

Roll No.

Total No. of Printed Pages – 16

Total No. of Questions – 8

Maximum Marks – 70

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

1. Section-A comprises questions 1-4. In Section-A, answer Q. No. 1 which is compulsory and any 2 questions from Q. No. 2-4. All questions in Section-A relate to assessment year 2021-22 unless otherwise stated.
Section-B comprises questions 5-8. In Section-B, answer Q. No. 5 which is compulsory and any 2 questions from Q. 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 31st October, 2020.

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PART – II

SECTION – A

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Mr. Ashish, a resident individual, aged 43 years, provides professional services in the field of interior decoration. His Income & Expenditure A/c for the year ended 31st March, 2021 is as under :

Expenditure	₹	Income	₹
To Employees' Remuneration & Benefits	13,66,000	By Consultancy Charges	58,80,000
To Office & Administrative Exp.	3,14,000	By Interest on Public Provident Fund (PPF) Account	60,000
To General Expenses	75,000	By Interest on Savings Bank Account	20,000
To Electricity Expenses	65,000		
To Medical Expenses	80,000	By Interest on National Savings Certificates VIII Issue (for 3 rd year)	21,000
To Purchase of Furniture	48,000		
To Depreciation	90,000		
To Excess of income over exp.	39,43,000		
	59,81,000		59,81,000

The following other information relates to financial year 2020-21:

(i) The expenses on Employees' Remuneration & Benefits includes :

(a) Family Planning expenditure of ₹ 20,000 incurred for the employees which was revenue in nature. The same was paid through account payee cheque.

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- (b) Payment of salary of ₹ 25,000 per month to sister-in-law of Mr. Ashish, who was in-charge of the Accounts & Receivables department. However, in comparison to similar work profile, the reasonable salary at market rates is ₹ 20,000 per month.
- (ii) Amount received by Mr. Ashish as Employees' Contribution to EPF for the month of February, 2021 - ₹ 10,000 was also deposited after the due date under the relevant Act relating to EPF.
- (iii) Medical Expenses of ₹ 80,000 as appearing in the Income & Expenditure A/c was expensed for the treatment of father of Mr. Ashish. His father was 72 years old and was not covered by any health insurance policy. The said payment of ₹ 80,000 was made through account payee cheque.
- (iv) General expenses as appearing in the Income & Expenditure A/c, includes a sum of ₹ 25,000 paid to Ms. Anjaleen on 5th January, 2021 as commission for securing work from new clients. This payment was made to her without deduction of tax at source.
- (v) Written down value of the depreciable assets as on 1st April, 2020 were as follows :
- | | |
|--------------------|----------|
| Professional Books | ₹ 90,000 |
| Computers | ₹ 35,000 |
- (vi) The new Furniture as appearing in the Income & Expenditure A/c. was purchased on 31st August, 2020 and was put to use on the same day. The payment was made as under :

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- ₹ 18,000 paid in cash at the time of purchase of new furniture on 31/08/20.
- ₹ 19,000 paid by account payee cheque on 05/09/2020 as balance cost of new furniture and
- ₹ 11,000 paid in cash on 31/08/20 to the transporter as freight charges for the new furniture.

(vii) Mr. Ashish purchased a car on 02/04/2019 for ₹ 3,35,000 for personal use. However, on 30/04/2020 he brought the said car for use in his profession. The fair market value of the car as on 30/04/2020 was ₹ 2,50,000. *Profession - FMV on date of conversion (-) cost.*

(viii) Mr. Ashish made a contribution of ₹ 1,00,000 in his PPF A/c on 31/01/2021.

(ix) The Gross Professional Receipts of Mr. Ashish for P.Y. 2019-20 was ₹ 52,00,000.

Compute the total income and tax liability of Mr. Ashish for A.Y. 2021-22, assuming that he has not opted for payment of tax under section 115BAC.

Ignore provisions relating to AMT and under section 14A relating to disallowance of expenditure incurred in relation to income not includible in total income.

2. (a) Mrs. Rohini, aged 62 years, was born and brought up in New Delhi. She got married in Russia in 1996 and settled there since then. Since her marriage, she visits India for 60 days each year during her summer break. The following are the details of her income for the previous year ended 31.03.2021:

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*182 days
60 days in P.Y.
2 365 days in 4 years.*

Indian origin

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S. No.	Particulars	Amount (in ₹)
1.	Pension received from Russian Government	65,000
2.	Long-term capital gain on sale of land at New Delhi (computed)	3,00,000
3.	Short-term capital gain on sale of shares of Indian listed companies in respect of which STT was paid both at the time of acquisition as well as at the time of sale (computed)	60,000
4.	Premium paid to Russian Life Insurance Corporation at Russia	75,000
5.	Rent received (equivalent to Annual Value) in respect of house property in New Delhi	90,000

50000
120000
2 365th
4 years

You are required to ascertain the residential status of Mrs. Rohini and compute her total income and tax liability in India for Assessment Year 2021-22.

- (b) Examine whether TDS provisions would be attracted in the following cases, and if so, under which section. Also specify the rate of TDS and amount required to be deducted at source as applicable in each case. Assume that all payments are made to residents.

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S. No.	Particulars of the Payer	Nature of Payment	Aggregate of payments made in the F.Y. 2020-21 (Amt. in ₹)
(A)	Mr. Kale, receiving pension from Central Government	Contractual payment made during April 2020 for reconstruction of his residential house in Arunachal Pradesh	52,50,000
(B)	Mr. Rahul, a wholesale trader of spices whose turnover was ₹ 5 crores in F.Y. 2019-20	Contract payment for Construction of Office godown during January to March, 2021 to Mr. Akhilesh, an individual	50,00,000
(C)	Mr. Golu, an individual carrying on garment trading business with turnover of ₹ 95 lakhs in F.Y. 2019-2020	Payment of commission to Mr. Vinay for securing a contract from a big Business House in November 2020.	1,20,000
(D)	XYZ Urban Co-operative bank	Payment by way of cash withdrawal, by ABC & Co. a partnership firm, amounting ₹ 1.2 crores during Financial year 2020-21. ABC & co. has filed his tax returns for the last 3 financial years with in time.	1,20,00,000

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3. (a) Mr. Ramesh constructed a big house (construction completed in Previous Year 2008-2009) with 3 independent units. Unit - 1 (50% of floor area) is let out for residential purpose at monthly rent of ₹ 15,000. A sum of 3,000 could not be collected from the tenant and a notice to vacate the unit was given to the tenant. No other property of Mr. Ramesh is occupied by the tenant. Unit - 1 remains vacant for 2 months when it is not put to any use. Unit - 2 (25% of the floor area) is used by Mr. Ramesh for the purpose of his business, while Unit - 3 (the remaining 25%) is utilized for the purpose of his residence. Other particulars of the house are as follows : Municipal valuation - ₹ 1,88,000, fair rent - ₹ 2,48,000, Standard rent under the Rent Control Act - ₹ 2,28,000, Municipal taxes - ₹ 20,000, repairs - ₹ 5,000, Interest on capital borrowed for the construction of the property - ₹ 60,000, ground rent - 6,000 and fire insurance premium paid - ₹ 60,000. Income of Ramesh from the business is ₹ 1,40,000 (without debiting house rent and other incidental expenditure).

Determine the taxable income of Mr. Ramesh for the assessment year 2021-2022 if he does not opt to be taxed under section 115BAC.

- (b) Examine the taxability of Capital gains in the following scenarios for the Assessment Year 2021-22, determine the taxable amount and rate of tax applicable :

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- (i) On 28th February, 2021 10,000 shares of XY Ltd., a listed company are sold by Mr. B @ 550 per share and STT was paid at the time of sale of shares. These shares were acquired by him on 5th April, 2017 @ ₹ 395 per share by paying STT at the time of purchase. On 31st January, 2018, the shares of XY Ltd. were traded on a recognized stock exchange at the Fair Market Value of ₹ 390 per Share.

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- (ii) Mr. A is the owner of residential house which was purchased on 1st September, 2016 for ₹ 9,00,000. He sold the said house on 4th September, 2020 for ₹ 19,00,000. Valuation as per stamp valuation authorities was ₹ 45,00,000. He invested ₹ 19,00,000 in NHAI Bonds on 21st March, 2021.

The Cost Inflation index for-

F.Y. 2016-2017 - 264

F.Y. 2020-2021 - 301

X Sales
Purchase

- (c) Mr. Patel is a proprietor of Star Stores since 20-05-2018. He has transferred his shop by way of slump sale for a total consideration of ₹ 40 Lakh. The professional fees & brokerage paid for this sale are ₹ 80,000. His Balance Sheet as on 31-03-2021 is as under :

Liabilities	₹	Assets	₹
Own Capital	10,50,000	Building	5,00,000
Bank Loan	5,00,000	Furniture	5,00,000
Trade Creditors	2,50,000	Debtors	2,00,000
Unsecured Loan	2,00,000	Other Assets	8,00,000
Total	20,00,000	Total	20,00,000

Other Information :

1. No individual value of any asset is considered in the transfer deed.
2. Other assets include trademarks valuing ₹ 2,00,000 as on 01-04-2020 on which no depreciation has been provided.

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3. Furniture of ₹ 1,50,000 purchased on 05-11-2020 on which no depreciation has been provided.
4. Unsecured loan includes ₹ 50,000 as advance received from his wife, which she has agreed to waive off.
- (i) Compute the capital gain for AY 2021-22 .

4. (a) Mr. Dharmesh who is 45 years old and his wife Mrs. Anandi who is 42 years old furnished the following information :

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	Particulars	Amount (₹)
(i)	Salary income (computed) of Mrs. Anandi	9,60,000
(ii)	Income of minor Son "A" who suffers from disability specified in Section 80 U	3,08,000 <i>Exempt</i>
(iii)	Income of minor daughter "C" from script writing for Television Serials	1,86,000
(iv)	Income from garment trading business of Mr. Dharmesh	17,50,000
(v)	Cash gift received by minor daughter "C" on 02-10-2020 from friend of Mrs. Anandi, on winning of a story writing competition	45,000 <i>Gift</i>
(vi)	Income of minor son "B" form Scholarship received from his School	1,00,000 <i>30%</i>
(vii)	Income of minor son "B" from fixed deposit with Punjab National Bank, made out of income earned from Scholarship	5,000

Compute the total income of Mr. Dharmesh and his wife Mrs. Anandi for Assessment Year 2021-22 assuming that they have not opted to be taxed under section 115BAC

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- (b) Mr. X a resident individual submits the following information, relevant to the previous year ending March 31, 2021 :

	Particulars	Amount (₹)
(i)	Income from Salary (Computed)	2,22,000
(ii)	Income from House Property	
	- House in Delhi	22,000
	- House in Chennai	(-) 2,60,000
	- House in Mumbai (self occupied)	(-) 20,000
(iii)	Profit and gains from business or profession	
	- Textile business	18,000
	- Cosmetics business	(-) 22,000
	- Speculative business-1	(-) 74,000
	- Speculative business-2	46,000
(iv)	Capital gains	
	Short term capital loss from sale of property	(-) 16,000
	Long term capital gains from sale of property	15,400
(v)	Income from other sources (Computed)	
	- Income from betting	34,000
	- Income from Card games	46,000
	- Loss on maintenance of race horses	(-) 14,600

Determine the gross total income of Mr. X for the assessment year 2021-22 and the losses to be carried forward assuming that he does not opt to be taxed under section 115BAC.

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- (c) Enumerate the cases where a return of loss has to be filed on or before the due date specified u/s 139(1) for carry forward of the losses. Also enumerate the cases where losses can be carried forward even though the return of loss has not been filed on or before the due date.

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OR

In the following cases relating to P.Y.2020-21, the total income of the assessee or the total income of any other person in respect of which he/she is assessable under Income Tax Act does not exceed the basic exemption limit. You are required to state with reasons, whether the assessee is still required to file the return of income or loss for A.Y.2021-22 in each of the following independent situations :

- (i) Manish & Sons (HUF) sold a residential house on which there arose a long term capital gain of ₹ 12 lakhs which was invested in Capital Gain Bonds u/s 54EC so that no long term capital gain was taxable. 1½
- (ii) Mrs. Archana was born in Germany and married in India. Her residential status under section 6(6) of the Income Tax Act, 1961 is 'resident and ordinarily resident'. She owns a car in Germany which she uses for her personal purposes during her visit to her parents' place in that country. 1½
- (iii) Sudhakar has incurred an expenditure of ₹ 1,20,000 towards consumption of electricity, the entire payment of which was made through banking channels. 1

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SECTION – B

5. X Electronics is a registered manufacturer of electrical appliances. It made contract with dealers, that purchase of air conditioners of capacity 1.5 Ton in the month of October, 2020 of quantity of more than 50 units will entitle them for 10% discount.

Interstate supply made during the month of October 2020 is ₹ 50,00,000

Details of Intrastate supply :

Particulars	Amount (₹)
Supply of Microwave Oven	15,00,000
Supply of <u>Refrigerators</u> with Stabilizers being a mixed supply, rate of GST on Refrigerator is 28% (14% CGST & 14% SGST), rate of GST on Stabilizer is 18% (9% CGST & 9% SGST)	40,00,000
Supply of Air Conditioners of capacity 1.5 Ton @ ₹ 50,000 per Air Conditioner	50,00,000

Intrastate inward supplies are :

Particulars	Amount (₹)
Raw material	20,00,000
Paid Gym membership for employees	50,000
Truck purchased for transportation of goods	30,00,000

X Electronics made supply of Air Conditioners (capacity 1.5 Ton) to only one dealer named Mr. L.

Gym membership for employees is not obligatory for X Electronics under any law.

Opening Balance of ITC is as under :

CGST : ₹ 58,000

SGST : ₹ 70,000

IGST : ₹ 10,00,000

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Note :

- (i) Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both inward and outward supplies except where specifically provided.
 - (ii) Both inward and outward supplies are exclusive of taxes.
 - (iii) All the conditions for availing the ITC have been fulfilled.
- Compute the Net GST payable in cash by X Electronics for the month of October, 2020.

6. (a) A Ltd. procured the following goods in the month of December, 2020.

Inward Supplies		GST (₹)
(1)	Goods used in constructing an additional floor of office building	18,450
(2)	Goods given as free sample to prospective customers	15,000
(3)	Trucks used for transportation of inputs in the factory	11,000
(4)	Inputs used in trial runs	9,850
(5)	Confectionary items for consumption of employees working in the factory	3,250
(6)	Cement used for making foundation and structural support to plant and machinery	8,050

Compute the amount of ITC available with A Ltd. for the month of December 2020 by giving necessary explanations. Assume, that all the other conditions necessary for availing ITC have been fulfilled.

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- (b) Explain the composite supply and mixed supply. If a trader launches a package sales for marriage contained double bed, refrigerator, washing machine, wooden wardrobe at a single rate. He is issuing of invoice showing value of each goods separately, whether this is case of mixed supply or composite supply. Explain.

7. (a) P Ltd, a registered person provided following information for the month of October, 2020 :

Particulars	Amount (₹)
Intrastate outward supply	8,00,000
Interstate exempt outward supply	4,00,000
Turnover of exported goods	20,00,000
Payment of IGST	1,20,000
Payment of CGST and SGST	45,000 each
Payment of custom duty on export	40,000
Payment made for availing GTA services	3,00,000

GST is payable on Reverse Charge for GTA services.

Explain the meaning of aggregate turnover u/s 2 (6) of CGST Act and compute the aggregate turnover of P Ltd. for the month of October, 2020. All amounts are exclusive of GST.

- (b) XYZ Pvt. Ltd. manufactures beauty soap with the brand name 'Forever beauty'. XYZ Pvt. Ltd. has organized a concert to promote its brand. Ms. Mahima, its brand ambassador, who is a leading film actress, has given a classical dance performance in the said concert. The proceeds of the concert is ₹ 1,25,000.

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- (i) Explain with relevant provisions of GST, whether Ms. Mahima will be required to pay any GST.
- (ii) What will be the answer if the proceeds of the concert is donated to a charitable organization ?

8. (a) Explain who is required to furnish final return, time limit for filing of final return and late fee for delay in filing final return. 5

(b) Examine the following cases and explain with reasons whether the supplier of goods is liable to get registered in GST : 5

- (i) Krishna of Himachal Pradesh is exclusively engaged in intra-state taxable supply of readymade suits. His turnover in the current financial year from Himachal Pradesh showroom is ₹ 25 lakh. He has two more showrooms one in Manipur & another in Sikkim with a turnover of ₹ 15 lakh and ₹ 18 lakh respectively in the current financial year.
- (ii) Ankit of Telangana is exclusively engaged in intra-state taxable supply of footwears. His aggregate turnover in the current financial year is ₹ 25 lakh.
- (iii) Aakash of Uttar Pradesh is exclusively engaged in intra-state supply of pan masala. His aggregate turnover in the current financial year is ₹ 30 lakh.

OR

Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act ? 5