

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 15

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 2023-24 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) Vimal Ltd. received the following services from the Government of India during the taxable period (1st April, 2022 to 31st March, 2023) :

(i) Received a registration certificate required under a law by paying ₹ 20,000 as application fee

(ii) Warehoused his imported goods for an extended period by paying ₹ 7,000 to customs department as Merchant Over Time fee

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- (iii) Obtained a safety certificate on voluntary basis for his factory not covered under the Factories Act from Inspector of Factories. The fee paid was ₹ 35,000
- (iv) Got security services provided by a government security agency for a period of 5 months from January 2023 by paying ₹ 1,500 p.m.

Find out the taxability or otherwise under GST laws of the above service charges paid by Vimal Ltd. during the period from 1st April, 2022 to 31st March, 2023.

(5 marks)

- (b) Find out the Time of Supply in the following cases in which GST is payable under reverse charge basis :

Date of receipt of goods/services	Date of payment by recipient of goods/services	Date of issue of Invoice by suppliers
(i) Goods – 04/07/2022	12/08/2022	29/06/2022
(ii) Services – 25/06/2022	10/08/2022	29/06/2022
(iii) Goods – 01/07/2022	Entered in the books of accounts on 30/06/2022 but debited in recipient's bank account – 27/06/2022	28/06/2022
(iv) Goods – 03/08/2022	12/08/2022	26/06/2022
(v) Services – 08/07/2022	08/08/2022	20/07/2022

(5 marks)

: 3 :

- (c) Classify the following supplies into mixed supply and composite supply :
- (i) Train ticket including meals supply
 - (ii) Supply of health care services along with consumables and medicines
 - (iii) Supply of toothpaste with toothbrush
 - (iv) Providing lodging facility in hotel along with breakfast and dinner
 - (v) A laptop seller sold laptop along with laptop bag.

(5 marks)

- (d) Rohan is engaged in a variety of businesses at Chennai, Tamil Nadu. He has furnished the following information with regard to the supplies made in the month January :

		₹
(a)	Supply of 5,000 Kits to Angels Beauty Paradise in Chennai (Each Kit consists of 1 Scented Perfume bottle, 1 Beauty Soap and 1 Talcum Powder).	7,50,000
(b)	Gift of Microwave oven to his employee on the occasion of his marriage	60,000
(c)	Supply of Laptops along with Laptop bags to M/s LTI Ltd.	4,00,000
(d)	Gift Articles provided free of cost to relatives on the occasion of his brother's son birthday function.	70,000

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Assume GST rates are to be as under :

<i>S. No.</i>	<i>Particulars</i>	<i>GST Rate</i>
(i)	Laptop	18%
(ii)	Laptop Bag	28%
(iii)	Scented Perfume Bottle	5%
(iv)	Beauty Soap	18%
(v)	Talcum Powder	12%
(vi)	Microwave Oven	18%
(vii)	Gift Articles	28%

From the above information, examine each of the above supplies made by Rohan for the month of January and determine the rate of GST applicable on the same. Reasoning should form part of your answer.

(5 marks)

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

2. (a) Risk Free Ltd. is providing life insurance services to subscribers. It is the policy of the company not to intimate the amount allocated for investment to the subscribers at the time of taking policy. The company supplies the following particulars about the premiums received from subscribers during a period :

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Premium collected from new policy subscribers	₹ 60,00,000
Premium received for renewal of policies	₹ 1,30,00,000
Single premium collected on annuity policies	₹ 1,50,00,000
Premium collected from policy holders for risk cover only	₹ 60,00,000

Calculate the value of supply made by the company during the period by assuming that all the above given premiums are exclusive of taxes.

(5 marks)

- (b) Jambu Agencies a registered supplier of goods and services, in Chennai has furnished the following information for the month of February :

<i>S. No.</i>	<i>Particulars</i>	<i>Amount</i> (₹)
(i)	Rent received from Agricultural land used as parking lot	7,00,000
(ii)	Service provided to a foreign diplomatic mission in Chennai	3,00,000
(iii)	Rent received from an educational Institution for the building used by it for residential quarters of its teachers	5,00,000
(iv)	Renting of motor vehicle to a Pvt. Ltd. Company. The company uses the vehicle for transportation of its staff and goods (in the ratio of 60 : 40)	50,000
(v)	Sale proceeds of imported goods lying in the customs bonded warehouse	10,00,000

Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively unless otherwise mentioned.

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The figures given above are exclusive of taxes, wherever applicable.

The turnover of Jambu Agencies for the previous year is ₹ 3 crore.

Compute the GST Liability of Jambu Agencies for the month of February with necessary explanation for treatment of each item.

(5 marks)

- (c) Comment on the liability to get registered under the GST law in the given independent situations for financial year 2022-23. Your answer should also include relevant provisions of law, notifications or circulars.
- (i) Suresh is exclusively engaged in the export of readymade garments from Coimbatore, Tamil Nadu and his export turnover for the year is ₹ 19,00,000. Apart from export turnover, he also earned interest on bank FDR ₹ 5,00,000.
- (ii) Omega enterprises is exclusively engaged in trading of handloom goods which are exempt from GST hence it has not taken the GST registration. During the year its turnover is ₹ 60,00,000.
- (iii) Balaji is full time trader of shares and he completely operates in Futures and options segment of the capital market. The income earned through this is categorized as business income under the Income Tax Act, 1961. Mr. Balaji made ₹ 1,25,00,000 as profit during the year which was also promptly disclosed in his Income Tax return.
- (iv) Senthil is a tour operator and has presence in 2 states i.e. Tamil Nadu and Andhra Pradesh. He registered his business under GST in the state of Tamil Nadu voluntarily even before crossing the threshold limit. Is he mandatorily required to get registered in the state of Andhra Pradesh ? His turnover during the year was ₹ 12,00,000 and ₹ 7,00,000 respectively.

(5 marks)

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- (d) Discuss the validity period of an e-way bill. Who can extend the validity period of e-way bill and what is the time limit within which such extension is valid ?

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) (a) Jai Hind Ltd. a manufacturing company in Delhi has opted for composition scheme furnishes you the following information for the financial year 2022-23. You are required to compute the Composition tax and total tax liability. Its aggregate turnover during previous financial year 2021-22 was ₹ 1,20,00,000. Jai Hind Ltd. made the following supplies during the year 2022-23 :

<i>S. No.</i>	<i>Particulars</i>	<i>Amount</i> (₹)
(i)	Intra-state supply of goods chargeable @ 12% GST	75,00,000
(ii)	Inward supplies on which tax is payable on reverse charge @ 18%	5,00,000
(iii)	Intra-state supplies of exempt goods	10,00,000
(iv)	Intra-state supply of services chargeable @ 18% GST	6,50,000

- (b) Jai Hind Ltd. wants to start another unit in Jaipur (Rajasthan) where the company wants to obtain GST registration under Normal scheme to take advantage of ITC. Can it do so ?

(5 marks)

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- (ii) Ashok Traders, a sole proprietary concern is engaging in the supply of exempted and taxable goods within Kerala only. The following are the sales made by the dealer in the month of April, 2022. All the sales amounts are exclusive of GST :

	₹
Intra-state sales of non-taxable goods	4,00,000
Intra-state sales of taxable goods	14,00,000
Intra-state sales of tobacco	3,00,000
Intra-state sale of alcoholic liquor for human consumption	4,00,000

With the consideration of the provisions of the CGST Act, 2017 and on the basis of the above given details :

- (i) Compute the aggregate turnover
- (ii) State, with reasons whether Ashok Traders is liable to be registered under the Act
- (iii) What is the threshold limit for taking registration in the case of Ashok Traders ?
(5 marks)
- (iii) Write a detailed note on Special Audit under Section 66 of the CGST Act, 2017.
(5 marks)
- (iv) NR, a non-resident individual wants to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advice on the following aspects in the light of the provisions of the CGST Act, 2017 :
- (i) Whether registration is compulsory or optional in the case of NR ?
- (ii) When shall he apply for registration ?
- (iii) When the tax has to be paid ?
- (iv) What is the period of validity of registration certificate granted ?
- (v) If he asks for extension, what will be the period of extension ?
(5 marks)

3. (a) Discuss the comparative analysis of Sections 73 and 74 of the CGST Act, 2017 with respect to the applicability of the sections, time limit to issue notice by proper officer, time limit to issue order by proper officer and penalty.

(4 marks)

- (b) Who shall be responsible for the correctness of the particulars furnished in a return filed by a GST practitioner ? What will be the penalty in case of negligence on the part of the practitioner ?

(4 marks)

- (c) Following are the mistakes noted in the tax invoices issued by Jaipure Ltd., during the month of March, 2023 :

- (i) Due to wrong HSN code being chosen while preparing invoice, an actual tax liability of ₹ 75,000 was mentioned as ₹ 35,000 in the invoice.
- (ii) Due to a mistake in the no. of units taken while preparing an invoice, value charged in the invoice was ₹ 4,00,000 against the actual value of ₹ 5,20,000.

With reference to the above mistakes, answer the following questions :

- (i) Who has to issue the Debit/Credit notes under the CGST Act ?
- (ii) State the note to be issued (Debit/Credit) with the amount.
- (iii) State the maximum time limit available for declaring the credit note in the GST return.

(4 marks)

- (d) Agilitive Appliances Ltd. a registered supplier of refrigerators, is required to send from Chennai (Tamil Nadu) a consignment of spare parts of refrigerators, to be replaced under warranty at various client locations in Karnataka. The value of consignment declared in delivery challan accompanying the goods is ₹ 60,000. Agilitive Appliances Ltd. claims that since the movement of goods to Karnataka is caused due to reasons other than supply, e-way bill is not mandatorily required to be generated in this case. Examine whether the claim made by Agilitive Appliances is tenable.

(4 marks)

- (e) What is OIDAR ? Who will be responsible for paying tax in case of OIDAR ?

(4 marks)

4. (a) Anand and his wife (Indian residents aged 30 and 32 years respectively) visited USA for some business prospects and wanted to settle in USA. After being there for a month, they brought to India a laptop computer valued at ₹ 1,25,000, used personal effects valued at ₹ 2,00,000 and a personal computer for ₹ 80,000. What is the customs duty payable ? Ignore Agriculture infrastructure and development cess.

- (b) Maruthi car decorators imported car accessories from China. They seek your opinion on the following issues :

- (i) 10 audio systems were pilfered before unloading and before the proper officer have made an order for clearance for home consumption.
- (ii) 10 gear lines were pilfered after unloading and before the proper officer have made an order for clearance for home consumption.
- (iii) 10 decorative steering wheels were damaged after unloading and examination for assessment by the custom authorities but before actual home clearance.

Maruthi Car decorators seek your expert advice with reason regarding the liability of customs duty on the said goods.

(5 marks each)

PART-II

5. (a) Mishra, a resident Indian earned some income outside India from country P. India has not entered into any DTAA with the country P. Examine whether Mishra will be allowed with any credit for the tax paid by him on the foreign income against his income tax liability in India.
- (3 marks)
- (b) What is Advance Pricing Agreement ? How long the agreement is valid ? Can the agreement be declared as void during the agreement period ?
- (3 marks)
- (c) Explain the purpose of Tax Information Exchange Agreements (TIEAs) ?
- (3 marks)
- (d) Satish is the director of Games Pvt. Ltd. holds 75% of its paid up capital of ₹ 10 lakh. The balance as at 31st March, 2022 in general reserve was ₹ 15 lakh. The company on 1st April, 2022 gave an interest free loan of 10 lakh to its Manager having salary of ₹ 50,000 per month who in turn on 30th April, 2022 advanced the said amount of loan taken from the company to Satish. The assessing officer had treated the amount of advance as deemed dividend. Is the action of assessing officer correct ?
- (3 marks)

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(e) From the following particulars, compute the taxable income for assessment year 2023-24 of a partnership firm engaged in retail trade :

- (i) Net profit of ₹ 3,95,000 arrived at after debit of interest on capitals of partners of ₹ 4,90,000.
- (ii) Total capital of the partners on which interest paid as debited in the Profit and Loss Account was ₹ 10,00,000.

(3 marks)

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

6. (a) GA Ltd., a German automobile company manufactures an important component used in SUV cars. It has a subsidiary S Ltd. in India. GA Ltd. sells the components @ ₹ 22,000 p.u. to S Ltd. for resale in India. GA Ltd. also sells components to another retailer RT Ltd. in India @ ₹ 17,000 p.u. Number of units sold to S Ltd. is 5,000. With regard to annual maintenance of the components sold by RT Ltd, GA Ltd. is taking the responsibility for 5 months and leaving the responsibility with S Ltd. with respect to component sold by it. Both GA Ltd. and S Ltd. offered extended annual maintenance at a standard rate of ₹ 1,200 p.a. Calculate the changes to be made in the total income of S Ltd., by applying a most appropriate method of transfer pricing. Assume that there is no advance price agreement and also assume that Safe Harbour Rules have not been opted.

(5 marks)

: 13 :

(b) Analyze the following situations and find out whether the entities are deemed associated enterprises or not :

- (i) A Inc., an American Company has a total loan of 20 lakh dollars with United Bank of America. Out of that B Ltd., an Indian company guaranteed 1.6 lakh dollars of loan against any default to be committed by A Inc.
- (ii) In the Board of Directors of C Ltd., there are 12 Directors. Out of that, six Directors have been appointed by D Ltd.
- (iii) E Ltd. directly participated in the management of F Ltd. and F Ltd. directly participated in the management of G Ltd.
- (iv) H Ltd. holds 30% of voting power in I Ltd., and I Ltd., holds 75% of voting power in J Ltd.
- (v) K Ltd. has total assets having a book value of ₹ 200 crores. For K Ltd., L Ltd. advanced a loan equal to 26% of the book value (₹ 52 lakhs) of assets of K Ltd.

(5 marks)

(c) Explain the various methods of Advance Pricing Agreement (APA). Specify the validity period of an Advance Pricing Agreement.

(5 marks)

OR (Alternate question to Q. No. 6)

6A. (i) Explain the primary factors taken into account in the process of determination of Place of Effective Management (POEM).

(5 marks)

(ii) State with reasons whether the following acts can be considered as Tax Planning or Tax Management or Tax Evasion ?

(i) A Partnership firm made a payment of ₹ 70,000 towards purchase of Television which is kept at the residence of one of the partners. However the firm is claiming depreciation by showing its installed location as office.

(ii) An individual assessee deposits a sum of ₹ 20,000 in the name of his children in a post office savings scheme eligible for section 80C benefit so that his total income is reduced from ₹ 5,18,000 to ₹ 4,98,000 and he can claim rebate u/s 87A and consequently his tax liability becomes Nil.

(iii) Raja an individual, engaged in business pays his wife as salary ₹ 15,000 per month. She is an MBA by profession but does not take part in his business and is a Housewife. This is done to create some income for his wife and to take advantage of the exemption available to individuals upto ₹ 2,50,000 and also to reduce his income from business.

(iv) S Finance Ltd. obtains Form 60 in lieu of PAN card from all its customers for whom PAN is not yet allotted.

(v) X Ltd. engaged in manufacturing business has opened a 3 star hotel near its factory to claim deduction u/s 35AD.

(5 marks)

: 15 :

(iii) ANZ Ltd. is a resident company. Its profit and loss account for the year ended 31st March, 2023 shows a net profit of ₹ 2 crore after debiting/crediting the following items :

(a) Depreciation on Assets (Incl. depreciation on revaluation of ₹ 5 Lakh)	₹ 45 Lakh
(b) Provision for tax	₹ 30 Lakh
(c) Proposed dividend	₹ 20 Lakh
(d) Interest income from Bank fixed deposits	₹ 5 Lakh

The following additional information is provided by the company :

(i) Provision for leave encashment (Scientifically calculated)	₹ 3 Lakh
(ii) Provision for actual loss from subsidiary	₹ 10 Lakh
(iii) Transfer to general reserve	₹ 5 Lakh
(iv) Depreciation computed as per Income Tax Act	₹ 28 Lakh

The details of brought forward business loss and unabsorbed depreciation from the books are as given below :

Financial year	Unabsorbed depreciation (₹)	Business loss (₹)
2018-19	2,00,000	7,00,000
2019-20	1,00,000	3,00,000

You are required to compute the Minimum Alternate Tax under section 115JB for the assessment year 2023-24.

(5 marks)

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