

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 2022-23 unless stated otherwise.
 3. Wherever necessary, suitable assumptions can be made and the same be stated clearly in the answer.
 4. Working notes should form part of the answer.

PART-I

1. (a) SK Health and diagnostic centre situated in Noida, registered under GST furnishes the following figures of their collection from various medical services provided to the patients for the month of January, 2022 :

S. No.	Particulars	Amount (₹)
(i)	Treatment fees from in-patient	22,50,000
(ii)	Ambulance services to in-patient	3,80,000
(iii)	Supply of medicine and bandage etc. to the in-patients	2,60,000
(iv)	Receipts from implants	4,70,000
(v)	Plastic surgery to restore anatomy of a child affected due to an accident	3,00,000

Compute the taxable value of supply and GST payable for the month of January, 2022. (rate of GST may be taken as 18%)

(5 marks)

: 2 :

- (b) Kajri Pvt. Ltd., a registered supplier, is engaged in the manufacture of taxable goods. The company provides the following information pertaining to purchase made/services availed by it during the month of August, 2021 :

S. No.	Particulars	GST (₹)
(i)	Raw spices purchased for personal use of directors	3,50,000
(ii)	Electric machinery purchased for being used in the manufacturing process	2,25,000
(iii)	Club membership fees for employees working in the factory	1,55,000
(iv)	Motor vehicle used for transportation of employee (seating capacity 12 persons)	2,70,000
(v)	Payment made to contractor for construction of staff quarter	80,000

Determine the amount of Input Tax Credit (ITC) available with Kajri Pvt. Ltd. for the month of August, 2021 in the context of provision of CGST Act, 2017 by giving the necessary explanation for treatment of various items. Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

(5 marks)

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- (c) Mahaveer International entered into a transaction for import of goods from a vendor located in Germany. Due to financial issues Mahaveer International was not in a situation to clear the goods upon payment of import duty. Mahaveer International sold the goods to Sairam Export House by endorsement of title to the goods, while the goods were in high seas. The agreement further provided that Mahaveer International shall purchase back the goods in future from Sairam Export House. Determine the taxability of transaction(s) involved, under the GST law.

(5 marks)

- (d) Mention the Provisions of the penalty under the GST Law relating to the following offences :

- (i) Ram collects ₹ 25,000 on account of GST from customers and failure to pay it to the credit of government beyond a period of three months from its due date.
- (ii) Shyam collects ₹ 7,500 on account of GST from customers and failure to pay it to the credit of government beyond a period of three months from its due date.
- (iii) Jai fails to deduct tax in accordance with the provision of section 51 of CGST Act, 2017 of ₹ 15,000, such deduction of an amount which is less than the amount required to be deducted from his client.
- (iv) Vijay fails to collect tax in accordance with the provision of section 52 of CGST Act, 2017 of ₹ 2,000 such deduction of an amount which is less than the amount required to be collected from his client.
- (v) R.K. claimed and obtained ₹ 1,50,000 fraudulently by way of refund under CGST Act, 2017.

(5 marks)

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

2. (a) Determine the time of supply (TOS) by giving reason in brief in each of the following cases in accordance with the provisions of CGST Act, 2017 :
- (i) Sunshine Pvt. Ltd. engaged in supply of services. It receives advance of ₹ 2,35,000 from clients on 14th May, 2021 for the service to be rendered in the month of June, 2021.
 - (ii) Deep Ltd. provided management consultancy services to M/s. PBS & Co. on 14th August, 2021 and billed it for ₹ 1,60,000 on 19th September, 2021. It received the payment for the same on 23rd September, 2021.
 - (iii) A provided the professional services to B Ltd. on 16th July, 2021 and date of raising invoice was 11th August, 2021, he received part payment 50% on 1st August, 2021 and Remaining 50% payment on 26th August, 2021.
 - (iv) Ankit Kumar purchased some goods covered under reverse charge mechanism. The goods received on 19th June, 2021, Date of invoice is 14th May, 2021 and the payment is made on 22nd June, 2021.
 - (v) TPS Ltd. is an Indian Company. It has received taxable supply of services from its associated enterprises Alfa Ltd. an US based company on 1st January, 2022. Alfa Ltd. raised an invoice of \$ 80,000 on 10th February, 2022. TPS Ltd. debited its books of account on 25th February, 2022 and made the payment on 25th, March, 2022.

(5 marks)

- (b) Lalit Industries, registered in Assam, is engaged in making inter-state supplies of hosiery garments. The aggregate turnover of Lalit Industries in the preceding financial year is ₹ 72 Lakh. It has opted for composition levy under Section 10(1) and 10(2) of CGST Act, 2017 in the current financial year and paid tax for the April-June quarter of current year under composition levy. The proper officer has levied

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penalty for wrongly availing the scheme on Lalit Industries in addition to the tax payable by it.

Justify, in the context of provision of CGST Act, 2017 the validity of the action taken by proper officer.

(5 marks)

- (c) XYZ Pvt. Ltd., Nagpur, provide housekeeping services. The company supplies its services exclusively through an E-commerce website owned and managed by Elixir Technology Pvt. Ltd., Nagpur. The turnover of XYZ Pvt. Ltd. in the current financial year is ₹ 19 lakh.

Advice suitably to the company XYZ Pvt. Ltd. as to whether it is required to obtain GST registration as per provisions contained under the CGST Act, 2017. Will your answer would be different if XYZ Pvt. Ltd. sells readymade garments exclusively through an E-commerce website owned and managed by Elixir Technology Pvt. Ltd. ?

(5 marks)

- (d) Aryan & Sons is an unregistered dealer of taxable supplies in Delhi. On 10th September, 2021 aggregate turnover of Aryan & Sons exceeded ₹ 20,00,000. The firm applied for registration on 27th September, 2021 and was granted the registration certificate on 1st October, 2021.

Under CGST Rules, 2017, you are required to advise Aryan & Sons as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of revised tax invoices.

(5 marks)

OR (Alternate question to Q. No. 2)

2A. (i) Secure Meter Ltd., registered in Gurgaon, Haryana, is engaged in manufacturing heavy steel machinery. It enters into an agreement with Rajveer Associates, registered in Delhi, for imparting motivational training to the top level management of Secure Meter Ltd. in a 10 day residential motivational training program at an agreed consideration of ₹ 21,00,000.

Rajveer Associates books the conference hall along with the rooms of Hotel Shourya residency in Ajmer (registered in Rajasthan) for the training program, for a lump sum consideration of ₹ 14,00,000.

You are required to determine the place of supply in respect of the supply(ies) involved in the given scenario in the context of CGST Act, 2017.

(ii) Nizam Traders, registered in New Delhi, is engaged in supply of taxable goods. Its turnover in the preceding FY 2020-2021 was ₹ 230 lakh and was furnishing its GST return on monthly basis. In the beginning of April month in the current FY 2021-2022, it sought advice from its tax consultant, Vaibhav Consultants, whether it can furnish its GST on quarterly basis from now onwards. Vaibhav Consultants advised Nizam Traders that it cannot furnish its return on quarterly basis as the GST law does not provide for quarterly return any circumstances. Discuss the technical veracity of the advice given by Vaibhav Consultants.

(iii) Write the difference between zero rated supply and exempted supply under the GST Law.

(iv) State few cases where refundable amount shall be paid to the applicant, instead of being credited to Consumer Welfare Fund under CGST Act, 2017.

(5 marks each)

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3. (a) Piyush Manufactures, a registered person, instructs its supplier to send the capital goods directly, to Vijay Enterprises, who is a job-worker, outside its factory premises for carrying out certain operations on the goods. The goods were sent by the supplier on 10th April and were received by the job-worker on 15th April. Vijay Enterprises carried out the job-work, but did not return the capital goods to their principal - Piyush Manufactures. Discuss whether Piyush Manufactures are eligible to retain the input tax credit availed by them on the capital goods. What action under the GST Act is required to be taken by Piyush Manufactures ?
- What would be your answer if in place of capital goods, jigs and fixtures are supplied to the job worker and the same has not been returned to the principal ?
- (b) Explain the recourse that may be taken by the officer in case proper explanation is not furnished for the discrepancy detected in the return filled, while conducting scrutiny of returns under section 61 of the CGST Act, 2017.
- (c) Mention the provision and features relating to Registration of non-resident taxable person under the CGST Act, 2017.
- (d) State the circumstances when the proper officer can authorize to 'arrest' of any person under the CGST Act, 2017.
- (e) What is the Provision of applicability of GST on supply of food in Anganwadi's and Schools ? Define the latest Clarification in this regard as per 43rd GST council meeting.

(4 marks each)

4. (a) Briefly explain the following with reference to the Customs (Determination of Value of Imported Goods) Rules, 2007 :

- (i) Goods of the same class or kind
- (ii) Place of Importation
- (iii) Computed Value.

(6 marks)

(b) Balu Ram Ltd. imported White Kerosene Oil (WKO) and stored it in a warehouse. An ex-bond bill of entry for home consumption was filed and duty was paid as per the rate prevalent on the date of presentation of such bill of entry; and the order for clearance for home consumption was passed.

On account of highly combustible nature of WKO, the importer made an application to permit the storage of such kerosene oil in the same warehouse until actual clearance for sale/use. The application was allowed. However, the rate of duty increased when the goods were actually removed from the warehouse.

The department demanded the differential duty. The company challenged the demand. Whether it will succeed ? Discuss briefly taking support of decided case(s), if any.

(4 marks)

PART-II

5. (a) Examine with reasons, the allowability of the following expenses incurred by Anand, a wholesale dealer of commodities, under the Income Tax Act, 1961 while computing profit and gains from business or profession for the Assessment Year 2022-23.

- (i) Construction of school building in compliance with CSR activities amounting to ₹ 5,70,000.
- (ii) Commodities transaction tax paid ₹ 20,000 on sale of bullion.
- (iii) Purchase of oil seeds of ₹ 50,000 in cash from a farmer on a banking day.

(3 marks)

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- (b) XYZ Ltd. makes the following payments to Rahim, a contractor, for contract work during the P.Y. 2021-22 :

₹ 20,000 on 1.05.2021

₹ 25,000 on 1.08.2021

₹ 28,000 on 1.12.2021

On 1.03.2022, a payment of ₹ 30,000 is due to Rahim on account of a contract work. Discuss whether XYZ Ltd. is liable to deduct tax at source under section 194C from payments made to Rahim.

(3 marks)

- (c) The concept of Permanent Establishment is one of the most important concepts in determining the tax implications of cross border transactions. Examine the significance thereof, when such transactions are governed by Double Taxation Avoidance Agreements (DTAA).

(3 marks)

- (d) Assessing Officer can complete the assessment of income from international transaction in disregard of the order passed by the Transfer Pricing Officer by accepting the contention of assessee. Discuss the correctness or otherwise with reference to the provisions of Income-Tax Act, 1961.

(3 marks)

- (e) Briefly explain the following subjects in the context of International Taxes :

(i) Tax Havens

(ii) Exchange Controls.

(3 marks)

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

6. (a) The net profit as per Statement of Profit and Loss of Stable Ltd., a resident company for the year ended 31.03.2022 is ₹ 390 lakh after arrived the following adjustments :

(i)	Depreciation on Assets	₹ 110 lakh
(ii)	Reserve for currency exchange fluctuation	₹ 150 lakh
(iii)	Provision for Income tax including interest under the Income Tax Act.	₹ 80 lakh
(iv)	Proposed Dividend	₹ 220 lakh

Following further information are also provided by the company :

- (a) Net profit includes loss of ₹ 40 lakh from a subsidiary company.
- (b) Provision for tax includes ₹ 2 lakh of interest payable on Income Tax.
- (c) Depreciation on assets includes ₹ 30 lakh towards revaluation of assets.
- (d) Amount of ₹ 50 lakh credited to P & L account was drawn from revaluation reserve.
- (e) Brought forward business loss and unabsorbed depreciation as per books are ₹ 60 lakh and ₹ 45 lakh respectively for the year ended 31.03.2021.

Compute the Book profit of the company u/s 115JB while calculating MAT under the Income Tax Act, 1961 for the year ended 31.03.2022.

(5 marks)

- (b) Comment on the following independent situations, whether P.C. Ltd. (domestic company) and R.D. Ltd. (incorporated in UK) constitute “associated enterprises” under the provisions of section 92A of Income Tax Act, 1961 :

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- (i) Book value of total assets of P.C. Ltd. is ₹ 100 crore. R.D. Ltd. has advanced a loan of ₹ 80 crore to its wholly owned subsidiary company A Ltd., A Ltd. has in turn advanced a loan of ₹ 80 crore to P.C. Ltd.
- (ii) P.C. Ltd. is engaged in trading of furniture. During the previous year 2021-22, it purchases furniture of ₹ 50 lakh from R.D. Ltd. Total purchases of P.C. Ltd. during the previous year 2021-22 is ₹ 55 lakh.
- (iii) P.C. Ltd. has two units, Unit A and Unit B. Unit A manufactures industrial equipment using the manufacturing process exclusively owned by R.D. Ltd. Unit B is engaged in buying and selling of toys independently.
- (iv) Total value of raw materials and consumables purchase of P.C. Ltd. is ₹ 700 crore. Of this, R.D. Ltd. supplies to the tune of ₹ 650 crore, at prices mutually agreed upon once in six months and depending upon the market conditions.
- (v) Gulgulia Ltd. holds 40% of shareholding in P.C. Ltd. and 30% shareholding in R.D. Ltd., where neither P.C. Ltd. has any holding in R.D. Ltd. nor R.D. Ltd. has any holding in R.C. Ltd.

(5 marks)

- (c) State briefly the objectives and the factors of a tax treaty made between two contracting States.

(5 marks)

OR (Alternate question to Q. No. 6)

- 6A.** (i) On January 20, 2022 TPS Ltd. a domestic company purchases its own shares (face value ₹ 10 per share, amount offered to shareholders: ₹ 90 per share). Total amount distributed by TPS Ltd. on buy back of 30,000 share is ₹ 27,00,000.

These shares were issued by TPS Ltd. in 2014-15 at a premium of ₹ 15 per share. Mr. X who is one of the Shareholder purchased 1200 shares of TPS Ltd. at the price of ₹ 75 per share on January 25, 2021 and applied all its share to company for buy back option. The TPS Ltd. will pay him ₹ 1,08,000 for purchase its own share held by Mr. X.

Considering the above transaction, you are requiring to compute the income tax liability of Mr. X and TPS Ltd. for assessment year 2022-23.

(5 marks)

(ii) Explain briefly the provision of General Anti Avoidance Rule ('GAAR') in the following independent cases :

- (a) General Anti Avoidance Rule ('GAAR') is regulated by section 95 of Income Tax Act, 1961 and do not over rule other sections of this Act.
- (b) Where relief is available under double taxation avoidance agreement (DTAA), there will not be implication of GAAR.
- (c) Impermissible avoidance agreement is the substance of GAAR. Mention in brief what are the constituents of impermissible avoidance agreement.

(5 marks)

(iii) In respect of a non-resident, what are the key parameters for determining the existence of "Business Connection" in India ?

(5 marks)

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