

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 12

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

2. All the references to sections in Part-A of the Question Paper relate to the Income-tax Act, 1961 and relevant Assessment Year is 2019-20, unless stated otherwise.

3. Working notes should form part of the answer.

PART—A

1. (a) JC & Co., a partnership firm, constituted by two partners Arun and Barun, reports a net profit of ₹ 10,00,000 before deduction of the following items for the previous year ended 31st March, 2019 :

- (1) Salary of ₹ 30,000 each paid per month to both the working partners of the firm, which is authorized by the deed of partnership.
- (2) Depreciation on fixed assets as per the Income-tax Act, 1961 of ₹ 2,50,000.
- (3) Interest on capital to be allowed @ 15% per annum as authorized by the deed of partnership. The amount of capital as contributed by each of the partners is ₹ 5,00,000.

You are required to compute :

- (i) Book profits of the firm;
- (ii) Allowable amount of salary to the working partners for the assessment year 2019-20, as per the provisions of Income-tax Act, 1961.

Adduce brief reasons/note for your calculations.

(5 marks)

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- (b) Hariharan & family, an HUF, owns a property which has been let out to the partnership firm “Trade n Trade” carrying on business. Hariharan & family, HUF is a partner in the firm Trade n Trade through its Karta Hariharan. Rent has not been charged by the HUF from the firm Trade n Trade for use of the premises by the firm for business. The Assessing Officer, however, has taxed the Hariharan & family (HUF) on the notional income from property, based on municipal valuation. Is the action of the AO justified ?

(5 marks)

- (c) State with brief reasons as per provisions of the Income-tax Act, 1961, whether the return of income is required to be filed in each of the following independent cases for the Assessment Year 2019-20 :

- (i) Mr. Xavier, a resident individual, aged 81 years, having total income of ₹ 3,85,000 after claiming deduction of ₹ 1,50,000 under section 80C and exemption of income of ₹ 1,20,000 under section 10(38).
- (ii) A registered association, eligible for exemption under section 10(23B), has income from house property of ₹ 3,60,000.

(5 marks)

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

2. (a) (i) What is the role of Transfer Pricing Officer in the matter of reference made by the Assessing Officer u/s 92CA of the Income-tax Act, 1961 ?

(3 marks)

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(ii) Is it possible for the Assessing Officer to pass assessment order without considering Arm's Length Price determined by the Transfer Pricing Officer ?

(2 marks)

(b) The Assessing Officer is empowered to make an assessment for any year, to the best of his judgement in certain situations, subject to certain conditions. Narrate the said situations and conditions involved in the making of such best judgement assessment.

(5 marks)

(c) Mr. Purushothama, who has been having a turnover of more than 4 crores during the last few years, has utilised the services of an engineer on turn key basis for construction of a factory building and a residential house (for self occupation) for ₹ 90 lakhs and ₹ 60 lakhs, respectively. What are the TDS implications ? Will it make any difference, if the work had been entrusted to a head mason (maistry) on turn key basis, instead of an engineer ?

Your answer should cover the section involved, applicable rate under that section, whether TDS is attracted in the given situation (with reason) and the amount of TDS, if any, to be deducted.

(5 marks)

OR (Alternate question to Q. No. 2)

2A. (i) State with reason, whether the following acts can be considered as an act of Tax Planning, Tax Management, Tax Avoidance or Tax Evasion :

- (a) Starting business in an industrially backward State which will entitle an assessee to claim a deduction under section 80IB.
- (b) Transferring of assets to another person without adequate consideration.
- (c) Installation of Air Conditioner costing ₹ 75,000 at the residence of Director as per terms of appointment; but treating it as Plant installed in Quality Control Section in the factory.
- (d) Mr. D is a working partner in a firm and he is entitled to a salary of ₹ 30,000 per month. He treats this as salary instead of business income.
- (e) X & Y Ltd. maintains adequate records and registers of tax deducted at source by it to enable timely compliance of legal provisions.

(5 marks)

(ii) Rule 10MA(2)(i) of the Income-tax Rules, 1962 postulates that the rollback provision in the context of transfer pricing shall apply in respect of an international transaction that is same as the international transaction to which the agreement (other than the rollback provision) applies. What is the meaning of the word “same” ?

Also discuss whether this restriction also applies to the Functions, Assets, Risks (FAR) analysis.

(5 marks)

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- (iii) Explain the provisions of the Income-tax Act, 1961 relating to applicability of Alternative Minimum Tax (AMT), tax credit for AMT, set off and carry forward of AMT.
(5 marks)

PART—B

3. (a) Explain with reference to the provisions of the CGST Act, 2017 whether the following transaction of services provided by different persons shall be subject to levy of GST :
- (i) Government of Rajasthan has provided technical services to ABC Ltd. of Jaipur in the month of February, 2019 against a consideration of ₹ 75,000. The turnover of ABC Ltd. in the Financial Year 2017-18 was ₹ 18,50,000.
(2 marks)
- (ii) Jaipur Municipal Corporation has awarded a contract for construction of city roads to PQR Construction Ltd. in April, 2018. However, PQR Construction Ltd. could not carry out the work and failed to perform the contract work as per terms and had paid the amount of liquidated damages to Jaipur Municipal Corporation in December, 2018 amounting to ₹ 10,00,000 as per the terms of the contract.
(2 marks)
- (iii) XYZ Ltd. has made payment of ₹ 80,00,000 to Bihar Government on account of assignment of rights to use minerals in the State of Bihar.
(1 mark)

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(b) Explain the following terms in the context and with reference to the provisions contained under the CGST Act, 2017 :

(i) “Aggregate Turnover” and how the same has to be computed.

(3 marks)

(ii) Casual Taxable Person.

(2 marks)

(c) Samode Charitable Trust, registered under section 12AA of the Income-tax Act, 1961, furnishes the following details of its income/receipts with respect to the activities undertaken by it during August, 2018 :

Particulars of Income/receipts	Amount (₹)
1. Renting of room where charges are ₹ 500 per day	2,00,000
2. Renting of room where charges are ₹ 1,500 per day	3,00,000
3. Renting of community hall given for celebrations, for which amount charged is ₹ 25,000 or more per day.	5,00,000
4. Renting of shops for business purposes, where charges for each shop are ₹ 6,000 per month	3,50,000

You are required to compute the value of taxable supply of Samode Charitable Trust for the above period. Give brief reasons for the treatment given to each while making the computation of taxable supply.

(5 marks)

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- (d) Mr. Mayank Kohli, a famous cricketer, furnishes you with the following information and particulars of his various receipts/income for the month of March, 2019 :

Particulars	Amount (₹)
1. Receipts from Sports Authority of India for participation in recognized events of matches.	30,00,000
2. Receipts from franchise of Indian Premier League (IPL) which is not recognized sports body for participation in the league matches.	50,00,000
3. Receipts from sports training academy for providing Coaching to young players; the academy is not registered u/s 12AA of the Income-tax Act, 1961.	30,00,000

You are required to calculate the value of taxable supply and the amount of GST payable thereon by taking the rate of GST as applicable of 18%.

(5 marks)

- (e) Raj Bihari Ltd., an importer of goods, had filed a bill of entry after 60 days of filing of the Import General Manifest. The Deputy Commissioner of Customs imposed a penalty of ₹ 10,000 for the delayed filing of the bill of entry. Since Raj Bihari Ltd., the importer, wanted to clear the goods being urgently required, they have paid the amount of penalty of ₹ 10,000.

In this backdrop, you are required to examine the issue (i) regarding period available for filing the bill of entry (ii) whether penalty be imposed for delayed filing of the bill of entry, and (iii) whether a bill of entry can be filed in advance, in the context of the provisions contained under the Customs Act, 1962.

(5 marks)

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

4. (a) Explain the provisions of the CGST Act, 2017 relating to issuance of Credit Note in the context of CGST. What is its impact on GST liability in this regard ?
(5 marks)
- (b) Sun & Moon Ltd. sent a consignment of manufactured goods by a ship from Mumbai to London. The company has paid export duty and GST on the components used in manufacture. A duty drawback rate has been fixed for these goods. The ship carrying the consignment runs into trouble and sinks in the Indian territorial waters. The Customs Department refused to grant drawback for the reason that the goods did not reach their destination. Discuss whether the refusal of the Custom Department is valid in law, by referring to decided case law, if any.
(5 marks)
- (c) Ganesh, a registered person, has received the supply of services from non-taxable territory. Accordingly the tax is liable to be paid by the recipient on reverse charge basis. Ganesh provides the following information in respect of such service received by him :

Transaction/Event	Date
1. Date of payment as entered in the books by service receiver (Ganesh)	— 10-12-2018
2. Date on which above payment is debited in Bank account of Ganesh	— 17-12-2018
3. Date on of issue of invoice by supplier of service	— 20-11-2018

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You are required to :

Explain the relevant provision of Section 13(3) of the CGST, Act 2017 regarding determination of time of supply of service under reverse charge basis.

(3 marks)

Determine the point of supply in respect of service received by Ganesh.

(2 marks)

OR (Alternate question to Q. No. 4)

4A. (i) Briefly explain power to search suspected person entering or leaving India under Section 100 of the Customs Act, 1962.

(5 marks)

(ii) Briefly explain whether the following persons are liable for registration as per the provisions of the CGST Act, 2017 :

(a) Sachin, an exclusive supplier of Non-taxable goods only.

(b) Person making inter-State taxable supply aggregating ₹ 8,00,000 only.

(c) Where the tax on the goods dealt with are payable on reverse charge basis.

(d) Jagdish, an individual, who undertakes cultivation of land by the labour of family and his own labour for producing paddy, to the tune of ₹ 60 lakhs.

(e) Ranjan, a trader is coming to Mumbai from Bangalore for an exhibition. The exhibition is to continue for seven days in Mumbai. Ranjan expects supply of goods for ₹ 8,00,000.

(5 marks)

(iii) Mr. Abinash has received net amount of ₹ 3,24,000 (after TDS) from Voygers Ltd. on 5th February, 2019 for taxable service rendered in the month of January, 2019. The net payment is after TDS under section 194J of the Income-tax Act, 1961 @ 10%. You are required to answer the following :

- (a) Find the value of Taxable Services (i.e. the value at which GST has been charged).
- (b) Compute the amount of TDS as per section 194J.
- (c) Find out the CGST and SGST (GST is 18%).

(5 marks)

5. (a) State the conditions to be satisfied for refund of export duty paid, as per the provisions of the Customs Act, 1962.

(3 marks)

(b) Briefly explain the provisions of section 122 of the Customs Act, 1962 relating to adjudication of confiscations and penalties.

(3 marks)

(c) State the rate of tax for collection of tax at source applicable to electronic commerce operator under CGST Act, under SGST Act and under IGST Act, 2017. Also specify when and on what value the rate of tax for collection at source will be applicable.

(3 marks)

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- (d) Determine by giving brief reason the Time of Supply (TOS) in each of the following independent cases, in accordance with the provisions of section 12 of the CGST Act, 2017, where supply involves movement of goods supplied in one lot :

Sl. No.	Date of Removal	Date of Invoice	Date when goods made available to recipient	Date of receipt of payment
1	01-12-2018	02-12-2018	03-12-2018	15-01-2019
2	03-11-2018	01-11-2018	04-11-2018	05-12-2018
3	04-11-2018	04-11-2018	06-11-2018	01-10-2018

(3 marks)

- (e) State the provision and also the amount of pre-deposit required to be made by a registered supplier to file an appeal against the order in each of the following independent cases under the CGST Act, 2017 :

- (1) Order dated 18th Oct., 2018 passed in the case of M/s RR Ltd. by the Joint Commissioner creating a tax demand of ₹ 40,00,000. M/s RR Ltd. has admitted ₹ 5,00,000 as tax liability but intends to file an appeal with the Commissioner (Appeals) against the balance tax demand.
- (2) In an order dated 18th Nov., 2018 passed in the case of M/s KK Ltd., the Joint Commissioner of Central Tax has created a tax demand of ₹ 35,00,000 and also has imposed a penalty of ₹ 5,00,000. M/s KK Ltd. intends to file an appeal with the Commissioner (Appeals) both against the order creating demand of ₹ 35,00,000 and order imposing penalty of ₹ 5,00,000.

(3 marks)

6. Sakshitha Dancers, owned by Mrs. Lasliya, a famous Bharata Natyam dancer, wishes to organise a 'Lasliya Dance Concert' in Chandigarh (Haryana). Sakshitha Dancers is registered in Jaipur, Rajasthan. It enters into a contract with an event management company, Hasan Arts (P) Ltd. (registered in Delhi) for organising the said dance concert at an agreed consideration of ₹ 10,00,000.

Hasan Arts (P) Ltd. books the lawns of Hotel Sky Dine, Chandigarh (registered in Haryana) for holding the dance concert, for a lump sum consideration of ₹ 6,00,000.

Sakshitha Dancers fixes the entry fee to the dance event at ₹ 6,000; 600 tickets for 'Lasliya Dance Concert' are sold.

From the aforesaid details, identify the different supplies which are involved and determine the CGST and SGST or IGST liability, as the case may be, in respect of all the supplies involved in the outlined situation.

Rates of GST may be taken as under :

SGST	9%
CGST	9%
IGST	18%

(15 marks)

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