

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 12

- NOTE :**
1. Answer **ALL** Questions.
 2. **ALL** the references to sections in Part-II of the Question Paper relate to the Income-tax Act, 1961 and relevant Assessment Year is 2021-22 unless stated otherwise.
 3. Wherever necessary, suitable assumptions can be made and the same should be stated clearly in the answer.
 4. Working notes should form part of the answer.

PART-I

1. (a) M/s Basundhara Properties is a registered person under GST. Its main business is renting of various Immovable properties owned by them. The following collections are made in the course of its business during the month of March, 2021 :
- | | |
|--|----------|
| (i) Building let to a theatre | ₹ 50,000 |
| (ii) Premises let to a charitable trust | ₹ 45,000 |
| (iii) Land let for use by Asian Circus | ₹ 90,000 |
| (iv) Houses let to individuals for residential purposes | ₹ 30,000 |
| (v) Vacant land let used for agriculture purposes | ₹ 40,000 |
| (vi) Land given on lease to Titu Ltd. for construction of a commercial complex | ₹ 60,000 |
| (vii) Building let to a coaching centre | ₹ 45,000 |
| (viii) Building let to a hotel | ₹ 50,000 |
- You are required to calculate the GST payable by M/s Basundhara Properties (GST rate applicable is 18%).

(5 marks)

: 2 :

(b) What do you mean by zero rated supply ? List the essential features of zero rated supply. Explain the procedure for claiming refund for zero rated supply.

(5 marks)

(c) (i) Discuss briefly the salient features of Quarterly Return Monthly Payment (QRMP) scheme under GST.

(2 marks)

(ii) Explain the provisions of CGST Act and rules regarding Annual Return for the financial year 2019-20.

(3 marks)

(d) State with reasons whether the following statements are true or false under GST Law :

(i) CGST Balance of one state can be adjusted to set off CGST Liability of another state.

(ii) No e-way bill is required if a Registered person from West Bengal purchases goods from Delhi valuing ₹ 1,12,000 (including tax) and carries the same with him in train.

(iii) A person exclusively dealing in goods not liable to tax or wholly exempt from tax having a turnover of ₹ 1,00,00,000 is required to get registered under GST.

(iv) TCS is not required to be collected on supplies on which the recipient is liable to pay tax on Reverse charge basis.

(v) Malaysia was the first country to have Anti-profiteering provisions.

(1×5=5 marks)

: 3 :

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

2. (a) A.K. Services registered under GST in Chennai is engaged in supply and service of various goods and services. For the month of November, 2020, it has provided the following data :

Particulars of Work	Contract 1	Contract 2
Place of supply	Chennai	Chennai
Place of Recipient	Chennai	Karnataka
Monthly value of executed contracts (excluding GST)	₹ 1,80,000	₹ 2,50,000
Monthly value of goods supplied (excluding GST)	₹ 70,000	₹ 40,000

If the goods and services supplied by A.K. Services are taxable under GST @ 12% :

- (i) Calculate the TDS deductible by the recipients, who are notified under Section 51 of the CGST Act 2017, if any, in respect of the aforesaid two independent contracts.
- (ii) State whether the deductee can claim credit of TDS deducted under GST.
- (5 marks)
- (b) Jinia is a Garments manufacturer registered under GST. It received a Government order for making Garments for Defence Personnel (exempted from GST under a special notification by the Government of India) for which it procured fabric separately. To execute the work Jinia also procured buttons, threads, collars and lining materials which are also used for the production of other goods in the factory, ITC (Input Tax Credit) available in respect of thread, buttons and collars for the month of January, 2021 was ₹ 25,000, ₹ 45,000 and ₹ 50,000 respectively and the taxable and exempted supplies during the month were ₹ 10 lakh and ₹ 2 lakh respectively. Calculate the eligible ITC that can be availed by Jinia for the month of January 2021 in respect of thread, buttons and collars.

(5 marks)

: 4 :

- (c) (i) X Ltd. availing the composition scheme under GST Act and paying taxes accordingly had a turnover from the supply of goods of Rupees 150 Lakhs. upto 31st December, 2020. On the 1st of January, 2021 (01.01.2021) another supply of Rupees 1.20 Lakhs was made. Explain whether X Ltd can continue to avail the composition scheme and the relevant provision of GST Act, 2017 in this regard.

(2 marks)

- (ii) Z Ltd. registered under GST and having opted for simplified composition scheme (as prescribed under Notification No. 2/2019 – CT (Rate) has furnished the following details :

	₹
Supply of services (attracting GST @ 18%)	20,00,000
Supply of goods (attracting GST @ 12%)	20,00,000
Inward supplies (subject to reverse charge under section 9(3) of CGST Act 2017 attracting GST @ 18%)	5,00,000
Calculate the tax liability of Z Ltd.	

(3 marks)

- (d) Discuss the provisions of GST laws in respect of the following circumstances :
- (i) R.K. Steel company received an order for supply of 1000 ton steel and supplied the same in installments as a continuous supply. What will be the due date of invoice in such transaction ?
- (ii) What will be the due date of invoice if goods sent on approval for sale or return ?
- (iii) Farmer A is engaged in farming and cultivates agricultural produce from his own land. He supplies agricultural produce worth Rupees 41 lakh cultivated by him and Rupees 6 lakh belonging to his friend to Traders. Whether he has to get registered under GST Act ?
- (iv) W Ltd. provides consultancy services without consideration to V Ltd. in which W Ltd. has holding rights. These technical services have been provided for the benefit of the entire group. Analyse the taxability of the service to determine whether it constitutes a supply under GST.

(5 marks)

OR (Alternate question to Q. No. 2)

2A. (i) State with reasons, whether the following statements are true or false under GST law :

- (a) The rates for CGST are rates as may be notified by the Government on the recommendations of the GST council. However, maximum rate will be 28%.
- (b) Natural Gas is taxable @ 12% under GST Act, 2017.
- (c) Jai Singh has GST registration in two different states in his own Permanent Account Number. He cannot opt. for composition scheme in one state and normal scheme in another state.
- (d) TDS under section 51 of CGST Act should be paid to the Government by the deductor within 15 days after the end of the month in which the deduction is made.
- (e) Mohit, a registered person under GST of U.P. has intra-state sales of Rupees 1.30 crores and purchases from Delhi of Rupees 1.10 crores. He is eligible to opt for composition scheme of GST.

(5 marks)

- (ii) (a) The assessable value of a commodity imported into India is ₹ 10,000, Basic Customs Duty is 10%, Social welfare cess @ 10% of Customs Duty and the IGST is leviable @ 18%. Calculate the IGST and the total duty chargeable on imports.

(2 marks)

- (b) The assessable value of a commodity inclusive of landing charges is ₹ 50,000 IGST @ 28%. Basic Customs Duty @ 10%, countervailing Duty @ 12%, Social Security Cess (SCC) @ 10% and Compensation Cess 10% are leviable on the imported goods. Calculate all duties and taxes in this case.

(3 marks)

- (iii) From the following information determine the value of taxable supply as per the provision of section 15 of the CGST Act, 2017.

Contracted value of supply excluding GST (inclusive of cost of primary packaging of Rupees 25,000 and protective packing at the request of customer of Rupees 15,000)	₹ 12,50,000
Weighment charges shown separatly in the invoice	₹ 9,500
Commission paid to local Agent on instruction of supplier	₹ 5,000
Freight and insurance charges paid by receipt on behalf of supplier	₹ 8,000

Prompt payment discount, indicated in invoice 1%, if payment made within one month. The buyer availed the discount.

(5 marks)

- (iv) State the consequences of the following violations/defaults under the provisions of GST Laws :

- (a) A fails to pay GST of Rupees 50,000 to the Government on the due date prescribed.
- (b) Chauhan Trader makes an Input Tax Credit (ITC) claim of Rupees 40,000 in respect of a car purchased for use by the proprietor in the business.
- (c) K, a registered person purchased goods from L and claimed Rupee 1,20,000 as input tax credit while L, the seller, declared Rupees 1,00,000 as outward tax in respect of the goods sold by him to K. L. did not rectify this mismatch till the time allowed to rectify the discrepancy.
- (d) Refund of unutilized Input Tax Credit delayed by the department beyond 60 days after the order passed by proper officer.
- (e) Govind failed to furnish the annual return under section 44 of the CGST Act, 2017 by the due date.

(5 marks)

: 7 :

3. (a) State briefly the features of Quarterly Return Monthly Payment (QRMP) scheme of furnishing GST return under CGST Act, 2017.

(4 marks)

- (b) Mention the due date/maximum time allowed for the following :

- (i) Issue of orders u/s 74(10) of the CGST Act, 2017.
(ii) Withdrawal period for application for advance ruling under Customs Act, 1962.
(iii) Period of punishment for tempering of records by a dealer.
(iv) Time of supply of goods when :
- A supplied goods to S on 15th March, 2020 for ₹ 11,800 taxable @ 18% GST.
 - GST rate reduced to 12% on 20th March, 2020.
 - S made payment to A on 25th March, 2020.

(4 marks)

- (c) A person dealing in supply of taxable goods is doing business since 01.01.2021. He crossed the mandatory thresholds for registration of ₹ 40 Lakhs on 22.01.2021. He was required to get registered under GST within one month i.e. by 21st February 2021. He did not get himself registered. If his tax liability is of ₹ 85,900, state the consequences of his not registering under GST laws.

(4 marks)

- (d) A registered person under GST failed to file his returns for a period of the last six consecutive months. For this period his liability under GST works out to ₹ 20,000 (CGST ₹ 10,000, SGST ₹ 10,000). The department blocked his facility to generate e-way bills and the appropriate authority also issued a show cause notice to him as to why his registration should not be cancelled and afforded him an opportunity to present his case. As the registered person failed to respond to the notice his registration was cancelled. The registered person is of the view that since his registration has been cancelled he is not required to pay anything to the Government. Advise the registered person in this context as per the CGST Act, 2017.

(4 marks)

- (e) Determine the time of supply in the following transactions :
- Grocery supplier company issues a voucher of ₹ 3,500 for purchase of any item from its stores against bulk purchase.
 - Grocery supplier company issues a voucher only to buy an Electric Fan for ₹ 3,500, on 15th September, 2019.
 - Ram purchases goods worth ₹ 10,000 on 10.01.2021 and later on paid ₹ 10,600 with interest on 10.03.2021. Mention the time of supply for the interest payment of ₹ 600.
 - Saroj consultancy services received advance of ₹ 50,000 from clients on 31.12.2020 for services to be rendered in the month of March, 2021.

(4 marks)

4. (a) Rise India Ltd. has exported goods to Germany out of its imports from Japan. Calculate the Duty Drawback admissible to Rise India Ltd. under section 75 of Customs Act, 1962 in each of the following cases giving reasons for the same :

Product	FOB Value of Exported Goods ₹	Market Price of Goods ₹	Duty Draw Back Rate
A	3,00,000	2,10,000	30% of FOB
B	4,00,000	4,60,000	35% of FOB
C	2,00,000	2,50,000	20% of FOB

Note :

- Value of imported material of product B is ₹ 5 Lakh.
 - Product C is manufactured out of the imported input for which no duty has been paid.
- (b) Distinguish between Protective Duty and Safeguard Duty under Custom Tariff Act, 1975.

(5 marks each)

PART-II

5. (a) What are the practical difficulties in applying Arm's length price ?
- (b) Narrate any three evil consequences of tax avoidance.
- (c) Discuss the exclusions provided from the provisions of GAAR.
- (d) A person whose turnover during the previous year ended 31.03.2020 was ₹ 15 crores. From 01.04.2020 to 30.09.2020 he received ₹ 55 lakhs from A against sales made by him. During the month of October, 2020 he receives another ₹ 3 lakh from A against consideration from sales. What amount of TCS is required to be deducted in this case if :
- (i) A has a PAN number.
- (ii) A does not have any PAN number.
- (e) A person fails to furnish audit report under section 92E of the Income Tax Act, 1961. The Income Tax Officer imposes penalty on the assessee. Assessee challenges the penalty stating that there was reasonable cause for not furnishing the report. Can the assessee escape the penalty if the cause was genuine.

(3 marks each)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (a) In the books of a sole proprietor carrying on business the block of fixed assets stood at 01.04.2020 as ₹ 4,00,000. If the rate of depreciation is 15% and another machinery was purchased on 15.10.2020 worth ₹ 1,00,000 of the same block of fixed assets and the proprietary business is succeeded by a company on 01.11.2020, determine the depreciation allowable to both the proprietary concern and the company before or after the merger for Assessment Year 2021-22.

(5 Marks)

(b) XYZ Inc., a company incorporated in U.S. is engaged in management consultancy. It has set up a branch office in India which qualifies to be a permanent establishment in terms of India-U.S Tax treaty. During the previous year 2019-20, it has earned the following incomes from India :

(i) Fee for Technical Services of ₹ 75,00,000 taxable @ 10% under section 115A of the Act.

Tax rate provided on such income under India-U.S tax treaty is 10%.

(ii) Dividend of ₹ 17,00,000 received from Indian companies. Tax rate provided on such income under India-U.S tax treaty is 25%.

(iii) XYZ Inc. incurred expenses of ₹ 3,00,000 and ₹ 75,000 respectively in earning income from fee for technical services and dividend.

Compute the tax payable by XYZ Inc. in India after considering the provisions of Section 115B (MAT), if applicable.

(5 marks)

(c) Discuss the relevant provisions of Income Tax Act, 1961 in respect of the following transactions :

(i) Mr. Aslam purchased a house property in Ajmer from Mr. Salim on 28.08.2020 for a consideration of ₹ 70 lakhs. The stamp duty value of the property was ₹ 75 lakhs. Explain briefly what will be the value of sales consideration of the property for Income Tax purpose in Mr. Salim's hands.

(2 marks)

(ii) Mr. Joy has entered into International transactions aggregating to ₹ 75 lakhs and specified domestic transactions aggregating to ₹ 5 crores. He did not mention any document/information relating to transfer pricing nor has filed any report/certificate/document/information with the tax authorities. Discuss penal consequences, if any.

(3 marks)

OR (Alternate question to Q. No. 6)

- 6A.** (i) Find out the amount of advance tax payable by Mr. A on specified dates under the Income Tax Act, 1961 for the financial year 2020-21 from the following information :

	₹
Business Income Long Term	4,00,000
Capital Gain (on 31.05.2020)	60,000
Winning from Lotteries (on 31.12.2020)	50,000
Interest on Loan	10,000
Other Income	5,000
Investment in notified equity shares	10,000
Tax deducted at source	29,000

(5 marks)

- (ii) Comment on the following independent situations, whether X Ltd. and Y Ltd. constitute associated enterprises under the provisions of Section 92A :
- (a) Book value of total assets of X Ltd. is Rupees 100 crores, Y Ltd. has advanced a loan of Rupees 80 crores to its wholly subsidiary A Ltd., A Ltd., in turn advanced a loan of Rupees 80 crore to X Ltd.
- (b) Y Ltd. is engaged in trading of furniture. During the previous year 2020-21 it purchases furniture of Rupees 50 lakh from X Ltd. Total purchases of Y Ltd. during the year is Rupees 55 lakh.
- (c) X Ltd. has two units, Unit A and Unit B, Unit A manufactures industrial equipment using the manufacturing process exclusively owned by Y Ltd. Unit B is engaged in buying and selling of toys.

: 12 :

- (d) X Ltd. holds whole of equity share capital of C Ltd. C Ltd. holds 30% equity shares of Y Ltd. X Ltd. also holds 60% of preference share capital of Y Ltd.
- (e) Y Ltd. has the right to appoint one of the executive director of X Ltd. However Y Ltd. does not exercise its right and therefore it did not appoint any executive director of X Ltd.
- (iii) For the Assessment Year 2021-22 DD Ltd. paid Tax @ 15% on its book profit computed under section 115 JB. During the assessment proceedings the Assessing officer wants to charge interest under Section 234A and 234B as the company did not pay advance tax during the financial year 2020-21. The company seeks your advice in this regard.

(5 marks)

(5 marks)

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