

Roll No. ..

Total No. of Questions – 12

Total No. of Printed Pages – 15

Time Allowed – 3 Hours

Maximum Marks – 100

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Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Answers to sections A and B should be given in separate sets of answer books.

SECTION-A

Marks : 60

Question No. 1 is compulsory.

Candidates are also required to answer any five questions from the remaining six questions.

In case, any candidate answers extra question(s)/sub-question(s) over and above the required number, then, only the requisite number of questions which are sequentially first answered in the answer book shall be valued and subsequent extra question(s) answered shall be ignored.

Working notes should form part of the respective answers.

All questions pertaining to Income Tax, relate to **Assessment year 2018-19**, unless stated otherwise in the question.

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1. Mr. Hari, aged 55 years, a resident individual and practicing Chartered Accountant, furnishes you the receipts and payments account for the financial year 2017-18. 10

Receipts and Payments Account

Receipts	₹	Payments	₹
Opening Balances (01-04-2017)		Staff salary, bonus and stipend to articted clerks	20,50,000
Cash & Bank	20,000	Other general and administrative expenses	12,00,000
Fee from professional services	39,60,000	Office rent	48,000
Motor car loan from SBI @ 10% interest per annum	2,00,000	Life Insurance Premium	23,000
		Motor car (Acquired in January 2018 by way of online payment)	4,00,000
		Books bought (annual publication by credit card)	22,000
		Computer acquired on 1-11-2017 for professional use	25,000
		Domestic drawings	2,50,000
		Motor car maintenance	12,000
		Public Provident Fund subscription	1,40,000
		Closing balances (31-03-2018)	
		Cash & Bank	10,000
	41,80,000		41,80,000

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Other information :

- (i) Motor car was put to use for both official and personal purposes. 1/4th of the motor car is for personal purpose. No interest on car loan was paid during the year.
- (ii) Mr. Hari purchased a flat in Jaipur for ₹ 15,00,000 in July 2012 cost of which was partly financed by a loan from State Bank of India of ₹ 10,00,000 @ 10% interest, his own savings ₹ 1,00,000 and a deposit from Bank of Baroda for ₹ 4,00,000. The flat was given to Bank of Baroda on lease for 10 years @ ₹ 40,000 per month. The following particulars are relevant :
- (a) Municipal taxes paid by Mr. Hari ₹ 4,200 per annum
- (b) House insurance ₹ 1,000
- (iii) He earned ₹ 1,00,000 in share speculation business and lost ₹ 1,50,000 in commodity speculation business.
- (iv) Mr. Hari received a gift of ₹ 15,000 each from four of his family friends.
- (v) He contributed ₹ 1,11,000 to Prime Minister's Draught Relief Fund by way of bank draft.
- (vi) He donated to a registered political party ₹ 3,00,000 by way of cheque.

Compute the total income of Mr. Hari and the tax payable for the Assessment year 2018-19.

2. Star Enterprises has transferred its unit R to A Ltd. by way of Slump Sale on January 23, 2018. The summarized Balance Sheet of Star Enterprises as on that date is given below : 10

Liabilities	Amount (₹ in Lacs)	Assets	Amount (₹ in Lacs)
<u>Own Capital</u>	1,750	<u>Fixed Assets :</u>	
<u>Accumulated P & L balance</u>	670	Unit P	200
<u>Liabilities :</u>		Unit Q	150
Unit P	90	Unit R	600
Unit Q	160	<u>Other Assets :</u>	
Unit R	140	Unit P	570
		Unit Q	850
		Unit R	440
Total	2,810	Total	2,810

Using the further information below, compute the Capital Gains arising from slump sale of Unit R for Assessment year 2018-19.

- Slump sale consideration on transfer of Unit R was ₹ 930 lacs.
- Fixed Assets of Unit R includes land which was purchased at ₹ 110 lacs in the year 2008 and was revalued at ₹ 140 lacs.
- Other fixed assets are reflected at ₹ 460 lacs. (i.e. ₹ 600 lacs less value of land) which represents written down value of those assets as per books. The written down value of these asset is ₹ 430 lacs.
- Unit R was set up by Star Enterprises in Oct, 2006.

Note : Cost of Inflation Indices for the financial year 2006-07 and financial year 2017-18 are 122 and 272 respectively.

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3. Compute the Gross Total Income in the hands of an individual, if he is

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(a) a resident and ordinary resident; and

(b) a non-resident for the A.Y. 2018-19.

S. No.	Particulars	Amount (₹)
(i)	Interest from German Derivatives Bonds (1/3 received in India)	21,000
(ii)	Income from agriculture land situated in Malaysia, remitted to India	51,000
(iii)	Income earned from business in Dubai, controlled from India (₹ 20,000 received in India)	75,000
(iv)	Profit from business in Mumbai, controlled from Australia	1,75,000
(v)	Interest received from Mr. Ashok (NRI) on loan provided to him for business in India	35,000
(vi)	Dividend from Brown Ltd., an Indian Co. u/s 115 O of IT Act,	30,000
(vii)	Profit from business in Canada controlled from Mumbai (60% of profits deposited in a bank in Canada and 40% remitted to India)	60,000
(viii)	Amount received from an NRI for the use of know-how for his business in Singapore	8,00,000
(ix)	Dividend received from foreign company in India	25,000
(x)	Past years untaxed foreign income brought to India	50,000

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4. Mr. Honey is working with a domestic company having a production unit in the U.S.A. for last 15 years. He has been regularly visiting India for export promotion of company's product. He has been staying in India for atleast 184 days every year.

He submits the following information :

Salary received outside India (For 6 months) ₹ 50,000 P. M.

Salary received in India (For 6 months) ₹ 50,000 P. M.

He has been given rent free accommodation in U.S.A. for which company pays ₹ 15,000 per month as rent, but when he comes to India, he stays in the guest house of the company. During this period he is given free lunch facility. During the previous year company incurred an expenditure of ₹ 48,000 on this facility.

He has been provided a car of 2000 cc capacity in U.S.A. which is used by him for both office and private purposes. The actual cost of the car is ₹ 8,00,000. But when he is in India, the car is used by him and the members of his family only for personal purpose. The monthly expenditure of car is ₹ 5,000. His elder son is studying in India for which his employer spends ₹ 12,000 per year where as his younger son is studying in U.S.A. and stays in a hostel for which Mr. Honey gets ₹ 3,000 per month as combined allowance.

The company has taken an accident insurance policy and a life insurance policy. During the previous year the company paid premium of ₹ 5,000 and ₹ 10,000 respectively.

Compute Mr. Honey's taxable income from salary for the Assessment Year 2018-19.

5. (a) Discuss the taxability of the following receipts in the hands of Mr. Sanjay Kamboj under the Income Tax Act, 1961 for A.Y. 2018-19 : 3
- (i) ₹ 51,000 received from his sister living in US on 1-6-2017.
- (ii) Received a car from his friend on payment of ₹ 2,50,000, the FMV of which was ₹ 5,50,000.

Provisions of taxability or Non-taxability must be discussed.

- (b) Mr. Avani, a resident aged 25 years, manufactures tea leaves from the tea plants grown by him in India. These are then sold in the Indian market for ₹ 40 lakhs. The cost of growing tea plants was ₹ 15 lakhs and the cost of manufacturing tea leaves was ₹ 10 lakhs. 7
- Compute her tax liability for the Assessment Year 2018-19.

6. (a) Mr. Madhav made a gift of ₹ 2,50,000 to his handicapped son, Master Tapan who was aged 12 years as on 31st March 2016, which he deposited in a fixed deposit account in a Nationalised bank at 10% interest p.a. compounded annually. The balance in this account as on 1st April, 2017 was ₹ 2,75,000 and the bank credited a sum of ₹ 27,500 as interest on 31st March, 2018. 5

Madhav's father gifted equity shares worth ₹ 50,000 of an Indian company to Master Manan, another son of Mr. Madhav (Date of birth 10th April, 2010) in July 2010 which were purchased by him on 8th December, 2004 for ₹ 80,000. Manan received a dividend of ₹ 5,000 on these shares in October 2017. He sold these shares on 1st November, 2017 for ₹ 5,00,000 and deposited ₹ 3,00,000 in a company at 15% interest per annum.

Cost Inflation Index

Financial Year	Cost Inflation Index
2004-05	113
2010-11	167
2017-18	272

Mr. Madhav has a taxable income of ₹ 3,50,000 from his profession during the financial year 2017-18.

Compute his Gross Total Income for the A.Y. 2018-19.

- (b) Briefly mention the provisions of Income Tax Act with regard to Quoting Aadhar Number u/s 139AA of the Act. 5

OR

- (1) State whether quoting of PAN in the following transactions is mandatory or not, as per the provisions of Income Tax Act, 1961 for A.Y. 2018-19 : 3
- (i) Mr. A makes cash payment to a hotel Radisson Blu, Ahmedabad of ₹ 50,000 against the bill raised by the hotel.
 - (ii) Mr. Abhishek, in a single transaction, makes contract of ₹ 1,20,000 for sale/purchase of securities (other than shares) as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.
 - (iii) Payment to Mutual Funds of ₹ 70,000 for purchase of its units.

Your answers must be supported with reasons.

- (2) Briefly mention the concept of Self-Assessment tax u/s 140A of the IT Act and its components. 2

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7. (a) Indicate the three situations where the Return of Income has to be compulsorily filed u/s 139(1) of the Income Tax Act, 1961 **3×2
=6**
- (b) Briefly explain the purpose for which the words "PROVISO" and "EXPLANATION" are incorporated under various sections of the Income Tax Act, 1961. **2+2
=4**

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SECTION – B

Marks : 40

Question No. 8 is compulsory.

Candidates are also required to answer any **three** questions from the remaining **four** questions.

In case, any candidate answers extra questions(s) over and above the required number, then only the requisite number of questions first answered in the answer book shall be valued and subsequent extra questions answered shall be ignored.

All questions should be answered on the basis of position of GST law as amended upto 31st October, 2017.

Working notes should form part of the answer.

Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of note.

8. (a) Mr. Ajay, a registered supplier of goods, pays GST under regular scheme and provides the following information for the month of August 2017 : 6

Particulars	(₹)
(i) Inter-state taxable supply of goods	10,00,000
(ii) Intra state taxable supply of goods	2,00,000
(iii) Intra state purchase of taxable goods	5,00,000

He has the following Input tax credit at the beginning of August 2017 :

Nature	ITC Amount in (₹)
CGST	20,000
SGST	30,000
IGST	25,000

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Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

Both inward and outward supplies are exclusive of taxes wherever applicable.

All the conditions necessary for availing the ITC have been fulfilled.

Compute the net GST payable by Mr. Ajay for the month of August 2017.

- (b) Fun Pharma Private Limited, a registered supplier is engaged in the manufacture of taxable goods. The company provides the following information of GST paid on the purchases made/input services availed by it during the month of September 2017 : 4

Particulars	GST paid (₹)
(i) Purchase of cabs used for the transportation of its employees	3,30,000
(ii) Inputs consisting of three lots, out of which first lot was received during the month	1,25,000
(iii) Capital Goods (out of three items, invoice for one item was missing and GST paid on that item was ₹ 25,000)	2,50,000
(iv) Outdoor catering service availed on Women's day	72,000

Determine the amount of Input Tax Credit available with M/s Fun Pharma Private Limited for the month of September 2017 by giving necessary explanations for treatment of various items. All the conditions necessary for availing the input tax credit have been fulfilled.

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9. (a) Candy Blue Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October 2017 : 5

Particulars	Amount in (₹)
(i) List price of goods supplied inter-state	12,40,000
Item already adjusted in the price given in (i) above :	
(1) Subsidy from Central Government for supply of Biscuits to Government School.	1,20,000
(2) Subsidy from Trade Association for supply of quality Biscuits.	30,000
Items not adjusted in the price given in (i) above :	
(3) Tax levied by Municipal Authority	24,000
(4) Packing Charges	12,000
(5) Late fee paid by the recipient of supply for delayed Payment of invoice	5,000

Calculate the Value of taxable supply made by M/s Candy Blue Ltd. for the month of October 2017.

- (b) Explain the meaning of the term "Recipient of supply of goods and/or services" under the CGST Act, 2017. 5

10. (a) M/s Mansh & Vansh Trading Company, a registered supplier, is liable to pay GST under forward charge. Determine the time of supply from the following information furnished by it : 4
- (i) Goods were supplied on 03-10-2017
 - (ii) Invoice was issued on 05-10-2017
 - (iii) Payment received on 09-10-2017
- (b) Examine whether GST is exempted on the following independent supply of services : 3
- (i) Teja & Co, a tour operator, provides services to a foreign tourist for tour conducted to Jammu Kashmir and receives a sum of ₹ 3,00,000.
 - (ii) Ms. Poorva acts as a Team Manager for Indian Sports League (ISL), a recognised sports body, for a Tennis tournament organised by Multi brand retail company and received a remuneration of ₹ 2,00,000.
- (c) M/s Sai Trading Company, an eligible registered dealer in goods making intra-state supplies within the state of Andhra Pradesh, has reported an aggregate turnover of ₹ 78 Lakhs in the preceding financial year. 3
- (i) Determine whether Sai Trading Company will be eligible for composition levy, as on 31-10-2017.
 - (ii) Will your answer be different, if in the above scenario, M/s Sai Trading Company is making intra state supply within the state of Jammu and Kashmir ?

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11. (a) Determine the effective date of registration in the following instances : **4**

(i) The aggregate turnover of Madhu Ltd., engaged in taxable supply of services in the state of Punjab, exceeded ₹ 20 Lakhs on 25th August, 2017. It applies for registration on 19th September, 2017 and is granted registration certificate on 29th September, 2017.

(ii) What will be your answer, if in the above scenario, Madhu Ltd. submits the application for registration on 27th September, 2017 and is granted registration on 5th October, 2017 ?

(b) Determine with reason whether the following statements are true or false : **3**

(i) A registered person shall issue a separate invoice for supplying both taxable as well as exempted goods to an unregistered person.

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

(c) List any six state levies, which are subsumed in GST. **3**

12. Answer any **two** out of the following **three** sub divisions :

(a) Discuss the following in terms of provisions of CGST Act, 2017 : **5**

When interest shall be payable by a registered person and what is the maximum rate of interest chargeable for the same ?

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|-----|---|---|
| (b) | List the inclusions and exclusions for computing the "Aggregate Turnover" under CGST Act, 2017. | 5 |
| (c) | Who is required to furnish Final Return under CGST Act, 2017 and what is the time limit for the same ? Discuss. | 5 |
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