deduction of tax at source, if any, in the cases stated hereunder, for the financial year ended 31st march, 2020.
- (a) Mr. Arjun got maturity of LIC ₹ 2,00,000 on 31.3.20. Policy was taken on 1.4.13. Sum assured was ₹ 1,50,000 and premium paid was ₹ 20,000 P.a.
- (b) State Bank of India has three branches: Ahmedabad, Baroda, Surat. SBI has adopted CBS. Mr. Patel has made FD of ₹5,00,000 @ 7% each in all three branches on 1.7.19.
- (c) Mr. Sheikh has purchased a flat for ₹48,00,000 from Ms. Shayu. Stamp duty on date of registration is ₹51,00,000.
- (d) Reliance Industries is paying ₹10,000 as directors' sitting fees to Mr. Shah. **(7 Marks)**

- Q.3 (a)** Ms. Pooja, a sales executive in JK Ltd. Basic salary is ₹20,000 P.M. She also receives D.A. 40% of salary (60% not forming part of retirement benefit). Employer also gives commission of ₹2000 P.M. JK Ltd. gives an option of giving a house rent allowance of ₹5,000 P.M. or giving bonus of ₹50,000 instead. Ms. Pooja is paying rent of ₹4,000 P.M. in Ahmedabad. JK Ltd. also gives Laptop for use to Ms. Pooja for which original cost to company is ₹60,000. She also received telephone allowance of ₹500 P.M. Decide which option is better for Ms. Pooja to take HRA or to take Bonus so as to minimize tax liability. **(8 Marks)**

- (b) Compute Total Income for Mr. Vyom for P.Y.2019-20 from the following:

Particulars	₹
Salary received from Reliance Ltd.	300,000
Rent from house property	1,00,000
Interest on Housing loan	3,00,000
Loan taken from ABC Pvt.Ltd.in which Mr. Vyom is having 12% shareholding (Company is having reserve & surplus ₹15,00,000)	14,00,000
Dividend from TATA Ltd.	12,00,000
Loss from non-speculative business	1,00,000

**(6 Marks)**

**Q.4 (a)** Mr. Jay aged 25 years transferred a Land to Mr. Rutvik for a consideration of ₹ 2,50,000 as on 1.12.2019. Stamp duty on the date of agreement was ₹260,000 and on date of registration is ₹2,90,000. Entire amount is paid by account payee cheque on date of registration. The Land was purchased on 1.4.1999 for ₹50,000 and fair market value as on 1.4.2001 is ₹60,000. Mr. Jay invested in bonds of NHAI on 2.6.2020 for ₹2,00,000. Compute Total Income & Tax payable of Mr. Jay and Mr. Rutvik assuming Mr. Jay has other income ₹2,30,000 and Mr. Rutvik has other income of ₹51,20,000.

(Cost inflation index for 2001-02:100 & 2019-20: 289) **(10 Marks)**

**(b)** Who can not become tax return preparer as per section 139B?

**(4 Marks)**

**Section B – Indirect Tax****Working Notes Should Form Part of Answers****New Question Should be on New Page****Division A - Multiple Choice Questions****1.1**

8 <sup>th</sup> September	Community hall booked for a marriage, sum agreed ₹ 1,20,000, advance ₹ 20,000 recorded in the books of account.
10 <sup>th</sup> September	Advance amount credited in bank account.
2 <sup>nd</sup> November	Marriage held in the Community hall.
18 <sup>th</sup> December	Invoice issued for ₹ 1,20,000 indicating the balance of ₹ 1,00,000 payable
22 <sup>nd</sup> December	Balance ₹ 1,00,000 recorded in the books of account.
24 <sup>th</sup> December	Payment ₹ 1,00,000 credited to the bank account

- (i) 8th Sept  
(ii) 2nd November  
(iii) 22nd December  
(iv) 18th December

Find the Time of supply

- (a) {i and ii} (b) {i and iii}  
(c) {i and iv} (d) only i

**(2 Marks)****1.2 Calculate the amount of eligible input tax credit-**

S. No.	Particulars	GST paid (₹)
1.	A Mini bus having seating capacity of 15 persons (including driver) used for running on hire	15,00,000
2.	Car having seating capacity of 8 people used for business purposes	1,00,00,000
3.	Car having seating capacity of 4 persons used for imparting training on driving such car	50,00,000
4.	Special purpose vehicle having seating capacity of 2 persons used for transportation of goods	60,00,000

- (a) ₹ 2,25,00,000/- (b) ₹ 2,10,00,000/-  
(c) ₹ 1,25,00,000/- (d) ₹ 75,00,000/-

**(2 Marks)**



He availed services which are liable to tax under reverse charge for which date of invoice was 01.09.20XX, payment date as per his books of account and as per his bank account was 15.11.20XX and 18.11.20XX respectively.

His turnover for the current financial year is as follows:

Taxable supply of goods - ₹ 55 Lakhs Exempt supply of goods - ₹ 16 Lakhs Inward supply liable to tax under reverse charge - ₹ 8 Lakh

He intends to start providing services also from the next financial year and also to avail composition scheme. He also wishes to make supplies to the Government.

**Based on the information given above, choose the most appropriate answer for the following questions:-**

**1.3** In respect of services imported by Mr. Mandeep, which of the following is a correct statement?

- i. Architect services for his business from his friend in London free of cost is considered as a supply
- ii. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is considered as a supply.
- iii. Architect services for his business from his friend in London free of cost is not considered as a supply
- iv. Designing services from his brother in London for ₹ 5 Lakh for his personal purposes is not considered as a supply.

- |              |              |
|--------------|--------------|
| (a) i & ii   | (b) i & iv   |
| (c) ii & iii | (d) iii & iv |

**(1 Mark)**

**1.4** The time of supply of services, received by him and taxable under reverse charge, is

- |                |                |
|----------------|----------------|
| (a) 01.09.20XX | (b) 01.11.20XX |
| (c) 15.11.20XX | (d) 18.11.20XX |

**(1 Mark)**

**1.5** Aggregate turnover of Mr. Mandeep for the given financial year will be,

- |                |                |
|----------------|----------------|
| (a) ₹ 63 Lakhs | (b) ₹ 79 Lakhs |
| (c) ₹ 71 Lakhs | (d) ₹ 47 Lakhs |

**(1 Mark)**

**1.6** Mr. Mandeep will be eligible for composition scheme in the next financial year, but he can supply services only upto:

- |                  |                  |
|------------------|------------------|
| (a) ₹ 5.00 Lakhs | (b) ₹ 6.3 Lakhs  |
| (c) ₹ 7.90 Lakhs | (d) ₹ 7.10 Lakhs |

**(1 Mark)**

1.7 Can a registered person opting for composition scheme collect GST on his outward supplies?

- (a) Yes, in all cases
- (b) Yes, only on such goods as may be notified by the Central Government
- (c) Yes, only on such services as may be notified by the Central Government
- (d) No

**(1 Mark)**

1.8 What is the due date for payment of tax for a normal taxpayer?

- (a) Last day of the month to which payment relates
- (b) Within 10 days of the subsequent month
- (c) Within 20 days of the subsequent month
- (d) Within 15 days of the subsequent month

**(1 Mark)**

1.9 An exempt supply includes-

- (a) Supply of goods or services or both which attracts Nil rate of tax
- (b) Non-taxable supply
- (c) Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
- (d) All of the above

**(1 Mark)**

1.10 Which of the following can opt composition scheme under GST?

- (i) M/s ABC, a firm selling garments having aggregate turnover of ₹ 78 lakh. In Assam
  - (ii) A casual taxable person
  - (iii) Trader of aerated waters
  - (iv) A person having interstate inward supply of goods
- (a) I,ii,ii    (b) ii,iii,iv
- (c) iv,ii,I     (d) I,iii,iv

**(1 Mark)**

**Division B -Descriptive Questions****Question 1 is compulsory****Attempt any two questions from the remaining three questions**

**Q.1** Mr. Uttam Kumar a registered supplier of service in Kolkata, has provided following information for the month of October, 2018:

No.	Particulars	Amount in (₹)
1.	Intra-State taxable supply of service	6,40,000
2.	Amount received from Kapola Pvt. Ltd., for service provided to company. (He is a director in Kapola P. Ltd.), being Intra-State transaction.	5,00,000
3.	Paid legal fee to senior advocate for one legal matter within State, being Intra-State transaction.	50,000
4.	Amount received for service provided by him as a commentator. to a local recognized sports body, being Intra-State transaction	1,20,000
5.	Amount received for acting as a coach in recreational activities relating to sports, from one local charitable entity registered under section 12AA of the Income Tax Act, 1961, being Intra-State transaction.	30,000

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

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

All the amounts given are exclusive of CGST, SGST and IGST, wherever applicable. **(8 Marks)**

**Q.2 (a)**

1. Maharashtra Government is granting alcoholic liquor licence to Chan dani Bar for consideration.
2. Consumer district redressal commission is charging filing fees to Mr. Salve
3. Oberoi builders supplying tenancy rights to Mr. Anil, tenant and charged consideration in the form of tenancy premium
4. CA KS, is Managing director who receives remuneration from HUL ltd.

Determine whether the above cases are supply or not? **(4 Marks)**

**Q.2 (b)** Computation of Value of taxable supply and GST Liability Q Limited, Delhi supplies machine to C Ltd., Delhi. It furnishes the following details in respect of such supply:

Particulars	₹
List price of the machine <b>(exclusive of taxes and discounts)</b>	1,00,000
Municipal taxes charged to C ltd <b>(not included in price above)</b>	10,000
Corrugated Boxes used for packing the machine <b>(not included in price above)</b>	1,000
Subsidy received from Delhi Government on sale of such machine <b>(considered in price above)</b>	5,000
Subsidy received from TATA ltd on sale of such machine <b>(considered in price above)</b>	25,000
Qltd gives an interest-free credit period of 10 days for payment by the customer. Cltd paid for the supply 12 days after the supply of service. Qltd waived the interest payable for delay of two days amounting to 2,000	2,000

**(6 Marks)**

**Q.3 (a)** Maruti ltd is an authorised dealer of motor vehicles and is having registered office in Delhi, it is also running authorised service station of motor vehicles registered in UP.

Certain motor vehicles are taken from Delhi to UP for repairs

Whether this interstate movement of vehicles would amount to supply of goods under GST?

**(4 Marks)**

- (b) Mr. Gauri Shiva, a registered person in Punjab, supplies goods taxable @ 12% [CGST @ 6%, SGST @ 6% & IGST @ 12%] in the States of Punjab and Haryana. He has furnished the following details in relation to independent supplies made by him in the quarter ending June, 20XX:-

	Supply Recipient	Nature of supply	Value (₹)
1	Mr. A, a registered person	Intra-State	2,20,000
2	Mr. B, a registered person	Intra-State	2,55,000
3	Mr. C, an unregistered person	Intra-State	1,80,000
4	Mr. D, an unregistered person	Intra-State	2,60,000
5	Mr. M, an unregistered person	Inter-State	3,00,000
6	Mr. N, an unregistered person	Inter-State	50,000
7	Mr. O, an unregistered person	Inter-State	2,50,000
8	Mr. P, an unregistered person	Inter-State	2,80,000
9	Mr. Q, a registered person	Intra-State	1,50,000
10	Mr. R, a registered person	Intra-State	4,10,000

The aggregate annual turnover of Mr. Gauri Shiva in the preceding financial year was ₹ 1.20 crore. With reference to rule 59 of the CGST Rules, 2017, Discuss the manner in which the details of above supplies are required to be furnished in GSTR-1-Invoice wise or consolidated details

(6 Marks)

- Q.4 (a) Determine taxable value of supply under GST law with respect to each of the following independent services provided by the registered persons:

Particulars	Gross amount charged (₹)
Xaviers school is supplying online journal to its students	50,000
Jet airways is supplying transportation of AK-47, defence equipment to army	1,00,000
Amount charged by pathology clinic for blood testing reports	5,20,000
Hotel accommodation service provided where the tariff was 1000rs /day	5,00,000

(4 Marks)

- (b) (a) Chanchal started providing beauty and grooming services and inaugurated “Care & Care Beauty Centre” in Janak Puri, Delhi on 01st April, 20XX. She opted to pay tax under Notification No. 2/2019 in the said financial Year. The aggregate turnover of Care & Care Beauty Centre for the quarter ending 30th June, 20XX was ₹ 20 lakh. Further, for the half year ending 30th September, 20XX, the turnover reached ₹ 50 lakh. Care & Care Beauty Centre recorded a rapid growth and the turnover reached ₹ 70 lakh by the end of October, 20XX.

Determine the total tax liability of Care & Care Beauty Centre by the end of October, 20XX.

**Note:** Rate of GST applicable on such services is 18%.

(4 Marks)

- (c) Who shall be liable to pay tax?
1. GTA is providing service to Indian railways, who is a registered person who is liable to deduct TDS u/s 51 and also makes taxable supplies of service.
  2. Mr. Munna , a recovery agent is supplying recovery of coaching fees to HUL ltd, a manufacturer of soaps.  
All the suppliers and recipients were in taxable territory.

(2 Marks)