

Roll No.

OPEN BOOK EXAMINATION

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 16

NOTE : 1. *Answer All Questions.*

2. *All the references to section in Part I of the question paper relates to the provision of GST Laws.*
3. *All the references to section in Part-II of the Question Paper relates to the Income-tax Act, 1961 and relevant Assessment Year 2025-26 unless stated otherwise.*
4. *Wherever necessary, suitable assumption can be made and the same to be stated clearly in the answer.*
5. *Working notes should form part of the answer.*

PART-I

1. (a) Amit Solutions LLP a registered person under GST in Jaipur, Rajasthan. They provide following details of Inward and Outward supplies made during the period :
 - (1) It received services of Nitin Kumar & Associates (firm of Advocates) for legal matter of recovery from one of its debtors on 05.10.2024 for ₹ 12,75,000.

: 2 :

Invoice raised on 10.10.2024 by Nitin Kumar & Associates.

Particulars	Amit Solutions LLP	Nitin Kumar & Associates
Payment debited and credited into Bank respectively	16.12.2024	17.12.2024
Recorded in books of account	25.12.2024	20.12.2024

- (2) Amit Solutions LLP provided services of a business facilitator to HSPL Bank for ₹ 1,57,500 in Jaipur.
- (3) Services provided to Z Ltd. registered in Jodhpur, Rajasthan of ₹ 18,95,000.
- (4) Amit Solutions LLP paid ₹ 2,56,000 for the health insurance of its staff, following the internal policy of the firm.
- (5) Amit Solutions LLP paid ₹ 4,25,000 for sponsorship of an event organized in Bikaner, Rajasthan to Mr. Srihari an individual.
- (6) Amit Solutions LLP paid ₹ 1,24,500 for goods purchased from NM Ltd a registered dealer.

All figures mentioned above are exclusive of tax, wherever applicable.

All inward and outward supplies are intra-state supplies except where specifically mentioned. All inward supplies are used for taxable goods and services only.

Applicable GST rates are 18% IGST and 9% CGST and SGST each.

Based on information provided above case study in the context of CGST Act, 2017, you are required to :

- (i) Time of supply for services received from Nitin Kumar & Associates for payment of tax.

(5 marks)

: 3 :

- (ii) Determine the value of GST and tax to be paid under RCM by Amit Solutions LLP related to above supplies.

(5 marks)

- (iii) Determine the net minimum GST liability of Amit Solutions LLP related to above supplies.

(5 marks)

- (b) In case of BTL Ltd, Summary Assessment under Section 64 of the CGST Act, 2017 is initiated. According to GST Officer, BTL Ltd. has provisional GST Liability.

BTL Ltd. has availed Cash Credit facility from Bank. GST Officer, without any approval from higher authority, passed an order to provisionally attach the Cash Credit Account for two years.

Discuss whether action of GST Officer is justified ?

(5 marks)

- (c) KBN Inc., a readymade garment manufacturing company based in UK, intends to launch its new fashion collection products in India. However, the company wishes to know the fashion sense of Indians before launching its products in India. For this purpose, KBN Inc. has approached MNR Consultants, Ahmedabad (Gujarat) to carry out a survey in India to enable it to make changes, if any, in its products to suit Indian fashion industries.

The survey is to be solely based on the oral replies of the surveyees. They will not be provided any sample by KBN Inc. to wear.

: 4 :

MNR Consultants will be paid in convertible foreign exchange for the assignment.

With reference to the provisions of GST law, determine the place of supply of the service. Also, explain whether the said supply will amount to export of service ?

(5 marks)

2. (a) Harit Medicare Hospital is a multi-specialty hospital in Jamnagar, Gujarat. It is a registered person under GST.

Following services provided by Harit Medicare Hospital during the month of October 2024 :

Sr. No.	Particulars	Amount (₹)
1.	Income from Intensive Care Unit (ICU) (Charges ₹ 15000 per day)	5,25,000
2.	Received Room rent for inhouse patients (Charges ₹ 5850 per day)	3,91,950
3.	Provided services of preserving stem cells from inhouse Cord Blood Bank	2,98,000
4.	Income from IVF (In vitro fertilization) Unit	3,00,000
5.	Services of plastic surgery provided to children who born with birth defects	7,42,500
6.	Fees collected from final year students of Nursing and Psychology for imparting practical training	3,50,000

: 5 :

Determine the value of taxable supply of Harit Medicare Hospital for the month of October, 2024 in the context of CGST Act, 2017.

(5 marks)

- (b) Ravindra Spinners Ltd. authorized Mr. N, GST Practitioner (GSTP) by filing FORM GST PCT-05 to file GSTR-9 for FY 2023-24. Mr. N missed the due date of 31.12.2024. As a result, the company was levied late fees of ₹ 25,000 and an audit notice under Section 65 :

(a) Can Ravindra Spinners Ltd. shift the liability to the GSTP ?

(b) Is there any legal remedy or relief available to the company ?

(5 marks)

- (c) Suresh providing services by way of transportation of passengers by a radio taxi in Mumbai through an electronic commerce operator – ‘SHREE QRR TRIPS’. Suresh is not liable to get registered as per the provisions of section 22(1) of the CGST Act, 2017.

You are required to provide answer of the following questions in the context of CGST Act, 2017 :

(a) Who is the person liable to pay GST in this case ?

(b) Would your answer be different if SHREE QRR TRIPS’ does not have a physical presence in India and also nobody representing it in India ?

(5 marks)

3. (a) EET Pvt Ltd has been issued a show cause notice (SCN) on 28th March, 2024 under section 73(1) of the CGST Act, 2017 on account of short payment of tax for the month of April, 2022. EET Pvt Ltd contends that the show cause notice is time-barred in law.

You are required to examine the technical veracity of the contention of EET Pvt. Limited as per CGST Act, 2017.

(5 marks)

- (b) Briefly explain the manner of dealing with difference in ITC available in auto-generated statement containing the details of ITC and that availed in return prescribed in terms of rule 88D of the CGST Rules, 2017.

(5 marks)

- (c) Lalit Enterprise is a registered person under composition scheme of GST in Kolhapur, Maharashtra, manufacturer of goods. Turnover of taxable supplies of Lalit Enterprise in the preceding financial year is ₹ 90 Lakh. In the current financial year, they want to enter the service sector also, being service provider for services other than restaurant services (not supplying alcoholic liquor for human consumption). Their GST consultant advised them to exit composition scheme if they want to provide services mentioned above. Whether the advice given by GST consultant is correct and also give comment as per the provisions of section 10 of The CGST Act 2017.

(5 marks)

: 7 :

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

4. (a) “There are cases where the original equipment manufacturer offers warranty for the goods supplied by him to the customer and provides replacement of parts and/or repair services to the customer during the warranty period, without separately charging any consideration at the time of such replacement repair services.”

- (i) Whether GST would be payable on such replacement of parts or supply of repair services, without any consideration from the customer, as part of warranty ?
- (ii) Whether in such cases, the manufacturer is required to reverse the input tax credit in respect of such replacement of parts or supply of repair services as part of warranty, in respect of which no additional consideration is charged from the customer ?

(5 marks)

- (b) The Appellate Authority passed an order against BHG Pvt. Ltd. demanding IGST of ₹ 1,100 crores + interest ₹ 50 crores + Penalty ₹ 100 crores. BHG Pvt. Ltd. wishes to file an appeal against the order of the Appellate Authority. The company admits the tax liability of Appellate Authority ₹ 100 crores but wishes to litigate the balance demand amount and thus, files an appeal to the Appellate Tribunal. You are required to explain the related legal provision and determine the amount of the pre-deposit, which is required to be paid by BHG Private Ltd. for filing the appeal as per CGST Act, 2017.

(5 marks)

- (c) Deepak Enterprise a proprietary concern reached the turnover of ₹ 40 Lakh on 20th July, 2024 and applied for registration under GST on 23rd July, 2024. The proper officer wants for physical verification of place of business of Deepak Enterprise and insisted on visit the same in the presence of proprietor Mr. Deepak.
- (i) Whether the action taken by proper officer is correct ?
- (ii) Explain the procedure to be followed by proper officer if he decides to do physical verification of place of business of Deepak Enterprise after the grant of registration as per the provisions of Rule 25 of CGST Rules 2017.

(5 marks)

OR (Alternate to Q No. 4)

- 4A. (i) Navina Textbook Society a registered society under GST and it has been formed under Gujarat State Government for preparation, printing and distribution of all Government approved school textbooks. It has given contract to Devi Printers for printing of textbooks where content belongs to the Society and physical inputs belong to the printer. Navina Textbook Society seek Advance ruling for the below matter :

- (i) Whether the above service is subject to Nil Rated GST ?
- (ii) Whether GST registration of Society should be retained or surrendered ?

Explain the validity of the above issues under GST law.

(5 marks)

: 9 :

(ii) With reference to GST law discuss the following issues :

- (i) Whether the activity of providing personal guarantee by the Director of a company to the bank/financial institutions for sanctioning of credit facilities to the said company without any consideration will be treated as a supply of service or not and whether the same will attract GST or not ?
- (ii) Whether the activity of providing corporate guarantee by a person on behalf of another related person, or by the holding company for sanction of credit facilities to its subsidiary company, to the bank/financial institutions, even when made without any consideration will be treated as a taxable supply of service or not, and if taxable, what would be the valuation of such supply of services ?

(5 marks)

(iii) Rise Builders Ltd. launched a housing project in July 2024. All prices were inclusive of taxes. In October 2024, the GST rate on affordable housing was reduced from 8% to 1%, but the builder continued to collect the same installment amounts from homebuyers. One buyer complained to the antiprofitteering authority.

You are required to provide answer of the following questions in the context of CGST Act, 2017 :

- (i) Assess the liability of Rise Builders Ltd.
- (ii) What are the remedies for the buyers ?

(5 marks)

: 10 :

PART-II

5. (a) M/s ATS Fun Ltd wants to raise ₹ 100 Lakh as capital for investments in a proposed project for setting up of an amusement park. The company expects earnings before interest and taxes (EBIT) ₹ 40 Lakh per annum. The management is considering the following alternatives for raising the capital :

- (a) Issue 10,00,000 equity shares of ₹ 10 each.
- (b) Issue 5,00,000 equity shares of ₹ 10 each and 50,000 12% preference shares of ₹ 100 each.
- (c) Issue 5,00,000 equity shares of ₹ 10 each and 10% Debentures of ₹ 50,00,000.

The company approached CS Natarajan, legal advisor of the company to advise on the best alternative to be used for raising capital keeping in mind the object of maximizing the profits of the company, assuming corporate tax rate of 30%.

(5 marks)

- (b) Explain with supporting reasons whether the following instances pertain of which of the tax planning, tax avoidance, tax evasion or tax management :
- (a) Sunny directly paid for a property purchased in the name of Harpreet, his cousin sister.
 - (b) Jatin filed his ITR beyond due date of filing and to avoid further late filing fees.
 - (c) B Limited merged its one of the units, running into losses, to C Limited, a profit-making company to transfer the claim of business losses against a cash consideration.

: 11 :

- (d) Metro Fashion, running into the Non SEZ area is in the process of shifting to SEZ area by importing the machines required.
- (e) Ram, highest slab tax paying individual, transferred his one residential property earning rental income of ₹ 50,000 per month to his wife Urmila and started filing her ITR.

(5 marks)

- (c) IFD Bank established an offshore banking unit (OBUs) in Special Economic Zones in GIFT City, Gujarat in FY 2019-20. Its details of income and expenses were as follows :

(Rs. in Crores)

Particulars	FY 31.03.2025 (6th year)	FY 31.03.2024 (5th year)
Incomes :		
Income from IFSC operations	23	10
Other Income (Non-IFSC)	5	3
Expenses (IFSC operations) :		
Operating Expenses	7	14
Depreciation	1	2
Net Profit/(Loss) for the year	20	(3)

: 12 :

From the above information, compute the following :

- (a) The amount of business loss of 5th year which can be carried forward to 6th year for set off.
- (b) The income eligible for deduction in the 6th year (AY 2025-26) under section 80LA of the Income Tax Act.

(5 marks)

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

6. (a) Vinit has been engaged in the plying, hiring and leasing of goods carriage business for the last 20 years with the name of Vinit Enterprises and Sanjay is engaged in the business of textiles. Due to the continuous loss in the business, Sanjay wants to shut down the business. Vinit and Sanjay want to form a partnership firm with the name of SS Enterprises and want to start the business of leasing and hiring goods carriage from on 1st May 2024.

On 1st May 2024 each contributes ₹ 30,00,000 to the business and planning to purchase 6 nos. heavy goods vehicles (whose gross weight is 14 MT) and 4 nos. other than heavy goods vehicles. On the basis of experience of Vinit, the estimated Receipts will be ₹ 1,23,00,000.

: 13 :

Estimated expenses as under :

Nature of expenses	Amount (₹)
Drivers Salary	35,00,000
Repairs and Maintenance	3,57,000
Interest on bank loan	7,40,000
Diesel	12,40,000
Other allowed expenses	2,60,000
Depreciation (Allowed as per Income Tax Act, 1961)	50,40,000
Interest to partners on capital @ 12% (As per section 40(b))	6,60,000
Remuneration paid to partners as per section 40(b)	4,40,000

Advise, whether firm opt for section 44AE of the Income Tax Act, 1961 or not, by comparing the taxable income of the firm for the assessment year 2025-26 under both the options.

(5 marks)

- (b) “In case of Demerger no concession or incentive provided to resulting company.”
Discuss briefly the validity of the above statement.

(5 marks)

: 14 :

(c) BNN Telecom Ltd. engaged in the business of telecommunication service, now BNN Telecom Ltd. wants to obtain a telecommunication license for 5G service. BNN Telecom Ltd approaches the acquired license and finds that the license cost will be ₹ 15 crores for a period of 10 years and there are two options to make the payment.

- (i) The entire license fee is to be made at the time of obtaining the license i.e., 18.07.2022.
- (ii) ₹ 6.90 crores paid at the time of obtaining and the remaining ₹ 8.10 crores paid in equal two instalments in the next 2 years.

Before the commencement of business BNN Telecom Ltd, acquired all the information so BNN Telecom Ltd. find out all the pros and cons of the business.

Expert says that after at least two years if you are not in the position to run the business then you can sell the license either for :

- (i) ₹ 11 crores or
- (ii) ₹ 16.25 crores.

BNN Telecom Ltd. approached you to give the report in which include all the taxation aspects for the financial year 2022-23 to financial year 2024-25.

You are required to prepare a report in respect of section 35ABB of the Income Tax Act, 1961.

(5 marks)

: 15 :

OR (Alternate to Q. No. 6)

- 6A.** (i) RRY LLP has an income of ₹ 70,00,000 under the head 'profits and gains of business or profession'. One of its businesses is eligible for deduction @ 100% of profits under section 80-IB. The profit from such business included in the business income is ₹ 55,00,000.

Compute the tax payable by the RRY LLP for the Assessment Year 2025-26, assuming that it has no other income during the previous year 2024-25.

(5 marks)

- (ii) RRW Limited registered during the financial year in special economic zones (SEZ), providing services. During the financial year 2024-25, following information was provided by the company :

Particulars	Amount (₹ in crore)
Export Turnover	180
Total turnover	300
Profit	48

What is the amount of deduction that RRW Limited can claim for the assessment year 2025-26 ?

(5 marks)

: 16 :

- (iii) Niketan Ltd., a domestic company, purchases its own unlisted shares on 13th August, 2024. The consideration for buyback amounted to ₹ 16 lakhs, which was paid on the same day. Niketan Ltd. had received ₹ 12 lakhs on issue of these shares one year back.

Compute the additional income-tax payable by Niketan Ltd. Further, determine the interest, if any, payable if such tax is paid to the credit of the Central Government on 12th November, 2024.

(5 marks)

_____ o _____