

Roll No.

OPEN BOOK EXAMINATION

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 19

NOTE : (1) Answer **ALL** Questions.

(2) **All** the reference to sections in Part I of the question paper relates to the provision of GST Laws.

(3) **All** the references to sections 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, suitably 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) Samrat Pvt. Ltd. is a paper manufacturing company having a GST registration from Jaipur (Rajasthan). Its manufacturing unit is situated in Ahmedabad. It gives the following information pertaining to April 2024 :

(1) Inter-State supply of paper manufactured by Samrat Pvt. Ltd. (invoice value : ₹ 40,00,000).

(2) Intra-State supply of paper manufactured by Samrat Pvt. Ltd. (invoice value : ₹ 10,00,000).

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- (3) Rent of agricultural land let out to ITC Ltd. (it is used for agriculture purposes by ITC Ltd., rent of April 2024 being ₹ 11,00,000).
- (4) Rent of commercial property located near Uttar Pradesh let out to RK Mall (rent of April being ₹ 6,00,000).
- (5) Stock transfer without consideration to its branch at Kota (Rajasthan), Branch has separate GSTIN for conveyance of accounting and billing. Value under section 15 is ₹ 20,000 (Intra-State).

The above figures are exclusive of GST @ 18%. Besides, Company gives the following information :

- A computer was purchased from a local supplier for ₹ 3,20,000 + GST rate : 18% on 1st September, 2023 for office purposes Full input tax credit was taken in September 2023. However, on 18th April, 2024 it is gifted by Samrat Pvt. Ltd. to Suresh, he is a friend of managing director of Samrat Pvt. Ltd. (assume useful life of computer is 60 months).
- Advance rent of ₹ 6,00,000 pertaining to commercial property for May 2024 is received on 29th April, 2024 (GST is not received separately, it will be paid by the tenant only during May 2024).
- On 25th April, 2024, Samrat Pvt. Ltd. pays advance consultancy fee to a consultant of ₹ 1,00,000. The consultant will provide his service only during July 2024. Invoice will be issued after completion of job.

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- Balance available in electronic credit ledger on 1st April, 2024 : ₹ 11,000 (CGST), ₹ 8,01,000 (SGST) and ₹ 2,91,000 (IGST).
- Purchase of inputs during April 2024 from different parties in Andhra Pradesh (invoice value : ₹ 1,00,000 + GST : 5%).
- Purchase of inputs during April 2024 from different parties in Jaipur (invoice value : ₹ 80,000 + GST : 12%).

Assume that conditions for claiming input tax credit (including conditions imposed by rule 36(4) are satisfied.

On the basis of above case study in the context of CGST Act, 2017, you are required to :

- (i) Calculate the total GST on outward supply for the month of April, 2024.

(5 marks)

- (ii) Calculate the total input tax credit available for the month of April, 2024.

(5 marks)

- (iii) Calculate the net GST liability payable for the month of April 2024 and also calculate the balance left in electronic credit ledger on April 30, 2024, if any.

(5 marks)

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- (b) Rajat Limited, a manufacturing concern of Rajasthan having aggregate turnover of ₹ 120 lakhs in financial year 2023-24 have opted for composition scheme furnishes you with the following information for financial year 2024-25 :

S.No.	Particulars	Amount in (₹)
1.	Intra-state suppliers of goods Barium hydroxide chargeable @ 5%	20,00,000
2.	Intra-state suppliers of goods which are chargeable to GST at Nil rate	22,00,000
3.	Intra-state supply of services chargeable with 5% GST	5,00,000
4.	Interest earned on fixed deposits with banks	8,00,000
5.	Intra-state suppliers which are wholly exempt under section 11 of CGST Act, 2017	5,40,000
6.	Value of inward suppliers on which tax payable under RCM (GST rate 5%)	5,00,000
7.	Intra-state suppliers of goods Basic lead carbonate chargeable @ 18% GST	28,00,000

Determine the composition tax liability and total tax liability for the financial year 2024-25 in the context of CGST Act, 2017.

(10 marks)

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2. (a) What will be the value of taxable supply and GST payable in each of the following independent cases in accordance with the provisions of CGST Act, 2017 :
- (i) Shriram Airline has sold tickets for transport of passengers to Singapore, and other foreign countries during the month of February. The total amount charges are ₹ 20 lakhs on the flight (100 tickets) of which ₹ 5 lakhs are towards passenger taxes. The applicable rate of GST is 18% (CGST 9% and SGST 9%) and above amount are exclusive of tax.
- (ii) LIC of India provides you the following information for the month of March 2025 :
- (1) Life micro-insurance policies where insured amount does not exceed ₹ 2,00,000 and premium collected ₹ 10,00,000.
- (2) Premium collected ₹ 8,000 lakhs in variable insurance policies (80% of the amount is allocated for investment on behalf of policy-holder is given separate break up in premium receipts). Ignore GST calculation.
- (iii) Ramesh is engaged in buying and selling of second-hand cars in Jaipur. During the month of January, 2025, he supplied a used car after some processing at ₹ 10,00,000 which he purchased from a customer at ₹ 10,50,000 and no input tax credit has been availed on such purchase.

(5 marks)

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- (b) Shyam Ltd., a registered person, is engaged in the business of black pepper, cardamom and cinnamon. It provides following details in relation to GST paid on inward supplies procured by it during the month of March, 2025 :

S. No.	Particulars	GST (₹)
(1)	Black pepper, cardamom and cinnamon purchase for the purpose of sold to customers.	2,00,000
(2)	Electric machinery purchased for being used in the manufacturing process.	3,00,000
(3)	Motor vehicle used for transportation of the employee	1,05,000
(4)	Payment made to contractor for construction of staff quarter.	1,50,000

Determine the amount of ITC that can be availed by Shyam Ltd. for the month of March, 2025 in the context 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) Vivek Ltd., a registered supplier, is engaged in the manufacture of Tanks. The company provides the following information pertaining to GST paid on the purchases made/ input services availed by it during the month of January 2025 :

S.No.	Particulars	GST Paid in (₹)
(i)	Purchase of machinery where debit note is issued	2,00,000
(ii)	Input purchased was directly delivered to Sushil, a job worker and a registered supplier	1,00,000
(iii)	Computers purchased (Depreciation was claimed on the said GST portion under the Income-tax Act, 1961)	1,50,000
(iv)	Works contract services availed for construction of staff quarters within the company premises	5,25,000

Determine the amount of ITC available to Vivek Ltd. for the month of January 2025 by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

(5 marks)

3. (a) Determine place of supply with correct legal provision in context of CGST Act, 2017 in the following independent cases as under :
- (i) Anupam an employee of Rajshree Limited, Kolkata, goes on an official tour to Hyderabad and stays in a hotel there, booked in the name of company.

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- (ii) The contractor Vaya & Associates of Pune sub-contracted the work of construction of the building at Delhi to Ani & Associates of Mumbai, to complete the work as per the drawing and design of the Architect.
- (iii) Lalit Fashions Ltd. an Indian fashion designing company registered in Jaipur hosts a fashion show at UK. The firm receives the services of Aman Ltd. of Mumbai for organizing the event.
- (iv) Aryan residing in Delhi travelling with Indian Airlines is provided with the movie-on-demand service as on-board entertainment during the Kolkata Delhi leg of a Bangkok-Kolkata-Delhi flight.

(5 marks)

- (b) Fortune Ltd. (a registered taxable person) provides the following information relating to their services for the month of November 2024 :

S.No.	Gross receipt from	Amount in (₹)
1.	Running a Boarding School (including receipts for providing residential dwelling services ₹ 12,00,000)	28,00,000
2.	Conducting private tuitions	18,00,000
3.	Education services for obtaining a qualification recognised by law of a foreign country	9,00,000

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4.	Conducting modular employable training skill course, approved by National Council of Vocational training	10,00,000
5.	Renting of furnished flats for temporary stay to different persons	6,50,000

Compute the value of taxable supply and the amount of GST payable for the Fortune Ltd. in the context of CGST Act, 2017. The above receipts are exclusive of GST and GST rate is 18%.

(5 marks)

- (c) Determine the time of supply (with correct legal provision) in each of the following independent cases in accordance with provisions of CGST Act, 2017 :

S.No.	Date of actual provision of service	Time [Date] of Invoice, Bill or Challan as the case may be	Date on which payment received
1.	11.11.2024	01.12.2024	16.11.2024
2.	11.11.2024	01.12.2024	07.11.2024 (part) and 10.11.2024 (remaining)
3.	10.11.2024	30.11.2024	07.11.2024 (part) and 17.11.2024 (remaining)
4.	10.11.2024	13.12.2024	05.11.2024 (part) and 25.12.2024 (remaining)
5.	10.11.2024	23.12.2024	13.12.2024

(5 marks)

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

4. (a) Mohan, an unregistered person under GST, purchases the goods supplied by Ramesh who is a registered person without receiving a tax invoice from Ramesh and thus helps in tax evasion by Ramesh. A disciplinary action is taken against Mohan and an ad hoc penalty of ₹ 20,000 is imposed by passing an order without describing contravention for which penalty is going to be imposed and without mentioning the provisions under which penalty is going to be imposed.

Should Mohan proceed to pay for penalty or challenge the order passed by Department as per the provision of CGST Act, 2017.

(5 marks)

- (b) Sahara & Co. (registered in Jaipur) self-assessed its CGST liability as ₹ 80,000 for the month of April, but failed to make the payment. Subsequently the Department initiated penal proceedings against Sahara & Co. for recovery of penalty under section 73 for failure to pay GST and issued show cause notice on 10th July, which was received by Sahara & Co. on 14th July. Sahara & Co. deposited the tax along with interest on 25th July and informed the department on the same day.

Department is contending that he is liable to pay a penalty of ₹ 40,000 (i.e., 50% of ₹ 80,000) under the CGST Act.

Explain the provisions related to SCN as per section 73 of CGST Act, 2017.

Examine the correctness of the stand taken by the Department with reference to the provisions of the CGST Act.

(5 marks)

- (c) Shubham Associates registered in Baroda deals in industrial grade iron and steel products. The proprietor of Shubham Associates sold TMT iron bars (GST applicable @ 18%) to a retailer in New Delhi at a value of ₹ 38,000 (excluding GST). As per the agreement of sale, goods are to be delivered at the premises of retailer. The transportation cost of ₹ 7,000 has been charged separately to deliver the same to the retailer in New Delhi.

In the above scenario, determine whether an e-way bill is required to be issued under GST ?

(5 marks)

OR (Alternate to Q. No. 4)

- 4A. (i) Ram Singh, an unregistered famous author, received ₹ 3 crores of consideration from Raja Publications located in Indore for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. He finished his work & made available the book to the publisher, but has yet not raised the invoice.

Ram Singh is of the view that Raja Publications is liable to pay tax under reverse charge on services provided by him. Raja Publications does not concur with his view and is not ready to deposit the tax under any circumstances.

Examine whether the view of Ram Singh is correct. Further, if the view of Ram Singh is correct, what is the recourse available with Ram Singh to comply with the requirements of GST law as Raja Publications has completely refused to deposit the tax.

(5 marks)

- (ii) Khushwant had filed an appeal before the Appellate Tribunal against an order of the Appellate Authority where the issue involved relates to place of supply. The order of Appellate Tribunal came also in favour of the Department. Khushwant now wants to file an appeal against the decision of the Appellate Tribunal as he feels the stand taken by him is correct.

You are required to advise him suitably with regard to filing of an appeal before the appellate forum higher than the Appellate Tribunal.

(5 marks)

- (iii) The assessee had claimed ITC in respect of goods purchased from registered suppliers. The Department contended that the claim of ITC was wrongful and sought to recover the ITC wrongly claimed and also levied penalty. The assessee submitted that, the Petitioner has, in its possession tax invoices for the goods/scrap purchased from various parties, and E-Way bills were also generated with respect to the said transaction. The goods were transported through trucks along with Consignment Notes and payment of goods was made through RTGS/NEFT. This was not accepted by the Department. The assessee filed a writ petition before the jurisdictional High Court.
- Will the assessee's stand be accepted by the High Court ? You are required to answer in the wake of judicial pronouncements of the Courts, if any.

(5 marks)

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PART-II

5. Sairam Ltd., engages in diversified activities, earned a profit of ₹ 14,50,000 after debit/credit of the following items to its statement of profit and loss account for the year ended on 31.3.2025 :

(a)	Items debited to Statement of Profit and Loss Account	₹
	Provision for loss of subsidiary	60,000
	Provision for income-tax demand	1,10,000
	Depreciation	3,50,000
	Interest on deposit credited to buyers on 31.3.2025 for advance received from them, on which TDS was deducted in April, 2025 and was deposited on 31st July, 2025.	1,00,000
(b)	Items credited to Statement of Profit and Loss Account	
	Income from units of UTI (Gross)	95,000
	Long term capital gain on sale of equity shares on (which securities transaction tax paid at the time of acquisition and sale) dated 15.04.2024.	2,50,000

The company provides the following additional information :

- (i) Depreciation includes ₹ 1,50,000 on account of revaluation of fixed assets.
- (ii) Depreciation allowable as per Income-tax Rules is ₹ 2,80,000.

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(iii) Brought forward Business Loss/Unabsorbed Depreciation :

F.Y.	Amount as per books		Amount as per income tax	
	Loss (In ₹)	Depreciation (In ₹)	Loss (In ₹)	Depreciation (In ₹)
2021-2022	2,50,000	3,00,000	2,00,000	2,50,000
2022-2023	NIL	2,70,000	1,00,000	1,80,000
2023-2024	3,50,000	3,15,000	1,20,000	2,10,000

You are required to :

(i) Compute the total income of the company for the AY 2025-26 giving the reasons for treatment of items.

(5 marks)

(ii) Examine the applicability of section 115JB of the Income-tax Act, 1961, and compute book profit u/s 115JB.

(5 marks)

(iii) Compute the tax on total income & book profits and the tax credit to be carried forward.

(5 marks)

Assume the tax rate applicable to Sairam Ltd. for the PY 2024-25 is 25% & 115BAA not opted.

: 15 :

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

6. (a) A company manufactures two models of a pocket calculator. The basic model sells for ₹ 5, has a direct material cost of ₹ 1.25 and requires 0.25 hours of labour time to produce.

The other model, the Scientist, sells for ₹ : 7.50, has a direct material cost of ₹ 1.63 and takes 0.375 hours to produce. Labour, which is paid at the rate of ₹ 6 per hour, is currently very scarce, while demand for the company's calculators is heavy. The company is currently producing 8,000 of the basic models and 4,000 of the Scientist models per month, while fixed costs are ₹ 24,000 per month.

An overseas customer has offered the company a contract, worth ₹ 35,000, for a number of calculators made to its requirements. The estimating department has ascertained the following facts in respect of the work :

The labour time for the contract would be 1,200 hours.

The material cost would be ₹ 9,000 plus the cost of a particular component not normally used in the company's models. These components could be purchased from a supplier for ₹ 2,500 or alternatively, they could be made internally for a material cost of ₹ 1,000 and an additional labour time of 150 hours.

Assuming labour as limiting factor, decide whether to buy the component from the supplier or not and also advise the management as to the action they should take.

(5 marks)

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- (b) Wonderland Limited has excess cash of ₹ 20 lakhs, which it wants to invest in short term marketable securities. Expenses relating to investment will be ₹ 50,000. The securities invested will have an annual yield of 9%.

The company seeks your advice :

- (i) as to the period of investment so as to earn a pre-tax income of 5%.
(discuss)
- (ii) the minimum period for the company to break even its investment expenditure overtime value of money.

(5 marks)

- (c) Richa & Co. (Firm) has sold all its Assets & Liabilities as a Slump Sale on 31.03.2025 to Ramesh & Co. (Firm) for slump sum consideration of 600 Lakhs. The Statement of Affairs of Richa & Co. as on 31.03.2025 is as below :

Liabilities	₹ in Lakhs	Assets	₹ in Lakhs
Capital	1,627	Plant & Machinery at WDV	250
Unsecured Loans	25	Land (At revalued figure)	1,200
Bank Borrowing	500	Sundry Debtors	380
Sundry Creditor	80	Cash & Bank Balances	2
		Loans & Advances	150
		Closing Stock	250
Total	2,232	Total	2,232

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Additional Information :

- (1) Cost of Land in March 2008 was 100 Lakhs.
- (2) WDV of Plant & Machinery u/s 43(6) was 200 Lakhs.
- (3) Cost Inflation Index for the FY 2007-2008 was 129 and for 2024-2025 is 363.
- (4) Stock is overvalued by 10% on cost.
- (5) The unit was set up in FY 2008-09.

Compute Capital Gain arising from slump sale and tax on such gain.

*(5 marks)***OR (Alternate to Q. No. 6)**

- 6A. (i) Vinita Bio-medicals Ltd. is engaged in the business of manufacture of biomedical items. The following expenses were incurred in respect of activities connected with Scientific Research :

Year Ended	Particulars	Amount (₹)
30.04.2021	Land	16,00,000
30.04.2021	Building	25,00,000
31.01.2024	Plant and Machinery	5,00,000
31.03.2023	Raw Materials	2,20,000
31.03.2025	Raw Materials and Salaries	1,80,000

The business was commenced on 01.09.2024. In view of availability of better model of Plant & Machinery, the existing Plant & Machinery were sold for 16,00,000 on 01.03.2025.

: 18 :

Discuss the implications of the above for AY 2025-2026 along with brief computation of deduction permissible u/s 35, assuming that necessary conditions have been fulfilled. You are informed that the assessee's line of business is eligible for claiming deduction u/s 35/35(2AB).

(5 marks)

- (ii) XY & Co, a Partnership Concern, had established an undertaking for manufacturing of Computer Software in SEZ.

It furnishes the following particulars of its 2nd year of operations ended on 31.03.2025 :

- (a) Total Sales of Business ₹ 100 Lakhs
- (b) Export Sales ₹ 80 Lakhs
- (c) Profits of Business ₹ 10 Lakhs
- (d) Out of the Total Export Sales, realization of a sale of ₹ 5 lakhs are difficult because of insolvency of buyer. Realization of rest of the sales is received in time.
- (e) The Plant and Machinery used in the Business had been depreciated at 15% on SLM basis and Depreciation of ₹ 3 lakhs were charged in Profit and Loss A/c.

Compute the taxable business income of XY & Co for the AY 2025-2026.

(5 marks)

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- (iii) Ram Singh purchased 1000 equity shares of Fashion Limited at a cost of ₹ 155 per share on 19.06.1997 and paid 1% brokerage. On 15.11.2000 the company allotted him bonus shares on the basis of one share for every 5 shares held. Ram Singh again gets 800 bonus shares on 01.03.2005. The fair market value of the shares of Fashion Ltd. as on 01.04.2001 is ₹ 260. Ram Singh sold all the shares on 20.04.2004 @700 per share (brokerage 1%).

Compute the capital gain for the assessment year 2025-26, if these shares had been sold through the recognized stock exchange assume the fair market value of shares on 31.01.2018 was ₹ 450.

(5 marks)

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