

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 16

- 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 2019-20 unless stated otherwise.
 3. Wherever necessary, suitable assumptions can be made and the same be stated clearly in the answer.
 4. Working notes should form part of the answer.

PART-I

1. (a) Mudit Enterprises, registered in the state of Maharashtra (Mumbai) is engaged in supply of various goods and services exclusively to persons notified under section 51 of the CGST Act, 2017.

Calculate the amount of TDS to be deducted by the recipient if any, from the details given below of three independent contracts for the month of November, 2018 :

Particulars	Contracts		
	I	II	III
Place of supply	Mumbai	Mumbai	Mumbai
Registered place of recipient	Mumbai	Mumbai	Delhi
Total contract value (inclusive of GST) (₹)	2,75,000	3,10,000	4,50,000
Payment due in November, 2018 (exclusive of GST) (₹)	55,000	60,000	1,20,000

Note : Take the rate of CGST, SGST and IGST as 6%, 6% and 12% respectively.

(5 marks)

: 2 :

(b) Amar Publishing House, registered under CGST Act, 2017 in Delhi is engaged in printing and selling of books as well as trading of stationery items. It has provided following information of a single consignment which is to be supplied to a person in Jaipur (Rajasthan) :

- (i) Value of exempted supplies of ₹ 12,000 and value of taxable supplies of ₹ 32,000 are indicated on tax invoice.
- (ii) Value of goods to be sent to unregistered job worker on delivery challan having value of ₹ 16,000.

Note : All amounts given above are excluding GST.

Calculate the consignment value, for the purpose of generating e-way bill for Interstate supply of goods. Take rate of tax on taxable goods of IGST @ 12%. Legal provision explained in brief should form part of the answer.

(5 marks)

(c) Ramakrishna Trivedi, a registered supplier of Bengaluru has received the following amounts from the various activities undertaken by him during the month ended on 31st October, 2018 :

S.No.	Particulars	Amount (₹)
(i)	Services related to funeral including transportation of dead bodies	30,000
(ii)	Commission received as an insurance agent, from insurance company	95,000
(iii)	Business assets (old computer) given to friends free of cost, the market value of all the computers was ₹ 2,00,000. No input tax credit has been availed on such computers when used for business	No amount received as given free
(iv)	Amount received from PQR Ltd. for performance of classical dance in one program	1,99,000
(v)	Service provided to recognized sport body as Coach, for participation in a sporting event organized by a recognized sports body.	75,000

Note : All the amount stated above are exclusive of GST, wherever applicable.

You are required to calculate gross value of taxable supply on which GST is required to be paid by Ramakrishna Trivedi for the month of October, 2018.

Legal provision explained in brief should form part of the answer.

(5 marks)

: 3 :

- (d) Gokhale & Sons is registered in Karnataka and paying GST under composition scheme, provides the following details for the tax period ended on 31st December, 2018 :

S.No.	Particulars	(₹)
(i)	Taxable turnover of goods within state	25,00,000
(ii)	Exempted turnover of goods within state	27,00,000

Calculate the total GST without bifurcation between CGST and SGST to be paid by Gokhale & Sons for the tax period ended on 31st December, 2018 in following independent situation on the basis of details of turnover as given :

- (i) If Gokhale & Sons is Manufacturer
(ii) If Gokhale & Sons is Trader

(5 marks)

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

2. (a) Determine with reason, whether the following statements are true or false with reference to provisions of GST law :

- (i) “A registered person shall issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person”.

(2 marks)

- (ii) “A Non-banking financial company (NBFC) can issue a consolidated tax invoice at the end of every month for the supply made during that month”.

(1 mark)

- (iii) “It is mandatory to issue a tax invoice in case a registered person has opted for composition levy scheme”.

(2 marks)

: 4 :

- (b) Parthiv Chemicals Pvt. Ltd. is a manufacturing company registered under GST in the State of Maharashtra. It manufactures two taxable products “Sun” and “Moon”, and one exempt product “Jupiter”. On 1st October, 2018, product “Moon” got exempted through an exemption notification and the exemption available on product “Jupiter” got withdrawn on the same date (1st October, 2018) under the same notification.

The above registered supplier has furnished the following details (amounts are excluding GST) chargeable at 18% GST :

S.No.	Particulars	Price (₹)
(a)	Machinery “L” purchased on 22-10-2018 for being used in manufacturing product “Sun” and “Jupiter”	1,20,000
(b)	Machinery ‘M’ purchased on 1st October, 2015 used till 30-9-2018 exclusively in manufacturing product “Jupiter”. However, from 1-10-2018, such machinery will also be used for manufacturing product “Moon” besides “Jupiter”	5,00,000
(c)	Raw material used for manufacturing “Sun” purchased on 9-10-2018	2,20,000
(d)	Raw material used for manufacturing “Moon” purchased on 10-10-2018	4,00,000
(e)	Raw material used for manufacturing “Jupiter” purchased on 16-10-2018	1,00,000

All purchases are from outside the State from registered suppliers.

Compute the amount of input tax credit (ITC) to be credited to Electronic Credit Ledger for the month of October, 2018.

(5 marks)

: 5 :

- (c) Mrs. Bharghavi is a registered supplier under GST law in Coimbatore, Tamil Nadu, running a factory for manufacture of electric motors. For giving training to her employees, she has utilized the services of Vibrant Trainers Pvt. Ltd., a registered supplier in Trissur, Kerala. The training programs are to be held at Trissur.
- (i) What will be the place of supply of services provided by Vibrant Trainers Pvt. Ltd. to Mrs. Bharghavi ?
(2 marks)
- (ii) Will your answer be different, if Mrs. Bharghavi is not a registered supplier ?
(2 marks)
- (iii) In the situation given in the problem, if the training is to be provided at Singapore, what will be the place of supply ?
(1 mark)
- (d) What is the meaning of “Search warrant” with reference to CGST Act, 2017 ? State the contents of “Search warrant” also.
(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Jitendra Ltd., of Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable supply made by it for the month of March, 2019 :

Particulars	Amount (₹)
• List price of goods supplied (exclusive of taxes and discount)	12,00,000
• Subsidy received from Central Government for supply of taxable goods to Government school. Directly linked to price	1,10,000
• CGST and SGST chargeable on the goods	50,000
• Tax levied by Municipal Authority	25,000
• Secondary packing charged	10,000

: 6 :

Note :

- (i) Jitendra Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.
- (ii) The list price of the goods is after considering the subsidy received from Central Government. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Calculate the value of taxable supply made by Jitendra Ltd. for the month of March, 2019.

(5 marks)

- (ii) Jayant Pvt. Ltd. of Jaipur (Rajasthan) provides the following information of the supplies made for the year 2017-18 :

S.No.	Particulars	Amount (₹)
(i)	Sale of high speed diesel on which Sales Tax (VAT) levied by Rajasthan Government	8,00,000
(ii)	Supply of goods directly by principal from the place of Jayant Pvt. Ltd. after completion of job work done by Jayant Pvt. Ltd.	9,00,000
(iii)	Taxable outward supply within Rajasthan	6,00,000
(iv)	Inward supply of services on which GST to be paid by Jayant Pvt. Ltd. under reverse charges	5,00,000
(v)	Outward supply on which GST to be paid by recipient under reverse charges	1,00,000

Calculate the aggregate turnover for the purpose of registration under CGST Act, 2017 and state whether Jayant Pvt. Ltd. is liable for registration or not. Also provide brief reasons for the treatment of various items given above in the context of provisions of CGST Act, 2017.

Note : All the above amount are exclusive of taxes of any nature.

(5 marks)

: 7 :

- (iii) Determine the amount of Input Tax Credit (ITC) admissible to JKL Ltd., in the month of September, 2018 in respect of various inward supplies during the month from the following information.

Assume that all the conditions necessary for availing the input tax credit have been fulfilled by JKL Ltd :

Items	GST Paid (₹)
• Health Insurance of permanent factory employees, as per policy of company	60,000
• Raw materials for which invoice received and GST paid for full amount but only 90% of material received during the month and remaining 10% will be received in next month (October, 2018)	1,13,000
• Work contractor's service used for installation of plant and machinery	1,18,000
• Goods purchased against valid invoice from PQR Ltd,. Although GST has been deposited by PQR Ltd. but JKL Ltd. has made payment to PQR Ltd. for such purchases in the month of November, 2018.	50,000
• Purchase of car used by director for the business meetings only	25,000

(5 marks)

- (iv) XY Company received an adjudication order passed by the Assistant Commissioner of Central Tax on 2nd December, 2018 under section 73 of the CGST Act, 2017 wherein it was decided as follows :

IGST due ₹ 7,00,000

Interest ₹ 25,000

Penalty ₹ 50,000

XY Company filed an appeal before the Appellate Authority on 28th January 2019. How much the company has to pay as pre-deposit under section 107(6) of the CGST Act, 2017 if the assessee appeals against part of the demanded amount say Tax ₹ 4,00,000, interest ₹ 15,000 and penalty ₹ 30,000 and admits the balance liability of tax, interest and penalty ?

(5 marks)

3. (a) Green & Green Private Limited has been issued a show cause notice (SCN) on 15th March, 2019 under section 73(1) of the CGST Act, 2017 on account of short payment of tax for the month of April, 2018.

Green & Green Private Limited contends that the show cause notice so issued is time-barred in law.

You are required to examine the technical veracity of the contention of Green & Green Private Limited in the context of provisions of the CGST Act, 2017.

(4 marks)

- (b) (i) Deepak Garg started supply of goods within the state of Rajasthan from 1st December 2018. His turnover exceeded ₹ 20 lakh on 25th January 2019. However, he didn't apply for registration.

Determine the amount of penalty, if any, that may be imposed on Deepak Garg under CGST Act, 2017 on 31st March 2019, if the tax evaded as on said date, on account of failure to obtain registration is ₹ 8,000.

(2 marks)

- (ii) Kishore, an unregistered person under GST, purchases the goods supplied by Sanjay who is a registered person without receiving a tax invoice and thus helps in tax evasion.

Determine maximum amount of penalty that may be imposed on Kishore under CGST Act, 2017.

(2 marks)

: 9 :

- (c) State the matters on which Advance Ruling can be sought under GST Law. State any *four* such matters as specified under the CGST Act, 2017.

(4 marks)

- (d) Saraswathi Polymers Pvt. Ltd., has two units, one in Coimbatore, Tamil Nadu and another in Thrissur, Kerala. In the Coimbatore unit, it manufactures customised products only. Each lot consists of 100 units and is valued at ₹ 5 lakhs. These products require further processing before delivery to the customers. The further processing is done by the Kerala Unit, which enjoys a unique market position as there being no competitor providing similar services in Kerala.

The Kerala Unit, besides processing the products of the Tamil Nadu Unit, undertakes processing work of outsiders also and collects charges from them. Other manufacturers in Kerala, who deliver products to this unit for further processing, value at ₹ 3.5 lakhs per 100 units.

You are required to determine the value of 100 units supplied by the Tamil Nadu Unit of the registered supplier to its Kerala unit as per provisions of the CGST Act, 2017.

(4 marks)

- (e) Goyal Manufacturers, a registered person, instructs its one of the suppliers to send the input directly to Sumit Enterprises, who is a job worker, outside its factory premises for carrying out certain operations on the goods. The goods were sent by the supplier on 15th July, 2018 and were received by the job worker on 17th July, 2018.

Whether Goyal Manufacturers are eligible to take Input Tax Credit (ITC) on the input goods directly received by the job worker from the supplier. Discuss, what action under the GST law is required to be taken by Goyal Manufacturers.

(4 marks)

: 10 :

4. (a) ABC Ltd. imported a machine from UK in November, 2018. The details in this regard are as under :
- (i) FOB value of the machine : 12,000 UK Pound
 - (ii) Freight (Air) : 4000 UK Pound
 - (iii) Licence fee, the buyer was required to pay in UK : 500 UK Pound
 - (iv) Buying commission paid in India ₹ 20,000
 - (v) Designing charges paid to consultancy firm in New Delhi, which was necessary for such machine ₹ 1,00,000
 - (vi) Actual landing charges paid at the place of importation ₹ 25,000.
 - (vii) Insurance premium details were not available.
 - (viii) For this purpose you may consider followings :
 - (a) Rate of exchange ₹ 98.00 per one pound.
 - (b) Rate of Basic Customs Duty (BCD) at 10%
 - (c) Integrated tax under section 3(7) of Customs Tariff Act at 12%
 - (d) Social Welfare surcharge as applicable
 - (e) Ignore GST Compensation Cess.

You are required to compute the total customs duty and integrated tax payable on the imported machine. You may make suitable assumptions wherever found necessary.

(5 marks)

- (b) Shandaar Scraps Ltd., imported during October, 2018 by sea a consignment of metal scrap weighing 7,000 M.T. (metric tonnes) from U.S.A. They filed a bill of entry for home consumption. The Assistant Commissioner passed an order for clearance of goods and applicable duty was paid by them.

: 11 :

Shandaar Scraps Ltd thereafter found, on taking delivery from the Port Trust Authorities (i.e., before the clearance for home consumption), that only 6,400 M.T. of scrap were available at the docks although they had paid duty for the entire 7,000 M.T., since there was no short-landing of cargo.

The short-delivery of 600 M.T. was also substantiated by the Port-Trust Authorities, who gave a "weightment certificate" to Shandaar Scraps Ltd.

On filing a representation to the Customs Department, Shandaar Scraps Ltd. has been directed in writing to justify as to which provision of the Customs Act, 1962 governs their claim for remission of duty on the 600 M.T. not delivered by the Port-Trust. You are approached by Shandaar Scraps Ltd. as "Counsel" for an opinion/advice. Examine the issues and tender your opinion as per Customs Act, 1962, giving reasons in brief and the provisions of the Customs Act, 1962.

(5 marks)

PART-II

5. (a) "Transfer pricing adjustments must be made while computing book profit for levy of Minimum Alternate Tax (MAT)".

In the context of provisions contained in the Income-tax Act, 1961, examine the correctness of the above statement.

(3 marks)

(b) Specify with brief reason, whether the following acts can be considered as an act of (i) Tax management; or (ii) Tax planning; or (iii) Tax evasion: or (iv) Tax avoidance :

- (i) To reduce tax payable, Sunil Varma an individual, paid ₹ 55,000 as life insurance premium on the policy of his minor son.
- (ii) A foreign company has an Indian subsidiary which is selling its product to the parent company at a price of ₹ 100 per unit while the same product is sold to another foreign company at ₹ 200 per unit.
- (iii) Company claiming depreciation on the motor car which is being used by director for personal purposes.

(3 marks)

(c) Briefly explain the provision of section 115 BBG of The Income Tax Act, 1961, regarding taxability of income earned from transfer of “Carbon Credits” for assessment year 2019-20.

(3 marks)

(d) An individual has business income of ₹ 35,00,000 for previous year 2018-19. He for the previous year 2017-18 was subject to Alternate Minimum Tax (AMT) because of claiming deduction under section 80-IE of Income Tax Act, 1961. He has an AMT credit of ₹ 5,00,000.

Calculate the tax to be paid by him for assessment year 2019-20. Also work out the amount of balance of available AMT credit.

(3 marks)

: 13 :

- (e) ABC Ltd. has 2 factories one of which is in SEZ, Company moves the produce of the non SEZ factory at a price considerably lower than the fair market value to the SEZ factory. This lowers the cost of production of the SEZ factory and the goods are sold from therein after insignificant value addition. Consequently, the SEZ factory shows higher profits and that entitles the assessee to claim a higher deduction from the computation of income.

Can General Anti Avoidance Rules 'GAAR' specified under the Income Tax Act, 1961 be invoked in this case ?

(3 marks)

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

6. (a) The net profit as per Statement of Profit and Loss of PQR Ltd., a resident company for the year ended 31st March, 2019 is ₹ 280 lakh arrived at after debiting/crediting following items :
- (i) Depreciation on Assets ₹ 110 lakh (includes ₹ 30 lakh on revaluation)
 - (ii) Dividend received from Indian companies ₹ 8 lakh
 - (iii) Transfer to general reserve ₹ 5 lakh
 - (iv) Provision for tax ₹ 50 lakh
 - (v) Proposed dividend ₹ 20 lakh
 - (vi) Amount withdrawn from revaluation reserve ₹ 40 lakh.

Following further information are also provided by the company :

- (i) Provision for tax includes ₹ 15 lacs of tax payable on distribution of profit and of ₹ 3 lacs of interest payable on income tax.
- (ii) Brought forward loss and unabsorbed depreciation as per books are ₹ 13 lakh and ₹ 9 lakh respectively.

Compute Minimum Alternate Tax (MAT) under section 115JB of Income Tax Act, 1961 for the Assessment Year 2019-20.

(5 marks)

- (b) Explain the consequences that would follow if the Assessing Officer makes adjustment to Arm's Length Price (ALP) in international transactions of the assessee resulting in increase in total income. What are the remedies available to an assessee to dispute such adjustment made by the AO ?

(5 marks)

- (c) Zonik Inc of Canada holds 35% shares of Gama India Ltd. Gama India Ltd. imports 2000 unit of product X from Zonik Inc Canada at a price of ₹ 1,500 per unit and these are sold to Sunil Regency Ltd. at a price of ₹ 1,700 per unit. Gama India Ltd. has bought similar products from Ronak India Ltd. and sold to Vijay Ltd. at a gross profit of 14% on sales. Zonik Inc Canada offers a quantity discount of ₹ 15 per unit whereas Ronak India Ltd. does not offer such quantity discount. Gama India Ltd. incurred freight of ₹ 10 per unit and customs duty of ₹ 30 per unit in case of purchases made from Zonik Inc Canada.

On the basis of these facts explain the method which would be applicable for determination of Arm's Length Price (ALP) under Income Tax Act, 1961.

Determine the Arm's Length Price on the basis of the method as found to be applicable and also determine the effect on the net Profit/Income of Gama India Ltd. (assuming that there is no advance pricing agreement) in the scenario discussed above.

(5 marks)

: 15 :

OR (Alternate question to Q. No. 6)

- 6A. (i) Jim Crow Tex. Inc. is a company incorporated in London (England). 60% of its shares are held by Sampat Pvt. Ltd. a domestic company. Jim Crow Tex. Inc. has its presence in India also. The data relating to Jim Crow Tex. Inc. for financial year 2018-19 are as under :

Particulars	India	England
Fixed assets at depreciated values for tax purposes (₹ in crores)	60	90
Intangible assets (₹ in crores)	80	190
Other assets (₹ in crores)	20	60
Income from trading operations (₹ in crores)	16	37
Income from investments (₹ in crores)	29	18
Number of employees (Residents in respective countries)	70	30

State for the purpose of Place of Effective Management (POEM) whether the Jim Crow Tex. Inc shall be said to be engaged in 'Active Business Outside India' (ABOI) under Income Tax Act, 1961 on the basis of :

- Income criteria
- Assets criteria
- Number of employees criteria.

(5 marks)

- (ii) Jyoti Limited of Kolkata is a company in which 70% of the shares are held by Sanjana Limited of Jaipur. Jyoti Limited declared a dividend amounting to ₹ 40 lakh to its shareholders for the financial year 2017-18 in its Annual General Meeting held on 12th August, 2018. Dividend distribution tax was paid by Jyoti Limited on 21st August, 2018. Sanjana Limited declared an interim dividend amounting to ₹ 60 lacs on 22nd October, 2018.

Compute the amount of tax on dividend payable by Sanjana Limited under Income Tax Act, 1961 and also briefly state the relevant statutory provisions.

(5 marks)

(iii) State with reasons, whether Jackson LLC., (incorporated in Japan) and Vijayshree Ltd. a domestic company, are/can be deemed to be associated enterprises for the transfer pricing regulations in the following independent situations :

(a) Jackson LLC. has advanced a loan of ₹ 55 crores to Vijayshree Ltd. on 12th January, 2019. The total book value of assets of Vijayshree Ltd. is ₹ 100 crores. The market value of the assets, however, is ₹ 140 crores. Vijayshree Ltd. repaid ₹ 10 crores before 31st March, 2019.

(2 marks)

(b) Total value of raw materials and consumables of Vijayshree Ltd. is ₹ 800 crores. Of this, Jackson LLC supplies to the tune of ₹ 740 crores, at prices mutually agreed upon once in six months and depending upon the market conditions.

(3 marks)