

Roll No.

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 II of the question paper relate to the Income-Tax Act, 1961 and relevant Assessment Year 2023-24 unless stated otherwise.
(iii) Wherever necessary, suitable assumption can be made and the same to be stated clearly in the answer.
(iv) Working notes should form part of the answer.

PART-I

1. (a) Mahesh is engaged in supply of goods and services in the state of Gujarat. He is registered person under regular scheme under GST Law. He has provided the following information with respect to outward supply made during the month of May, 2023 :

S. No.	Particulars	Amount (₹)
(i)	Supplied goods to Gravit Enterprises in the state of Gujarat at the instruction of Ramesh Enterprises, registered in the state of Karnataka.	8,00,000
(ii)	Receipt towards consultancy of trade mark registration of two products of clients. It consists of ₹ 1,00,000 as Consultancy fee for trade mark registration and ₹ 20,000 towards rates and taxes paid to the government. Payment of taxes was as per authorization of the recipient and shown separately in the invoice. It is an intra-state supply.	1,20,000

: 2 :

(iii)	Receipt towards sponsorship service provided to GR Agency, a partnership firm registered under the GST law. It is an inter-state supply.	2,00,000
(iv)	Liquidated damage received from Praful Distributor, a dealer registered in the state of Gujarat, to compensate for injury caused due to late supply. There is no implied contract in this regard.	50,000
(v)	Transfer of tenancy right against consideration in the form of tenancy premium relating to the property located in Ahmadabad (Gujarat). Transfer of tenancy right is subject to stamp duty and registration charges.	3,00,000

Assume applicable Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for supply of goods and services. All amounts given above are exclusive of taxes wherever applicable.

Compute the taxable value of supply and GST liability of Mahesh for the month of May 2023. State explanation with respect to the treatment of above items.

(5 marks)

: 3 :

- (b) Determine the place of supply (with correct legal provision) under the following independent cases having regard to the provision of the GST law :
- (i) Mufat is a person registered under GST in the state of Rajasthan who intends to export goods to a person Chinmay located in Taiwan. Mufat avails the service of transportation of goods by air to Taiwan from an air cargo operator Fazal, who is also registered under GST in the state of Punjab.
 - (ii) MPQ event management company registered at New Delhi organizes an award function at Jaisalmer (Rajasthan) for Mukan Jewellers registered in Chennai.
 - (iii) Vishwas Planners of Ahmedabad planned and organized retirement function of Prem Kishore (an unregistered person of Kolkata) at Ujjain.
 - (iv) Montu, registered in Bangalore, has availed DTH service from Raman. The DTH service equipment with fixed line is installed in residential premises at Jodhpur whereas billing address is his office at Bangalore.
 - (v) Naya of Mumbai booked online ticket at Delhi for an OTC water park at Goa.

(5 marks)

: 4 :

- (c) Swastik Auto Ltd., a registered supplier from Maharashtra is engaged in the manufacturing of passenger auto. The company provides the following details of purchase made/ services availed by it during the month of April, 2023 :

S. No.	Particulars	GST Paid (₹)
(i)	Payment made to M/s Jagdamba Caterers for providing daily breakfast & lunch to the employees of the company, as voluntary staff welfare measure.	72,500
(ii)	Payment made to contractor for construction of staff quarter.	90,000
(iii)	Purchase of Mini Bus (seating capacity 15 persons) for the transportation of employees from their residence to company and back.	5,60,000
(iv)	Purchase of iron which is used as a raw material (invoice received and GST paid for full amount but only 90% of material received during the month of April, 2023 and remaining 10% will be received in next month)	54,000

: 5 :

Apart from that Company purchased tyres valued ₹ 12,00,000 (exclusive of GST) from a local dealer who is registered in GST u/s 10(1) of CGST Act, 2017 and pay tax @ 1% to Government, tyres are going to be used in manufacture of auto. You are required to determine the eligible Input Tax Credit (ITC) available to Swastik Auto Ltd. for the month of April, 2023, by giving brief explanations for treatment of various items.

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

(5 marks)

- (d) Gautam Sharma has obtained registration under GST on 1st May, 2023 in the state of Uttar Pradesh. He has received the following amounts in respect of the activities undertaken by him in the month of May, 2023 :

S. No.	Particulars	Amount (₹)
(i)	Commission received as an insurance agent from Life Insurance Corporation of India (LIC)	1,50,000
(ii)	Service provided to recognized sports body as a commentator	4,12,000
(iii)	Electrically operated buses given on hire to Municipal Corporation	2,80,000
(iv)	Professional service provided free of cost to his independent married sister. Cost of providing such services is ₹ 1,10,000, but the open market value of such services is ₹ 1,50,000	—

: 6 :

You are required to calculate net GST payable by Gautam Sharma for the month of May, 2023. Rate of CGST and SGST is 9% each for all the outward supplies made by Gautam Sharma.

All the transactions stated above are intra-State transactions and amounts given are exclusive of GST.

(5 marks)

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

2. (a) Based on the telephonic instruction from the proper officer above the rank of Joint Commissioner, an officer has reached the principal place of business of Ravindra Gupta, a registered person under the GST law to conduct search and seizure proceeding in pursuance of inspection.

Ravindra Gupta has challenged the search and seizure proceeding initiated by the officer considering it as illegal.

Based on the legal provision of the CGST Act, 2017, answer the following :

- (i) Whether the officer on the basis of telephonic instruction could initiate search and seizure proceeding ? Whether the action of Ravindra Gupta is correct in considering search or seizure as illegal ?
- (ii) Under what circumstances the search and seizure proceedings could be initiated ?
- (iii) What is the validity of the document seized during the illegal search ?

(5 marks)

: 7 :

- (b) Rakesh Enterprises, a registered person under the GST law, send inputs without payment of tax to one of its job worker, Sumit Agency, for carrying out certain operations on the goods. The goods were sent on 12th May, 2022 and received by the job worker on 14th May, 2022. Sumit Agency carried out the job work but did not send back the inputs after processing.

On the basis of above answer the following :

- (i) Mention whether Rakesh Enterprises is allowed to take input tax credit on inputs sent to job worker, Sumit Agency.
- (ii) Whether your answer differs in (i) above, if the inputs are directly sent on the instruction of Rakesh Enterprises by the original supplier of the inputs to the job worker's premises ?
- (iii) State the last date by which input after job work is required to be sent back to Rakesh Agency in case of (i) above (ignore any extension period).
- (iv) What will be the consequence if the inputs were not returned back by Sumit Agency after job worker ? Also state what action is required to be taken by Rakesh Enterprises in that case ?

(5 marks)

- (c) Asgar Textiles of Delhi has to send cloth for dyeing to its job-worker at Noida (UP) value of which is ₹ 40,000 (exclusive of GST). It wishes to know whether it needs to issue a tax invoice and e-way bill at the time of sending the goods to job-worker. You are required to advise him the documents needs to be issued and its content with reference to the provisions of the CGST Act, 2017.

Assume applicable rate of CGST, SGST and IGST as 9%, 9% and 18% respectively.

(5 marks)

- (d) Who are the persons deemed to be guilty of the offence under the GST law where offence is committed by a company and state the circumstances thereto ?

Also discuss when will be such persons not liable to the punishment ?

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Mention the name of the document to be issued under the following independent cases with regard to the provisions of the GST law :

(detailed explanations not required)

- (i) Chirag, a registered person under GST, receives advance payment with respect to the supply of goods.
- (ii) Gaurav, a composition dealer makes supply of goods worth ₹ 12,000 to a registered person.
- (iii) Vijay Shree Chemicals, a registered dealer of chemical sold goods worth ₹ 30,000 to an unregistered person. Value of ₹ 30,000 includes ₹ 5,000 towards exempt supply.
- (iv) Jai Associates, a registered person, fails to make supply of goods even though it had already received the advance payment to make the supply.
- (v) Bhairav Electric has sold taxable goods of ₹ 10,000 to various unregistered persons on 10th April, 2023. Customers do not require the invoices in respect the supply. Each supply of goods is upto ₹ 200.

(5 marks)

: 9 :

- (ii) Determine the applicability of TDS provisions of the CGST Act, 2017 with proper reasons under the following independent cases :
- (i) A Central Government department (registered under GST in the state of West Bengal for deducting TDS) enters into a contract with a Public Sector Undertaking (PSU), registered in the state of Haryana, for supplying goods valued ₹ 3,00,000.
- (ii) Darshil, a registered person in the state of Punjab, awarded a work contract by a Governmental Department also registered under GST in Punjab, amounting to ₹ 3,06,800 (including total GST of ₹ 46,800 being CGST + SGST).
- (iii) Nikita Enterprises, registered supplier in Gujarat, was awarded a contract for supply of goods by a PSU registered in Mumbai amounting to a taxable value of ₹ 5,00,000 (excluding GST). Place of supply of the goods in this case is Gujarat.

(5 marks)

- (iii) Rahul has filed his GST Return GSTR-3B for the month of September, 2021. on 19 October, 2021. and paid GST liability of ₹ 5 lakh after setting-off Input Tax Credit of ₹ 2.50 lakh. At the time of scrutiny of books and documents by the department, assessing officer finds that Rahul has claimed input tax credit of ₹ 1.80 lakh on a fake tax invoice. Department issued a show cause notice to Rahul on 31st January, 2023 under section 74(1) of the CGST Act, 2017.
- In response to above notice Rahul wants to Pay Tax, Interest and Penalty leviable on him on 25th February, 2023.

: 10 :

You are required to briefly discuss the penal provision under section 74 of the CGST Act, 2017 and compute the amount of Penalty for the above situation. No need to calculate interest amount.

What would be your answer if he pays Tax, Interest and Penalty before issuing the show cause notice on 25th January, 2023 ?

(5 marks)

- (iv) Briefly explain when do the goods become liable to 'confiscation' by the officer under section 130 of the CGST Act, 2017 ?

(5 marks)

3. (a) Manglam Ltd. agreed to provide consultancy services to Global Finance LLP in the month of June, 2023 for which it received an advance of ₹ 2,50,000 on 12th May, 2023 from Global Finance LLP. Subsequently, in the month of June, 2023 before supply of service, the said service contract has to be cancelled owing to some inadvertent circumstances. However, Manglam Ltd. has issued the invoice for the advance received in May month itself and filed GST return for May, 2023 and has paid GST thereon. As a tax consultant you are required to decide the time of supply in this case and advice to Manglam Ltd whether it can claim refund of tax paid or any other action required to adjust its tax liability ?

(4 marks)

- (b) State the provision of the CGST Act, 2017 and the rules made there under the GST law relating to the time limit for issuance of Tax invoice under the following independent circumstances : (Assume all suppliers are registered under the GST)
- (i) Rasik sold goods worth ₹ 2,00,000 which involves movement of goods from the godown on 10th May, 2023 but received by buyer on 14th May, 2023.
 - (ii) Ajay Financial service, a NBFC, provides the supply of Car loan service to Gajendra on 15th May, 2023.
 - (iii) Prakash has entered into an agreement for continuous supply of repair and maintenance service for the entire financial year. Due date of payment is not ascertainable from the agreement.
 - (iv) Vinit, a practicing Company Secretary, has provided representation service before the Assessing Officer on 25th February, 2023. Payment is made on 28th February, 2023.

(4 marks)

- (c) What will be the tax consequences if CGST and SGST wrongfully collected instead of IGST and paid to Central Government and State Government respectively ? Also discuss the legal provision related to payment of interest and penalty in this case, if any.

(4 marks)

: 12 :

- (d) State the persons who are not qualified to act as an authorized representative under section 116(3) of the CGST Act, 2017.

(4 marks)

- (e) Lucky, a registered person under the GST law had failed to furnish return under section 39 of the CGST Act, 2017 even after service of notice by the proper officer. Proper Officer assessed the tax liability based on relevant material and information gathered and issued the “Best Judgment Assessment Order”.

Answer the following based on the provision of best judgment assessment :

- (i) Time period within which such best judgment assessment order may be issued.
- (ii) When such best judgment assessment order shall be deemed to have been withdrawn ?
- (iii) On withdrawn of best judgment assessment order, whether the registered person is relieved from payment of late fee under section 47 of the CGST Act, 2017 ?

(4 marks)

4. (a) XYZ Ltd. of Delhi imported a machine from United States of America (USA) by Vessel. Details with respect to the import of the machine are given below :

S. No.	Particulars	Amount
(i)	Cost of Machine	\$ 20,000
(ii)	Transport charges from factory of exporter to the port for shipment	\$ 4,000

: 13 :

(iii)	Freight charge from USA port to Indian Port	\$ 1,000
(iv)	Ligherage charges paid by XYZ Ltd. at the port in India	₹ 18,000
(v)	Freight incurred from Port of entry to Inland container depot	₹ 7,000
(vi)	Insurance Charges	Not ascertainable

- Date of Bill of Entry is 15th April 2023 (Rate of Basic Custom Duty 20% and Rate of exchange notified by CBIC is ₹ 80 per US \$)
- Date of Entry Inward is 8th April 2023 (Rate of Basic Customs Duty 12% and Rate of Exchange notified by CBIC is ₹ 81 per US \$)
- Social Welfare Surcharge rate is 10% and Rate of IGST is @ 18%.

Compute the assessable value and total duties payable under Customs Law relating to the machine. Ignore GST compensation cess and agricultural infrastructure and development cess.

(5 marks)

- (b) With reference to Foreign Trade Policy (FTP), discuss the key differences between Advance Authorisation Scheme and Duty Free Import Authorisation (DFIA) Scheme.

(5 marks)

PART-II

5. (a) AMN Pvt. Ltd. was incorporated in the AY 2021-2022 in the state of West Bengal. It has been engaged in the manufacturing of medicines. Since incorporation, the Company has opted concessional tax regime under section 115BAA of the Income Tax Act, 1961. During the financial year 2022-23, total income of the company is of ₹ 60 lakh. The company has satisfied all the conditions during the previous to be eligible under concessional tax regime.

Compute the tax liability of the company for the assessment year 2023-24.

(3 marks)

- (b) Bharat Pvt. Ltd., a closely held company, has issued 20000 equity shares to Naman, a non-resident Indian, on 31st January, 2022 at an issue price of ₹ 75 per share, Fair Market Value of the equity shares was ₹ 45 per share on that day. Face value of the equity share is of ₹ 10 each.

Assessing office has made an addition under section 56(2) of the Income Tax Act, 1961 while finalizing scrutiny assessment.

Discuss whether the action of the assessing officer is justified having regard to the legal provisions of the Income Tax Act, 1961.

(3 marks)

: 15 :

(c) Determine the taxability of the income under the below mentioned independent cases with respect to the provision of the Income Tax Act, 1961 for the assessment year 2023-24 :

(i) Sharad, a resident but not ordinarily resident, received rental income from a house situated in Dubai. Rental income was deposited in the bank account maintained in Dubai.

(ii) EFG Ltd., a USA based company, received ₹ 20 lakh from an Indian company for conducting feasibility study in relation to the new business unit to be established in Japan.

(iii) Sakshi, a Non-resident Indian, working in a company of Singapore, directed her company to directly credit salary of two months in the bank account maintained in Delhi to meet her father's medical treatment.

(3 marks)

(d) Explain the concept of “Short Range and Long Range Tax Planning”

(3 marks)

(e) When can an agreement be declared as ‘Impermissible Avoidance Agreement’ under The Income Tax Act, 1961 ?

(3 marks)

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

6. (a) Swadeshi Ltd. an Indian company receives the following dividend income during the previous year 2022-23 :

- (i) From share held in Alfa Inc., a foreign company, in which it holds 25% of nominal value of equity share capital : ₹ 2,25,000.
- (ii) From share held in Beta Inc., a foreign company, in which it holds 35% of nominal value of equity share capital : ₹ 1,50,000.
- (iii) From share held in Bharat Ltd., an Indian company in which it holds 5% of nominal value of equity share capital : ₹ 3,00,000.

Swadeshi Ltd. has paid Interest Expenses of ₹ 1,45,000 for earning above dividend income, the break up of which is as follows :

- (i) ₹ 45,000 (Alfa Inc.)
- (ii) ₹ 20,000 (Beta Inc.)
- (iii) ₹ 80,000 (Bharat Ltd.)

The Business income of Swadeshi Ltd. computed under the provisions of Income Tax Act is ₹ 41 Lakh.

Compute the total income and tax liability of Swadeshi Ltd. for the assessment year 2023-24. Assume Turnover of Swadeshi Ltd. during the previous year 2020-21 was ₹ 380 crore. Ignore Minimum Alternate Tax (MAT).

Note : Legal provision should form part of your answer.

(5 marks)

: 17 :

- (b) Pawan Ltd. of Mumbai is engaged in trading of electronic goods. It purchased 3000 units of electronic goods from its associated enterprises, Wind Ltd., Singapore @ ₹ 2,900 per unit and sold these units to Raja Enterprises at a price of @ ₹ 3,300 per unit. Pawan Ltd. also purchased similar electronic goods from an unrelated party, Varsha Ltd., a UK based company, and sold the same at a gross profit margin of 20% on sales. Wind Ltd.'s brand value is internationally known and benefit of the brand value may be taken @ ₹ 50 per unit. Wind Ltd. offers a quantity discount of ₹ 20 per unit whereas Varsha Ltd. does not offer such quantity discount.

State the best method for calculation of Arm's length price in given circumstance and compute Arm's length price (ALP) of the transaction between Pawan Ltd. and Wind Ltd., Singapore by applying that method.

Also find out whether there is any requirement of the addition needs to be made in the total income of Pawan Ltd.

(5 marks)

- (c) Distinguish between "Tax Evasion and Tax Avoidance" having regard to the tax practices followed by Tax payers to reduce the tax liability.

(5 marks)

OR (Alternate question to Q. No. 6)

- 6A. (i) Mukesh, aged 27 years, an ordinary resident in India, is a well-known football player. He has earned the following income and made investment with respect the financial year 2022-23 :

S. No.	Particulars	Amount (₹)
(i)	Indian income from playing football (computed)	7,40,000
(ii)	Foreign income earned from football tournament in country Z (computed)	9,00,000
(iii)	Agricultural income in country Z (exempted in the country)	3,00,000
(iv)	Life Insurance premium paid (sum insured ₹ 5,00,000)	60,000

There is no DTAA between India and country Z. He has paid tax of ₹ 1,26,000 on his foreign income.

Compute the total income and the tax payable by Mukesh for the assessment year 2023-24.

- Note : (i) Foreign income given above is as converted in ₹.
(ii) Mukesh has opted for the provision of section 115BAC of the Income Tax Act, 1961.

(5 marks)

- (ii) Lalit who is employed in AQR Capital Ltd. since last 6 years, his total income as per income tax return for the last few years ranged between ₹ 8 lakh to ₹ 10 lakh per annum. He celebrated his 25th wedding anniversary on a large scale on 21st January, 2023 by hosting a luxury cruise party, for which he had spent ₹ 60 lakh. The Assessing Officer, in the course of scrutiny assessment of Lalit, asked him to explain the source of such expenditure.

Lalit offered explanation that the expenditure was out of his savings for the last few years.

The explanation was not found satisfactory by the Assessing Officer and wants to treat such amount as unexplained expenditure under section 69C of Income Tax Act, 1961.

You are required to discuss the tax consequences under section 69C of Income Tax Act, 1961 and decide whether decision of the Assessing Officer is justified in the this case ?

(5 marks)

- (iii) State when the Assessing Officer can invoke his power to determine Arm's Length Price of the transaction by himself. What would happen to the deduction claimed by the assessee under section 10AA or Chapter VIA of the Income Tax Act, 1961 in case of increase in Arm's Length Price by the Assessing Officer ?

(5 marks)

————— o —————