

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 7

- NOTE :**
1. Answer **ALL** Questions.
 2. **All** the references to sections mentioned in Part-A of the Question Paper relate to the Income-Tax Act, 1961 and relevant Assessment Year 2017-18, unless stated otherwise.

PART—A

1. (a) Discuss the taxability or otherwise of the following income in the context of provisions contained under the Income Tax Act, 1961 :
 - (i) Agricultural Income of ₹ 2,50,000 earned by Ms. Divita, a non resident from land in Barmer in Rajasthan.
 - (ii) Amount of ₹ 7,00,000 withdrawn by Mr. Rajesh, a resident individual, from Public Provident Fund as per relevant rules.
 - (iii) Mr. Abhiman received ₹ 1,30,000 on 31.03.2017 towards maturity proceeds of the insurance policy issued on 1.04.2013. The annual premium and capital sum assured are ₹ 23,000 and ₹ 1,20,000 respectively.
 - (iv) Mr. Dinesh received ₹ 3,60,000 as partner share of profit in the income of limited liability partnership.
 - (v) ₹ 2,50,000 received by Mr. Rohan from Central Government as compensation on account of disaster taken place in Uttarakhand.

(1 marks each = 5 marks)
- (b) Work out the taxable income and the tax payable thereon for A.Y. 17-18 of a partnership firm engaged in retail trade business from the following particulars :
 - (i) Net profit of ₹ 3,65,000 arrived at after debit of interest on capital of partners of ₹ 1,80,000 and salaries paid to the working partners of ₹ 4,80,000.
 - (ii) Total capital of the partners on which interest paid as debited in the profit and loss account was ₹ 10,00,000.
 - (iii) Both the payments of interest on capital and the salary to the working partners have been authorised by the deed.

(5 marks)
- (c) Specify the tax incentives for start-ups as amendments effective from 1st April, 2017 and accordingly apply in relation to the assessment year 2017-18 and subsequent assessment years.

(5 marks)

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

2. (a) Discuss the deductibility or otherwise of the following expenditure incurred by Sumit Agro Industries, while computing its business income for the year ended 31.03.2017.
- (i) Land & Building acquired for scientific research related to the business in September, 2016 for ₹ 22,50,000 consisting of cost of land ₹ 9,50,000 and balance for building. (2 marks)
- (ii) Contribution to the account of employees as per pension scheme referred to in section 80CCD amounted to ₹ 35,00,000. Amount above 10% of the salary of employees in ₹ 5,80,000. (2 marks)
- (iii) Tax on non-monetary perquisites provided to the employees and borne by the employers of ₹ 4,50,000. (1 mark)
- (b) Mr. Beeta, aged 30 years, resident in India and a musician derived income of ₹ 5,00,000 from concerts performed outside India. Tax of ₹ 1,00,000 was deducted at source in the country where the concerts were given by Mr. Beeta. India does not have any agreement with that country for avoidance of double taxation. Indian income of Mr. Beeta during the year was of ₹ 3,00,000. Work out of the amount of tax payable and relief due to him under section 91 for the Assessment Year 2017-2018. (5 marks)
- (c) State the powers exercised by the Authority for Advance Ruling under the Income Tax Act, 1961. (5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Mr. Bewaja, grows sugarcane and uses the same for the purpose of manufacturing sugar in his factory. 35% of the sugarcane produce is sold for ₹ 20 lacs and the cost of cultivation of such sugarcane is ₹ 7 lacs. The cost of cultivation of the balance sugarcane (65%) is ₹ 13 lacs and the market value of the same is ₹ 35 lacs. He after incurring ₹ 3.5 lacs in the manufacturing process on the balance sugarcane, sold the sugar for ₹ 45 lacs. Is he liable to tax on any income for A.Y. 2017-18 and if, yes, compute the taxable income and the agricultural income ? (5 marks)
- (ii) Define the term 'Mat Credit' under section 115 JAA of the Income Tax Act. And also calculate the tax payable by the company in the assessment year 2017-18, if the book

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profits of a company in the previous year 2016-17 computed in accordance with section 115 JB is ₹ 20 Lakhs. The total income computed for the same period as per the provisions of the Income Tax Act, is ₹ 7.5 Lakhs. You are also required to indicate whether the company is eligible for any tax credit.

(5 marks)

- (iii) Nadal, a professional tennis player and a non-Indian citizen during the Financial Year 2016-17 participated in India in a Tennis Tournament and won the prize money of ₹ 25 lacs. He contributed articles on the tournament in a local newspaper for which he was paid ₹ 3 lakh. He was also paid ₹ 7,50,000 by a Soft Drink Company for appearance in a TV advertisement. All his expenses in India were though met by the sponsors, but he had incurred ₹ 5,00,000 towards his travel cost to India. He was a non resident for tax purposes in India during the financial year 2016-17. What would be his tax liability in India for A.Y. 2017-18 ? Is he required to file his return of Income ?

(5 marks)

PART—B

3. (a) Answer the following independent issues in the context of provisions contained under the GST Act, 2017 ?
- The different applicable rates of GST which also apply to IGST.
 - GST Council.
 - Point of Taxation.
 - SGST cannot be levied in a Union Territory and to plug this loophole, the GST Council had decided to have which legislature.
 - Name the Act and the period which provides compensation to the States for the loss of revenue because of implementation of GST.

(5 marks)

- (b) Nargis Agro Traders located at Jaipur and engaged in the business as retail traders provides the following details of its purchases and sales made during the month of July, 2017 :

Items	(Amount in Rupees)	
	Purchase	Sales
(i) Sugar Candies	1,00,000	1,20,000
(ii) Chocolate Bars	80,000	1,00,000
(iii) Wafers Packets	75,000	60,000
(iv) Biscuits	50,000	50,000

The rate of tax under GST on the items are 5%, 12%, 12% and 18% respectively. You are required to calculate the amount of GST payable and the date by which the due tax is to be paid by the trader for the month of July, 17 after availing the Input Credit.

(5 marks)

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- (c) A person makes an unauthorised import of goods liable to confiscation. After adjudication, Assistant Commissioner provides an option to the importer to pay fine in lieu of confiscation. It is proposed to impose fine (in lieu of confiscation) equal to 50% of margin of profit. The following particulars are made available :

- (i) Assessable value : ₹ 15,00,000
(ii) Total duty payable : ₹ 6,00,000
(iii) Market value : ₹ 25,00,000

You are required to narrate the provision and calculate amount of fine and total payment to be made by importer to clear the consignment.

(5 marks)

- (d) From the following informations you are required to determine the Export Duty and explain your assumptions :

- (i) FOB Price of goods US \$ 120000
(ii) Shipping Bill presented electronically on 26.04.2017
(iii) Proper officer passed the order permitting clearance and loading of goods for export on 05.05.2017
(iv) Rate of exchange and rate of export duty are as under :

Date	Rate of exchange	Rate of Export Duty
26.04.2017	1 US \$ = ₹ 60	9%
05.05.2017	1 US \$ = ₹ 61	10%

- (v) Rate of exchange is notified for export by Central Board of Excise and Customs.

(5 marks)

- (e) What do you mean by the following specific terms used within the meaning of the customs Act, 1962 :

- (i) Adjudicating Authority
(ii) Baggage
(iii) Coastal goods
(iv) Beneficial Owner
(v) Customs Area

(5 marks)

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

4. (a) Narrate all those advantages which will be available to Trade because of implementation of GST.

(5 marks)

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- (b) Explain the mechanism under the CGST Act, 2017 for claiming Input Tax Credit while making payment of Taxes.

(5 marks)

- (c) Miss Priya imported certain goods weighing 1000 kgs having CIF value of US \$ 40,000. Exchange rate of 1 USD was ₹ 65 on the date of presentation of bill of entry. Basic customs duty chargeable is @ 10% and education cess as applicable. There is no excise duty payable on these goods, if are being manufactured in India. However, vide Notification issued by the Government of India, anti-dumping duty has been imposed on these goods. The anti-dumping duty will be equal to the difference between amount calculated @ USD 60 per kg and the 'landed value' of goods.

You are required to compute the amount of custom duty and of the antidumping duty payable by Miss Priya.

(5 marks)

OR (Alternate question to Q. No. 4)

- 4A. (i) Explain the following terms used under the Central Goods and Services Tax Act, 2017 :
- (i) Causal Taxable Person
 - (ii) Input Service Distributor
 - (iii) Manufacture

(2 Marks each = 6 marks)

- (ii) Explain in the context of CGST Act, 2017 the following :

- (i) The liability on composite and mixed supplies
- (ii) Composition levy

(2 Marks each = 4 marks)

- (iii) Calculate the amount of duty drawback allowable under the Customs Act, 1962 in the following independent cases :

- (a) Jaggi Mehta imported a car from U.K. for his personal use and paid ₹ 4,50,000 as import duty on the car. However, the car was being re-exported immediately without bringing it into use by Mr. Mehta.
- (b) Meenakshi imported a music player from Dubai and paid ₹ 12,000 as import duty. She used it for four months and there after re-exported the same after four months.

(5 marks)

5. (a) The transitional provisions enable the existing tax payers to migrate to GST in transparent and smooth manner under the GST Act, 2017 on and from the appointed day being 1.7.2017. Explain.

(3 marks)

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(b) What do you understand with the term “Container” used under Customs Act, 1962 ?
(3 marks)

(c) Bholaram imported certain goods in November, 2015 and an ‘into bond’ bill of entry was presented on 28th November, 2015. Assessable value was US \$ 1,00,000. Order permitting the deposit of goods in warehouse for 3 months was issued on 2nd Dec. 2015. Bholaram neither obtained extension of warehousing period nor cleared the goods within the permitted warehousing period of 1st March, 2016. Only after a notice was issued under section 72 of the Customs Act, 1962 demanding duty and other charges, Bholaram removed the goods on 15th April, 2016.

Compute the amount of duty payable by Bholaram while removing the goods from warehouse, assuming that no additional duty or special additional duty is payable. You are supplied with the following information :

	28.11.2015	01.03.2016	15.04.2016
Rate of exchange per USD	'56	'55	'54
Rate of basic customs duty	15%	10%	5%

(3 marks)

(d) KRY Logistics Ltd., a steamer agent authored Import General Manifest and acted on behalf of the master of the vessel (the person-in-charge) before Customs Authorities to conduct all affairs in compliance with the Customs Act, 1962. The Steamer agent filed Import General Manifest, affixed the seal on the containers and took charge of the sealed containers. It also dealt with the Customs Department for appropriate orders that had to be passed in terms of section 42 of the Customs Act, 1962. Penalty under section 116 of the Customs Act, 1962 was imposed by the Department on the steamer agent for short landing of goods.

Examine with the help of a decided case law, if any, whether the Department is justified in imposing a penalty on the steamer agent ?

(3 marks)

(e) Write short notes on the following :

- (i) Common Portal
- (ii) Deemed Export
- (iii) Taking Assistance from an Expert

(3×1 = 3 marks)

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6. (a) Explain the procedure of furnishing details of outward supplies and of revision for rectification of errors and omissions as per CGST Act, 2017. (5 marks)
- (b) Who are required to file Annual Return under CGST Act 2017 ? Also explain the time limit for filing such return. Is there any requirement of furnishing of the audited annual accounts ? (5 marks)
- (c) The proceedings under the CGST Act, 2017 before the authorities including the Appellate Tribunal can be attended by the “**Authorized Representative**”. Explain who can act as an authorized representative under the Act. (5 marks)

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