

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

1. Mr. Jayaprakash, aged about 40 years, is an authorized wholesale distributor of Fertilizers Ltd. dealing with fertilizers and other Agricultural products. Given below is his Trading and Profit & Loss account for the previous year 2019-20.

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Trading and Profit and Loss Account of Mr. Jayaprakash

Particulars	Amount in ₹	Particulars	Amount in ₹
To Opening Stock	24,21,000	By sales	3,12,50,100
To Purchases	2,28,00,500	By Closing stock	26,00,100
To Direct expenses	4,12,040		
To Freight inward	2,92,000		
To Gross Profit c/d	79,24,660		
	3,38,50,200		3,38,50,200
To Salaries and wages ✓	17,12,000	By Gross Profit b/d	79,24,660
To General expenses ✓	3,65,000	By Dividend received from Indian companies	17,20,000
To Rates and taxes ✓	2,20,000	By Interest received on FDs (Net of Tax)	1,08,000
To Interest paid on late filing of GST	2,845	By Rent received	7,20,000
To Income Tax paid for FY 2018-19	3,45,000	By Income Tax Refund	18,000
To Interest paid to NBFC ✓	1,20,000		
To Depreciation ✓	1,82,000		
To Net Profit	75,43,815		
	1,04,90,660		1,04,90,660

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The following additional information is provided by him :

- (a) Closing stock of previous year was undervalued by ₹ 45,000.
- (b) Rates and Taxes include ₹ 1,000 paid towards late filing of his IT return for Assessment Year 2019-20 under section 234F of Income Tax Act.
- (c) Salaries include ₹ 25,000 paid on single day by way of cash to his accountant.
- (d) Interest paid on loan of ₹ 10,00,000 taken from a Non-Banking Finance company. Out of the loan amount ₹ 2 lakhs was used for personal purpose and the balance was used for business purpose. No TDS was deducted while repaying the loan.
- (e) An amount of ₹ 45,000 was paid by cheque during the year towards health insurance policy covering himself, his spouse and his children.
- (f) General expenses include Advertisement expense ₹ 20,000 paid by cheque towards an advertisement in a souvenir published by local political party.
- (g) Income Tax refund includes ₹ 2,000 towards interest.
- (h) Depreciation charged is as per Income-tax Rules, however, it does not include depreciation on a new Maruti Van purchased on 23rd September, 2019 for his business use. The cost of the vehicle is ₹ 2,10,000.
- (i) Advance Tax paid during the year is ₹ 15 Lakhs.
- (j) TDS has been deducted on interest received on FDs as per Income Tax Act.
- (k) Turnover for the year ending 31.03.2019 was ₹ 3.08 crores.

You are required to compute the tax payable by him for the Assessment Year 2020-21.

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2. (a) Mr. Vinod aged 45 years earned the following incomes during the year ended on 31.03.2020. Compute his total income, if he is 5

- (i) Resident and ordinarily resident
(ii) Resident but not ordinarily resident.

	Particulars	₹
(i)	Agricultural Income from Sri Lanka	25,000
(ii)	Long term capital gain on sale of property in Bombay but received in Burma	30,000
(iii)	Profit from business in Dubai controlled from India	2,50,000
(iv)	Rent from house property in Thailand received in India	1,00,000
(v)	Interest on Savings account from bank in India	8,000
(vi)	Past untaxed foreign income brought into India During the year	1,00,000

- (b) Determine residential status of Sundaram (HUF) which carries out its transactions in Malaysia. Its affairs are partly controlled from India. 2
The Karta of HUF Mr. Sundaram who is from Chennai visits India on 01.06.2019 and leaves to Malaysia on 10.02.2020. He has not visited India for the past 11 years.

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3. ✓ Mr. Rohan is a Finance Manager in Surya Ltd. He gives you the following information. Compute his income Chargeable under the head Salary for Assessment Year 2020-21. 7

(a) ✓ Housing Loan @ 5% P.A. provided by Surya Ltd., Amount outstanding as on 01.04.2019 is ₹ 15 Lakhs. ₹ 25,000 is paid by Mr. Rohan every month towards principal. The lending rate of SBI for similar loan as on 01.04.2019 was 8%.

(b) ✓ ₹ 20,000 incurred by the employer Surya Ltd. towards premium for health insurance scheme approved by IRDA for Rohan. *deductible*

(c) ✓ Received ₹ 15,000 as gift voucher on the occasion of his marriage anniversary from Surya Ltd. *Exempt*

(d) ✓ Surya Ltd. allotted 1000 sweat equity shares in august 2019. The shares were allotted at ₹ 415 per share and the fair market value on the date of exercising the option by Mr Rohan was ₹ 700 per share.

(e) ✓ He was provided with furniture during September 2015. The furniture is used at his residence for personal purpose. The actual cost of the furniture was ₹ 2,10,000. On 31st March, 2020 the company offered the furniture to him at free of cost. No amount was recovered from him towards the furniture till date.

(f) Received ₹ 15,000 towards entertainment allowance.

(g) ✓ Basic salary is ₹ 75,000 per month.

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4. The following information is furnished by Mr. Shankar for the financial year 2019-2020.

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Particulars	₹
Income from let out house property (computed)	3,50,000
Interest paid on housing loan for self-occupied property	2,00,000
Income from Textile business	5,75,000
Brought forward business loss of Assessment Year 2016-17	1,05,000
Short Term capital loss	70,000
Brought forward long term loss from Assessment Year 2018-19	90,000
Long term capital gain on sale of house	75,000
Interest on enhanced compensation from Government for acquisition of land in 2015	5,00,000
Dividend received from ABC Ltd., Andhra Pradesh	15,000
Deposit made on 20.01.2020 in his Public Provident fund account	75,000
Loss from owning and maintaining race horse of Assessment Year 2018-19	20,000
Loss from Gambling	8,000

Mr. Shankar filed the return of income for assessment year 2016-17 after the expiry of due date for filing the return. Compute the total income of Mr. Shankar for the assessment year 2020-21 under proper heads and also state the loss that can be carried forward.

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5. (a) Answer any one of the following two sub-parts :

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(I) Compute the amount of T.D.S. on the following payments made :

- (i) Payment of Royalty of ₹ 22,000 & fee for technical services of ₹ 28,000 to Mr. R who is having PAN were made during the Previous Year 2019-2020 by M/s. Z Ltd.
- (ii) Z Ltd., Paid ₹ 18,000 to one of its Directors as sitting fees on 02/02/2020.
- (iii) Payment of ₹ 26,000 made to Mr. Y, a French footballer non-resident in India by an Indian Newspaper on 01/07/2019 for contribution of articles in relation to the sport of Football.
- (iv) ₹ 2,29,000 paid to Mr. S, a Resident Individual on 26/12/2020 by State of Gujarat on Compulsory Acquisition of his urban land.

OR

(II) Mr. K furnished the following information for the year ended 31/03/2020 :-

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Particulars	Amount (₹)
Income from Business	40,000
Lottery Winnings (Gross)	6,00,000
Income by way of Salary (Computed)	90,000
Loss from House Property	20,000

Compute his total income, tax liability and advance tax obligations.

- (b) State the conditions when a person is required to furnish Income Tax Return in the prescribed form & manner on or before the due date even if such person (other than a company or a firm) is not otherwise required to furnish a return u/s 139(1).

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Section - B

6. Anand Trust, Kolkata is registered under section 12AA of the Income Tax Act, 1961. It has provided following particulars relating to the activities carried out by it for the month of March, 2020 :

Particulars	Amount
Donation received against display of name of a <u>city based</u> school in annual religious book published by the Trust	5,00,000
Receipts from sale of food in Anand food court, located in the Trust premises	2,00,000
Refundable deposit of INR 2,00,000 and annual fees of INR 1,00,000 received from restaurants (located in West Bengal) using brand name and logo of Anand Food Court	3,00,000
Donation received for Pooja organized in Trust premises on occasion of 'Shivratri'	1,00,000
Receipts from Skill Development Program for Senior Citizens (aged more than 65 years) residing in Kolkata	4,00,000
Amount received for activities relating to preservation of Tigers in Sunderbans, West Bengal	3,00,000
Letting out of precincts of a religious place owned by the Trust in Kolkata (Rent INR 10,000 per day)	2,00,000

From the given information, you are required to calculate the value of Taxable Supply

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- (a) M/s Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to M/s Y Ltd. (Delhi). The value related details of the said supply are as follows :

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Particulars	Amount
Price of Goods (Does not include any tax or discounts)	10,00,000
Tax levied by the municipal authority	10,000
Subsidy received from M/s Jiva Enterprises Pvt Ltd. (The price above is after consideration of such subsidy amounts)	1,00,000
Amount incurred by M/s Y Ltd. for Post Delivery Inspection. (Charges incurred post receipt of goods by M/s Y Ltd.)	5,000

In respect of the above supply, M/s Guru enterprises had procured some raw material from M/s X Ltd., for which it owed INR 25,000. The said amount was directly paid by M/s Y Ltd. to M/s X Ltd. and is not included in the price of goods mentioned above.

The payment of consideration for the said supply was delayed by M/s Y Ltd. and hence an interest amount of INR 20,000 was also charged by M/s Guru Enterprises.

The applicable tax rate on such supply is as follows CGST @ 6%, SGST @ 6% and IGST @ 12 %.

You are required to determine the taxable value as well as the applicable tax liability amounts for the said transaction.

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(b) M/s ABC Ltd., is a contractor executing works contract service, situated in Tamil Nadu. It entered into an agreement with M/s XYZ Ltd. (another registered person in Tamil Nadu) to provide works contract services in various States in South India. The precise location details were to be shared later. In this regard, M/s ABC Ltd. received an advance of INR 1 Crores (including GST).

You are to advise M/s ABC Ltd. whether :

- (A) They are liable to pay tax under GST on such advance amount.
- (B) Whether the tax liability is to be paid as CGST + SGST or IGST
- (C) What would be the tax rate at which such tax liability is to be paid.

8. (a) M/s Seven Wonders Pvt Ltd., a registered supplier, is involved in manufacturing of taxable goods. Following information has been provided by the company pertaining to GST paid on purchases made/ input services availed by it during month of January 2020.

Particulars	Amount
Raw Material (To be received in February 2020)	2,00,000 ✓
Capital Goods (Invoice missing for one out of 5 items and GST paid on the same was INR 70,000)	5,00,000 ✓
GST paid on free samples distributed	6,000 ✓
Trucks used for transportation of raw materials	1,50,000 ✓
GST paid on health insurance policies (Not notified u/s 17(5)(b)(iii)(A) of the CGST Act)	80,000

It may be assumed that all the other necessary conditions for availing Input Tax Credit have been complied.

Determine the amount of Input Tax Credit that can be availed by Seven Wonders Pvt, Ltd., in the month of January 2020.

- (b) Conditions for availing the concessional rate of tax under Notification no. 2/2019 CT(R) are primarily same as the conditions for availing composition scheme under Central Goods and Services Tax Act, 2017, with few exceptions. Briefly discuss the said exceptions. 4

9. (a) Examine eligibility of Input Tax Credit in the following cases in accordance with GST laws: 5

- (i) Repairs and maintenance of Tempos used by XYZ Limited for transportation of Finished Goods
- (ii) Company procuring health insurance services for benefit of its employees (Procurement of health insurance is mandatory under Factories Act, 1948)
- (iii) Supply of Outdoor Catering Services at the Annual General Meeting of ABC Ltd.
- (iv) Luxury Motor Vehicle (seating capacity of 5 persons) bought by XYZ Ltd. (engaged in soap manufacturing business) for its Directors
- (v) Motor Vehicle used by Courier Agency for transportation of courier consignments

- (b) (i) The aggregate turnover of M/s X Ltd. in Delhi exceeds the applicable threshold limit for registration on 1st December. The application for registration is submitted on 20th December. Registration certificate is granted on January 1. Determine the effective date of registration along with reasoning. 4
- (ii) M/s Sonu is an agent undertaking supply of goods on behalf of another taxable person i.e. Mr. Ghanshyam. The turnover of M/s Sonu does not exceed the applicable threshold limit. Is M/s Sonu required to obtain registration under GST, explain in brief.

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10. (a) Briefly discuss the following in GST :

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(i) Revised Tax Invoice

(ii) Bill of Supply

(iii) Receipt Voucher

(iv) Payment Voucher

(v) Refund Voucher

(b) (i) Briefly discuss GSTR-5 return.

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(ii) Mention persons who are not required to file annual return under GST.

OR

Briefly Discuss Final Return under GST.

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