

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet only. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs, if written in the descriptive type answer book, will not be evaluated.
6. OMR answer sheet will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No bar code sticker is to be affixed on the OMR answer sheet.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, (b) OMR answer sheet thereon and (c) the answer book in respect of descriptive type answer book to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

PART – II

70 marks

1. **Section – A** comprises questions 1-4. In Section – A, answer Question No. 1 which is compulsory and any 2 questions from question No. 2-4. All questions in Section – A relate to assessment year 2020-21, unless otherwise stated.
Section – B comprises questions 5-8. In Section – B, answer Question No. 5 which is compulsory and any 2 questions from question No. 6-8.
2. Working notes should form part of the answer.
3. Answers to the 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 evaluated.
4. All questions in Section B should be answered on the basis of position of GST law as amended by significant notifications/circulars issued upto 30th April, 2020.

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PART – II

Section – A

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1. From the following particulars furnished by Mr. Ganesh, aged 58 years, a resident Indian for the previous year ended 31.03.2020, you are requested to compute his total income and tax liability under normal as well as special provisions (AMT), if any, applicable to him for the Assessment Year 2020-21.

- (i) He occupies ground floor of his residential building and has let out first floor for residential use at an annual rent of ₹ 2,28,000. He has paid municipal taxes of ₹ 60,000 for the current financial year.
- (ii) He owns an industrial undertaking established in a SEZ and which had commenced operation during the financial year 2017-18. Total turnover of the undertaking was ₹ 200 lakhs, which includes ₹ 140 lakhs from export turnover. This industrial undertaking fulfills all the conditions of section 10AA of the Income-Tax Act, 1961. Profit from this industry is ₹ 25 lakhs.
- (iii) He received royalty of ₹ 2,88,000 from abroad for a book authored by him on the nature of artistic. The rate of royalty as 18 % of value of books and expenditure made for earning this royalty was ₹ 40,000. The amount remitted to India till 30th September, 2020 is ₹ 2,30,000.
- (iv) Received ₹ 40,000 as interest on saving bank deposits.
- (v) Received ₹ 47,000 as share of profit from an AOP where all the members are individual and which had paid the tax by normal rates of income tax.

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(vi) He also sold his vacant land on 10.11.2019 for ₹ 10 lakhs. The stamp duty value of land at the time of transfer was ₹ 14 lakhs. The FMV of the land as on 1st April, 2001 was ₹ 4 lakhs. This land was acquired by him on 5.08.1995 for ₹ 1.80 lakhs. He had incurred registration expenses of ₹ 10,000 at that time. The cost of inflation index for the year 2019-20 and 2001-02 are 289 and 100 respectively.

(vii) He paid the following amounts, out of his taxable income :

- (a) Insurance premium of ₹ 39,000 paid on life insurance policy of son, who is not dependent on him.
- (b) Insurance premium of ₹ 48,000 on policy of his dependent father,
- (c) Tution fees of ₹ 42,000 for his three children to a school. The fees being ₹ 14,000 p.a. per child.

~~2.~~ (a) Mr. Mukesh born on 1.4.1960 furnished his original return for Assessment Year 2020-21 on 30.07.2020. He has shown salary income of ₹ 7.30 lakhs (computed) and interest from his savings bank of ₹ 12,700 and from his fixed deposits of ₹ 43,000. He also claimed deduction under section 80C ₹ 1.50 lakhs. He had claimed deduction u/s 80D of ₹ 25,000. He also claimed deduction u/s 80TTA of ₹ 10,000. His employer had deducted TDS of ₹ 33,950 from his salary, which he adjusted fully against tax payable.

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He paid health insurance premium of ₹ 38,000 by account payee cheque for self and wife. He paid ₹ 1,500 in cash for his health check-up and ₹ 4,000 by cheque for preventive health check-up of his parents. He also paid medical insurance premium of ₹ 33,000 during the year to insure the health of his mother, aged 80 years, staying with his younger brother. He further incurred medical expenditure of ₹ 25,000 on his father, aged 81 years, who is staying with him. His father is not covered under any mediclaim policy.

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He seeks your advice about possibility of revising his return and if possible file his revised return. Analyse the above narrated facts as per applicable provisions of the Income Tax Act, 1961. Does he need to revise his return and for what reasons? Please advise him suitably and if needed, re-compute his income and tax payable or refund due for the Assessment Year 2020-21.

(b) State in brief the applicability of tax deduction at source provisions, the rate and amount of tax deduction in the following cases for the financial year 2019-2020 under the Income-tax Act, 1961. Assume that all payments are made to residents :

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(i) Sanjay, a resident Indian individual, not deriving any income from business or profession makes payments of ₹ 12 lakh in January, 2020, ₹ 20 lakh in February, 2020 and ₹ 20 lakh in March, 2020 to Mohan, a contractor for reconstruction of his residential house.

(ii) ABC Ltd. makes the payment of ₹ 1,50,000 to Ramlal, an individual transporter who owned 6 goods carriages throughout the previous year. He does not furnish his PAN.

(iii) Smt. Sarita paid ₹ 5,000 on 17th April, 2019 to Smt. Deepa from the deposits in National Savings Scheme account.

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3.

(a) Ms. Pooja a resident individual provides the following information of her income / losses for the year ended on 31st March, 2020 :

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S. No.	Particulars	(₹)
1	Income from salary (Computed)	2,20,000
2	Income from House Property (let out) (Net Annual Value)	1,50,000
3	Share of loss from firm in which she is partner	10,000
4	Loss from specified business covered under section 35AD	20,000
5	Income from textile business before adjusting the following items :	3,00,000
	(a) Current year depreciation	60,000
	(b) Unabsorbed depreciation of earlier year	2,25,000
	(c) Brought forward loss of textile business of the A.Y. 2018-19	90,000
6	Long-term capital gain on sale of debentures	75,000
7	Long-term capital loss on sale of equity shares (STT not paid)	1,00,000
8	Long-term capital gain on sale of equity shares listed in recognized stock exchange (STT paid at the time of acquisition and sale)	1,50,000
9	Dividend from units of UTI	5,000

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During the previous year 2019-20, Ms. Pooja has repaid ₹ 5,25,000 towards housing loan from a scheduled bank. Out of this ₹ 3,16,000 was towards payment of interest and rest towards principal.

Compute the gross total income of Ms. Pooja and ascertain the amount of loss that can be carried forward. Ms. Pooja has always filed her return within the due date specified under section 139(1) of the Income-tax Act, 1961.

- (b) Determine the Gross total income of Shri Ram Kumar and Smt Ram Kumar for the assessment year 2020-21 from the following :
- (i) Salary received by Shri Ram Kumar from a company ₹ 1,80,000 per annum and Smt Ram Kumar also doing job in a company and getting salary of ₹ 2,40,000 per annum.
 - (ii) Shri Ram Kumar transferred a flat to his wife Smt Ram Kumar on 1st September, 2019 for adequate consideration. The rent received from this let-out flat is ₹ 9,000 per month.
 - (iii) Shri Ram Kumar and his wife Smt. Ram Kumar both are partners in a firm. Shri Ram Kumar received ₹ 36,000 and Smt. Ram Kumar received ₹ 64,000 as interest from the firm and also had a share of profit of ₹ 12,000 and ₹ 26,000 respectively.
 - (iv) Smt. Ram Kumar transferred 10% debentures worth ₹ 3,00,000 to Shri Ram Kumar. The whole amount of ₹ 3,30,000 invested by Shri Ram Kumar in the similar investments and earned income of ₹ 39,000.
 - (v) Mother of Shri Ram Kumar transferred a property to Master Rohit (son of Shri Ram Kumar) in the year 2018. Master Rohit (Aged 13 years) received of ₹ 15,000 as income from this property on 20th February, 2020.

4.

(a) Mr. Thomas, a non-resident and citizen of Japan entered into following transactions during the previous year ended 31.03.2020. Examine the tax implications in the hands of Mr. Thomas for the Assessment Year 2020-21 as per Income Tax Act, 1961. (Give brief reasoning)

- (1) Interest received from Mr. Marshal, a non-resident outside India (The borrowed fund is used by Mr. Marshal for investing in Indian company's debt fund for earning interest).
- (2) Received ₹ 10 lakhs in Japan from a business enterprise in India for granting license for computer software (not hardware specific).
- (3) He is also engaged in the business of running news agency and earned income of ₹ 10 lakhs from collection of news and views in India for transmission outside India.
- (4) He entered into an agreement with SKK & Co., a partnership firm for transfer of technical documents and design and for providing services relating thereto, to set up a Denim Jeans manufacturing plant, in Surat (India). He charged ₹ 10 lakhs for these services from SKK & Co.

(b) Mr. Govind purchased 600 shares of "Y" limited at ₹ 130 per share on 26.02.1979. "Y" limited issued him, 1,200 bonus shares on 20.02.1984. The fair market value of these share at Mumbai Stock Exchange as on 1.04.2001 was ₹ 900 per share and ₹ 2,000 per share as on 31.01.2018. On 31.01.2019 he converted 1000 shares as his stock in trade. The shares was traded at Mumbai Stock Exchange on that date at a high of ₹ 2,200 per share and closed for the day at ₹ 2,100 per share.

On 07.07.2019 Mr. Govind sold all 1800 shares @ ₹ 2,400 per share at Mumbai Stock Exchange and securities transaction tax was paid.

Compute total income of Mr. Govind for the assessment year 2020-21.

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(c)

Briefly explain the provisions relating to tax deduction at source on cash withdrawal under section 194 N of the Income Tax Act, 1961.

OR

Ms. Julie received following amounts during the previous year 2019-20.

- (1) Received loan of ₹ 5,00,000 year from the ABC Private Limited, a closely held company engaged in textile business. She is holding 10% of the equity share capital in the said company. The accumulated profit of the company was ₹ 2,00,000 on the date of the loan.
- (2) Received Interest on enhanced compensation of ₹ 5,00,000. Out of this interest, ₹ 1,50,000 relates to the previous year 2016-17, ₹ 1,90,000 relates to previous year 2017-18 and ₹ 1,60,000 relates to previous year 2018-19. She paid ₹ 1 lakh to her advocate for his efforts in the matter.

Discuss the tax implications, if any, arising from these transactions in her hand with reference to Assessment Year 2020-21.

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SECTION – B

5. KNK Ltd., a registered supplier of Mumbai is a manufacturer of heavy machines. Its outward supplies (exclusive of GST) for the month of January, 2020 are as follows :

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S. No.	Particulars	Amount (₹)
(i)	Inter-state	85,00,000
(ii)	Intra-state	15,00,000

Applicable rate of CGST, SGST and IGST on outward supply are 9%, 9% and 18% respectively. Details of GST paid on inward supplies during the month of January, 2020 are as follows :

S. No.	Particulars	CGST paid (₹)	SGST paid (₹)
(i)	Raw materials A (of which 70% of inputs procured were used and 30% were in stock at the end of the January, 2020)	60,000	60,000
(ii)	Raw materials B (of which 90 % material received in factory and remaining material completely damaged due to a road accident on the way to factory. There was no negligence on the part of the KNK Ltd.)	50,000	50,000
(iii)	Construction of pipelines laid outside the factory premises	30,000	30,000
(iv)	Insurance Charges paid for trucks used for transportation of goods.	55,000	55,000

Additional Information :

- (i) There is no opening balance of any Input Tax Credit and all the conditions necessary for availing the Input Tax Credit (ITC) have been fulfilled.
- (ii) Details of GST paid on inward supplies are available in GSTR-2A except for item (i) i.e. Raw Material A, for which supplier has not filed its GSTR-1 for the month of January 2020, hence corresponding Input Tax Credit (ITC) is not reflecting in GSTR-2A of KNK Ltd. in January, 2020.

Compute the following :

- (i) Amount of eligible Input Tax Credit (ITC) available for the month of January, 2020.
- (ii) Net minimum GST payable in Cash, for the month of January, 2020 after using available Input Tax Credit.

Working notes should form part of your answer.

6. (a) Following are the particulars, relating to one of the machine sold by M/s SQM Ltd. to M/s. ACD Ltd. in the month of February 2020 at List price of ₹ 9,50,000. (Exclusive of taxes and discount) Further, following additional amounts have been charged from M/s ACD Ltd :

S. No.	Particulars	Amount (₹)
(i)	Municipal taxes chargeable on the machine	45,000
(ii)	Outward freight charges (Contract was to deliver machine at ACD Ltd.'s factory i.e. F.O.R. contract)	65,000

Additional information :

(i)	M/s SQM Ltd. normally gives an interest-free credit period of 30 days for payment, after that it charges interest @ 1% P. M. or part thereof on list price. ACD Ltd. paid for the supply after 45 days but, M/s SQM Ltd. waived the interest payable.
(ii)	M/s SQM Ltd. received ₹ 50,000 as subsidy, from one non-government organization (NGO) on sale of such machine. This subsidy was not linked to the price of machine and also not considered in list price of ₹ 9,50,000.
(iii)	M/s ACD Ltd. deducted discount of ₹ 15,000 at the time of final payment, which was not as per agreement.
(iv)	M/s SQM Ltd. collected ₹ 9,500 as TCS (Tax Collected at Source) under the provisions of the Income Tax Act, 1961.

Compute the Taxable Value of supply as per provision of GST laws, considering that the price is the sole consideration for the supply and both parties are unrelated to each other.

Note : Correct legal provision should form part of your answer.

- (b) In the following independent cases, decide, which person is liable to pay GST, if any.

You may assume that recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available.

- (i) 'Veer Transport', a registered Goods Transport Agency (GTA) paying IGST @ 12%, transported goods by road of Dilip & Company, a sole proprietary firm (other than specified person) which is not registered under GST or any other Law. 2
- (ii) Mr. Kamal Jain, an unregistered famous author, received ₹ 20 lakhs of consideration from PQR Publications Ltd. for supply of services by way of temporary transfer of a copyright covered under section 13(1)(a) of the Copyright Act, 1957 relating to original literary works of his new book. 2

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7. (a) BBD Pvt. Ltd. of Gujarat exclusively manufactures and sells product 'Z' which is exempt from GST vide notifications issued under relevant GST legislations. The company sells 'Z' only within Gujarat and is not registered under GST laws. The turnover of the company in the previous year 2018-19 was ₹ 50 lakh. The company expects the sales to grow by 10% in the current year 2019-20

However, effective from 01.01.2020 exemption available on 'Z' was withdrawn by the Central Government and GST @ 5% was imposed thereon. The turnover of the company for the nine months ended on 31.12.2019 was ₹ 42 lakh.

BBD Pvt. Ltd. is of opinion that it does not require to get registered under GST for current financial year 2019-20.

Examine the above scenario and advise BBD Pvt. Ltd. whether it needs to get registered under GST or not ?

- (b) "It is mandatory to furnish the details of conveyance in Part-B of E- way Bill."

Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017.

- (c) "In form GSTR-1, submission of Invoice-wise details of outward supplies is mandatory for all kind of invoices issued during the tax period."

Comment on the validity of the above statement with reference to GST laws.

8. (a) Who can impose restrictions on utilization of input tax credit (ITC) available in the electronic credit ledger and under what circumstances can restrictions be imposed under the CGST Rules 2017 ?

OR

- (b) Explain the order of discharge of tax and other dues as per provisions of Section 49(8) of the CGST Act, 2017.
- (c) With reference to provisions of CGST Act, 2017 discuss in brief, when "Importation of services" to be considered as supply and when it is not to be considered as supply.

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