

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 9

NOTE : 1. Answer **ALL** Questions.

2. **All** the references to sections mentioned in Part-A of the Question Paper relate to the Income-Tax Act, 1961 and relevant Assessment Year 2021-22, unless stated otherwise.

3. Working notes should form part of the answer.

PART—A

1. (a) Akansha received the following gifts on her birthday on 3rd July 2020 :

(i) Car worth ₹ 6,78,000 from her brother.

(ii) Jewellery worth ₹ 28,000 from her husband cousin.

(iii) Bonds worth ₹ 36,000 from friend A and debentures worth ₹ 12,000 from friend B.

Examine with brief reasons, whether the above gifts would be taxable in the hands of Akansha for Assessment Year 2021-22.

(5 marks)

(b) Mishra retired from service on 1st November, 2020 after serving 20 years and 8 months. He received ₹ 5,00,000 at the time of his retirement by encashing his unavailed leave. He furnished the following details at the time of retirement :

Basic Salary ₹ 10,000 p.m. (₹ 1,000 was increased from 1.4.2020)

Commission ₹ 1,000 p.m.

: 2 :

Dearness Allowance (D. A.) ₹ 4,000 p.m. (60% is included for retirement benefits)

Bonus ₹ 2,000 p.m.

Leave Entitlement - 30 days for each year of service.

Leave availed while in service - 450 days.

You are required to calculate the taxable leave encashment if Mishra is a :

(i) Government Employee

(ii) Non-government Employee.

(5 marks)

- (c) When does the Authority for advance ruling not allow an application for advance ruling? State the time limit to withdraw an application and to pronounce advance ruling.

(5 marks)

Attempt all parts of either Q. No. 2 or Q. No. 2A

2. (a) Sesha, a British citizen comes to India on 24th December 2020 to meet his grandparents living in India. During the previous years 2016-2019, he stayed with them for 430 days. He left India on 31st May, 2021. Determine his residential status for the Assessment Year 2021-22. Also determine the total income of Sesha from the below mentioned particulars for the Assessment Year 2021-22.

Particulars	Amount (in ₹)
(i) Interest on non-resident external Bank A/c	1,00,000
(ii) Profits from a business in India which is managed by his friend Ramesh. Ramesh concludes all the contracts on behalf of Sesha	3,00,000
(iii) Income earned from collecting news/information about India for publishing in a foreign magazines	80,000

(5 marks)

: 3 :

- (b) From the following information given by Duke Ltd., for the Previous Year 2020-21, compute the tax payable by it for the Assessment Year 2021-22 by assuming that the company does not avail the options u/s 115BAA/115BAB :

	₹
Total income of the company computed as per the provisions of the Income Tax Act.....	30,00,000
Book Profit of the company as per Sec. 115JB of the Income Tax Act	35,00,000
Brought forward credit as per Sec. 115JAA for the Assessment Year 2021-22	2,62,000
Total turnover of the company for the Previous Year 2018-19 was ₹ 2 Crore.	
(5 marks)	

- (c) Incomes earned during a previous year are always taxable in the assessment year. Do you agree ? Explain with reasons.
- (5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Sangeeth acquired a house property for ₹ 2,00,000 on 10th June, 1976. He incurred the following expenses to make some additions/alterations in the property :

	₹
(a) Cost of construction of two rooms in 1983-84	6,20,000
(b) Cost of construction of first floor in 2004-05	12,70,000
(c) Cost of alteration in the property in 2012-13	9,60,000

Fair market value of the property on 1st April 2021, was ₹ 15,00,000 and it was sold by Sangeeth for ₹ 1,00,00,000 on 10th November, 2020. He spent ₹ 80,000 for the transfer of property. Compute the capital the capital gain for the Previous Year 2020-21.

(CII : FY 2001-02 = 100; 2004-05 = 113; 2012-13 = 200; 2020-21 = 301)

(5 marks)

: 4 :

- (ii) A Ltd. has some plant and machinery in a block of assets whose written down value on 1st April, 2020 was ₹ 50,00,000. These assets carry depreciation @ 15% p.a. The company purchased another second-hand machinery belonging to the same block on 31st October, 2020 for ₹ 16,00,000. The asset was put to use on the same date. On 2nd January, 2021, A Ltd., amalgamated with B Ltd., and the above two assets were transferred to B Ltd., at ₹ 72 lakhs. Compute the depreciation allowable to A Ltd., and B Ltd., for the Assessment Year 2021-22.
(5 marks)
- (iii) Explain meaning of Reverse Merger. List down the benefits available in it.
(5 marks)

PART—B

3. (a) PQR, an importer, furnished the under-mentioned data relating to a machinery imported in December, 2020 :
- (i) Assessable value of the imported machinery US \$ 40,000.
- (ii) Date of bill of entry is 8th December 2019. Basic customs duty on this date is 15% and exchange rate notified by the Central Board of Indirect taxes and Customs is US \$ 1 = ₹ 74. Rate notified by Reserve Bank of India (RBI) is US \$ 1 = ₹ 74.50.
- (iii) Date of entry inwards is 6th December 2019. Basic customs duty on this date is 18% and exchange rate notified by the Central Board of Indirect taxes and Customs is US \$ 1 = ₹ 70. Rate notified by Reserve Bank of India (RBI) is US \$ 1 = ₹ 70.50.
- (iv) Social Welfare surcharge 10%.
- (v) Integrated tax : 12%.

: 5 :

You are required to compute the total customs duty payable, including integrated tax. If required, round off your answer to the nearest rupee at each stage. Ignore GST Compensation Cess.

(5 marks)

- (b) Bring out the minimum amount and the maximum amount for compounding of offences u/s 138 of the Central Goods and Services Act, 2017 (CGST). State what will be the outcome of compounding of offences ?

(5 marks)

- (c) Mr. Humpty, a supplier in Kerala, dealing with Intra-State supply of goods and services, has furnished the following information in the financial year 2020-21 :

1. Sale of taxable goods by Head Office located in Ernakulam, Kerala for ₹ 1,80,000
2. Supply of taxable services by Branch office at Pune for ₹ 90,000
3. Supply of goods exempted from GST ₹ 65,000
4. Export of goods and services for ₹ 2,45,000, for which consideration was received in convertible foreign exchange
5. Sale of taxable goods, acting as agent on behalf of principal of ₹ 16,50,000
6. Inward supplies from unregistered dealers, for which he is required to pay under RCM is ₹ 3,60,000.

Compute aggregate turnover of Humpty for the Assessment Year 2021-22 and comment on whether Humpty is required to register under GST Law.

(5 marks)

- (d) What should be the minimum amount of refund to make a claim for refund in GST Law ? Enumerate the cases for which a registered person can claim refund of any unutilized input tax credit. When refund of unutilized input tax credit shall be denied ?

(5 marks)

- (e) Ganesh opted for composition scheme under GST at the time of his registration. He purchased a plant for ₹ 42 lakhs on 29th September, 2019 and paid GST @ 18%. The invoice was prepared by the supplier on 4th October, 2019 and no input tax credit was allowed as he was under composition scheme. From 7th July, 2020 he shifted his option to pay GST under normal scheme. Is Ganesh eligible for ITC ? If so, calculate the amount of tax credit allowable to him.

(5 marks)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (a) What are Zero Rated Supplies under the Intergrated Goods and Services Act, 2017 (IGST) ? Explain the options available to a registered person to claim refund against zero rated supplies.
- (5 marks)
- (b) Kabrina Ltd. supplied inputs to job worker Shabrina Ltd. for further processing on 6th September, 2019. The inputs were received back on 7th October, 2020 after necessary processing.
- (i) When can the supplier claim ITC on goods sent for Job Work ? (2 marks)
- (ii) What are the tax implications on Kabrina Ltd. in the above case.
- (3 marks)
- (c) Ganesh booked a marriage hall for a total rent of ₹ 70,000 by paying an advance of ₹ 20,000 on 7th June, 2020. The marriage was held on 16th October, 2020. The owner of the hall issued an invoice on 28th November, 2020 for the total rent of ₹ 70,000 by mentioning that ₹ 50,000 is due from Ganesh after adjusting the advance. The balance ₹ 50,000 was received from Ganesh on 4th December, 2020. Determine the time of supply.

(5 marks)

OR (Alternate question to Q. No. 4)

- 4A.** (i) When safeguard duty is imposed ? What are the circumstances in which safeguard duty shall not be imposed ?
- (ii) Determine the place of supply in the following cases :
- (a) Deva of Chennai enters into an agreement with John of Hyderabad to install a lift at a building in Jaipur.
- (b) X, who is having his registered place of business at Mumbai, placed an order to Y in Noida for delivering an air conditioner to Z in Pune.
- (c) Ramanathan, a Company Secretary registered in Ahmedabad travels to Kochin in connection with his professional work and stays there in a hotel.
- (d) Sudhir is relocating from Agra to Kolkata and avail the services of packers and movers in Agra.
- (e) R. P. Singh a consultant, whose registered office is in Bhopal provides training to his client's employees at Varanasi. The client is an unregistered firm in Udaipur.
- (iii) What are the circumstances under which goods can be confiscated and penalty can be levied under CGST Act 2017 ?

(5 marks each)

- 5.** (a) State with reasons whether the following suppliers are eligible to avail composition levy when their turnover in the preceding financial year does not exceed ₹ 1.5 crore :
- (i) Joint Products, whose registered office is located in Chennai and supplies goods to dealers in Andhra Pradesh and Pondicherry.

- (ii) Kumar Traders who are engaged in trading of ice-creams in Karnataka and having registration in Karnataka.
- (iii) Shankar Bhavan providing restaurant services in Jaipur a notified tourist centre.
(3 marks)
- (b) Royal Services Ltd. is engaged in supply of taxable services only in Tamil Nadu. Its turnover crosses ₹ 20 lakhs on 1st June, 2020. It applies for registration under GST on 25th June, 2020 and gets registration certificate on 2nd July, 2020.
- (i) What is the effective date of registration for the company ?
- (ii) If it applies for registration on 10th July, 2020 and is given with registration certificate on 16th July, 2020, find the effective date of registration ?
- (iii) Instead of Tamil Nadu, if it is carrying on its business in Assam, is it liable to get its business registered under GST ?
(3 marks)
- (c) What is the validity period of e-way bill ? When its countdown starts ?
(3 marks)
- (d) Discuss the provisions of the Customs Act 1962 with regard to duty on Pilfered Goods.
(3 marks)
- (e) A duty drawback of ₹ 60 lakh was given to Supreme Exporters. Subsequently the Commissioner of Customs issued a show cause notice for the recovery of the duty drawback stating that it was given erroneously. However, the exporter filed an application for settlement against the order before the Settlement Commission. The Commissioner of Customs argued that the Settlement Commission has no jurisdiction on this issue as it involves a recovery of duty drawback not concerned with levy, assessment and collection of duty.

Discuss, with the help of a decided case law, if any, whether the stand taken by the Commissioner of Customs is correct.

(3 marks)

6. (a) What are the circumstances in which goods are considered to be removed improperly from a warehouse under the Customs Act, 1962 ? What will be the reaction of the proper officer in such circumstances ?

(5 marks)

- (b) Mr. Musafir of Jharkhand, engaged in supply of medical drugs has an aggregate turnover of ₹ 7 Crore in the financial year 2020-2021. He issues invoices to customers without mentioning the HSN Code for goods to customers till date.

(i) State whether he is liable to mention such HSN Codes. If so, state the digit of HSN code to be mentioned in tax invoices issued to customers.

(ii) Would your answer be different if his aggregate turnover in Financial Year 2020-21 is ₹ 4.5 Crore and tax invoice being issued to the unregistered persons.

(3 marks)

- (c) What is E-invoicing and who are mandatorily required to upload such E-invoices.

(2 marks)

- (d) The Public Works Department of Tamil Nadu makes a net payment of ₹ 3,70,000 to a supplier of cement in Andhra Pradesh on 22nd of February, 2021. This supply is subject to 18% GST.

(i) Calculate the amount to be deducted as TDS.

(ii) When and where the TDS should be deposited ?

(iii) What is the time limit to issue TDS certificate.

(iv) If the total value of the supply under the contract is ₹ 2,10,000, what should be the amount of TDS ? Why ?

(5 marks)