

Roll No.

OPEN BOOK EXAMINATION

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 19

NOTE : (i) Answer **ALL** Questions.

(ii) All the references to section in Part-I of the question paper relates to the provisions of GST Laws.

(iii) All the references to section in Part-II of the question paper relates to the Income Tax Act, 1961 and relevant Assessment Year 2026-27 unless stated otherwise.

(iv) Wherever necessary, suitable assumptions can be made and the same to be stated clearly in the answer.

(v) Working notes should form part of the answer.

PART-I

1. Yashita Industries Ltd. is a manufacturing company registered under GST in the state of Gujarat. Its aggregate annual turnover in the preceding financial year was ₹ 3.5 crore. The details relating to outward for the month of December, 2025 is as follows :

S. No.	Particulars	Amount (₹)
(i)	Domestic outward supply of taxable product 'P' in the State of Maharashtra	54,00,000
(ii)	Domestic turnover of other outward supply of services in the State of Gujarat of which tax is payable under reverse charge mechanism	6,00,000
(iii)	Export of product 'P' under Letter of Undertaking (LUT)	12,00,000

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(iv)	Product 'P' supplied under a Letter of Undertaking (LUT) to M/s Rajlakshmi Pvt. Ltd., located in a Special Economic Zone (SEZ) in the state of Gujarat	8,00,000
(v)	Sale of land (excluding stamp duty value of ₹ 2,84,000, being 2% of value considered for the purpose of stamp duty) Land was purchased in the month of November, 2023.	1,35,00,000

The following further details have been provided by Yashita Industries Ltd. regarding GST on Inputs, Input Services and Capital Goods for the month of December, 2025 :

Particulars	IGST Amount (₹)
Raw material purchased from a dealer registered in the State of Rajasthan used for manufacturing of product 'P'	3,84,000
Machine 'A' purchased on 11th December, 2025 for being exclusively Used for non-business purposes	14,400
Machine 'B' purchased on 1st December, 2025 for being exclusively used in manufacturing zero-rated supplies	57,600

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Machine 'C' purchased on 5th December, 2025 for being used in manufacturing of product 'P' for both domestic and export supplies	64,000
IGST paid on Common Input Services are used for taxable supply as well as exempted supply made during the month of December, 2025 (Nothing has been used for any non-business purpose)	1,92,000

Additional information :

- (i) Yashita Industries Ltd. filed its GSTR-3B for the month of November, 2025 on 28th December, 2025. Assume the amount of tax payable for the month of November, 2025 was ₹ 2 lakh each CGST and SGST.
- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- (iii) All inward and outward supplies are inter-state supplies except where specifically mentioned. Rate of CGST, SGST and IGST to be charged 9%, 9% and 18% respectively.
- (iv) Opening balance of input tax credit at the beginning of December, 2025 was ₹ 95,000 CGST, ₹ 1,32,000 SGST and ₹ 1,25,000 IGST.
- (v) Assume that all the conditions necessary for availing the input tax credit have been fulfilled except mentioned above.

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- (vi) Useful life of all the machines should be considered as 5 years.
- (vii) Company is not covered under any of the exception provided in rule 86B of the CGST Rule, 2017 regarding restriction on use of available input tax credit.

Based on the above case scenario and information, you are required to answer the following questions with reference to GST Law :

- (a) Compute the Output Tax Liability of Yashita Industries Ltd. for the month of December, 2025.

(5 marks)

- (b) Compute the Exempted Turnover and Total Turnover of Yashita Industries Ltd. for the month of December, 2025 for the purpose of distribution of common input tax credit.

(5 marks)

- (c) Compute the eligible Input Tax Credit to be credited to the electronic credit ledger of Yashita Industries Ltd. for set-off for the month of December, 2025.

(5 marks)

- (d) Compute Net minimum GST Payable in Cash or carry forward of CGST, SGST and IGST Liability of Yashita Industries Ltd. for the month of December, 2025.

(5 marks)

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- (e) Whether any late fee payable by Yashita Industries Ltd. for the delay in filing of GSTR-3B for the month of November, 2025 ? Explain the provisions relating to the late fee payable under section 47 of the CGST Act, 2017.

(5 marks)

2. (a) Sunshine Enterprises, registered in Delhi, enters into a contract with TML Ltd., an advertising company located and registered in Noida, Uttar Pradesh, to arrange the display of an advertisement for Sunshine Enterprises, a newly launched product on a hoarding placed at Sardar Market, Jodhpur, Rajasthan, for the initial two months after the launch of the product. TML Ltd., in turn, enters into a contract with the owner of Hotel Hinduja Haveli, located and registered in Sardar Market, Jodhpur, Rajasthan, for the display of the advertisement on a hoarding placed in the lawn of the hotel.

Determine the place of supply of the services provided in the above case in the context of CGST Act, 2017.

(5 marks)

- (b) Manish, a registered dealer under GST in Madhya Pradesh is engaged in business of toys for kids. Ashwani, a registered dealer under GST in Uttar Pradesh, a regular return filer supplies toys in bulk to Manish for selling to end consumers. Manish paying tax in regular scheme in Madhya Pradesh, has not filed GSTR-3B for last 2 months. Ashwani wants to generate e-way bill for toys amounting to ₹ 4,00,000 to be supplied

to Manish. Also Ronak from Rajasthan approached Manish for purchasing toys amounting to ₹ 1,25,000 for the purpose of return gift on his son's birthday party. Ashwani and Manish want to generate an e-way bill in respect of an outward supply of goods.

Examine with reference to the provisions under GST law, whether Ashwani and Manish can generate e-way bill or not in the context of CGST Act, 2017.

(5 marks)

- (c) Gopal Das is running a restaurant in Kanpur (Uttar Pradesh). In the preceding financial year 2025-26, his turnover was ₹ 125 lakh from the restaurant services. In the current financial year, apart from restaurant service, he also wants to provide food delivery services to other restaurants. He estimates that the turnover of such services will be ₹ 5.75 lakh.

Gopal Das wishes to opt for composition scheme in the financial year 2026-27. You are required to advise him according to the provision of GST Law, whether he is eligible to opt for composition scheme for both the businesses or not ?

(5 marks)

3. (a) Vikram Energy Pvt. Ltd., a registered supplier of Thiruvananthapuram (Kerala), is a manufacturer of Goods. The company provides the following information pertaining to GST paid on input supplies made during the month of November, 2025.

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S. No.	Particulars	GST Amount (₹)
(i)	Raw material purchased from a registered dealer of Karnataka for which Invoice is missing but delivery challan is available.	45,500
(ii)	Work contractor's service used for repair of factory building which is debited in profit and loss account of company	36,000
(iii)	Motor Vehicle purchased for transportation of goods	4,50,000
(iv)	Membership fees paid for Health and Fitness Club of its employees working in the factory (not mandatory under any law)	72,000
(v)	Goods are purchased, 50% of which are used for providing services during the free warranty period.	84,000

Compute the amount of Input Tax Credit available for Vikram Energy Pvt. Ltd. for the month of November, 2025 with necessary explanations for the treatment of each item as the provision of the CGST Act, 2017.

Subject to the information given above, all the other conditions necessary for availing ITC have been fulfilled.

(5 marks)

- (b) “Any person aggrieved by an order passed against him by Appellate Authority (AA) or Revisional Authority (RA) may appeal to Appellate Tribunal under section 112 of the CGST Act, 2017.”

In context to the above statement, answer the following questions independently elaborating the relevant provisions of section 112 of the CGST Act, 2017 :

- (i) What is the time limit for filing an appeal ?
- (ii) What is the date of filing the appeal ?
- (iii) When can the Appellate Tribunal refuse to admit an appeal ?
- (iv) What is the fee to be paid for filing an appeal or application ?
- (v) What is the time limit to file cross objections ?

(5 marks)

- (c) Examine the taxability of supplies in the following independent cases in terms of the relevant provisions of the CGST Act, 2017. Brief reason should form part of your answer :

- (i) Services of health insurance business provided by A ONE Insurance Company to Mr. Aadish and his family.
- (ii) A2Z Hotels provided supply of accommodation services having value of supply equal to ₹ 20,000 per month to a MBBS student, Mr. Rajiv Singh for a continuous period of 179 days.

(5 marks)

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

4. (a) Secure Insurance Co. Ltd., Mumbai registered under GST, provided the following intra state insurance services during the month of December, 2025. The premiums given below are exclusive of GST unless otherwise stated.
- (i) A life insurance policy providing the dual benefit of risk coverage and investment has been issued to Mr. Rishi with an annual premium of ₹ 2,40,000, out of which 25% is allocated towards investment/savings.
 - (ii) A Group Life Insurance Policy has been issued to ABC Pvt. Ltd. for 25 employees, with an annual risk cover premium of ₹ 8,00,000.
 - (iii) A family floater health insurance policy has been issued to Mr. Gautam and his spouse with a premium of ₹ 60,000.
 - (iv) A third-party motor insurance policy has been issued to Mr. Kishan with a premium of ₹ 35,000.
 - (v) A travel insurance policy has been issued to Mrs. Priyanka for overseas travel with a premium of ₹ 30,000.

You are required to compute the GST payable by Secure Insurance Co. Ltd. for the month of December, 2025. Rate of CGST, SGST and IGST is 9%, 9% and 18% respectively. All the above figures are exclusive of GST, wherever applicable.

(5 marks)

- (b) Satya Yadav a person who is not registered under GST, appointed as an independent director in accordance with the provisions of the Companies Act, 2013, of Dhanlaxmi Industries Pvt. Ltd. He has received ₹ 2,25,000 as sitting fee for attending the Board meetings and ₹ 16,00,000 as Salary from Dhanlaxmi Industries Pvt. Ltd. during the financial year 2025-26. Company deducts TDS u/s 194J on sitting fees and TDS u/s 192 on Salary amount as per the Income Tax Act, 1961.

Examine whether the above transactions are covered under GST liability. If yes, explain the person who is liable to pay GST with reference to the provision of GST Law.

(5 marks)

- (c) Examine the implications regarding the bailability and quantum of punishment on prosecution in respect of the following cases pertaining to the month of August, 2025 under the Central Goods and Services Tax Act, 2017 :

- (i) Daksh collects ₹ 272 lakh as tax from his clients and deposits ₹ 265 lakh with the Central Government. It is found that he has falsified financial records and has not maintained proper books of account.
- (ii) Nishant collects ₹ 750 lakh as tax from his clients but deposits only ₹ 80 lakh with the Central Government.

It may be assumed that the offences are proved in the court. Explain the implications in each case.

(5 marks)

: 11 :

Or (Alternate to Question No. 4)

- 4A. (i) Ramesh is a registered person in the state of Madhya Pradesh (MP). He wants to maintain accounts and records relating to GST at his principal place of business. Advise him about the accounts and other records to be maintained under section 35(1) of the CGST Act, 2017.

Mention the period for which the accounts or other records to be retained as per the provision of section 36 of the CGST Act, 2017.

Whether your answer differs as regard the period of retention where he is under an investigation for an offence under chapter XIX of the CGST Act, 2017 ?

(5 marks)

- (ii) In the following independent cases, decide taxability or otherwise and also state which person is liable to pay GST, if any.

You may assume that recipient is located in the taxable territory. Ignore the aggregate turnover of previous year :

- (a) Mr. Vivaan, a registered air-conditioner dealer of Jaipur needs 4 airconditioner for his newly constructed house. He transferred 4 air-conditioners (on which ITC has already been availed by it) from its stock in trade, for the said purpose.

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- (b) Mr. Ghanshyam an unregistered person sold an air-conditioner to ABK Sales Ltd. for ₹ 17,000. Mr. Ghanshyam had bought the said air-conditioner 7 months ago for his residence.
- (c) TTY Ltd., provided service to RRE Ltd. regarding service by way of renting of motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient. RRE Ltd. opted to pay GST @ 5%.

(5 marks)

- (iii) As per the latest development, discuss in brief the Monetary limits prescribed for issuance of SCNs and passing of orders under section 74A of the CGST Act, 2017 in reference to Circular No. 254/11/2025-GST dated 27.10.2025.

(5 marks)

PART-II

5. A scheme of amalgamation between Beta Manufacturing Ltd. (amalgamating company) and Gunjan Industries Ltd. (amalgamated company) was approved by the National Company law Tribunal. The amalgamation of two companies became effective from 1st April, 2025.

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The following business losses and unabsorbed depreciation of Beta Manufacturing Ltd. are given below :

Assessment Year	Business Loss (₹)	Unabsorbed Depreciation (₹)
A.Y. 2017-18	25,00,000	10,00,000
A.Y. 2018-19	18,00,000	5,00,000
A.Y. 2024-25	12,00,000	6,00,000
A.Y. 2025-26	35,00,000	—

Other Information :

- (1) The amalgamated company had a net profit of ₹ 20,00,000 before set-off of losses for the Financial Year 2025-26.
- (2) All the conditions specified under Section 72A of the Income-tax Act, 1961, as amended by the Finance Act, 2025, for the carry forward of losses and unabsorbed depreciation in the case of amalgamation are satisfied.
- (3) Gunjan Industries Ltd. has not opted for the provision of section 115BAA.

Based on the above information, answer the following :

- (a) Examine whether Gunjan Industries Ltd. is eligible to carry forward and set-off the accumulated business losses and unabsorbed depreciation of Beta Manufacturing Ltd. for the Assessment Year 2026-27. Also state the period for which such accumulated losses and unabsorbed depreciation can be carried forward by the amalgamated company.

(3 marks)

- (b) Examine the conditions to be satisfied by the amalgamating company as specified under Section 72A(2) of the Income-tax Act, 1961, for claiming the benefit of carry forward and set-off of accumulated losses and unabsorbed depreciation in the case of amalgamation.

(2 marks)

- (c) Compute the taxable income of Gunjan Industries Ltd. for the assessment year 2026-27 after its amalgamation with Beta Manufacturing Ltd.

(5 marks)

- (d) Determine the losses and unabsorbed depreciation that can be carried forward by Gunjan Industries Ltd. and state the last assessment year up to which such losses and unabsorbed depreciation are allowed to be carried forward.

(5 marks)

: 15 :

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

6. (a) Mr. Manish, a resident individual engaged in the business of trading in mobile accessories, had a turnover of ₹ 1.80 crore during the Previous Year 2025-26. Being an eligible assessee, he opted for the presumptive taxation scheme under Section 44AD for the said year.

You are required to briefly explain the consequences of opting for the presumptive taxation scheme under Section 44AD, of the Income-tax Act, 1961.

(5 marks)

- (b) Deepjyoti Pvt. Ltd., a company incorporated on 1st April, 2025, is engaged in the business of developing innovative software solutions. The company is recognized as a start-up by the Department for Promotion of Industry and Internal Trade (DPIIT) under the provisions of the Income-tax Act, 1961.

During the Previous Year 2025-26, the company had a total turnover of ₹ 850 Lakh from its start-up business and earned a profit of ₹ 75 lakh before tax. Assume the company has not opted for the provision of section 115BAA or 115BAB.

You are required to :

- (i) Examine whether Deepjyoti Pvt. Ltd. is eligible to claim deduction under Section 80IAC of the Income-tax Act, 1961.
- (ii) State the conditions for claiming the deduction under Section 80IAC.

(5 marks)

: 16 :

- (c) PVK Power and Infrastructure Limited was incorporated on 1st April, 2023 and is engaged in the business of developing and operating a road project under a public-private partnership (PPP) agreement. The project was commenced on 1st August, 2025.

During the Previous Year 2025-26, the company earned the following income from its business :

Particulars	Amount (₹ in lakh)
Toll collection from the road project	120
Profit before tax and dep. from road project	35
Income from solid waste management system	15
Interest on bank deposits	18
Income from rental of office premises	12
Income from inland waterway	20

Additional Information :

- (1) The company has claimed depreciation of ₹ 4 lakh on the road project asset.
- (2) The business carried on by PVK Power & Infrastructure Limited qualifies as an eligible infrastructure facility under Section 80 IA of the Income-tax Act, 1961.

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Compute the deduction allowable under Section 80IA for the assessment year 2026-27 for PVK Power & Infrastructure Limited. Assume the company has not opted for the provision of section 115BAA or 115BAB.

(5 marks)

OR (Alternate question to Q. No. 6)

- 6A.** (i) Specify with reason, whether the following acts can be considered as tax planning, tax avoidance, tax management, or tax evasion :
- (a) Tilak an individual, engaged in business of wholesale trading pays his wife salary ₹ 18,000 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.
 - (b) An individual tax payer making tax saver deposit of 5 years of ₹ 1,20,000 in a nationalized bank in the name of his minor son.
 - (c) A company remitted provident fund contribution of both its own contribution and employees' contribution on monthly basis before due date.
 - (d) ABC Ltd. engaged in manufacturing business has opened a new 3-star hotel near its factory to claim deduction u/s 35AD.
 - (e) SM Finance Ltd. obtains Form 60 in lieu of PAN card from all its customers for whom PAN is not yet allotted.

(5 marks)

: 18 :

- (ii) Bhavyansh Industries Ltd. was incorporated on 1st July, 2023 and has established a unit in a Special Economic Zone (SEZ) for chemical manufacturing. The SEZ unit commenced commercial operations on 1st June, 2025. The following information relates to the Previous Year 2025-26 is provided :

Particulars	Amount (₹ in lakh)
Profit before depreciation and other deductions from SEZ unit	250
Depreciation allowable under the Income-tax Act for SEZ unit	40
Depreciation allowable under Companies Act for SEZ Unit	50
Other deductions under Chapter VI-A for SEZ unit	25
Total turnover of SEZ unit	400
Export turnover from SEZ unit	240

Additional Information :

- (1) The SEZ unit is eligible for 100% deduction of profits under Section 10AA for the first five years from the commencement of commercial operations.
- (2) The Company has not opted for the provision of section 115BAA or 115BAB.

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Based on the above information, you are required to give the following answer :

- (a) Compute the deduction under Section 10AA for the assessment year 2026-27.
- (b) Determine the taxable income of Bhavyansh Industries Ltd. for the assessment year 2026-27.

(5 marks)

- (iii) Omkar Finance Pvt. Ltd. is a company engaged primarily in the business of granting loans and advances and earns about 85% of its income from lending activities. During the Previous Year 2025-26, the company granted a loan of ₹ 40 lakh to Mr. Suresh, who holds 12% of the voting power in Omkar Finance Pvt. Ltd. The loan was granted at a commercial rate of interest and was approved on the same terms and conditions as those applicable to other customers of the company. The Assessing Officer contends that the loan is liable to be treated as deemed dividend under Section 2(22)(e) of the Income tax Act, 1961.

However, the company argues that the loan was granted in the ordinary course of its business, and that lending of money constitutes a substantial part of its business.

You are required to examine whether the loan granted to Mr. Suresh would be treated as deemed dividend under Section 2(22)(e). Give reason for your answer.

(5 marks)

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