



PAPER – 3: TAXATION

SECTION A: INCOME TAX LAW

The Income-tax law, as amended by the Finance Act, 2025, including significant notifications/ circulars issued upto 28th February, 2026, is applicable for September, 2026 examination. The relevant assessment year for September, 2026 examination is A.Y.2026-27. The July, 2025 edition of the Study Material is based on the provisions of Income-tax law as amended by the Finance Act, 2025 and significant notifications/circulars issued upto 15.07.2025. The said study material has to be read along with the Statutory Update containing notifications and circulars issued upto 28.2.2026 but not covered in the study material webhosted at <https://resource.cdn.icai.org/92919bos-aps2378-int-p3a-statutory-sep2026.pdf>.



QUESTIONS

Case Scenario

Mr. Aniruddh, aged 38 years, is a resident individual employed as a senior project consultant in a technology firm M/s MNE enterprises in Bangalore. He is paying tax under the default tax regime for the P.Y. 2025-26 (A.Y. 2026-27).

During P.Y. 2025-26, he received a gross salary of ₹ 15,75,000. TDS deducted on salary during the P.Y 2025-26 is ₹ 1,09,200 He also provided technical consultancy services and charged fees of ₹ 48,000 from Startup A and ₹ 52,000 from Startup B whose turnover during the P.Y. 2024-25 exceed ₹ 5 crores. He opts for the presumptive taxation scheme under section 44ADA of Income-tax Act 1961.

In November 2025, he made the following outward remittances under the Liberalised Remittance Scheme (LRS) through an authorized dealer:

- On 10th November 2025, ₹ 8,50,000 to a university in Germany for his son's education (funded from personal savings).
- On 25th November 2025, ₹ 3,50,000 to his brother in Australia for personal maintenance.

He owns a residential building consisting of three identical floors. Floor 1 is self-occupied, Floor 2 was vacant for the whole year, and Floor 3 is let out at a monthly rent of ₹ 25,000. He paid municipal taxes of ₹ 30,000 for the entire building and interest of ₹ 12,00,000 on a housing loan taken for its construction.

On 15th March 2026, he sold a commercial plot for ₹ 65,00,000, which he acquired on 31st January, 2024 for ₹ 40,00,000. The stamp duty value on the date of transfer is ₹ 65,00,000.

The Cost of Inflation Index (CII) for the financial year 2025-26 and 2023-24 are 376 and 348, respectively.

Based on the facts of the case scenario given above, choose the most appropriate answer in respect of the MCQs 1 to 5:

1. Compute the income or loss under the head "Income from House Property" of Mr. Aniruddh for the Assessment Year 2026-27. In case of a loss, determine the amount eligible for set-off against other heads of income.
 - (a) Loss from house property of ₹ 1,97,000; entire loss of ₹ 1,97,000 can be set off against other heads of income.
 - (b) Loss from house property of ₹ 9,97,000; such loss can be set-off against income to the extent of ₹ 2,00,000.
 - (c) Income from House Property of ₹ 2,03,000.
 - (d) Loss from house property of ₹ 1,97,000; such loss can neither be set-off against other heads of income nor can be carried forward to subsequent year.

2. The authorized bank is required to collect tax at source from Mr. Aniruddh for his foreign remittances under the Liberalised Remittance Scheme (LRS) of -
 - (a) ₹ 40,000
 - (b) ₹ 2,40,000
 - (c) ₹ 10,00,000
 - (d) Nil
3. Compute the amount of Capital Gain arising from transfer of commercial plot in the hands of Mr. Aniruddh. Also, determine tax thereon ignoring surcharge and cess, if any.
 - (a) Long-term capital gain of ₹ 25,00,000 and tax thereon is ₹ 3,12,500
 - (b) Long-term capital gain of ₹ 21,78,761 and tax thereon would be ₹ 4,35,632
 - (c) Long-term capital gain of ₹ 25,00,000 and tax thereon is ₹ 4,35,632
 - (d) Long-term capital gain of ₹ 25,00,000 and tax thereon is ₹ 5,00,000
4. Compute the Gross Total Income of Mr. Aniruddh for the P.Y 2025-26.
 - (a) ₹ 41,00,000
 - (b) ₹ 39,03,000
 - (c) ₹ 40,50,000
 - (d) ₹ 38,53,000
5. Compute the tax payable after considering TDS/TCS (if any) by Mr. Aniruddh for the P.Y 2025-26?
 - (a) ₹ 4,42,000
 - (b) ₹ 4,25,000
 - (c) ₹ 2,26,760
 - (d) ₹ 2,22,600
6. Mr. Vikram, a foreign citizen and a Person of Indian Origin (PIO), resides in Country Z. He operates an international management consultancy

firm. During the Previous Year (P.Y.) 2025-26, he traveled to India for an official-cum-personal visit.

His consecutive period of stay in India during the current and preceding financial years is given below:

Financial Year	Period of Stay in India (Days)
2025-26	132 days
2024-25	110 days
2023-24	95 days
2022-23	85 days
2021-22	85 days

He compiled the following details regarding his global and domestic income streams for the P.Y. 2025-26:

- (1) Professional fees of ₹ 1,75,000 received from an Indian entity for specialized corporate training sessions conducted physically in Bangalore. The amount was credited directly to his bank account in Country Z.
- (2) Income of ₹ 8,50,000 derived from his management consultancy setup located in Country Z. This specific profession was originally set up and registered in India.
- (3) Gross annual rent received amounting to ₹ 3,50,000 from a residential house property owned by him in New Delhi. The municipal taxes of ₹ 20,000 on this property were borne and paid directly by the tenant.
- (4) Interest earned on Fixed Deposits with the State Bank of India amounting to ₹ 2,20,000.
- (5) Income of ₹ 4,00,000 earned and received from a commercial building situated in Country Z.
- (6) Net income of ₹ 5,00,000 from agricultural operations on land situated in Sri Lanka.

Mr. Vikram shifts out of the default tax regime under Income-tax Act 1961. Based on the above information:

- (i) Determine the residential status of Mr. Vikram for the A.Y. 2026-27

- (ii) Compute his Gross Total Income (GTI) based on his residential status.
7. Mr. Rudra and his wife, Mrs. Shivani, are resident in India for the P.Y. 2025-26. Mr. Rudra has explicitly chosen to file his tax return under the default tax regime (Section 115BAC). Mrs. Shivani has chosen to opt out of the default tax regime (filing under the optional regular tax provisions). They furnished the following information for the previous year 2025-26 unless otherwise stated:
- (i) Mr. Rudra is a working partner in M/s Dayal & Co., partnership firm and he received salary of ₹ 8,20,000 (gross) from such firm. The salary is as per the limits prescribed under section 40(b).
 - (ii) The details of other income/loss of Mr. Rudra are as follows:
 - A. Brought forward loss of ₹ 1,96,000 from House at Delhi (let out) of the previous year 2024-25 (For this year, he opts out of the default tax regime). Current year loss of ₹ 1,20,000 from such House (let out).
 - B. Cash gift of ₹ 1,35,000 received from grandfather's younger sister.
 - C. Dividend of ₹ 60,000 (gross) on listed equity shares of domestic companies
 - (iii) Mrs. Shivani incurred loss from boutique business of ₹ 2,10,000. She carried on this business with the funds gifted by Mr. Suraj to her.
 - (iv) Mrs. Shivani also received cash gift of ₹ 11,00,000 from Mr. Rudra's grandfather younger sister.
 - (v) Mr. Rudra holds 22% of the equity shares carrying voting power in Rudra Tech Pvt Ltd. Mrs. Shivani also holds 25% of the equity shares in the same company. Mrs. Shivani is employed as an interior layout planner at Rudra Tech Pvt Ltd at a monthly salary of ₹ 50,000. She does not possess the required qualifications for this specific designation.
 - (vi) On 15-05-2025, Mr. Rudra gifted equity shares of ₹ 80,00,000 to his brother's wife, Mrs. K. Subsequently, on 20-05-2025, Mr. Rudra's brother gifted a commercial building located in Mumbai, valued at ₹ 60,00,000, to Mr. Rudra's wife, Mrs. Shivani.

Mrs. Shivani immediately let out this commercial building from 01-06-2025 yielding a gross rent of ₹ 2,00,000 upto 31.3.2026.

- (v) Mr. Rudra received interest on enhanced compensation on 15th April, 2026 of ₹ 2,00,000. It relates to transfer of a piece of land in the financial year 2018-19.

Compute total income of Mr. Rudra and Mrs. Shivani for the A.Y. 2026-27 under their chosen tax regimes. Briefly explain the reasons for the treatment of each item.

8. Examine the applicability of Tax Deducted at Source (TDS) and compute the amount of tax required to be deducted, if any, in each of the following cases for the Previous Year 2025-26 (Assessment Year 2026-27):

- (i) Mr. Vivek, a resident individual engaged in the business of electrical goods, had a turnover of ₹ 18 crores during the Previous Year 2024-25. During the Previous Year 2025-26, he purchased goods from M/s Zenith Traders, a resident seller, in the ordinary course of business.

The details of purchases are as follows:

Date of Purchase	Amount (₹)
15.05.2025	24,00,000
22.08.2025	31,00,000
18.11.2025	29,00,000

The seller's account was credited on the respective dates of purchase and the entire payment of ₹ 84,00,000 was made on 15.03.2026. The turnover of M/s Zenith Traders during the Previous Year 2024-25 was ₹ 15 crore.

- (ii) ABC Technologies Ltd. paid ₹ 42,000 as sitting fees to one of its directors, Ms. Kavita, on 10.01.2026.
- (iii) Government of Rajasthan paid ₹ 4,80,000 to Mr. Raghav, a resident individual, on 18.12.2025 as compensation on compulsory acquisition of his urban land.

9. Mr. Samar, a 62-year-old resident individual, operates a small retail shop. For the P.Y. 2025-26, Mr. Samar furnished the following information:

- Mr. Samar chose to file his tax return under the default tax regime under section 115BAC. For the P.Y. 2025-26, his computed total income is ₹ 3,80,000. During the year, his electricity consumption expenditures is ₹ 95,000 across his properties. Additionally, various banks deducted an aggregate tax at source (TDS) of ₹ 28,000 on fixed deposit interest earnings. His gross receipts from retail shop is ₹ 28,00,000.
- To celebrate his spouse's birthday, Mr. Samar paid a single cash bill of ₹ 60,000 to a five-star luxury hotel. Later that month, he issued an account payee cheque of ₹ 48,000 to the Life Insurance Corporation (LIC) of India to renew his family's life insurance coverage.

Determine

- (i) whether Mr. Samar is compulsorily required to file his return of income for A.Y. 2026-27.
 - (ii) whether quoting a Permanent Account Number (PAN) is mandatory for Mr. Samar's transactions with the five-star luxury hotel and the life insurance provider.
10. Mr. Advait, a resident individual aged 48 years, is engaged in the manufacturing of industrial chemicals as a sole proprietor. He follows mercantile system of accounting. His net profit as per the Profit and Loss account for the financial year ended 31-03-2026 was ₹ 25,00,000 after debiting or crediting the following items:
- (i) ₹ 35,000 paid directly to a creditor for raw materials in cash.
 - (ii) Gross interest received on corporate bonds amounting to ₹ 20,000.
 - (iii) Contribution of ₹ 1,50,000 made to an approved university for social science research.
 - (iv) Commission charges of ₹ 2,00,000 paid to a local sales agent *via* account payee cheque without deducting tax at source (TDS).
 - (v) Normal depreciation of ₹ 5,00,000 including depreciation on total cost of new plant & machinery purchased and put to use on 12-07-2025 as per Income-tax Rules, 1962.

- (vi) Subsidy of 20% on the new machinery received from the State Government on 15.7.2025, amounting to ₹ 4,00,000.
- (vii) Medical expenses debited to the business include ₹ 60,000 paid to a hospital for the medical treatment of his dependent son, who is a person with a severe disability.
- (viii) ₹ 80,000 incurred for an advertisement published in a souvenir of a registered political party.
- (ix) On 15-03-2026, Mr. Advait purchased raw material worth ₹ 50,000 from M/s XYZ Industries registered as a micro-enterprise under the MSMED Act, 2006. The payment was outstanding as on 31-03-2026 and was subsequently settled on 25-05-2026. There was a written agreement between them specifying a 15-day payment period.

Additional Information:

- (a) He received a gross annual rent of ₹ 4,80,000 from let-out house property. The municipal taxes of ₹ 50,000 for this property were paid by him on 10-04-2026.
- (b) He repaid a housing loan principal of ₹ 90,000 and interest of ₹ 1,10,000 on such loan to a financial institution availed for purchase of such house property.
- (c) He received ₹ 1,05,000 from the premature withdrawal of a 5-year Post Office Time Deposit, which include interest of ₹ 15,000. He had previously claimed deduction under section 80C at the time of making such time deposit. The amount of interest has not been included in his total income in any earlier previous year.
- (d) He sold a vacant commercial plot of land on 10-06-2025 for ₹ 15,00,000, which had been originally acquired on 05-04-2008 for ₹ 3,00,000. (Cost Inflation Index for F.Y. 2008-09 is 137 and for F.Y. 2025-26 is 376).

Compute the total income and tax liability of Mr. Advait for the A.Y. 2026-27 under both default tax regime and the optional tax regime. The turnover for both the preceding and current financial years exceeds ₹ 3 crores.



SUGGESTED ANSWERS

Question No.	Answer
1.	(d) Loss from house property of ₹ 1,97,000; such loss can neither be set-off against other heads of income nor can be carried forward for subsequent year.
2.	(a) ₹ 40,000
3.	(a) Long-term capital gain of ₹ 25,00,000 and tax thereon is ₹ 3,12,500
4.	(c) ₹ 40,50,000
5.	(d) ₹ 2,22,600

6. (i) An individual would be resident in India if he satisfies any one of the basic conditions provided under section 6(1):
- (a) Stay in India during the previous year is 182 days or more, OR
 - (b) Stay in India during the previous year is 60 days or more, AND 365 days or more during the 4 immediately preceding previous years.

As per *Explanation 1(b)* to section 6(1), if an individual is an Indian citizen or a Person of Indian Origin (PIO) comes on a visit to India in a previous year, he would be considered as resident only if he stayed in India for 182 days or more during that previous year.

However, if such an Indian citizen or PIO has "total income other than income from foreign sources" exceeding ₹ 15,00,000 during the relevant previous year, then he would also be resident in India, if he stays for at least 120 days during the previous year and for 365 days or more during the 4 years immediately preceding the previous year. His total income other than income from foreign sources would be as follows:

Computation of Total Income other than income from foreign sources of Mr. Vikram for P.Y 2025-26

Particulars	Amount (₹)	Amount (₹)
I. Income from House Property		
A. Residential House Property in New Delhi		
Gross Annual Value (GAV)	3,50,000	
Less: Municipal Taxes (Nil, since taxes paid by the tenant are not allowed)	-	
Net Annual Value (NAV)	3,50,000	
Less: Statutory Deduction @ 30% of NAV (30% of ₹ 3,50,000)	<u>(1,05,000)</u>	
	2,45,000	
B. Commercial Building in Country Z		
[Not includible since income from commercial building is sourced entirely from outside India]	-	2,45,000
II. Profits and Gains of Business or Profession		
Professional fees for conducting corporate training sessions in India.	1,75,000	
Income from management consultancy setup in Country Z (Includible since it is derived from a profession set up and registered in India).	<u>8,50,000</u>	
		10,25,000
III. Income from Other Sources		
Interest earned on Fixed Deposits with the State Bank of India	2,20,000	

Net income from agricultural operations in Sri Lanka (accrues or arise outside India)	Nil	2,20,000
Total Income other than income from foreign sources		14,90,000

Since Mr. Vikram's total income other than income from foreign sources does not exceed ₹ 15 lakhs and he stayed in India during the P.Y. 2025-26 only for 132 days which is less than 182 days, he is a non-resident in India for the P.Y. 2025-26.

- (ii) As per section 5(2), a non-resident is chargeable to tax in India in respect of income received or deemed to be received in India or income which accrues or arise or deemed to accrues or arise to him in India. Accordingly, his gross total income would be as follows:

Particulars	Amount (₹)
Total Income other than income from foreign source as computed above	14,90,000
<i>Less: Income derived from management consultancy setup in Country Z (Not Taxable since accrues or arises outside India)</i>	8,50,000
Gross Total Income	6,40,000

7. Computation of total income of Mr. Rudra and Mrs. Shivani for A.Y. 2026-27

Particulars	Mr. Rudra [Under default tax regime] ₹	Mrs. Shivani [Under normal provisions] ₹
Income under the head "Salaries " Gross Salary [₹ 50,000 x 12] [Refer Note (i)]		6,00,000

Less: Standard Deduction u/s 16(ia)		50,000
		5,50,000
Income from house property		
Annual Value [Refer Note (ii)]	2,00,000	
Less: Deduction @30% of NAV	60,000	
	1,40,000	
Current year loss from House at Delhi [Can be set-off under the head "House Property" even under default tax regime]	1,20,000	
Brought forward loss from House at Delhi [Allowed to be set-off to the extent of ₹ 20,000 since he shifted out of the default tax regime for that year]	20,000	
	Nil	
Profits and gains of business or profession		
Salary from partnership firm	8,20,000	
Less: As per section 70, set off of current year business loss of new retail boutique business [Refer Note (iii)]	2,10,000	
	6,10,000	
Income from Other Sources		
Interest on enhanced compensation [Taxable in the year in which it is received. Since the same is received in year 2026-27, the same would not be taxable in P.Y. 2025-26]	-	
Gift from grandfather's sister or husband's grandfather sister [Taxable under section 56(2)(x), since	1,35,000	11,00,000

grandfather's sister or husband's grandfather sister is not a relative and the amount of gift exceeds ₹ 50,000]		
Dividend on shares (gross)	60,000	
	1,95,000	11,00,000
Taxable Income	8,05,000	16,50,000

Notes –

- (i) As per section 64(1)(ii), when both spouses have a substantial interest (i.e. shares carrying 20% or more of the voting power, either individually or along with their relatives) in a concern and one receives a salary without any technical or professional qualification, such remuneration must be clubbed in the hands of that spouse whose total income (excluding such remuneration) is higher.

In the present case, both Mr. Rudra (holding 22% voting power) and Mrs. Shivani (holding 25% voting power) have substantial interest in Rudra Tech Pvt Ltd. Since Mrs. Shivani's total income (excluding salary income) of ₹ 11,00,000 is higher than Mr. Rudra's total income (excluding salary income) of ₹ 8,05,000, salary received from Rudra Tech Pvt Ltd. will be included in her hands.

- (ii) If two transactions are inter-connected and are parts of the same transaction in such a way that it can be said that the circuitous method was adopted as a device to evade tax, the implication of clubbing provisions would be attracted. Accordingly, the income arising to Mrs. K from the equity shares should be included in the total income of Mr. Rudra's brother to the extent of value of house i.e., ₹ 60,00,000 and the rental income from building transferred to his wife Shivani by his brother would be taxable in the hands of Rudra.
- (iii) As per section 64(1)(iv), if an asset is transferred to a spouse without adequate consideration and invested in a business, the proportionate income belongs to the transferor. Further, *Explanation 2* to Section 64 clarifies that the term "income" explicitly includes "loss". Hence, the business loss sustained by Mrs. Shivani's boutique is clubbed into Mr. Rudra's income.

8. (i) Since Mr. Vivek's turnover during the P.Y. 2024-25 exceeded ₹ 10 crores and the aggregate value of goods purchased from M/s Zenith Traders during the P.Y. 2025-26 exceeded ₹ 50 lakhs, he is liable to deduct tax at source under section 194Q.

Tax is required to be deducted at 0.1% on the value of purchases exceeding ₹ 50 lakhs, at the time of credit or payment, whichever is earlier. Since the seller's account was credited on the respective dates of purchase, TDS is deductible at the time of credit.

On 15.5.2025 = Nil (No tax is to be deducted u/s 194Q on the purchases made on 15.5.2025 since the purchases made till that date have not exceeded the threshold of ₹ 50 lakhs)

On 22.8.2025 = 0.1% of ₹ 5 lakhs (amount exceeding ₹ 50 lakhs)
= ₹ 500

On 18.11.2025 = 0.1% of ₹ 29 lakhs = ₹ 2,900.

Total TDS deductible under section 194Q = ₹ 3,400.

- (ii) ABC Technologies Ltd. is required to deduct tax at source under section 194J at 10% on the sitting fees paid to its director. The threshold limit of ₹ 50,000 prescribed under section 194J is not applicable in respect of sitting fees paid to a director.

Accordingly, TDS = ₹ 42,000 × 10% = ₹ 4,200.

- (iii) Under section 194LA, tax is deductible only where the amount of compensation or enhanced compensation paid on compulsory acquisition of immovable property (other than agricultural land) exceeds ₹ 5,00,000 during the financial year.

Since the compensation paid to Mr. Raghav amounts to ₹ 4,80,000, which does not exceed the prescribed threshold limit, no tax is required to be deducted at source under section 194LA.

9. (i) Since Mr. Samar's total income does not exceed ₹ 4,00,000, being the basic exemption limit as per the default tax regime u/s 115BAC, he is not required to file return of income under section 139(1). However, any person other than a company or a firm, who is not required to furnish a return of income under section 139(1), is required to file income-tax return *inter alia* if he incurs an

expenditure exceeding ₹ 1,00,000 towards the consumption of electricity during the previous year or if the aggregate of TDS and TCS during the previous year is ₹ 50,000 or more (in case of a senior citizen) or gross receipts/turnover from business exceed ₹ 60 lakhs during the previous year.

In the present case, since Mr. Samar's electricity expenditure does not exceed the threshold limit of ₹ 1 lakh or tax deducted at source is also less than ₹ 50,000 and gross receipts from business also does not exceed ₹ 60 lakhs during the P.Y. 2025-26, he is not mandatorily required to file his return of income for A.Y. 2026-27.

- (ii) Rule 114B prescribes specific transactions where quoting of PAN is mandatory. Rule 114B specifies that making a payment to a hotel or restaurant against a bill or bills at any one time requires quoting of PAN if the payment is made in cash and exceeds ₹ 50,000. Since Mr. Samar made a single payment of ₹ 60,000 entirely in cash, he is required to mandatorily quote his PAN.

Further, PAN also needs to be quoted if the premium towards life insurance aggregates to more than ₹ 50,000, in a financial year. Since, Mr. Samar's made payment of only ₹ 48,000 via an account payee cheque, he is not required to quote his PAN.

10. Computation of total income and tax liability of Mr. Advait for A.Y. 2026-27 under default tax regime

Particulars	Amount (₹)	Amount (₹)
I. Income from house property		
Gross Annual Value (GAV)	4,80,000	
Less: Municipal Taxes paid (Nil, since taxes are paid by the owner after the relevant previous year 2025-26)	Nil	
Net Annual Value (NAV)	4,80,000	
Less: Statutory Deduction @ 30% of NAV (30% of ₹ 4,80,000)	(1,44,000)	
Less: Interest on loan under section 24(b)	(1,10,000)	2,26,000

II. Profits and gains of business or profession		
Net Profit as per profit and loss account	25,00,000	
Add: Expenses either not allowable or to be considered separately but charged in the profit and loss account		
(i) Payment made to creditors in cash (disallowed under section 40A(3), since such cash payment exceeds ₹10,000)	35,000	
(iii) Contribution to approved university for social science research (Not allowed under default tax regime u/s 115BAC)	1,50,000	
(iv) 30% of commission charges paid to a resident without deduction of tax at source not allowable as per section 40(a)(ia)	60,000	
(v) Normal depreciation [In respect of subsidy of ₹ 4,00,000 relatable to the cost of plant & machinery would not include in actual cost. Hence, depreciation on such amount not allowed i.e., ₹ 4,00,000 @15%]	60,000	
(vii) Personal Medical Expenses of Dependent disabled son (Personal expenses not allowed as per section 37)	60,000	
(viii) Advertisement in the souvenir of political party not allowable as per section 37(2B).	80,000	
(ix) Sum payable for purchase of raw materials from M/s XYZ Industries, a micro enterprise. (Not allowable as per section 43B(h), since payment was made on 25 th May 2026, which is beyond the agreed time limit)	50,000	
	29,95,000	

Less: Incomes credited to profit and loss account but not taxable as business income		
(ii) Gross Interest received on corporate bonds (Considered separately under the head "Income from other sources")	20,000	
(vi) Subsidy received on purchase of new plant & machinery (as per <i>Explanation 10</i> to section 43(1), it will be reduced from actual cost of machinery).	4,00,000	
Al(e) Additional Depreciation on new plant and machinery (not allowed under default tax regime under section 115BAC)	-	
		25,75,000
III. Capital Gains		
Full value of consideration	15,00,000	
Less: Cost of acquisition	3,00,000	
Long Term Capital gain (Since commercial plot of land is held for more than 24 months)		12,00,000
III. Income from Other Sources		
Gross Interest received on corporate bonds	20,000	
Pre-mature withdrawal post office time deposit (It is taxable under section 80C(6A) in the year of withdrawal before the specified time)	1,05,000	
		1,25,000
Gross Total Income		41,26,000
Less: Deductions under chapter VI-A (Not allowable under default tax regime)		Nil
Total Income		41,26,000
Tax Liability		
Tax liability as per special rate u/s 112	1,35,328	

<u>Tax on capital gains without indexation benefit</u>		
Tax on ₹ 12 lakhs @12.5% = ₹ 1,50,000		
<u>Tax on capital gains with indexation benefit</u>		
₹ 6,76,642 @ 20% = ₹1,35,328		
₹ 15,00,000 - (₹ 3,00,000x376/137) = ₹ 6,76,642		
Tax at slab rate on balance income of ₹ 29,26,000 (₹ 41,26,000 - ₹ 12,00,000)		
Upto ₹ 4,00,000	Nil	
₹ 4,00,001 to ₹ 8,00,000 @ 5%	20,000	
₹ 8,00,001 to ₹ 12,00,000 @ 10 %	40,000	
₹ 12,00,000 to ₹ 16,00,000 @ 15%	60,000	
₹ 16,00,001 to ₹ 20,00,000 @ 20%	80,000	
₹ 20,00,001 to ₹ 24,00,000 @ 25%	1,00,000	
₹ 24,00,001 to ₹ 29,26,000 @ 30%	1,57,800	
Tax Liability		5,93,128
Add: Health and education cess @ 4%		23,725
Tax Liability		6,16,853
Tax Liability (Rounded off)		6,16,850

**Computation of total income and tax liability of Mr. Advait for
A.Y. 2026-27 under optional tax regime**

Particulars	Amount (₹)	Amount (₹)
Gross Total Income as per default tax regime		41,26,000
Less: Contribution to approved university for social science research [Allowed under section 35(1)(iii) under optional tax regime]	1,50,000	
Less: Additional depreciation on new machinery [(₹ 20,00,000 - ₹ 4,00,000) x 20%] (allowed under optional tax regime)	3,20,000	4,70,000
Gross Total Income as per optional tax regime		36,56,000

Less: Deduction under Chapter VI-A		
Deduction under section 80C		
Housing loan repayment	90,000	
Deduction under section 80DD		
Medical treatment of dependent with severe disability	1,25,000	2,15,000
Total Income as per optional tax regime		34,41,000
Tax Liability		
Tax liability as per special rate u/s 112	1,35,328	
<u>Tax on capital gains without indexation benefit: ₹ 12 lakhs @ 12.5% = ₹ 1,50,000</u>		
<u>Tax on capital gains with indexation benefit: ₹ 6,76,642 @ 20% = ₹ 1,35,328</u>		
$\text{₹ } 15,00,000 - (\text{₹ } 3,00,000 \times 376/137) = \text{₹ } 6,76,642$		
Tax at slab rate on balance income of ₹ 22,41,000 (₹ 34,41,000 - ₹ 12,00,000)		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 to ₹ 5,00,000 @ 5% (₹ 2,50,000 @ 5%)	12,500	
₹ 5,00,001 to ₹ 10,00,000 @ 20% (₹ 5,00,000 @ 20%)	1,00,000	
₹ 10,00,001 to ₹ 22,41,000 @ 30% (₹ 12,41,000 @ 30%)	3,72,300	
Tax Liability		6,20,128
Add: Health and education cess @ 4%		24,805
Total Tax Liability		6,44,933
Total Tax Liability (rounded off)		6,44,930

SECTION B: GOODS AND SERVICES TAX

- (1) *All questions should be answered on the basis of the position of GST law as amended by the Finance Act, 2025 including significant notifications and circulars and other legislative amendments made, which are effective up to 28th February 2026.*
- (2) *The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. Further, GST compensation cess should be ignored in all the questions, wherever applicable.*
- (3) *Unless otherwise specified, the section numbers and rules referred in questions and answers relating to GST pertain to the Central Goods and Services Tax Act, 2017 and the Central Goods and Services Tax Rules, 2017 respectively.*



QUESTIONS

Case Scenario

Ronaldo Pvt. Ltd., a supplier registered under GST in Jaipur, Rajasthan, is engaged in the supply of various goods and services. It provides the following details of various activities undertaken by it during the relevant tax periods:

Transactions during January

- (1) Ronaldo Pvt. Ltd. engages Mr. Arjun to procure specialised raw materials. Mr. Arjun negotiated with Bhakti Manufacturers and finalised the deal; Bhakti dispatched the goods to Mr. Arjun's warehouse, from where Mr. Arjun forwarded the consignment to Ronaldo's factory. The invoice for the goods, however, was raised by Bhakti Manufacturers directly in Ronaldo's name. Mr. Arjun separately charged Ronaldo for his commission. As part of the engagement, Ronaldo also conducted a

one-day workshop for Mr. Arjun on procurement and negotiation techniques, at no charge.

- (2) Ronaldo Pvt. Ltd. supplied goods worth ₹ 35,00,000 to Bansal Exports Pvt. Ltd., a registered recipient located in Prayagraj, Uttar Pradesh. In addition, Ronaldo Pvt. Ltd. recovered ₹ 60,000 separately from Bansal Exports Pvt. Ltd. towards a tax levied on the said supply by the Prayagraj Municipal Corporation.
- (3) Ronaldo Pvt. Ltd. rendered consultancy services to Girdhar Ltd., a registered person located in Jodhpur, Rajasthan, for an agreed fee of ₹ 6,00,000. As per the terms of engagement, Girdhar Ltd. was entitled to a discount of ₹ 30,000 for making upfront payment. Girdhar Ltd. got the discount and same was recorded in the tax invoice issued by Ronaldo.
- (4) Ronaldo Pvt. Ltd. procured raw materials worth ₹ 18,00,000 from Alpha Traders Ltd., a supplier registered in Lucknow, Uttar Pradesh, ₹ 1,00,000 from Beta Enterprises, a supplier registered in Delhi and ₹ 1,00,000 from Gamma Associates, a supplier registered in Kota, Rajasthan. The raw materials sent by Alpha Traders Ltd. and Beta Enterprises were received at Ronaldo's factory in Jaipur on 30th January. However, due to a transit delay attributable to the carrier, raw material sent by Gamma Associates reached Ronaldo's factory only on 1st February.
- (5) It acquired manufacturing equipment worth ₹ 2,00,000 from Techline Engineering Pvt. Ltd., a supplier registered in Hyderabad, Telangana, for use in its production process. Ronaldo Pvt. Ltd. claimed depreciation under the Income-tax Act, 1961 on the entire cost of machinery including GST component.
- (6) Ronaldo Pvt. Ltd. placed a purchase order for accessories worth ₹ 90,000 with its supplier and instructed the supplier – Jagjot Traders (registered in Bhilwara, Rajasthan) to ship the consignment directly to its network of dealers located in Delhi and Punjab for onward retail distribution. The supplier dispatched the goods accordingly. However, the tax invoice was issued in the name of Ronaldo Pvt. Ltd. only.

Transaction during March

In the month of March, Ronaldo Pvt. Ltd. supplied taxable goods worth ₹ 40,000 and exempt goods worth ₹ 10,000 to Dhananjay Enterprises, a retailer located in Maharashtra. As per the agreement, goods were to be delivered at the premises of Dhananjay Enterprises. In the invoice-cum-bill of supply issued to Dhananjay Enterprises, transportation charges recovered separately were ₹ 7,000 for taxable goods and ₹ 2,000 for exempt goods.

Additional information

Opening balance of ITC for the month of January are as follows:

- CGST: ₹ 20,000
- SGST: ₹ 50,000
- IGST: ₹ 75,000

GST rates applicable on all inward and outward supplies of goods/services:

- CGST: 9%
- SGST: 9%
- IGST: 18%

Notes:

1. All amounts are exclusive of GST.
2. Subject to the information given above, all conditions necessary for availing ITC have been complied with.
3. Wherever the relevant information for determining place of supply is not given with respect to an activity/transaction, same may be treated as an intra-State supply.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

1. With respect to the training provided by Ronaldo Pvt. Ltd. to Mr. Arjun and the goods supplied by Mr. Arjun to Ronaldo Pvt. Ltd., which of the following statements are correct?
 - (i) Training provided by Ronaldo Pvt. Ltd. to Mr. Arjun is a supply.

- (ii) Training provided by Ronaldo Pvt. Ltd. to Mr. Arjun is not a supply.
- (iii) Supply of goods by Mr. Arjun to Ronaldo Pvt. Ltd. is not a supply.
- (iv) Supply of goods by Mr. Arjun to Ronaldo Pvt. Ltd. is a supply.

Choose the most appropriate option:

- (a) (i) and (iii)
 - (b) (i) and (iv)
 - (c) (ii) and (iv)
 - (d) (ii) and (iii)
2. Determine the taxable value of goods supplied to Bansal Exports Pvt. Ltd. and GST payable thereon.
- (a) Value = ₹35,00,000; IGST = ₹6,30,000
 - (b) Value = ₹35,60,000; IGST = ₹6,40,800
 - (c) Value = ₹35,60,000; CGST = ₹3,20,400 and SGST = ₹3,20,400
 - (d) Value = ₹35,00,000; CGST = ₹3,15,000 and SGST = ₹3,15,000
3. Determine the taxable value of consultancy services supplied to Girdhar Ltd. and GST payable thereon.
- (a) Taxable value = ₹6,00,000; CGST ₹54,000 and SGST ₹54,000
 - (b) Taxable value = ₹5,70,000; CGST ₹51,300 and SGST ₹51,300
 - (c) Taxable value = ₹5,70,000; IGST ₹1,02,600
 - (d) Taxable value = ₹6,30,000; CGST ₹56,700 and SGST ₹56,700
4. Compute the amount of ITC available in the electronic credit ledger of Ronaldo Pvt. Ltd. that can be set off against the output tax liability for the month of January.
- (a) CGST ₹28,100, SGST ₹58,100 and IGST ₹4,17,000
 - (b) CGST ₹20,000, SGST ₹50,000 and IGST ₹4,33,200
 - (c) CGST ₹20,000, SGST ₹50,000 and IGST ₹4,17,000
 - (d) CGST ₹28,100, SGST ₹58,100 and IGST ₹75,000

5. Determine whether an e-way bill is required to be generated in respect of goods supplied to Dhananjay Enterprises in March.
 - (a) E-way bill is mandatory since consignment value is ₹ 55,460.
 - (b) E-way bill is mandatory since consignment value is ₹ 57,200.
 - (c) E-way bill is not required to be generated since consignment value does not exceed ₹ 50,000.
 - (d) E-way bill is mandatory since consignment value is ₹ 67,460.
6. Stellar Orbit Appliances Pvt. Ltd., a registered person in Pune, Maharashtra, is engaged in supplying a bouquet of goods and services. It furnishes the following details of transactions undertaken during February:

Outward / inward transactions	Amount (₹)
Printed 100 copies (using its own paper costing ₹ 1,00,000, included in total consideration charged) of a book on 'Work Life Balance' authored by a well-known spiritual guru, Swami Omprakash, registered in Nashik, Maharashtra, wherein the content of the book was provided by Swami Omprakash.	2,10,000
Supplied a consignment of goods to Nageshwara Agro Estate situated at Panchgani (Maharashtra).	2,00,000
Supplied air-conditioners to Bridge & Co., registered in Mumbai, Maharashtra.	6,00,000
Provided catering services to Bright Coaching Classes Pvt. Ltd., Indore, M.P., a private commercial coaching institute preparing students for competitive examinations	2,40,000
Supplied goods in territorial waters to Coral Traders Ltd., registered in Goa. Such place in territorial waters was at a distance of 7 nautical miles to the baseline of coastal State of Gujarat and 5 nautical miles to the baseline of coastal State of Maharashtra.	4,50,000
Provided services of transportation of passengers by an air-conditioned Omnibus through an Electronic Commerce Operator (ECO).	12,58,000

Purchased goods to be used for activities relating to its obligations under corporate social responsibility	9,60,000
In the course of finalising the books of account for the month, the accountant of Stellar Orbit Appliances Pvt. Ltd. came across an unrecorded invoice dated 2 nd January for ₹ 5,20,000 (excluding tax). The invoice had been raised by Mr. Paramveer, an advocate practising in Patna, towards legal services supplied by him to Stellar Orbit Appliances Pvt. Ltd. However, no payment had been made against this invoice till the end of the month of March.	

Additional information:

- (i) In respect of the supply made in Panchgani, being a hill station, a local levy of Green Tax of ₹ 10,000 was charged by Stellar Orbit Appliances Pvt. Ltd. in the invoice issued to Nageshwara Agro Estate.
- (ii) The air-conditioners supplied to Bridge & Co. were installed at Tamil Nadu office of Bridge & Co., as per the agreement.
- (iii) Legal services received from Mr. Paramveer were used exclusively in relation to exempt supplies.
- (iv) All figures are exclusive of GST.
- (v) All conditions for availing ITC are fulfilled, subject to the information given above.
- (vi) CGST, SGST and IGST rates on all inward and outward supplies of goods and services are 9%, 9% and 18% respectively except CGST, SGST and IGST applicable on supply of paper is 2.5%, 2.5% and 5%.
- (vii) Turnover of Stellar Orbit Appliances Pvt. Ltd. in the preceding financial was ₹ 2 crores.
- (viii) Wherever the relevant information for determining place of supply is not given with respect to an activity/transaction, same shall be treated as an intra-State supply.

You are required to compute the amount of minimum net GST payable in cash by Stellar Orbit Appliances Pvt. Ltd. for the month of February.

7. Nakshatra Comforts Ltd. is engaged in providing various services in Delhi. It obtained registration under regular scheme on 25th April of the current financial year the date on which its turnover exceeded the threshold limit for registration. The company provides the following information pertaining to the inward supply received for the month of September of the same financial year:

S. No.	Particulars	Amount (₹)
(i)	Rent paid for a residential dwelling taken on rent from Mr. Dhruv, Delhi for use as residence of the Managing Director – Mr. Vasudev - of the company	30,000
(ii)	Rent paid for a commercial car parking lot, taken on rent from Mr. Rohit, U.P., for parking visitors' vehicles	20,000
(iii)	Amount paid for availing security services (supply of security personnel) from a company - Safe Security Services Pvt. Ltd., Punjab	60,000
(iv)	Paid to M/s Madhu & Co., Kolkata, a partnership firm of advocates, for legal consultancy services in relation to a legal issue faced by the company	1,00,000

Notes:

- (1) All the amounts given above are exclusive of GST.
- (2) Aggregate turnover of Nakshatra Comforts Ltd. for the immediately preceding financial year was ₹ 15 lakh.
- (3) None of the above suppliers is registered under GST.

You are required to compute the total value of supply on which tax is payable by Nakshatra Comforts Ltd. under reverse charge, from the information given above.

8. Determine the place of supply in each of the following independent circumstances:
 - (i) Ms. Kavya, Delhi is a passenger travelling from Bengaluru to Hyderabad on board a SkyWing Airlines flight. During the journey, she opts to watch a Hollywood movie available as "movie on demand," an in-flight entertainment service for which a separate charge is collected by the airline from her.
 - (ii) Mr. Bhushan, CFO of Zenith Exports Ltd. (a company registered under GST in Delhi) and a resident of Bhopal (Madhya Pradesh), approaches a branch of Trident Bank Ltd. located in Pune (Maharashtra) for obtaining a demand draft of ₹ 50,000 for payment of his son's admission fee. He does not maintain any account with Trident Bank Ltd.
 - (iii) Orion Engineering Pvt. Ltd., Ahmedabad (Gujarat), had leased a packaging machine costing ₹ 10,00,000 to Vertex Foods Pvt. Ltd., Indore (Madhya Pradesh) for use in its manufacturing operations at a monthly rent of ₹ 40,000. After the expiry of 18 months, Vertex Foods Pvt. Ltd. requested Orion Engineering Pvt. Ltd. to sell the machine to it for ₹ 6,00,000, which was accepted by Orion Engineering Pvt. Ltd. The machine continued to remain at the premises of Vertex Foods Pvt. Ltd. in Indore throughout, and was sold on an "as is where is" basis, with no further movement of the machine at any point.
9. Answer the following questions, assuming that suppliers are registered under GST:
 - (a) Bhagwati Roadlines is a registered Goods Transport Agency (GTA) that issues consignment notes for every consignment transported by it. Details of the consignments of goods transported by it in a goods carriage during the month of January are as follows:
 - (i) Transported goods for Mr. Rajaram, an unregistered individual consumer, for his household goods to his new residence.
 - (ii) Transported raw material for Nakshatra & Associates, a partnership firm.

- (iii) Transported goods for the Gram Panchayat Office (a local authority), which holds GST registration *only* for the purpose of deducting tax at source under section 51 and does not make any taxable supply.

Determine whether GST is payable on each of the above services.

- (b) Jarnail Singh, who owns one tempo which he drives himself, transported cement bags for a private builder but did not issue any consignment note. He charged ₹ 18,000 for the trip.
- (c) Ragini, a classical Kathak dancer, has performed at the following events in the year, each performance being a separate, independent contract:
- (i) A solo classical kathak performance at a cultural sabha, for a fee of ₹1,48,000.
 - (ii) A classical kathak performance choreographed specifically to promote a jewellery brand's new festive collection, for a fee of ₹ 1,20,000.
 - (iii) Two classical kathak performances for two different organisers on the same day of on occasion of Durga Pooja; ₹ 90,000 from the first organiser and ₹ 85,000 from the second organiser.

Ragini was also engaged in making traditional madhubani paintings for Dhriti Artworks for which she received a consideration of ₹ 1,40,000.

Separately, the organiser of event (i) charged the audience an admission fee of ₹ 450 per person to attend Ragini's performance.

Discuss whether GST is payable (I) by Ragini on each of her performances undertaken during the year and supply of paintings, and (II) by the organiser on the admission fee collected for event (i).

10. Who is liable to collect TCS (collection of tax at source) under section 52 of the CGST Act, 2017? Briefly explain the provisions relating to registration, filing of return and deposit of TCS to Government citing relevant provisions of the GST law.



SUGGESTED ANSWERS

MCQ No.		Most Appropriate Answer
1.	(d)	(ii) and (iii)
2.	(b)	Value = ₹ 35,60,000; IGST = ₹ 6,40,800
3.	(b)	Taxable value = ₹ 5,70,000; CGST ₹ 51,300 and SGST ₹ 51,300
4.	(a)	CGST ₹ 28,100, SGST ₹ 58,100 and IGST ₹ 4,17,000
5.	(a)	E-way bill is mandatory since consignment value is ₹ 55,460.

6. **Computation of the minimum net GST payable in cash by Stellar Orbit Appliances Pvt. Ltd. for February:**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
GST payable under forward charge				
Intra-State supply of printing services [Since supply of printed books (where content is provided by author) is a composite supply wherein the principal supply is supply of printing services, the rate of GST applicable thereon is the rate applicable on supply of printing services, i.e. 9% - each under CGST and SGST. Further, place of	2,10,000	18,900 [2,10,000 × 9%]	18,900 [2,10,000 × 9%]	-

supply is location recipient of services of printing, i.e. Nashik, Maharashtra.]				
Supply of consignment of goods to Nageshwara Agro Estate [Green tax of ₹10,000 is includible in the value of supply, since any taxes levied under any law for the time being in force except under the CGST/SGST/ UTGST Act and GST Compensation Cess Act, if charged separately by the supplier, is includible in the value of supply. Further, it's an intra-State supply as place of supply is Panchgani, Maharashtra, being location of goods at the time at which movement of goods terminates.]	2,10,000 [2,00,000 + 10,000]	18,900 [2,10,000 x 9%]	18,900 [2,10,000 x 9%]	-

Supply of air-conditioners to Bridge & Co. [Inter-State supply as place of supply is Tamil Nadu, being the place of installation of machinery.]	6,00,000	-	-	1,08,000 [6,00,000 x 18%]
Catering to Bright Coaching Classes [Exemption for catering services to an "educational institution" is available only to an educational institution providing services by way of pre-school education and education up to higher secondary school or equivalent. A private commercial coaching institute preparing students for competitive exams is NOT an "educational institution" for this purpose. Hence catering service is taxable. It is an inter-State supply since place of supply, being location of recipient, is Indore, M.P.]	2,40,000	-	-	43,200 [2,40,000 x 18%]

Supply of goods in territorial waters [Where supply is in the territorial waters, the place of supply is deemed to be in the coastal State where the nearest point of the appropriate baseline is located, viz. Maharashtra in the given case. Hence, supply will be intra-State supply of goods.]	4,50,000	40,500 [4,50,000 x 9%]	40,500 [4,50,000 x 9%]	
Transportation of passenger services by an omnibus provided through electronic commerce operator (ECO) [Tax on transportation of passengers' services by an omnibus provided through ECO is a notified service under section 9(5). However, since said services are provided by a company, tax is payable by supplier - Stellar Orbit Appliances Pvt. Ltd. and not by the ECO.]	12,58,000	1,13,220 [12,58,000 x 9%]	1,13,220 [12,58,000 x 9%]	
Total GST under forward charge		1,91,520	1,91,520	1,51,200

Less: Eligible ITC				
Goods purchased to be used for activities relating to its obligations under corporate social responsibility. [ITC on goods purchased to be used for activities relating to its obligations under corporate social responsibility is blocked.]	-	-	-	-
Legal services from Mr. Paramveer [ITC on legal services received is not available since they are being used exclusively in relation to exempt supplies.]	-	-	-	-
Add: GST payable under reverse charge				
Legal services from Mr. Paramveer [Tax on legal services provided by an individual advocate to a business entity is payable under reverse charge. Time of supply of such services is 4 th March, being earlier of date of	-	-	-	-

payment (Beyond March) or date immediately following 60 days since issue of invoice by the supplier (4 th March). Since the time of supply of legal services in the given case does not fall in February, tax liability on the same does not arise in said month.]				
Minimum net GST payable in cash		1,91,520	1,91,520	1,51,200

7. **Computation of total value of supply tax on which is payable by Nakshatra Comforts Ltd. under reverse charge:**

S. No.	Particulars	Value of supply (₹)
(i)	Rent paid for a residential dwelling taken on rent from Mr. Dhruv [Taxable, since residential dwelling for use as residence are being rented to a registered person. Further, tax on service by way of renting of residential dwelling by any person to a registered person is payable under reverse charge by such registered person. Hence, in the given case, tax is payable by Nakshatra Comforts Ltd.]	30,000
(ii)	Rent paid for a commercial car parking [Tax on service by way of renting of any	20,000

	immovable property other than residential dwelling by an unregistered person to a registered person other than a person who has opted to pay tax under composition levy is payable under reverse charge by such registered person. Hence, in the given case, tax is payable by Nakshatra Comforts Ltd.]	
(iii)	Security services availed from Safe Security Services Pvt. Ltd. [Tax on security services (services provided by way of supply of security personnel) provided by a person other than body corporate to a registered person is payable under reverse charge. Since in the given case, security services are being provided by a body corporate, tax is not payable under reverse charge by Nakshatra Comforts Ltd. Moreover, since Safe Security Services Pvt. Ltd. is unregistered, tax is not payable at all on said transaction.]	Nil
(iv)	Legal fees paid Legal services provided by a partnership firm of advocate other than a senior advocate to a business entity with an aggregate turnover up to such amount in the preceding financial year as makes it eligible for exemption from registration, are exempt from GST. Thus, no GST is payable on the said transaction at all.	Nil
	Total value of supply on which tax is payable under reverse charge	50,000

8. (i) The place of supply of services on board a conveyance, including a vessel, an aircraft, a train or a motor vehicle, shall be the location of the first scheduled point of departure of that conveyance for the journey.

In the given case, the in-flight "movie on demand" is a service supplied on board the aircraft. The first scheduled point of departure of the SkyWing Airlines flight is Bengaluru.

Therefore, the place of supply is Bengaluru (Karnataka).

- (ii) The place of supply of banking and other financial services, including stock broking services, to any person shall be the location of the recipient on the records of the supplier. However, where the address of the recipient as per the records of the supplier of services is not available, the place of supply shall be the location of the supplier of services.

In the given case, Mr. Bhushan does not maintain any account with Trident Bank Ltd., his address would not be available in the bank's records.

Therefore, the place of supply is Pune (Maharashtra), being the location of the supplier of services.

- (iii) Where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply of such goods shall be the location of the goods at the time of delivery to the recipient.

In the given case, the packaging machine was already lying at the premises of Vertex Foods Pvt. Ltd. in Indore and was sold on an "as is where is" basis.

Therefore, the place of supply is Indore (Madhya Pradesh), being the location of the machine at the time of delivery to the recipient.

9. (a) (i) Services provided by a Goods Transportation Agency to an unregistered person, including an unregistered casual taxable person, other than specified recipients (factory, society, co-operative society, body corporate, partnership firm or registered casual taxable person) are exempt from GST. An unregistered individual is not a specified recipient.

Thus, the services of transportation of goods provided to Mr. Rajaram are exempt from GST.

- (ii) Services provided by a Goods Transportation Agency to an unregistered person, including an unregistered casual taxable person are exempt from GST. However, said services provided to specified recipients are not so exempt. One of these specified recipients is partnership firm whether registered or not under any law including association of persons.

Thus, the services of transportation of raw material provided to Nakshatra & Associates are not exempt from GST. GST is payable on said services.

- (iii) Services provided by a Goods Transportation Agency, by way of transport of goods in a goods carriage, to Governmental agencies, which has taken registration under the GST law only for the purpose of deducting tax under section 51 and not for making a taxable supply of goods or services are exempt from GST.

Thus, the services of transportation of goods provided to the Gram Panchayat Office are exempt from GST.

- (b) Services by way of transportation of goods by road except the services of a Goods Transportation Agency (GTA) are exempt from GST. However, individual truck/tempo operators who do not issue any consignment note are not covered within the meaning of the term GTA. As a result, the services provided by such individual transporters who do not issue a consignment note are exempt under GST.

Thus, GST is exempt on services of transportation of goods provided by Jarnail Singh, in the given case.

- (c) (I) Services by an artist by way of a performance in folk or classical art forms of-
- (a) music, or
 - (b) dance, or

(c) theatre,

if the consideration charged for such performance is not more than ₹ 1,50,000 are exempt from GST. However, if it exceeds this amount, the entire consideration becomes taxable.

Further, the exemption shall not apply to service provided by such artist as a brand ambassador.

Moreover, activities of artists in still art forms e.g. painting, sculpture making etc. are taxable.

In view of above discussion:

- (i) Solo classical kathak performance by Ragini at cultural sabha is exempt from GST since the consideration does not exceed ₹ 1,50,000.
- (ii) The classical kathak performance by Ragini for jewellery brand is not exempt from GST and GST is payable on entire fee of ₹ 1,20,000 because said services are performed as a brand ambassador.
- (iii) Since the amount involved in each of the two contracts independently is below ₹ 1,50,000, GST is not payable by Ragini on either of the performances, notwithstanding that the combined consideration for the day exceeds ₹ 1,50,000.

Since Madhubani paintings made for Dhriti Artworks are activities in still art forms, same are not exempt from GST. GST is payable on the same.

- (II) Services by way of right to admission to a dance performance where the consideration for right to admission to said event is not more than ₹ 500 per person. Since in the given case, the admission fee per person charged by the organiser of event to attend Ragini's performance does not exceed ₹ 500, same is exempt from GST.

- 10.** Every Electronic Commerce Operator (ECO), not being an agent, is liable to collect tax at source (TCS).

Such ECO is required to submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, grant registration within 3 working days from the date of the application. On a request or upon an enquiry or pursuant to any other proceeding under GST law, if the proper officer is satisfied that a person is no longer liable to collect the tax at source, he may cancel his registration.

Such ECO shall furnish a monthly statement in prescribed form containing the details of the outward supplies of goods and/ or services effected through it, including supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of each month in which tax has been collected at source.

They also required to file annual statement¹ on or before 31st December following the end of the financial year.

The TCS amount collected by the ECO has to be deposited by 10th of the month succeeding the month in which TCS has been collected.

¹ It may be noted that the annual statement (Form GSTR-9B) is yet to be notified.