

*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-II of the Question Paper relate to the Income-tax Act, 1961 and relevant Assessment Year is 2019-20 unless stated otherwise.*

3. *Wherever necessary, suitable assumptions can be made and the same should be stated clearly in the answer.*

4. *Working notes should form part of the answer.*

**PART-I**

1. (a) Parikh is a practising Company Secretary at Mumbai. His gross fee receipts for the financial year 2018-19 was ₹ 28 lakhs. He estimated his gross receipts at ₹ 32 lakhs for the financial year 2019-20. He wants to avail composition scheme for the financial year 2020-21. Briefly narrate whether he can avail composition scheme for the financial year 2020-21 with attendant conditions. Will he be eligible to avail input tax credit ? Can he issue tax invoice ?

(5 marks)

: 2 :

- (b) Amit Ltd., a registered supplier, is engaged in manufacturing activity. It also gives job work to other units. It purchased raw materials on 5<sup>th</sup> June, 2018 for ₹ 2 lakhs (+GST @ 12%). It dispatched 50% of the raw material to job worker on 10<sup>th</sup> July, 2018. How much can the company claim as input tax credit in respect of those goods ?

What is the time limit for receiving the goods after completion of job work by the job worker ? What would be your answer in case 50% of the raw material is directly sent to job worker by the original seller of goods ? Will your answer be different in case it is capital good, instead of raw material ?

(5 marks)

- (c) Determine (with brief reason) the time of supply of goods in the following cases, where the supply involves movement of goods (in one lot) :

Case No.	Date of removal of goods	Date of Invoice	Date of Payment
1.	10-06-2018	12-06-2018	20-05-2018
2.	10-11-2018	20-10-2018	29-11-2018
3.	07-09-2018	02-10-2019	06-12-2017
4.	10-12-2018	20-11-2018	Bank credit 22-09-2018/in the books of account 24-09-2018
5.	27-12-2018	29-12-2018	Bank credit 24-12-2018/in the books of account 22-12-2018

(5 marks)

: 3 :

(d) State with reasons, whether the following statements are true or false under GST law :

- (i) Rectification of Advance Ruling must be made within 3 months of the date of order.
- (ii) Supply of newspaper in trains shall be taxed at 'nil' rate of GST.
- (iii) While doing repair of furniture of a company, GST was paid on wood, board, mica, paint etc.; the amounts so paid are eligible for input tax credit.
- (iv) A person aggrieved by the order passed by the adjudicating authority must file appeal to the appellate authority within 30 days from the date of the impugned order.
- (v) Expenditure incurred on construction of factory building is ₹ 18,40,000 including GST of ₹ 2,80,000. The GST amount is not eligible for input tax credit.

(5 marks)

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

2. (a) Gopal Das & Co., Kolkata is a manufacturer and is a registered supplier (under regular scheme). It furnishes the following details for the tax period ended on 31st March, 2019 :

(i)	Intra-State supply of goods (includes GST @ 18%)	₹ 70,80,000
(ii)	Goods exported (GST Nil)	₹ 32,00,000
(iii)	Inward supplies liable for reverse charge	₹ 6,00,000
(iv)	Transfer of goods to Branch at Delhi (without GST)	₹ 50,00,000

Complete the 'aggregate turnover' under section 2(6) of the CGST Act, 2017.

(5 marks)

: 4 :

- (b) Jogiram (P) Ltd. claimed ITC of ₹ 2,50,000 with an intention to defraud the Revenue. What is the rate of interest at which the liability could be discharged voluntarily ? Can the Revenue levy penalty, if so, how much ? Can the tax, interest, penalty and any payment due under reverse charge, be adjusted against ITC of a registered person ?

(5 marks)

- (c) State whether the following are supply of goods/services, as per GST law, with brief reasons :

- (i) Mr. X availed the architectural services of his son living in France (free of cost) for designing his residential building and factory layout.
- (ii) Scrap of machinery destroyed by fire handed over to insurance company for settlement of claim.
- (iii) Lease of land for two wheeler parking stand.
- (iv) Permitting use of registered patent for annual fee.
- (v) Transfer of tenancy right by executing and registering a document.

(5 marks)

- (d) Bharat Ltd., a registered supplier under the regular scheme, is engaged in manufacture of electronic items. The following details for the month of March, 2019 are available :

Item	GST Paid (₹)
Machines acquired for manufacture (capital goods)	10,00,000
Electronic items utilized in manufacture	25,00,000
Trucks used for transporting materials	1,00,000
Food and beverages consumed within the factory	25,000

Advise the ITC eligibility for the company.

(5 marks)

: 5 :

**OR (Alternate question to Q. No. 2)**

- 2A.** (i) Decide the following transactions in the context of GST law :
- (a) When would a discount be excluded from the value of supply ? Will secondary discount issued for goods supplied be reduced in determining the value of supply ?
- (b) Determination of value of supply when TCS under Income-tax Act, 1961 is charged separately in the invoice.
- (5 marks)
- (ii) Ganga Co. Ltd. commenced business on 01-07-2018. It applied for registration on 05-08-2018. The registration was granted on 07-08-2018. What is the effective date of registration ? Instead of 01-07-2018, if it had commenced business on 20-07-2018, what would be your answer ?
- Ganga Co. Ltd. is an authorized dealer of two-wheeler vehicles. Its sales turnover was ₹ 125 lakhs for the year ended 31-03-2019. It also provided after sales service to customers for ₹ 7 lakhs. Is it eligible for composition levy for the financial year 2018-19 ?
- (5 marks)
- (iii) State which of the following is composite supply or mixed supply under the GST law :
- (i) Sale of car with warranty coverage.
- (ii) Gift pack with chocolates and books.
- (iii) Sale of Refrigerator with power stabilizer.
- (iv) Hotel accommodation with complimentary breakfast.
- (v) Doctor providing consultancy and dispensing medicines.

(5 marks)

- (iv) Tex Mark Inc. of USA, established a liaison office in Mumbai for the purpose of liaising with the suppliers for purchase of raw materials. The purchase orders or contracts were entered into with the suppliers directly by the head office. Liaison office did not enter into any contract with any of the suppliers. Payments were also made by the head office directly to the suppliers. The expenses incurred by the liaison office are reimbursed by the HO. There is no amount excessively charged by the liaison office to the HO. Is the amount received by the liaison office liable for GST as supply of service ? Is the liaison office required to get registered under GST law ?

(5 marks)

3. (a) Briefly explain about apportionment of credit and blocked credits under section 17 of the CGST Act.

(5 marks)

- (b) State with brief reasons whether the following are true or false; as per GST law :

- (i) When the refund is issued beyond 60 days from the date of application, interest is payable @ 8% per annum.
- (ii) Final return has to be furnished within 3 months of the date of order of cancellation of registration of GST.
- (iii) Commissioner can grant time for payment of GST liability in maximum of 20 instalments for the self assessed tax shown in the GST return, as per section 80.

: 7 :

- (iv) Under section 10, the 'due date for' filing return by a registered person is 20 days after the end of each quarter.
- (v) Rendering service by way of fumigation in a warehouse of agricultural produce is exempted service.

(5 marks)

(c) With brief reasons, state whether the following will attract GST levy :

- (i) Lodging accommodation with room tariff @ ₹ 900 per day.
- (ii) SKT & Co. transporting textile goods thro ESSEM Transport Agency by paying ₹ 700 per bundle and sending 10 bundles on 31<sup>st</sup> March, 2019.
- (iii) Kaziranga National Park collecting ₹ 200 per person as entrance fee.
- (iv) Muthu Lab is a pathological lab owned by Muthu. He is a post-graduate in Microbiology. He collects fees for services rendered.
- (v) Samy Transports carried agricultural produce i.e. turmeric from villages to town (markets) by charging ₹ 2,000 per day per person.

(5 marks)

(d) Badrinath Filters Ltd., a registered supplier of industrial air filters, is required to send from Mumbai (Maharashtra), a consignment of parts of air filters to be replaced under warranty at various client locations in Ahmedabad, Gujarat. The value of consignment declared in delivery challan accompanying the goods is ₹ 52,000.

Badrinath Filters Ltd. is of the view that since movement of goods to Gujarat is caused due to reasons other than supply, e-way bill is not mandatorily required to be generated in this case.

You are required to examine whether the aforesaid view is correct.

(5 marks)

4. (a) Ms. Poorvisha has exported some goods to Sydney, Australia. She provides the following details to you :

- (i) CIF value of the goods = AUD 210,000.
- (ii) FOB price of goods : (Australian \$) AUD 200,000.
- (iii) Shipping bill presented electronically on 29th April, 2019.
- (iv) Proper officer passed an order permitting clearance and loading of goods for export (Let Export Order) on 2nd May, 2019.
- (v) During the interval between presentation of the shipping bill and clearance of goods, there were changes in the rate of export duty as well as rate of exchange.

Rate of export duty and rate of exchange details are as follows :

Date	Rate of exchange	Rate of Export duty
29-04-2019	1 AUD = ₹ 70	11%
02-05-2019	1 AUD = ₹ 70.50	10%

You are required to calculate the export duty payable by the exporter.

- (b) ABC Ltd., an exporter whose export turnover for the year ended 31st March, 2019 is ₹ 20.00 Lakhs, approaches you to discuss the conditions to be complied to become a Status Holder and to know about the privileges available to Status Holder, if any. Advise the exporter suitably.

(5 marks each)



**PART-II**

5. (a) Discuss in brief some distinguishing features of General Anti-Avoidance Rules (GAAR) and Specific Anti-Avoidance Rules (SAAR).
- (b) Under what circumstances can Unilateral Relief be granted to avoid Double Taxation under section 91 of Income Tax Act 1961 ?
- (c) Discuss in brief a few benefits derived from the Safe Harbour Rules, relating to the transfer pricing regulations.
- (d) XYZ Ltd., a foreign company, has its head office at USA. The Board of Directors (BOD) meetings are held in USA. However, the Board of Directors has delegated major powers to a committee in Kolkata and the members of this committee are based in Kolkata. The Board of Directors ratified the decisions of the said committee.
- In the light of above,
- (1) Discuss the place of effective management (POEM) of XYZ Ltd.
- (2) Discuss the guiding factors of POEM for Board of Directors delegating authorities to Committee.
- (e) Discuss the factors to be considered by the Assessing Officer while selecting the appropriate transfer pricing method.

*(3 marks each)*

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

6. (a) ABC & Co. is a partnership firm consisting of four partners. The partnership deed provides for remuneration of ₹ 4,00,000 to partners and interest to partners at 12%. Profit for the year ended 31st March, 2019 is ₹ 1,00,000 after arriving the following adjustments :

<b>Particulars</b>	<b>Amount ₹</b>
Remuneration to partners	4,00,000
Interest to partners on capital account @ 12%	20,000
Municipal tax of house property	5,000
Rent received on house property	50,000

Compute the book profit and remuneration deductible under section 40(b) of the Income-tax Act, 1961.

(5 marks)

- (b) Define Tax Treaty. Discuss the principal objectives of Indian Tax Treaties.

(5 marks)

- (c) ABC Ltd. proposes to sell one unit XYZ which was set up in 2010 (out of 10 units) and is not related to company's main line of business. Total consideration for sale of XYZ unit as a going concern by way of slump sale is ₹ 3,50,000. The summarized financial position of XYZ unit as on 31st Jan., 2019 (Date of Sale) is as under :

<b>Liabilities</b>	<b>Amount ₹</b>	<b>Assets</b>	<b>Amount ₹</b>
Paid up capital	50,000	Fixed assets	70,000
General Reserve	40,000	Debtors	40,000
Revaluation Reserve	30,000	Inventories	40,000
Current liabilities	30,000		
	<u>1,50,000</u>		<u>1,50,000</u>

: 11 :

Additional information as under :

Fixed assets includes Land purchased at ₹ 5,000 in May, 2012 revalued at ₹ 50,000.

For the remaining fixed assets, their written down value as per the Income-tax Act, 1961 is ₹ 10,000.

Cost inflation indices are as under :

FY 2012-13-200, FY 2018-19-289.

Compute the capital gain arising on sale of XYZ unit of ABC Ltd.

(5 marks)

**OR (Alternate question to Q. No. 6)**

- 6A.** (i) ABC Ltd. is a foreign subsidiary company of XYZ Ltd. XYZ Ltd. sells refrigerators to ABC Ltd. at a price of ₹ 10,000 each for sale to its dealers in Singapore. In other States, XYZ Ltd. is directly selling to their dealers at ₹ 12,000 with a warranty of one year (₹ 500 for each fridge). ABC Ltd. does not offer such warranty. Quantity sold to ABC Ltd. is 8000 units and to dealers of XYZ Ltd. is 3000 units. Discuss the method to be applied to arrive at the arm's length price and compute the ALP.

How is the assessment of XYZ Ltd. going to be affected ?

(5 marks)

- (ii) X Ltd. is a resident company engaged in garment manufacturing at Kolkata. The Profit & Loss Account has been prepared in accordance with Schedule III of the Companies Act, 2013.

: 12 :

Net profit for the year ended 31st March, 2019 is ₹ 99,000 arrived at after the following adjustments :

<b>Particulars</b>	<b>Amount ₹</b>
Depreciation (includes Revaluation of assets ₹ 1,000)	4,000
Provision for Income Tax	3,000
Proposed dividend	5,000
Loss of subsidiary A Ltd.	2,000
Interest on term loan from nationalised bank (Not yet paid)	1,20,000
<b>Income</b>	
Dividend received from C Ltd.	1,000

Compute the Book profit u/s 115JB and the Minimum Alternate Tax (MAT) liability.

(5 marks)

- (iii) ABC Ltd. is a public limited company but shares are not listed in any stock exchange in India as on 31st Dec., 2018. On 1st Jan., 2019, the company issued 10 lakh shares of face value of ₹ 10 per share, the fair market value of which is ₹ 130, at issue price of ₹ 150 per share.

Discuss the applicability of section 56 of the Income-tax Act, 1961 where shares are issued to :

- (a) Resident Indians;
- (b) Non-resident Indians;
- (c) Venture Capital Undertakings.

(5 marks)