

Indicative Model Question Paper
Professional Programme
New Syllabus 2022
GOODS AND SERVICES TAX (GST)
&
CORPORATE TAX PLANNING

Time Allowed: 3 Hours

Maximum Marks: 100

Note: All the references to sections mentioned in Part II of the Question Paper relate to the Income Tax Act, 1961 and relevant Assessment Year 2024-25, unless stated otherwise.

PART I

Question No. 1

- (i) In case of M/s Divyajyoti Enterprise, Agra (U.P.) following are the details for the year 2023-24, determine the total turnover for the purpose of registration;

Sr. No.	Particulars	Amount (Rs.)
1.	Sale of Diesel (Vat levied by U.P Govt.)	4,00,000
2.	Supply of goods from X enterprise directly by Principal, after completing job work	2,50,000
3.	Export Supply to U.S.	7,00,000
4.	Supply to Own branch in Lucknow (U.P)	3,00,000
5.	Outward supply on which GST is to be paid by Recipient under Reverse charge	5,00,000

(Note: All the amounts are excluding GST).

- (ii) Describe with reason whether E-way bill is required to be issued under CGST Act, 2017 in the following given cases:
- Pacific Limited, Andhra Pradesh Registered Company, supply goods for job work to T & T Company (Job worker) in Karnataka (Registered under GST) Value of Consignment was Rs. 48,000.
 - Mr. Abhimanyu (a casual tax payer) of Telangana started business in notified handicraft products. He got a direct order of Rs. 45,000 from Tamil Nadu which he transport. He is not registered in GST because he has threshold limit of Rs 20 Lakh.
- (iii) M/s. Shree Trader of Delhi engaged in supply of Decoration items. On 20/05/2023, M/s. Vishwa Vijay supplied 500 boxes for exhibition at Kolkata on sale or return basis. Out of those 200 boxes has been sold on 28/07/2023 and 200 boxes have bought back to Delhi on 25/11/2023 and balance 50 boxes not sold nor brought back. Explain the provisions under GST law relating to issue of Invoices with exact dates on which tax invoices needs to be issued by M/s. Shree Trader.

- (iv) Mr. Deepak , a regular tax payer filed GSTR-1(Return for outward supply) for the month of January 2023 Before Due date, later on May, 2023 he discovered that there is an error in GSTR-1 of the month of January already filed and wants to revise it. You are required to advise as what to do by him as per the provision of CGST Act.
- (v) Mr. Rajkumar is the Chief Executive Officer of King technology Ltd., got the summon to appear before the central tax officer to produce the books of accounts of King Technology Ltd. under an inquiry conducted on the company. What will be the amount of penalty, if any that may be imposed on Rajkumar, if he fails to appear before the central tax officer?

(5 Marks Each)

Question No. 2

- (i) Determine the place of supply in the following given cases:
- (a) M/s Smart Décor is an event management company at Delhi organize two business promotion events for High-tech Glamor private limited (Noida Registered) at Delhi and Singapore.
- (b) Ultimate Planner (Bikaner, Rajasthan) is hired by Mr. Jay an unregistered person belongs to Meghalaya to plan and organize his son's wedding at pune, Maharashtra. Will your answer be different if the wedding is to take place in Malaysia?
- (ii) Mr. Aryan Committed an offences under CGST Act which can be compounded under section 138(1) of CGST Act, 2017. Under the offence he paid a tax of Rs. 8 lakh. He want to apply to commissioner for compounding the said offence. Compute minimum and maximum compounding amount as per provisions of CGST Act, 2017 payable by Aryan. What consequences will be after paying compounding amount as may be decided by commissioner?
- (iii) Mr. Arvind a GST officer issued an adjudication order which did not specify the amount of interest on tax short paid by Mr. R (Assessee) a registered person. Hence, Mr. R contends that interest cannot be demanded as the said order is quite on the same matter. Is the contention of Mr. R is correct?

(5 Marks Each)

Question 3

- (i) Janki Traders, registered in Karnataka, is engaged in supply of taxable goods. Its turnover in the preceding financial year was Rs. 200 lakh and was furnishing its GST return on monthly basis. In the beginning of April month in the current financial year, it sought advice from its tax consultant, Jeevan Consultants, whether it can furnish its GST returns on quarterly basis from now onwards. Jeevan Consultants advised Janki Traders that it cannot furnish its return on quarterly basis as the GST law does not provide for quarterly return under any circumstances. Discuss the technical veracity of the advice given by Jeevan Consultants.
- (ii) M/s Neat & Clean Noida, Uttar Pradesh, provides house-keeping services. The Entity supplies its services exclusively through an e-commerce portal owned and managed by E-Expert Pvt.

Ltd., Delhi. The turnover of M/s Neat & Clean in the current financial year is Rs. 19 lakh. Advise M/s Neat & Clean as to whether it is required to obtain GST registration. Will your advice be different if M/s Neat & Clean sells readymade Suits & Sari exclusively through the e-commerce website owned and managed by E-Expert Pvt. Ltd.?

- (iii) Akash Private Limited, registered in Navi Mumbai, Maharashtra, is engaged in supply of taxable goods and services. In the month of May, it sold goods worth Rs.8,00,000 (excluding GST) to Sun Enterprises and collected tax @ 18% on said goods from the buyer. However, the actual rate of tax applicable in the given case was 12%. Akash Private Limited deposited the tax @ 12% on these goods to the Government on the due date and retained the remaining tax collected. What will be the amount of penalty, if any that may be imposed on Akash Private Limited in the month of November in the given case ignoring interest payable, if any?

(5 Marks Each)

(Attempt all part of either Q. No. 4 or Q. No. 4A)

Questions No. 4

- (i) Mr. A, a supplier of goods, pays GST under regular scheme. Mr. A is an Inter-State supplier and hence is not eligible to any threshold exemptions. He has made the following taxable supplies:

Outward Taxable Supplies	
Intra State	6,00,000
Inter State	2,25,000

He has also furnished the following details about his purchases:

Intra State	2,25,000
Inter State	37,500

He has opening balances of ITC as under: CGST INR 22,500 SGST INR 22,500
IGST INR 52,500

If the supplies are exclusive of taxes (18% GST), compute his tax liability.

- (ii) Briefly explain the Difference between Exempt Supply and Zero Rated Supply.
(iii) Describe the eligibility criteria and benefits of Quarterly Return-monthly Payment (QRMP) Scheme?

(5 Marks Each)

Question No. 4A

- (i) Explain the concept of time of supply under GST.
(ii) XYZ limited a manufacturer of Jaipur, instruct to PQR limited to supply a machine directly to the job worker, JW Enterprise outside its factory to carry out some work on goods. Machine send on 7th March 2020 and was received by job Workers as on 10th March 2020. JW enterprise carry on job work and return it back to XYZ Limited on 1st April 2023.
a) Can XYZ limited manufacturer retain ITC availed by them on the machine?
b) Would your answer be the same if in place of machine, Jigs, fixture were supplied to the job worker which was returned to the principal on 1st March, 2023.

- (iii) What is CPIN? Also explain the concept of Electronic Cash Ledger with respect to CGST Act, 2017.

(5 Marks Each)

PART II

Question No. 5

- (i) Specify with reason, whether the following acts can be considered as an act of (a) tax planning; (b) tax evasion; or (c) tax management
- ABC Ltd installed an air-conditioner costing Rs. 175,000 at the residence of a director as per terms of his appointment but treats it as fitted in the quality control section in the factory. This is with the objective to treat it as a plant for the purpose of computing depreciation.
 - XYZ Limited maintains a register of tax deductions at source affected by it to enable timely compliance.
 - S Ltd issues a credit note for Rs.1,00,000 for brokerage payable to Suresh who is the son of R, managing director of the company. The purpose is to increase his total income from Rs.1,60,000 to Rs.2,50,000 and reduce his its income correspondingly.
 - An attempt to evade tax by deliberately refusing to comply with legal reporting requirements.
 - Availing of exemptions, deductions, rebates and remedies to minimize the tax liability.

(2 Marks Each)

- (ii) X limited is proposed to merge with Y limited. Following are the given particulars of the X Ltd:

a. Unabsorbed depreciation	Rs. 2,50,00,000
b. Unabsorbed business losses	Rs. 1,00,00,000

State the conditions to be fulfilled by Y Ltd. in order to claim the set-off and carried forward of Unabsorbed depreciation and Unabsorbed business losses of X Ltd.

(5 Marks)

(Attempt all part of either Q. No. 6 or Q. No. 6A)

Question No. 6

- (i) XYZ Limited started the business in the year 2017 with two units – ‘Unit A’ engaged in the business of manufacturing “CARS” and ‘Unit B’ engaged in the business of manufacturing “Cloths”.

Due to the less demand for cloths, the management decided to transfer cloths units by way of a slump sale for a consideration of Rs. 1800 lakhs. The balance sheet of XYZ Limited as on 31st March 2023, the date on which the Cloths unit has been transferred, is given here under:

Balance Sheet as on 31.3.2023

(Figures in lakhs)

Liabilities	Amount	Assets	Amount
Paid-up Share Capital	2000	Land & Building Unit A - 1700 Unit B - 1080	2780
General Reserve	500	Plant & Machinery Unit A - 560 Unit B - 420	980
Revaluation Reserve	640	Debtors Unit A - 36 Unit B - 24	60
Bank Loan Unit A - 268 Unit B - 90	358	Trade Mark Unit A - 32 Unit B - 32	64
Trade Creditors Unit A - 250 Unit B - 252	502	Inventories Unit A - 64 Unit B - 52	116
Total	4000		4000

Other Information:

1. Revaluation reserve includes Rs. 200 lakhs for the Unit B of the Building.
2. Land and Building of Unit B Rs. 1400 lakhs in which the value of land is Rs. 640 lakhs and the value of the building is Rs. 760 lakhs. However, the written down value of the building as per the Income Tax Act is Rs. 440 lakhs.
3. Trademark was acquired on 18.10.2021 for Rs. 32 lakhs.
4. Expenses incurred on slump sale @.5% on consideration.

Compute the capital gain and tax liability for the assessment year 2024-25.
Assume The Company has not opted for the provisions of section 115BAA.

(10 Marks)

- (ii) ABC Limited registered during the financial year in special economic zones. The company is providing services. During the financial year 2023-24, following information was provided by the company:

Particulars	Amount (Fig in crore)
Total turnover	400
Export Turnover	320
Profit	70

What amount of deduction can NPK Limited claim for the assessment year 2024-25?

(5 Marks)

Question No. 6A

- (i) Mr. A purchased 1000 equity shares of ABC Limited at a cost of Rs. 75 per share on 15.05.1998 and paid 1% brokerage. On 01.10.2000 the company allotted him bonus shares on the basis of one share for every 5 shares held. Mr A again gets 1600 bonus shares on 02.03.2005. The fair market value of the shares of ABC Ltd. on April 1, 2001, is Rs. 130.

Mr. A sold all the shares on 20.12.2023 @300 per share (brokerage 1%).

(A) Compute the capital gain for the assessment year 2024-25.

(B) What will be your answer if these shares had been sold through the recognised stock exchange? Assume the fair market value of shares on 31.01.2018 was Rs. 225

(10 Marks)

- (ii) Natwar Group running a cold chain facility having a profit of Rs. 35 lakhs in the financial year 2023-24. Management of Natwar Group were commence a new cold chain facility in Nathdwara on 01/04/2023. The Natwar group incurred the following expenditure in this connection.

1.	The capital expenditure of Rs. 90 lakhs (including land costing Rs 50 lakhs) during the period February 2023 to March 2023 exclusively for the above business, and capitalized in the books of account as of 01/04/2023.
2.	The capital expenditure incurred during the previous year 2023-24 Rs. 80 lakhs (including machinery for Rs. 50 lakhs which are paid in cash)
3.	The Revenue expenditure incurred to purchase groceries, crookery and others for Rs. 10,00,000 (out of Rs. 10,00,000 Rs. 2,00,000 paid in cash).

The profits from the business of running this cold chain facility (before claiming deduction under section 35AD) for the A.Y.2024-25 is Rs. 58 lakhs.

Compute the income under the head “Profits and Gains of Business or Profession” for the A.Y.2024-25, assuming that Natwar Group has fulfilled all the conditions specified for a claim of deduction under section 35AD and opted for claiming deduction under section 35AD; and has not claimed any deduction under Chapter VI-A under the heading “C. – Deductions in respect of certain incomes”.

(5 Marks)