

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** references to sections mentioned in Part-A of the Question Paper relate to the Income Tax Act, 1961 and relevant Assessment Year 2021-22, unless stated otherwise.

3. Working notes should form part of the answer.

PART—A

1. (a) Anil, aged 82 years is a retired Govt. Servant and a resident of Delhi, for the previous financial year 2020-21 his income during the year from different sources is as under :

1. Pension from the Govt. of India	₹ 58,000 per month
2. Rent from a house property situated at Noida (UP)	₹ 30,000 per month
3. Interest from SBI on Saving Bank A/c	₹ 4,000
4. Interest on Saving A/c from a Co-operative Society Bank	₹ 3,000
5. Interest from SBI on Fixed Deposit Receipts	₹ 46,000

During the year Anil paid :

- ₹ 12,000 towards Municipal tax for the property situated at Noida (UP).
- ₹ 90,000 deposited in Sukanya Smridhi Scheme for the benefit of his granddaughter for whom he is legal guardian.
- ₹ 51,000 towards donation in the P.M. Drought Relief fund by cheque.

Compute Income Tax liability of Anil for assessment year 2021-22, assuming that he does not opt for Special Tax regime u/s 115BAC.

(5 marks)

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- (b) Veena has a house property acquired on 15th Nov, 1999 for ₹ 4,80,000. She incurred improvement expenditure on such property ₹ 80,000 on 19th Sep., 2000 and ₹ 50,000 on 18th July, 2012. Market value of such property as on 1st Apr., 2001 was ₹ 6,50,000. On 16th Aug., 2019 such property is compulsorily acquired by the Government and compensation decided at ₹ 21,50,000. 20% of the compensation received on 31st Dec., 2020 and balance on 2nd April, 2021. Expenditure incurred to get compensation is ₹ 10,000. Compute income under the head Capital Gains of Veena for the assessment year 2021-22.

The cost of inflation indices for various financial years is :

Financial Year	2001-02	2012-13	2018-19	2019-20	2020-21
Cost Inflation Index	100	200	280	289	301

(5 marks)

- (c) With reference to the Circular No. 29 dated 2nd October 2019 regarding clarification in respect of option under section 115BAA of the Income Tax Act, 1961 inserted through the Taxation Laws (Amendment) Ordinance 2019, what are the clarifications issued by the board on following issues relating to exercise of option under section 115BAA :
- Allowability of brought forward loss on account of additional depreciation and
 - Allowability of brought forward MAT credit.

(5 marks)

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

2. (a) JKPS Ltd. is an Indian company, which sets up a new manufacturing unit. It incurs the following expenditure in connection with the manufacturing unit :

Particulars	Amount (₹)
Preparation of project report	8,00,000
Legal and other charges for issue of additional capital required for the new unit	2,00,000
Cost of project	35,00,000
Capital employed in the new unit	30,00,000
Total	75,00,000

Calculate the amount of deduction admissible to the company u/s 35D (Amortisation of Preliminary Expenses) of the Income Tax Act, 1961, for the assessment year 2021-22.

(5 marks)

- (b) State with reasons as per the provisions of Income Tax Act, 1961, if following transactions are useful for the purpose of Tax Planning :

(i) Puneet purchased an electric vehicle on 17th July, 2020 for his personal use, he purchase this vehicle from the loan taken from SBI and paid ₹ 95,000 towards interest on that loan for the financial year 2020-21.

(2 marks)

(ii) Vasudevan sold his only residential house in the month of May 2020, on the sale he arise LTCG of ₹ 1.73 crore as per Income Tax Act, 1961. He is willing to pruchase one Flat at Noida (UP) at a cost of ₹ 75 lakh and one flat at Gurugram (Haryana) at a cost of ₹ 85 lakh respectively.

(3 marks)

- (c) (i) What is the penalty if any person fails to furnish information or document of transfer pricing as per Section 271G of Income Tax Act, 1961 ?

(2 marks)

(ii) Who is Transfer Pricing Officer (TPO) ? Can TPO amend any order passed by him regarding rectification of Arm's Length Price ?

(3 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) The following incomes are derived by Pranshul an individual for the financial year ended 31st March, 2021 :

Particulars	Amount (₹)
Agriculture income from Lands in Tanzania	3,50,000
Rent received from let out House Property in Washington USA	4,90,000
Pension received from the British Government	6,23,000
Interest received from Govt. of India	30,000
Dividend received from an Indian Co., ONGC Ltd.	15,000

Examine the taxability of the above income under Income Tax Act, 1961 of Pranshul for the assessment year 2021-22, in case where he is (a) Resident (b) Non-resident.

(5 marks)

- (ii) Explain the followings with reference to the provisions of Advance Ruling u/s 245 of the Income Tax Act, 1961 :

(a) Kiran a non-resident filed an application for advanced ruling on a transaction to be undertaken, AAR has delivered the Advanced ruling on the subject sought but Kiran is not satisfied with the ruling given by AAR and willing to appeal against the orders of AAR, what is the remedy available with Kiran in this regard ?

(2 marks)

(b) Sumit a non-resident is willing to file an application for advance ruling regarding determination of fair market value of a property situated at Mumbai, can he do so ?

(1 mark)

(c) Narayan a resident assessee claims that the advanced ruling sought by his sister in respect of a similar transaction undertaken by her is also applicable to him, is he right ?

(1 mark)

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- (d) Kaka a non-resident is going to undertake a transaction with a resident in India, he has three different questions in his mind with respect to the transaction, should he file a single application or three applications to the AAR, please guide him ?

(1 mark)

- (iii) Explain the provisions relating to presumptive taxation scheme for assesses engaged in eligible professionals u/s 44 ADA of the Income Tax Act, 1961.

(5 marks)

PART—B

3. (a) KK Ltd. is in the business of manufacturing of freezing components for domestic market at Jaipur. During the month of December 2020, it has acquired the following :

Sr. No.	Particulars	Taxable value of inward supply (₹)	GST charged by supplier (₹)
1.	Solar lamp (to be used in office)	1,00,000	5,000
2.	Soya milk drinks (to be used in factory canteen)	20,000	3,600
3.	Spray guns (to be used in factory)	45,000	8,100
4.	Truck (for transportation of manufactured goods from factory to godown)	19,00,000	5,32,000
5.	Lift (Installed in office premises and mainly used by office employees of KK Ltd.)	17,50,000	3,15,000

Calculate the amount of input tax credit available to KK Ltd. for the month of December 2020. Assume that the conditions for claiming input tax credit [including conditions imposed by rule 36(4)] are satisfied. Annual turnover of KK Ltd. is generally more than ₹ 40 crore.

(5 marks)

- (b) X Ltd. supplies a generator set to Y Ltd. in the Intra-state supply, provides the following information :

Particulars		Amount in ₹
(1)	Price of generator set	8,70,000
(2)	Installation charges for the generator	34,000
(3)	Entry fees levied by the Municipal Corporation	6,000
(4)	One part is directly fitted in generator set at place of Y Ltd. (amount paid by Y Ltd., directly to supplier, as per contract this amount should be paid by X Ltd, included in the price of generator set)	3,000
(5)	Discount @ 3% on generator price (recorded in Invoice)	
(6)	X Ltd. provide additional discount of 1.5% at year end, based on additional purchase of other generator set.	

Calculate the taxable value of supply of generator set under GST Law along with the reasons.

(5 marks)

- (c) Jitender, an Indian resident, aged 45 years, returned to India on 18th Dec., 2020 after visiting Australia for 7 days. He brought the following goods with him :

Sr. No.	Particulars	Value in ₹
(i)	Mobile phone	18,000
(ii)	Two laptop computers worth ₹ 40,000 each	80,000
(iii)	Wine, 2 Litres	16,000
(iv)	Digital Camera	62,000
(v)	Personal effects (clothes)	35,000
(vi)	Travel Souvenirs	12,000

Compute the amount of customs duty payable by Jitender.

(5 marks)

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- (d) (i) 'M' booked a banquet hall on 5th July, 2020 for an agreed sum of ₹ 25,000 and paid an advance of ₹ 6,000 on that date. Function held in the banquet hall on 14th August, 2020. Thereafter, on 26th September, 2020 the owner of convention hall issued invoice for ₹ 25,000 indicating balance of ₹ 19,000 is payable. 'M' paid the balance payment on 2nd November, 2020. Determine time of supply in this case under GST Law.
- (3 marks)
- (ii) Whether a person having multiple business verticals in a state can obtain different registrations under GST Law ?
- (2 marks)
- (e) Anil, a registered dealer running its business smoothly but due to pandemic there was no purchase and sale in the month of December 2020, he is willing to file his GST returns by a SMS only. Can he do so ? If yes, what are the conditions for doing this ?
- (5 marks)

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

4. (a) Determine the place of supply in the following cases according to the provisions under IGST Act, 2017 :
- (i) Salman Khan of Delhi purchased a Residential plot in France. He hires Mumbai based architect to design the structure for his Residential plot.
- (ii) Raj provided training and development to the employees of ABC a firm which is not registered under the Act. ABC is located in Gurugram but training and development programme was conducted in Noida.

- (iii) Rajiv, a bank manager, is transferred from Agra (UP) to Pune (Maharashtra). Rajiv's family is stationed in Kanpur (UP). He hires sigma carrier of Agra (UP) registered in UP, to transport his household goods from Kanpur to Pune (Maharashtra).
- (iv) Golden Events, an event management company at Noida (UP), organised a Customer Meet function for M/s Bala Diamonds of Bhopal (Registered in M.P.), at Maldives.
- (v) Mr. Sharma travelling from Delhi to Chennai in a flight. He desired to watch an English movie during the journey by making the necessary payments to the Airlines.

(5 marks)

- (b) What are the circumstances under which GST registration may be cancelled by the proper officer u/s 29(2) of CGST Act, 2017 ?

(5 marks)

- (c) Define the powers of proper officer for passing Best Judgment Assessment u/s. 62 of CGST Act, 2017. What is the time limit of passing such orders and what are the circumstances of withdrawal of such assessment orders ?

(5 marks)

OR (Alternate question to Q. No. 4)

- 4A. (i) An importer, imports some luxury items and deposited the same in a warehouse on 1st September, 2019, due to lack of demand, he applies for extension of warehousing period and department granted the extension till 31 December, 2020. The importer did not remove the goods even after the extended date. In the meantime the goods were destroyed in

the warehouse. Then the importer applied for remission under section 23 of the Custom Act, 1962. Department rejected his claim stating that remission cannot be granted on goods stored in the warehouse. Discuss whether the refusal of claim by department is valid or not with reference to the Customs law and decided case law.

(5 marks)

(ii) Who are the ineligible persons to opt alternative composition scheme in GST vide Notification No. 2/2019-CT, dated 7th Mar, 2019.

(5 marks)

(iii) Examine and comment on the following issues with reference to the CGST Act, 2017 and Circular No. 71/218-CGST, dated 26th Oct., 2018.

(a) Is the amount required to be deposited as advance tax while taking registration as a Casual Taxable Person should be 100% of the estimated gross liability ?

(2 marks)

(b) Manoj, an Exhibitionist from Gujarat, is running an exhibition in Delhi from last few days he also registered himself as Casual Taxable Person in Delhi, as the response from public is very good, he decided to continue his exhibition in Delhi for a further period of six months. What should he do under GST Law ?

(3 marks)

5. (a) William a US citizen comes to India on 16th Nov, 2020 on tourist visa, and returning to USA after five months on 15th April, 2021. He purchased some goods in India on which he had paid IGST and plan to carry such goods along with him. Is there any provision of refund of IGST paid on such goods ?

(3 marks)

(b) A Consigner is to move goods from the Kochi (Kerala) to Noida (UP). He appoints transporter X for the movement of the goods. Transporter X moves the goods from Kochi to Bhopal (Madhya Pradesh). For completing the remaining journey from Bhopal to Noida transporter X hands over the goods to transporter Y. Thereafter goods are moved to the destination by transporter Y. Discuss the procedure to be followed with reference to E-way bill under GST Law on above transaction.

(3 marks)

(c) What is the description, frequency (monthly/quarterly/half yearly/annually) and due date for filling the following GSTR :

(i) GSTR-5

(ii) GSTR-6

(iii) GSTR-8

(3 marks)

(d) A registered person who has paid central tax and state tax or UT tax, as the case may be, on a transaction considered by him to be an intra-state supply, but which is subsequently held to be an inter-state supply. Does he adjust the GST amount which is paid by him under wrong head ? Is any interest is liable on the amount of IGST payable ?

(3 marks)

(e) Briefly explain the power to search suspected persons in certain other cases under section 101 Customs Act, 1962.

(3 marks)

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6. (a) MT Ltd. imported an automated machine by ship, from USA in January, 2021. The details in this regards are as under :

(i)	Cost of machine at the factory of the exporter	USD 10,000
(ii)	Transport charges from the factory of exporter to the Port for shipment	USD 400
(iii)	Handling charges paid for loading the machine in the ship	USD 40
(iv)	Freight charges from exporting country to India	USD 2,500
(v)	Buying commission paid by the importer	USD 100
(vi)	Lighterage charges paid by the importer at port of importation	₹ 8,000
(vii)	Freight incurred from port of entry to Inland Container Depot	₹ 32,000
(viii)	Ship demurrage charges paid at port of importation	₹ 9,000

Date of bill of entry 10th January 2021, on this date rate of BCD was 15% and exchange rate as notified by CBIC was ₹ 75 per USD.

Date of entry inward 15th January 2021, on this date rate of BCD was 10% and exchange rate as notified by the CBIC was ₹ 73 per USD.

Integrated tax is 18%, ignore GST compensation cess.

Compute the total custom duty and integrated tax payable under customs law on an imported machine.

(8 marks)

(b) Bajaj & Sons has a warehouse in the state of Gujrat. The turnover is more than ₹ 40 lakh and Bajaj & Sons has taken GST registration from Gujrat. From the following information given below, find out GST payable by Bajaj & Sons for the month of November 2020 :

1. Invoice No. 1002 issued to X Ltd. and value of taxable supply is ₹ 40,000. X Ltd. has utilised warehouse for the storage of oranges.

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2. Invoice No. 1003 issued to Y Ltd. and value of taxable supply is ₹ 2,45,000. Y Ltd. has utilised warehouse for the storage of manufactured goods.
3. Invoice No. 1004 issued to Z Ltd. and value of taxable supply is ₹ 90,000. Z Ltd. has utilised warehouse for the storage of potato chips.
4. Invoice No. 1005 issued to K Ltd. Bajaj & Sons has provided consultancy to K Ltd. on the maintenance of warehouse buildings. Consultancy fee is ₹ 1,00,000.

Above figures are exclusive of GST. GST rate is 18%. Bajaj & Sons to avail input tax credit pertaining to the following :

- (i) Balance available in the electronic credit ledger on November 1st, 2020 is ₹ 28,000.
- (ii) Salary paid to manager ₹ 30,000 per month.
- (iii) Fees paid to an advocate on November 28, 2020 pertaining to recovery of disputed rent of ₹ 10,000 (advocate does not charge any GST).
- (iv) Air Conditioner purchased for office ₹ 30,000 + 28% GST (₹ 8,400)

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

(7 marks)

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