

MQF2

Roll No.

Total No. of Printed Pages – 15

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 MCQs in Part I are to be marked on the OMR answer sheet as given on the cover page of Section A of descriptive answer book only. Answers to questions in Part II are to be written in the same descriptive answer book. Answers to MCQs, if written inside the descriptive answer book, will not be evaluated.
6. OMR answer sheet given on the cover page of descriptive answer book 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 answer book.**
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, and (b) the answer book in respect of descriptive answer book with OMR cover page 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 Nos. 2-4. All questions in Section – A relate to assessment year 2022-23, 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 Nos. 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 question in Section – B should be answered on the basis of position of GST law as amended by significant notification / circulars issued upto 30th April, 2022.

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MQF2**PART – II****SECTION – A**

1. Dr. Rohan, 82 years old resident surgeon, having his Nursing Home in Mumbai, gives the following particulars for the year ended on 31.03.2022.

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Receipts	₹	Payments	₹
Op. Balance b/d	1,25,000	Salary to Staff	3,50,000
Fees from visits to other hospitals (net)	5,85,000	Taxes & Insurance	26,000
Fees for March, 2021 received in April, 2021		Entertainment Expenses	1,10,000
IPD 40,000 OPD 45,000	85,000	Purchase of Television	48,000
Dividend from shares (net)	18,900	Gift to daughter-in-law	60,000
Fees received during the year	10,25,000	Interest on loan for repairs to property	65,000
Gifts received from relatives of patients	45,000	Personal medical expenses	70,000
Honorarium for painting services in Jai Hind Art School (net)	22,500	Deposits in PPF A/c.	55,000
Income Tax Refund (Including interest ₹ 1,500)	12,100	Nursing Home expenses	3,75,000
		Prof. fees paid for consulting services	1,20,000
		Purchase of furniture at home	1,35,000
		Personal Expenses	3,00,000
		Balance c/f	2,04,500
	19,18,500		19,18,500

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MQF2**Other Information :**

- (a) He keeps his books of accounts on cash basis and has not opted for the provisions of section 44ADA.
- (b) Salary includes ₹ 60,000 paid to his sister who is a qualified nurse paid in cash.
- (c) Entertainment expenses include ₹ 25,000 for dinner to doctors in a five star hotel.
- (d) Interest on loan for repairs to property includes ₹ 40,000 for his residential property.
- (e) His daughter in law earned income of ₹ 10,000 from the amount received as gift.
- (f) Fixed Assets values as on 01.04.2021 are as under :-
Nursing Home Equipment's ₹ 2,20,000, Medical Books (incl. annual publications ₹ 10,000) ₹ 35,000, Laptop ₹ 40,000.
- (g) Television purchased for nursing home purpose on 21.09.2021 is put to use on 03.10.2021.
- (h) He has donated ₹ 10,000 towards PM CARES Fund on 15.08.2021.

You are required to

- (i) Compute the total income and tax payable by him for AY 2022-2023 as per the regular provisions of the Income-tax Act, 1961. Assume that he has not opted for section 115 BAC.
- (ii) What will be his total income and tax payable, If he opts for the provisions of section 44ADA ? Will it be more beneficial for him to adopt 44ADA ?

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2. (a) Mr. Sarthak, an individual and Indian citizen living abroad (Dubai), a tax haven, since year 2005 and never came to India for a single day since then, earned the following incomes during previous year 2021-22 :

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	PARTICULARS	Amount (in ₹)
(i)	Income accrued and arised in Dubai not taxable in Dubai (being tax haven)	20,00,000
(ii)	Income accrued and arised in India	5,00,000
(iii)	Income deemed to accrue and arise in India	8,00,000
(iv)	Income arising in Dubai from a profession set up in India	10,00,000

- I. Determine the residential status of Mr. Sarthak and taxable income for the previous year 2021-22 (assuming no other income arised during the previous year).
- II. What would be your answer if income arising in Dubai from a profession set up in India is ₹ 2 lakhs instead of ₹ 10 lakhs ?
- III. What would be your answer, if Mr. Sarthak born in Dubai and his parents were born in India ?

- (b) Mr. B is a sales manager in PQR Ltd. During FY 2021-2022 he has received the following towards his salary and allowances / perquisites;

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- (i) Basic pay ₹ 85,000 per month upto December 2021 and thereafter an increase of ₹ 2,000 per month.
- (ii) Dearness allowance 40% of basic pay forming part of retirement benefits.

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- (iii) Bonus 1 month basic pay based on the salary drawn during January month every year.
- (iv) He contributes 14% of his basic pay & DA towards his recognized provident fund and his employer company contributes the same amount.
- (v) Travelling allowance of ₹ 5,000 per month towards on duty tours.
- (vi) Research and training allowance ₹ 3,000 per month.
- (vii) Children education allowance of ₹ 600 per month, per child for his 2 sons and 1 daughter.
- (viii) Accommodation owned by PQR Ltd. was provided to him in Hyderabad for the whole year and furniture of ₹ 2,00,000 was provided from 1st October, 2021.
- (ix) Reimbursement of medical expenses on his treatment in private hospital – ₹ 15,000, medical allowance ₹ 1,500 per month. Company has paid premium on medical policy purchased on his health ₹ 12,500.

You are required to :

- I. Compute the income chargeable to tax under the head "Income from Salary", assuming that he does not opt for the provisions under section 115BAC.
- II. What will be the income under 'Salary', if he opts for the provisions under section 115BAC ?

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3. (a) Examine the applicability and the amount of TDS to be deducted in the following cases for F.Y. 2021-22 :

(i) S and Co. Ltd. paid ₹ 25,000 to one of its Directors as sitting fees on 02-02-2022.

(ii) ₹ 2,20,000 paid to Mr. Mohan, a resident individual, on 28-02-2022 by the State of Haryana on compulsory acquisition of his urban land.

(iii) Mr. Purushotham, a resident Indian, dealing in hardware goods has a turnover of ₹ 12 crores in the previous year 2020-21. He purchased goods from Mr. Agarwal a resident seller, regularly in the course of his business. The aggregate purchase made during the previous year 2021-22 on various dates is 80 lakhs which are as under :

10-06-2021	₹ 25,00,000
20-08-2021	₹ 27,00,000
12-10-2021	₹ 28,00,000

He credited Mr. Agarwal's account in the books of accounts on the same date and made the payment on the 28-02-2022 ₹ 80 lakh. Mr. Agarwal's turnover for the financial year 2020-21 is ₹ 20 crores.

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- (b) Compute the gross total income of Mr. Prakhar for AY 2022-2023 and the losses to be carried forward, from the information given below : 4

(i) Income from House Property (computed)	₹ 3,60,000
(ii) Short term capital loss on shares of a company	₹ (-) 18,700
(iii) Long term capital gain on sale of agricultural land	₹ 6,000
(iv) Income from rubber business (plants grown by Mr. Prakhar)	₹ 80,000
(v) Loss from garment business b/f - discontinued in FY 2019-2020	₹ (-) 70,000
(vi) Loss from betting	₹ (-) 5,500
(vii) Income from lotteries (net)	₹ 5,460

- (c) Mr. A employed with B Pvt. Ltd. residing in Chennai, filed his return of Income on 30th July. He has no other income other than salary. He however has failed to link his Aadhar with PAN as on return filing date. 4

- What is the last date for linking Aadhar with PAN ?
- What is the consequence for him if he has linked the Aadhar with PAN on 31st August 2022 ?
- Are there any exceptions provided under section 139AA from quoting of Aadhar number ?

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4. (a) Examine whether the following are chargeable to tax and the amount liable to tax :

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(i) Interest on enhanced compensation ₹ 3,00,000 received on 31.03.2022 from government of Tamil Nadu towards urban land acquired by it. 40% of enhanced compensation interest pertains to previous year 2020-21.

(ii) Narayanan transferred 1000 shares of BS Ltd to AB Pvt. Ltd on 01-06-2021 for a consideration of ₹ 2,00,000 when the fair market value of the same as on transaction date was ₹ 3,00,000. The indexed cost of acquisition of shares for Narayanan was ₹ 2,75,000. The transfer was effected off market on which securities transaction tax was not paid. BS Ltd is a closely held unlisted company.

(iii) Mr. A received ₹ 5,00,000 on 1st March 2022 from Sree Pushpaka Charitable Trust for meeting his medical expenses. The trust is registered under Section 12AB of Income Tax Act.

(b) Ms. Priya, aged 61 years, has total income of ₹ 7,50,000, including income from profession, for AY 2022-2023, and has paid advance tax of ₹ 10,000 on 13.12.2021. She has filed her return of income on 15.06.2022.

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Calculate the self-assessment tax payable and the interest thereon u/s 234A, 234B and 234C, if any by Ms. Priya

(c) Mr. X a resident, aged 56 years, till recently was a successful businessman filing his return of incomes regularly and promptly ever since he obtained PAN card. During the COVID-Pandemic period his business suffered severely and he incurred huge losses. He was not able to continue his business and finally on 1st January, 2022 he decided to wind-up his business which he also promptly intimated to the jurisdictional assessing officer about the closure of his business.

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The Assessing officer sent him a notice to tax the income of AY 2022-23 during the AY 2021-22 itself. Does the assessing officer have the power to do so ? Are there any exceptions to the general rule "Income of the previous year is assessed in the assessment year following the previous year" ?

OR

From the following transactions compute the total income of Mr. Raman and his wife Savita for the Assessment year 2022-23.

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- (i) Mr. Raman had a fixed deposit of ₹ 5,00,000 in the bank. He instructed the bank to credit the interest on deposit @ 6% from 01-04-2021 to 31-03-2022 to the savings account of his brother's son for his education.
- (ii) Savita is a B.com graduate and working in the ABC Private Limited as an accountant with a monthly salary of ₹ 25,000. Raman holds 30 % equity shares of the ABC Private Limited.
- (iii) Raman started proprietary business on 01-04-2020 with a capital of ₹ 10,00,000. He incurred a loss of ₹ 2,00,000 during the previous year 2020-21. To overcome the financial position, Savita gifted a sum of ₹ 4,00,000 to him on 01-04-2021 which was immediately invested in the business by Mr. Raman. He earned a profit of ₹ 3,00,000 during the previous year 2021-22.
- (iv) Sajjan, younger son of Raman, aged 17 years won in a debate competition during the annual competitions held at his school and received a cash award of ₹ 10,000 and he also earned interest of ₹ 7,000 on balance maintained in his savings bank account.

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SECTION-B

5. Ajay Limited, a registered dealer in Patna (Bihar), is engaged in various types of supplies. The company provided the following details for the month of January 2022 :

Sl. No.	Particulars	Amount in ₹												
(i)	Outward supply of goods made during the month to various non-related persons : <table><tr><td></td><td>Particulars</td><td>Market Value (₹)</td><td>Transaction Value (₹)</td></tr><tr><td>a.</td><td>In the State of Bihar (Intra-State)</td><td>3,00,000</td><td>4,00,000</td></tr><tr><td>b.</td><td>To other States (Inter-State)</td><td>2,00,000</td><td>1,00,000</td></tr></table>		Particulars	Market Value (₹)	Transaction Value (₹)	a.	In the State of Bihar (Intra-State)	3,00,000	4,00,000	b.	To other States (Inter-State)	2,00,000	1,00,000	As given in particulars column
	Particulars	Market Value (₹)	Transaction Value (₹)											
a.	In the State of Bihar (Intra-State)	3,00,000	4,00,000											
b.	To other States (Inter-State)	2,00,000	1,00,000											
(ii)	Services provided to the State Government of Karnataka for conducting a computer training programme for its employees. Total expenditure incurred for the said programme was ₹ 90,000, of which ₹ 63,000 was borne by the State Govt. (Inter-State transaction)	5,00,000												
(iii)	Stock transfer without consideration to its branch at Gaya (Bihar). Branch has separate GSTN for convenience of accounting and billing. Value under Section 15 – ₹ 20,000. (Intra-State)	Nil												
(iv)	Intra-State inward supply of various services for use in the course or furtherance of business (30 invoices)	6,50,000												

MQF2**Additional Information :**

- (a) All the amounts given above are exclusive of taxes.
- (b) During the course of arranging and filing documents, the accountant of Ajay Limited observed that an invoice for ₹ 30,000 (excluding tax) dated 02.12.2021 was omitted to be recorded in the books of accounts and no payment was made against the same till the end of January 2022. This invoice was issued by Mr Mukesh of Patna, from whom Ajay Limited had taken cars on rental basis. Invoice included cost of fuel also. (Intra-State transaction)
- (c) Rate of GST applicable on various supplies are as follows :
- | Nature of Supply | CGST | SGST | IGST |
|---------------------------------------|------|------|------|
| Car Rental Service | 2.5% | 2.5% | 5% |
| All other inward and outward supplies | 9% | 9% | 18% |
- (d) No opening balance of Input tax credit exists as on the beginning of the month.
- (e) Out of the 30 invoices of inward supply received, 6 invoices with taxable value amounting to ₹ 1,50,000 were e-invoices in which Invoice Reference Number (IRN) was not mentioned. However, all the invoices were duly reflected in GSTR 2B for the month of January 2022, since the suppliers had filed their GSTR-1.
- (f) Subject to the information given above, conditions necessary for claiming ITC were complied with.

You are required to calculate the amount of net GST liability payable in cash by Ajay Limited for the month of January 2022. Brief notes for treatment given for each item should form part of your answer.

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6. (a) Charm Limited, registered under GST in the State of Jharkhand, manufactures cosmetic products and appointed Mr. Handsome of Mumbai, who is registered under GST in the State of Maharashtra, as their Del-credere agent (DCA) to sell their products. Being a DCA, he agrees to raise invoices in his own name and also guarantees for the realization of payments from customers to Charm Limited.

In order to realize the payments from customers on time, he extends short term transaction based loans to them and charges interest for the same.

Mr. Handsome provides you the following details of transactions carried out during the month of March 2022 :

Sl. No.	Particulars	Amount in ₹
	Outward Supply :	
i.	Goods sold by Mr. Handsome in his DCA capacity (Intra-State transaction)	2,80,000
ii.	Interest earned from the above customers for short term credit facility provided for timely payment of dues. (Intra-State transaction)	20,000
iii.	Commission bill raised on Charm Limited (Inter-State transaction) in respect of DCA services provided.	30,000
	Inward Supply :	
iv.	Inter-State supply of goods received from Charm Limited. Since being a DCA, no consideration was paid. Value under section 15 – ₹ 2,00,000	Nil
v.	Received training in marketing and distribution from Charm Limited as per DCA agreement, free of cost. Company charges ₹ 75,000 for such training when they provide the same to others.	Nil

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Applicable rate of tax on both inward and outward supplies is 9% each for CGST and SGST and 18% for IGST. Amount given above are exclusive of taxes wherever applicable. Subject to the information given above, necessary conditions are complied with for availment of Input Tax Credit.

You are required to calculate the gross GST liability and eligible Input Tax Credit for the month of March 2022 of Mr. Handsome. Brief notes should form part of your answer for treatment of items in Sl. No. (i) to (v).

✓ (b) Answer the following, after reading the below given two paragraphs :

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- (i) Briefly discuss the relevant provision
- (ii) Decide the correct conclusion and
- (iii) Determine the validity of the given advice (Correct / Incorrect)

✓ (I) Raju is engaged in the manufacture of 'Fly ash Bricks' in the State of Kerala. He started his activity in the month of April 2022 and deals only in intra-State. His tax consultant advised him to register under composition levy under GST as Raju's turnover is expected to be below ₹ 1 crore for the said financial year.

✓ (II) Dharun provides service as a business facilitator to Zio Bank Limited by facilitating in opening of bank accounts to villagers in its rural branches in Punjab and earned a commission of ₹ 22 lakh in the month of April, 2022. So far he is not registered under GST. Dharun's tax consultant advised him that he is liable for registration under GST as his gross receipts exceeded ₹ 20 lakh. Dharun has no other receipt / business activity other than the above.

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7. (a) Nesamani started his business activities in the month of February 2022 in the State of Orissa. He provided the following details.

Particulars	Amount in ₹
(i) Outward supply of Petrol (Intra-State)	4,00,000
(ii) Transfer of exempt goods to his branch in Rajasthan (Inter-State)	2,00,000
(iii) Outward supply of taxable goods by his branch in Uttar Pradesh (Intra-State)	5,00,000
(iv) Outward supply of services on which tax is payable under RCM by the recipient of services (Intra-State)	6,00,000
(v) Inward supply of services on which tax is payable under RCM (Intra-State)	2,00,000

From the information given above, compute the aggregate turnover of Nesamani and also decide whether he is required to get registration under GST. Assume that the amounts given above are exclusive of taxes.

- (b) (i) Pranesh has deposited a sum of ₹ 5,000 under the head of 'Fee' column of Cess and ₹ 4,000 was lying unutilized under the head of Penalty column of IGST. Both the deposits were made wrongly instead of depositing under the head of Fee column under SGST.

In the light of the provisions of section 49(10) & 49(11) of the CGST Act, 2017, briefly explain the relevant provisions as how can Pranesh rectify these errors ?

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- ✓ (ii) M/s Sakura Enterprises made an inter-State supply of taxable goods valued at ₹ 47,500 and exempt goods valued at ₹ 2,000. Rate of IGST for taxable supply was 6%. Determine, with brief reasons, whether e-way bill generation is mandatory for the above supply made by M/s Sakura Enterprises. 2

- ✓ 8. (a) Rule 86B restricts the use of Input Tax Credit (ITC) available in the Electronic Credit Ledger for discharging output tax liability. List down the exceptions to the Rule 86B. 5

- ✓ (b) List any three situations that warrant issue of Credit Note. Briefly explain the time line to declare such Credit Note in the GST return. 5

OR

List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF). Also briefly list the cases where a registered person is debarred from furnishing details of outward supplies in GSTR-1 / IFF.

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