Mock Test Paper - Series I: November, 2024

Date of Paper: 25th November, 2024

Time of Paper: 2 P.M. to 5 P.M.

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

Time Allowed – 3 Hours **Maximum Marks – 100**

SECTION – A: INCOME TAX LAW (50 MARKS)

Working Notes should form part of the answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answers to Questions in Division A, working notes are not required.

The relevant assessment year is A.Y.2024-25.

Division A – Multiple Choice Questions

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

1. Mr. Raja, an Indian citizen, aged 61 years, has set-up his business in Canada and is residing in Canada since 2009. He owns a house property in Canada, half of which is used by him for his residence and half is given on rent (converted into INR is ₹ 12,00,000 p.a.).

   He purchased a flat in Delhi on 13.10.2019. He has taken a loan from Canara Bank in India of ₹ 34,00,000 for purchase of this flat. The interest on such loan for the F.Y. 2023-24 was ₹ 3,14,000 and principal repayment was ₹ 80,000. Mr. Raja has given this flat on monthly rent of ₹ 32,500 since April, 2023. The annual property tax of Delhi flat is ₹ 40,000 which is paid by Mr. Raja, whenever he comes to India to meet his parents. Mr. Raja visited India for 124 days during the previous year 2023-24. Before that he visited India in total for 366 days during the period 1.4.2019 to 31.3.2023.

   He had a house in Ranchi which was sold in May 2021. In respect of this house, he received arrears of rent of ₹ 2,96,000 in February 2024 (not taxed earlier).

   Mr. Raja has sold 10,000 listed shares @ ₹ 480 per share of A Ltd., an Indian company, on 15.9.2023, which he acquired on 05-04-2017 @ ₹ 100 per share. STT was paid both at the time of acquisition as well as at the time of transfer of such shares.

   On 31-01-2018, the shares of A Ltd. were traded on a recognized stock exchange as under:

   Highest price - ₹ 300 per share

   Average price - ₹ 290 per share

Lowest price - ₹ 280 per share

Mr. Raja wants to pay tax under default tax regime under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

(i) What would be the residential status of Mr. Raja for the A.Y. 2024-25?

(a) Resident and ordinarily resident in India

(b) Resident but not ordinarily resident in India

(c) Non-resident

(d) Deemed resident

(ii) What would be amount of income taxable under the head "Income from house property" in the hands of Mr. Raja for the A.Y. 2024-25?

(a) ₹ 2,52,200

(b) ₹ 1,38,200

(c) ₹ 9,78,200

(d) ₹ 10,92,200

(iii) What amount of capital gain would arise in the hands of Mr. Raja on transfer of shares of A Ltd?

(a) ₹ 18,00,000

(b) ₹ 19,00,000

(c) ₹ 20,00,000

(d) ₹ 38,00,000 **(3 x 2 Marks)**

2. Mr. Anay (aged 52 years), is a CEO of XYZ Enterprise Limited. During the previous year 2023-24, he earned salary of ₹ 1,65,00,000 and long-term capital gain on sale of listed equity shares (STT paid) amounting to ₹ 1,06,500. He earned interest of ₹ 4,82,778 on saving bank account.

Further, he has provided the following other information for filing his return of income:

He does not receive house rent allowance from his employer. Mr. Anay took a loan from State Bank of India on 27th October 2021 for repairing his house (self-occupied) at Delhi and paid interest on such borrowings of ₹ 80,000 and ₹ 1,50,000 towards principal amount during the previous year 2023-24.

Mr. Anay has made the following payments towards medical insurance premium for health policies taken for his family members:

Medical premium for his brother: ₹ 13,500 (by cheque)

Medical premium for his parents: ₹ 17,670 (by cheque)

Medical premium for self and his wife: ₹ 21,000 (by cheque).

He also incurred ₹ 6,400 towards preventive health check-up of his wife in cash. He deposited ₹ 1,00,000 towards PPF. He also deposited ₹ 50,000 and ₹ 2,50,000 towards Tier I and Tier II NPS A/c, respectively.

He has paid ₹ 5,30,000 as advance tax. His employer has deducted tax at source of ₹ 51,89,000. He is of the opinion that the balance amount of tax, if any, he will pay on 27th July 2024.

Mr. Anay shift out of the default tax regime under section 115BAC.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:-

(i) What would be the amount of deduction available to Mr. Anay under Chapter VI-A for the assessment year 2024-25?

(a) ₹ 2,04,070

(b) ₹ 2,42,670

(c) ₹ 2,52,670

(d) ₹ 2,02,670

(ii) Assume that, for the purpose of answering this question alone, that Mr. Anay pays rent of ₹ 65,000 per month for his rented house at Mumbai to Mr. C, a resident individual. Is Mr. Anay liable to deduct TDS on such rent? If so, what would be the rate and amount of TDS?

(a) Yes, Mr. Anay is liable to deduct TDS @ 3.75% amounting to ₹ 2,438 every month i.e., at the time of payment of such rent

(b) Yes, Mr. Anay is liable to deduct TDS @5% amounting to ₹ 3,250 every month i.e., at the time of payment of such rent

(c) Yes, Mr. Anay is liable to deduct TDS @5% amounting to ₹ 39,000 in the month of March 2024

(d) No, Mr. Anay is not liable to deduct TDS, since he is a salaried person

(iii) What would be the amount of interest chargeable under section 234B on account of short payment of advance tax?

(a) ₹ 1,980

(b) Nil

(c) ₹ 3,130

(d) ₹ 2,410 **(3 x 2 Marks)**

3. On 20.10.2023, Piya (minor child) gets a gift of ₹ 20,00,000 from her father's friend. On the same day, the amount is deposited as fixed deposit in Piya's bank account. On the said deposit, interest of ₹ 13,000 was earned during the P.Y. 2023-24. In whose hands the income of Piya shall be taxable? Also, compute the amount of income that shall be taxable if both parents pay tax under default tax regime.

(a) Income of ₹ 20,11,500 shall be taxable in the hands of Piya's father.

(b) Income of ₹ 20,13,000 shall be taxable in the hands of Piya's father.

(c) Income of ₹ 20,11,500 shall be taxable in the hands of Piya's father or mother, whose income before this clubbing is higher.

(d) Income of ₹ 20,13,000 shall be taxable in the hands of Piya's father or mother, whose income before this clubbing is higher. **(2 Marks)**

4. Rohit, a resident Indian, has incurred ₹ 15,000 for medical treatment of his dependent brother, who is a person with severe disability and has deposited ₹ 20,000 with LIC for his maintenance. Rohit shifts out of the default tax regime for A.Y. 2024-25. Rohit would be eligible for deduction under section 80DD of an amount equal to –

   (a) ₹ 15,000

   (b) ₹ 35,000

   (c) ₹ 75,000

   (d) ₹ 1,25,000 **(1 Mark)**

Division B – Descriptive Questions

*Question No. **1** is compulsory.*

*Attempt any **two** questions from the remaining **three** questions.*

1. Mr. Amit, aged 45 years, a resident Indian has provided you the following information for the previous year ended 31.03.2024

   (i) He received royalty of ₹ 2,88,000 from abroad for a book authored by him in the nature of artistic. The rate of royalty as 18% of value of books and expenditure made for earning this royalty was ₹ 40,000. The amount remitted to India till 30th September, 2024 is ₹ 2,30,000.

   (ii) He owns an industrial undertaking established in a SEZ and which had commenced operation during the financial year 2021-22. Total turnover of the undertaking was ₹ 200 lakhs, which includes ₹140 lakhs from export turnover which have been received in India in convertible foreign exchange on or before 30.9.2024. Profit from this industry is ₹ 20 lakhs.

   (iii) He was holding 30% equity shares in TSP (P) Ltd., an Indian company. Company allotted shares to shareholders on 1st October, 2020. The paid up share capital of company is ₹ 20 lakh divided into 2 lakh shares of ₹ 10 each which were issued at a premium of ₹ 30 each.

   He sold all these shares on 30th April, 2023 for ₹ 60 per share. Equity shares of TSP (P) Ltd. are listed on National Stock Exchange and Mr. Amit has paid STT both at the time of acquisition and transfer of such shares. FMV on 31.1.2018 was ₹ 50 per share.

   (iv) Received ₹ 30,000 as savings bank deposits.

   (v) He occupies ground floor of his residential building and has let out first floor for residential use at an annual rent of ₹ 2,28,000. He has paid municipal taxes of ₹ 60,000 for the current financial year. Both floor are of equal size.

(vi) He paid insurance premium of ₹ 39,000 on life insurance policy of son, who is not dependent on him and ₹ 48,000 on life insurance policy of his dependent father.

(vii) He paid tuition fees of ₹ 42,000 for his three children to a school. The fees being ₹ 14,000 p.a. per child.

You are required to compute the total income and tax liability of Mr. Amit under normal provisions for the A.Y. 2024-25. **(15 Marks)**

2. (a) Mrs. Riya, 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 31.03.2024:

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 for self 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

You are required to ascertain the residential status of Mrs. Riya and compute her total income in India for Assessment Year 2024-25 under default tax regime. **(6 Marks)**

(b) Mr. Sameer, aged 52 years, provides you the following information and requests you to determine his advance tax liability with due dates for the financial year 2023-24.

Estimated tax liability for the financial year 2023-24	₹ 80,000
Tax deducted at source for this year	₹ 12,000

(4 Marks)

3. (a) Mr. Piyush runs a sole proprietorship firm and owns four machines which was put in use for business in March, 2022. The depreciation on these machines is charged @ 15%. The written down value of these machines as on 1st April, 2023 was ₹ 7,70,000. Two of the old machines were sold on 15th July, 2023 for ₹ 10,00,000. A second hand plant was bought for ₹ 6,10,000 on 30th December, 2023.

Further, Mr. Piyush has furnished the following particulars relating to payments made and expenditure incurred towards scientific research for the year ended 31.3.2024:

Sl. No.	Particulars	₹ (in lakhs)
(i)	Payment made to UV University, an approved University	15
(ii)	Payment made to Satywati College	17

Compute the following for Assessment Year 2024-25

(i) Claim of depreciation

(ii) Capital gains liable to tax

(iii) Deduction available under section 35 if he has shifted out of the default tax regime **(6 Marks)**

(b) Mr. Asif bought a vacant land for ₹ 80 lakhs in March 2005. Registration and other expenses were 10% of the cost of land. He constructed a residential building on the said land for ₹ 100 lakhs during the financial year 2006-07.

He entered into an agreement for sale of the above said residential house with Mr. Hari (not a relative) in July 2023. The sale consideration was fixed at ₹ 600 lakhs and on the date of agreement, Mr. Asif received ₹ 20 lakhs as advance in cash. The stamp duty value on that date was ₹ 620 lakhs.

The sale deed was executed and registered on 10-2-2024 for the agreed consideration. However, the State stamp valuation authority had revised the values, hence, the value of property for stamp duty purposes was ₹ 670 lakhs. Mr. Asif paid 1% as brokerage on sale consideration received.

Subsequent to sale, Mr. Asif made investments in NHAI bond: ₹ 45 lakhs on 29-5-2024 and ₹ 15 lakhs on 12-7-2024.

Compute the Capital Gain chargeable to tax for A.Y. 2024-25.

Cost Inflation Index:	F.Y. 2004-05	113
	F.Y. 2006-07	122
	F.Y. 2023-24	348

(4 Marks)

4. (a) Vijay Prasad, a non resident aged 50 years furnishes the following information of the income from India for the year ended on 31-03-2024:

Income by way of salary (computed)	2,75,000
Short term capital loss	(1,85,000)
Business income - Retail business	1,20,000
Business income - whole sale business	(1,00,000)

Brought forward business loss (A.Y. 2021-22)	(1,35,000)
Long term capital gain from sale of building	2,00,000
Lottery winnings (gross)	45,000
Contribution to provident fund and NSC	1,50,000
Income of minor daughter Manisha from special talent	2,00,000

Compute his income tax liability assuming that he opts out of the default tax regime under section 115BAC. **(6 Marks)**

(b) Mr. Kailash, a resident and ordinarily resident in India, could not file his return of Income for the assessment year 2021-22 before due date prescribed under section 139(1). Advise Mr. Kailash as a tax consultant.

What are the consequences for non-filing of return of Income within the due date under section 139(1)?

OR

(b) Mr. Naksh has undertaken certain transactions during the F.Y.2023-24, which are listed below. You are required to identify the transactions in respect of which quoting of PAN is mandatory in the related documents–

S. No.	**Transaction**
1.	Payment of life insurance premium of ₹ 40,000 in the F.Y.2023-24 by account payee cheque to LIC for insuring life of self and spouse
2.	Payment of ₹ 1,10,000 to RBI for acquiring its bonds
3.	Applied for issue of credit card to SBI
4.	Payment of ₹ 1,00,000 by account payee cheque to travel agent for travel to Singapore for 3 days to visit

(4 Marks)

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

QUESTIONS

(i) *Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.*

(ii) *Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.*

(iii) *All questions should be answered on the basis of position of the GST law as amended by provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2023, including significant notifications and circulars issued, up to 30th June, 2024.*

Division A - Multiple Choice Questions (MCQs)

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Total Marks: 15 Marks

Case Scenario 1

FUTURE Insurance Ltd. is an insurance company providing life and general insurance services across India. The company has been carrying on its business for the past three years with the approval of IRDA.

FUTURE Insurance Ltd. secure its business through various insurance agents spread across India. Those agents include individuals, firm, LLP and private limited company also. However, all of them are licensed under the Insurance Act.

The company availed services of renting of motor vehicles for its employees in PAN India through 'RR Travels Private Limited', where cost of fuel is included in the consideration charged. The service provider charged 5% GST and informed the company that it is claiming ITC only in respect of the same line of business.

FUTURE Insurance Ltd. provided the following details of insurance business for the month of May-

Sl. No.	Nature of receipt	Amount in ₹
i.	Premium received on Pradhan Mantri Jan Dhan Yojana	5,00,000
ii.	Premium received on Aam Aadmi Bima Yojana	3,00,000
iii.	Premium received on Life micro-insurance product having a sum assured of ₹ 2.50 lakh	4,00,000
iv.	Premium received on reinsurance of Group Personal Accident Policy for Self-Employed Women	1,00,000
v.	Premium received on Fire and Special perils policy of various business units	7,00,000
vi.	Premium received on Money-back policies issued	12,00,000

FUTURE Insurance Ltd. received the following supplies in the month of May and the details of GST paid on such supplies are as follows-

i GST paid on purchase of car for use of Managing Director – ₹ 5,00,000

ii GST paid on bus (seating capacity for 14 persons) purchased by the company for transportation of its employees from their residence to office and back – ₹ 3,00,000

iii GST of ₹ 80,000 was paid on general insurance taken from Amity Insurance Ltd. for motor vehicles for transportation of persons with seating capacity ≤ 13 persons (including the driver) which were used in transportation of staff of the company.

All the amounts given above are exclusive of taxes wherever applicable. All the supplies referred above are intra-State unless specified otherwise. Aggregate turnover of the company is not less than ₹ 10 crores for the past three years. Conditions necessary for availment of ITC are fulfilled subject to the information given.

Values given in the question, wherever required, are in accordance with the relevant CGST Rules, 2017.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 3 below:

1. Determine the services on which the company is liable to pay tax under reverse charge?
   (a) Service availed from insurance agents
   (b) Service availed from RR Travels Private Limited
   (c) None of the services availed attracts RCM
   (d) Both (a) & (b)

2. Compute the total value of taxable supply made by FUTURE Insurance Ltd. for the month of May?
   (a) ₹ 4,00,000
   (b) ₹ 12,00,000
   (c) ₹ 23,00,000
   (d) ₹ 32,00,000

3. Determine the amount of ITC that can be claimed by FUTURE Insurance Ltd?
   (a) ₹ 80,000
   (b) ₹ 3,00,000
   (c) ₹ 3,80,000
   (d) ₹ 8,80,000 **(3 x 2 Marks = 6 Marks)**

Case Scenario 2

Madurai Impex Ltd. ('company') is engaged in supplying sports goods. The company did not opt for registration under GST. The proper officer under GST, based on enquiry, finds that the company is liable for registration and he registers the firm on temporary basis on 15th June, 2023.

Further, in the month of February 2024, the company also generated an e-way bill for inter-State transport of goods. However, immediately on generation of the e-way bill, the buyer cancelled the order before it was dispatched from the factory for delivery.

In the month of March 2024, since the company was incurring heavy losses, it applied for cancellation of GST registration on 15th March 2024. The order for cancellation was made on 30th March 2024, effecting cancelling the registration with effect from 15th March 2024.

On the basis of the facts given above, choose the most appropriate answer to Q.4 to Q.6 below:

4. After the grant of temporary registration, Madurai Impex Ltd. needs to apply for registration within __________ from the date of grant of temporary registration, if no extension of period is to be granted for such temporary registration.

   (a) 30 days

   (b) 90 days

   (c) 7 days

   (d) 15 days

5. The Company needs to file its Final return by __________.

   (a) 30th April, 2024

   (b) 30th August, 2024

   (c) 15th June, 2024

   (d) 30th June, 2024

6. Which of the following statements is correct in respect of e-way bill generated for goods in the month of February for which order was cancelled?

   (a) Once generated, E-way bill cannot be cancelled.

   (b) E-way bill can be cancelled within 24 hours of generation

   (c) E-way bill can be cancelled within 48 hours of generation

   (d) E-way bill can be cancelled within 72 hours of generation

(3 x 2 Marks= 6 Marks)

7. ABC Insurance Ltd. received a proposal for pandemic insurance for cricket tournament organised by Lion's Club. Sum assured for said insurance was ₹ 20 Crores with a premium of ₹ 5 lakh. The company issued the said policy

on 1st July. The invoice for the same was issued on 5th August. Premium was received on 14th August.

Determine the time of supply of service provided to Lion's Club?

(a) 1st July

(b) 16th August

(c) 05th August

(d) 14th August **(2 Marks)**

8. Mr. Naresh, a supplier of readymade garments issued an invoice to a customer and erroneously charged a higher value by ₹ 42,000. Such an invoice was issued on 28th March, 2024. Which document is required to be issued by the company in respect of the invoice issued on 28th March 2024?

(a) Debit note

(b) Credit note

(c) Bill of supply

(d) Revised Tax invoice **(1 Mark)**

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

1. (a) Miss Shreya, proprietor of M/s. Happy Enterprise, a registered supplier of taxable goods and services in the state of West Bengal, pays GST under regular scheme. It is not eligible for any threshold exemption. It provided the following information for the month of December 2024:

S. No.	Particulars	Amount (₹)
	OUTWARD SUPPLY:	
i.	Intra-state supply of goods to M/s. Reliable & Sons	7,00,000
ii.	Intra-state transfer of goods to its branch office in the state of West Bengal. Both places are under the same GSTIN.	1,00,000
iii.	Permanent transfer of old computers to orphanage home without consideration. Input tax credit was not availed on the same.	80,000
iv.	Advance received for Future supply of management consultancy service to Mr. Shubam (Intra-state supply)	40,000
	INWARD SUPPLY: (Intra-state)	
i.	Purchase of taxable goods from registered suppliers.	8,00,000

ii.	Availed Works Contract service for repair of office building. Amount of repair was debited in the profit & loss account.	30,000
iii.	Availed legal service form an advocate to represent the matter in the Court relating to collection of disputed proceed from customers.	50,000

Notes:

(i) Rate of CGST, SGST and IGST on all supplies are as below:

Particulars	CGST	SGST	IGST
Goods	2.5%	2.5%	5%
Supply of services	9%	9%	18%

(ii) Both inward and outward supplies given above are exclusive of taxes.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

(iv) The aggregate turnover of M/s Happy Enterprise in the preceding financial year exceeds the threshold limit for registration.

(v) Working note should form part of the answer.

Compute the net minimum GST payable in cash by M/s. Happy Enterprise for the month of December 2024. **(10 Marks)**

(b) Renuka Sales, a registered supplier, receives 100 invoices (for inward supply of goods/ services) involving GST of ₹ 10 lakh, from various suppliers during the month of January, 2024. Out of 100 invoices, details of 80 invoices involving GST of ₹ 6 lakh have been furnished by the suppliers in their respective GSTR-1s filed on the prescribed due date therefor and such details have also been duly communicated to the recipients of such invoices in Form GSTR-2B.

Compute the ITC that can be claimed by Renuka Sales in its GSTR-3B for the month of January, 2024 to be filed by 20th February assuming that GST of ₹ 10 lakh is otherwise eligible for ITC.

Make suitable assumptions, wherever necessary. **(5 Marks)**

2. (a) Comment on the taxability or otherwise of the following transactions under GST law. Also state the correct legal provisions for the same.

S. No.	Description of Services provided
(i)	Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school.

(ii)	Services provided by way of vehicle parking to general public in a shopping complex.
(iii)	Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors.
(iv)	An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member.

(4 Marks)

(b) State the person liable to pay GST in the following independent case:

(i) Legal Fees is received by Abhishek, an advocate, from M/s. Navya Trading Company, engaged in making taxable supplies and located in Maharashtra, having turnover of ₹ 50 lakh in preceding financial year.

(ii) Padam Srivastav, an independent director, appointed in accordance with the provisions of the Companies Act, 2013, of One Fourth Pvt. Ltd., has received sitting fee amounting to ₹ 1 lakh from One Fourth Pvt. Ltd. for attending the Board meetings. **(6 Marks)**

3. (a) Right Oils, an unregistered entity located in U.P. is engaged in supply of machine oil and high-speed diesel. During the month of April, it supplied machine oil in U.P. amounting to ₹ 15,00,000. Also, it supplied high speed diesel in U.P. amounting to ₹ 10,00,000. Further, it supplied machine oil in Punjab from its branch located in Punjab amounting to ₹ 10,00,000.

Note: All the amounts mentioned above are excluding GST.

(i) Determine whether Right Oils is liable for registration.

(ii) What will be your answer if, Right Oils supplies the high speed diesel in U.P. in the capacity of an agent of Center Oils Ltd., (non-registered), where invoices to customers are issued in name of Right oils? Would your answer be different in case if Center Oils Ltd. is registered entity? **(5 Marks)**

(b) Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2) of the CGST Act, 2017, provided their turnover in preceding year does not exceed ₹ 1.5 crore:

(i) Shyam Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.

(ii) Sahaj Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighbouring States. **(5 Marks)**

4. (a) An unregistered person Mr. Pappan from Faridabad travels by Air India flight from Pune to Delhi and gets his travel insurance done in Pune. What is the place of supply of insurance services? **(5 Marks)**

Or

(a) GST is payable on advance received for supply of goods and services taxable under forward charge.

Do you agree with the statement? Support your answer with legal provisions. **(5 Marks)**

(b) "All taxpayers are required to file GSTR-1 only after the end of the tax period." Examine the validity of the statement. **(5 Marks)**

Mock Test Paper - Series I: November, 2024

Date of Paper: 25th November, 2024

Time of Paper: 2 P.M. to 5 P.M.

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

ANSWERS

Division A – Multiple Choice Questions

MCQ No.	Sub-part	Most Appropriate Answer
1.	(i)	(b)
	(ii)	(b)
	(iii)	(a)
2.	(i)	(d)
	(ii)	(c)
	(iii)	(b)

MCQ No.	Most Appropriate Answer
3.	(d)
4.	(d)

Division B – Descriptive Questions

1. Computation of total income of Mr. Amit for A.Y. 2024-25

	Particulars	₹	₹	₹
I	**Income from house property**			
	Let out portion [First floor]			
	Gross Annual Value [Rent received is taken as GAV, in the absence of other information]		2,28,000	
	Less: Municipal taxes paid by him in the P.Y. 2023-24 pertaining to let out portion [₹ 60,000/2]		30,000	
	Net Annual Value (NAV)		1,98,000	
	Less: Deduction u/s 24			
	(a) 30% of ₹ 1,98,000		59,400	
			1,38,600	
	Self-occupied portion [Ground Floor]			
	Annual Value		Nil	
	[No deduction is allowable in			1,38,600

	respect of municipal taxes paid]			
II	**Profits and gains of business or profession**			
	Income from SEZ unit			20,00,000
III	**Capital Gains**			
	On transfer of 60,000 shares (2,00,000 x 30%)			
	Sales consideration [60,000 x ₹ 60 per share]		36,00,000	
	Less: Cost of acquisition, higher of –		30,00,000	
	- Actual cost [60,000 x ₹ 40 per share]	24,00,000		
	- Lower of			
	FMV on 31.1.2018 [60,000 x 50]	30,00,000		
	Actual sales consideration [60,000 x 60]	36,00,000		
	Long-term capital gains u/s 112A (since shares are held for a period of more than 12 months before transfer)			6,00,000
IV	**Income from Other Sources**			
	Royalty from artistic book		2,88,000	
	Less: Expenses incurred for earning royalty		40,000	
			2,48,000	
	Interest on savings bank deposits		30,000	
				2,78,000
	Gross Total Income			**30,16,600**
	Less: **Deduction u/s 10AA** [Not available, since he commenced operation in P.Y. 2021-22]			-
	Less: **Deduction under Chapter VI-A**			
	Deduction under section 80C			
	Tuition fee paid for maximum of two children is allowable (₹ 14,000 x 2)	28,000		

	Insurance premium paid on life insurance policy of son allowable, even though not dependent on Mr. Amit	39,000		
	Insurance premium paid on life insurance policy of father **not** allowable, even though father is dependent on Mr. Amit	-	67,000	
	Deduction under section 80QQB		1,90,000	
	Royalty [₹ 2,88,000 x 15/18 = ₹ 2,40,000, restricted to amount brought into India in convertible foreign exchange ₹ 2,30,000 minus ₹ 40,000 expenses already allowed as deduction while computing royalty income]			
	Deduction under section 80TTA		10,000	
	Interest on savings bank account, restricted to ₹ 10,000			
				2,67,000
	Total Income			**27,49,600**

Computation of tax liability of Mr. Amit for A.Y.2024-25 under the normal provisions of the Act

Particulars	₹	₹
Tax on total income of ₹ 27,49,600		
Tax on LTCG of ₹ 5,00,000, being the sum exceeding ₹ 1 lakh @10%		50,000
Tax on remaining total income of ₹ 21,49,600		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000[@5% of ₹ 2.50 lakh]	12,500	
₹ 5,00,001 – ₹ 10,00,000 [@20% of ₹ 5,00,000]	1,00,000	
₹ 10,00,001 – ₹ 21,49,600 [@30% of ₹ 11,49,600]	3,44,880	4,57,380
		5,07,380
Add: Health and education cess@4%		20,295
Total tax liability		5,27,675
Tax liability (rounded off)		**5,27,680**

Computation of adjusted total income and AMT of Mr. Amit for A.Y. 2024-25

Particulars	₹
Computation of adjusted total income	
Total income as per the normal provisions of the Act	**27,49,600**
***Add:* Deduction u/s 80QQB**	1,90,000
Adjusted Total Income	**29,39,600**
Alternative Minimum Tax@18.5%	5,43,826
Add: Health and education cess@4%	21,753
AMT liability	5,65,579
AMT liability (rounded off)	**5,65,580**

Since the regular income-tax payable is less than the alternate minimum tax payable, the adjusted total income shall be deemed to be the total income and tax is leviable @18.5% thereof plus cess@4%. Therefore, liability as per section 115JC is ₹ 5,65,580.

2. **(a)** An Indian citizen or a person of Indian origin who, being outside India, comes on a visit to India (and whose total income, other than from foreign sources, does not exceed ₹ 15,00,000) would be resident in India only if he or she stays in India for a period of 182 days or more during the previous year. Even if his total income, other than from foreign sources, exceeds ₹ 15,00,000, he would be resident in India if stays in India for 120 days or more during the relevant previous year and 365 days or more during the 4 previous years immediately preceding the relevant previous year.

Since Mrs. Riya is a person of Indian origin who comes on a visit to India only for 60 days in the P.Y.2023-24, she is non-resident for the A.Y. 2024-25.

A non-resident is chargeable to tax in respect of income received or deemed to be received in India and income which accrues or arises or is deemed to accrue or arise to her in India. Accordingly, her total income and tax liability would be determined in the following manner:

Computation of total income and tax liability of Mrs. Riya for A.Y. 2024-25

Particulars		Amt (₹)
Salaries		
Pension received from Russian Government [Not taxable, since it neither accrues or arises in India nor it is received in India]		Nil
Income from House Property		
Annual Value [Rental Income from house property in New Delhi is taxable, since it is	90,000	

deemed to accrue or arise in India, as it accrues or arises from a property situated in India]		
Less: Deduction u/s 24(a) @ 30%	27,000	63,000
Capital Gains		
Long-term capital gains on sale of land at New Delhi [Taxable, since it is deemed to accrue or arise in India as it is arising from transfer of land situated in India]		3,00,000
Short-term capital gains on sale of shares of Indian listed companies in respect of which STT was paid [Taxable, since it is deemed to accrue or arise in India, as such income arises on transfer of shares of Indian listed companies]		60,000
Gross Total Income		**4,23,000**
Less: **Deduction under Chapter VI-A**		
Deduction under section 80C [Not available under default tax regime]		Nil
Total Income		**4,23,000**

(b) Determination of Advance Tax Liability of Mr. Sameer

Particulars	₹
Estimated tax liability for the financial year 2023-24	80,000
Less: Tax deducted at source	12,000
Tax payable	**68,000**

Due Date of installment	Amount payable	₹
On or before 15th June, 2023	Not less than 15% of advance tax liability	10,200
On or before 15th September, 2023	Not less than 45% of advance tax liability *less* amount paid in earlier installment	20,400 (₹ 30,600, being 45% of ₹ 68,000 - ₹ 10,200)
On or before 15th December, 2023	Not less than 75% of advance tax liability *less* amount paid in earlier installment(s)	20,400 (51,000, being 75% of ₹ 68,000 - ₹ 30,600)
On or before 15th March, 2024	Whole of the advance tax liability *less* amount paid in earlier installment(s)	17,000 (68,000, being 100% of ₹ 68,000 - ₹ 51,000)

3. (a) (i) Computation of depreciation for A.Y.2024-25

Particulars	₹
W.D.V. of the block as on 1.4.2023	7,70,000
Add: Purchase of second hand plant during the year [in December, 2023]	6,10,000
	13,80,000
Less: Sale consideration of old machinery during the year [in July, 2023]	10,00,000
W.D.V of the block as on 31.03.2024	**3,80,000**
Depreciation @ 15% but restricted to 50% thereon. ₹ 3,80,000 X 7.5%	**28,500**
[Since the value of the block as on 31.3.2024 represents part of actual cost of second hand plant purchased in December, 2023, which has been put to use for less than 180 days, depreciation is restricted to 50% of the prescribed percentage of 15% i.e. depreciation is restricted to 7½%. Therefore, the depreciation allowable for the year is ₹ 28,500 being 7½% of ₹ 3,80,000]	

(ii) In the given case, no capital gains would arise, since the block of asset continues to exist, and some of the assets are sold for a price which is lesser than the written down value of the block as increased by the actual cost of asset purchased during the year

(iii) Computation of deduction allowable under section 35

Particulars	Amount (₹ in lakhs)	Section	% of weighted deduction	Amount of deduction (₹ in lakhs)
Payment for scientific research				
UV University, an approved University	15	35(1)(ii)	100%	15
Satyawati College [Since it is not mentioned as an approved University]	17	-	NIL	NIL

(b) Computation of income chargeable under the head "Capital Gains" for A.Y.2024-25

Particulars	₹ (in lakhs)	₹ (in lakhs)
Capital Gains on sale of residential building		
Actual sale consideration ₹ 600 lakhs		
Value adopted by Stamp Valuation Authority ₹ 670 lakhs		
Full Value of Consideration		670.00
[In case the actual sale consideration declared by the assessee is less than the value adopted by the Stamp Valuation Authority for the purpose of charging stamp duty, then, the value adopted by the Stamp Valuation Authority shall be taken to be the full value of consideration as per section 50C.		
In a case where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided the whole or part of the consideration is paid by way of account payee cheque/bank draft or by way of ECS through bank account on or before the date of agreement.		
However, where the stamp duty value does not exceed 110% of the sale consideration received or accruing as a result of the transfer, the consideration so received or accruing shall be deemed to be the full value of the consideration. In this case, since advance of ₹ 20 lakh is paid by cash, stamp duty value of ₹ 620 lakhs on the date of agreement cannot be adopted as the full value of consideration and stamp duty value on the date of registration would be considered. However, since stamp duty value on the date of registration exceeds 110% of the actual consideration, stamp duty value on the date of registration would be the full value of consideration]		
Less: Brokerage@1% of sale consideration (1% of ₹ 600 lakhs)		6.00

Net Sale consideration		664.00
Less: Indexed cost of acquisition		
- Cost of vacant land, ₹ 80 lakhs, *plus* registration and other expenses i.e., ₹ 8 lakhs, being 10% of cost of land [₹ 88 lakhs × 348/113]	271.01	
- Construction cost of residential building (₹ 100 lakhs x 348/122)	285.25	556.26
Long-term capital gains before exemption		**107.74**
Less: **Exemption under section 54EC**		50.00
Amount deposited in capital gains bonds of NHAI within six months from the date of transfer (i.e., on or before 09.08.2024) would qualify for exemption, to the maximum extent of ₹ 50 lakhs. Therefore, in the present case, exemption can be availed only to the extent of ₹ 50 lakh out of ₹ 60 lakhs, even if the both the investments are made on or before 09.08.2024 (i.e., within six months from the date of transfer).		
Long Term Capital Gains [Since it was held for more than 24 months]		**57.74**

4. (a) Computation of tax liability of Mr. Vijay Prasad for A.Y.2024-25

Particulars	₹	₹
Salary		
Income by way of salary (computed)		2,75,000
Profits and gains from business and profession		
Business Income- Retail business	1,20,000	
Less: Set-off of business loss of ₹ 1,00,000 from wholesale business	1,00,000	
	20,000	
Less: Set-off of brought forward business loss of ₹ 1,35,000 of A.Y.2021-22 allowable to the extent of ₹ 20,000 by virtue of section 72(1)	20,000	Nil
[Balance brought forward business loss of ₹ 1,15,000 (i.e., ₹ 1,35,000 – ₹ 20,000) to be carry forward to A.Y. 2025-26 for set-off		

against business income of that year]		
Capital Gains		
Long-term capital gain on sale of building	2,00,000	
Less: Set-off of short term capital loss	1,85,000	15,000
Income from Other Sources		
Lottery winnings		45,000
Income of minor daughter from special talent [Not included in Vijay Prasad's income since it is earned from special talent]		-
Gross Total Income		3,35,000
Less: Deduction under section 80C		
Contribution to provident fund and NSC ₹ 1,50,000		150,000
Total Income		**1,85,000**
Tax on ₹ 1,85,000		
Tax on lottery income of ₹ 45,000 @30% [Unexhausted basic exemption limit can not be reduced from lottery income]	13,500	
Tax on LTCG of ₹ 15,000 @20% [Unexhausted basic exemption limit can not be reduced from LTCG as Mr. Vijay is a non resident]	3,000	
Tax on other income of ₹ 1,25,000 (since it does not exceed basic exemption limit)	-	
		16,500
Add: Health and education cess @4%		660
Tax liability		**17,160**

(b) [First Alternative]

Consequences for non-filing return of income within the due date under section 139(1)

<u>Interest under section 234A</u>

Interest under section 234A@1% per month or part of the month for the period commencing from the date immediately following the due date under section 139(1) till the date of furnishing of return of income is payable, where the return of income is furnished after the due date.

However, no interest u/s 234A shall be charged on self-assessment tax paid by the assessee on or before the due date of filing of return.

<u>Fee under section 234F</u>

Late fee of ₹ 5,000 would be payable under section 234F, if the return of income is not filed before the due date specified in section 139(1).

However, such fee cannot exceed ₹ 1,000, if the total income does not exceed ₹ 5,00,000.

Carry forward and set-off of certain losses not permissible

Following losses would not be allowed to be carried forward, where a return of income is not furnished within the time allowed under section 139(1):

- business loss, speculation business loss, loss from specified business,
- loss under the head "Capital Gains"; and
- loss from the activity of owning and maintaining race horses.

(b) [Second Alternative]

	Transaction	**Is quoting of PAN mandatory in related documents?**
1.	Payment of life insurance premium of ₹ 40,000 in the F.Y.2023-24 by account payee cheque to LIC for insuring life of self and spouse	No, since the amount paid does not exceed ₹ 50,000 in the F.Y.2023-24.
2.	Payment of ₹ 1,10,000 to RBI for acquiring its bonds	Yes, since the amount paid exceeds ₹ 50,000
3.	Applied to SBI for issue of credit card.	Yes, quoting of PAN is mandatory on making an application to a banking company for issue of credit card.
4.	Payment of ₹ 1,00,000 by account payee cheque to travel agent for travel to Dubai for 3 days to visit	No, since the amount was paid by account payee cheque and not in cash, quoting of PAN is not mandatory even though the payment exceeds ₹ 50,000

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

SUGGESTED ANSWERS

Division A - Multiple Choice Questions

Case Scenario-1

Question No.	Answer	
1.	**(a)**	Service availed from Insurance Agents
2.	**(c)**	₹ 23,00,000
3.	**(c)**	₹ 3,80,000

Case Scenario-2

Question No.	Answer	
4.	**(b)**	90 days
5.	**(d)**	30th June, 2024
6.	**(b)**	E-way bill can be cancelled within 24 hours of generation
7.	**(c)**	5th August
8.	**(b)**	Credit Note

Division B - Descriptive Questions

1. (a) Computation of minimum net GST payable in cash by M/s Happy Enterprise for the month of December 2024

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<u>GST payable under forward charge</u>				
Intra-State supply of goods to M/s Natural & Sons	7,00,000	17,500 [7,00,000 × 2.5%]	17,500 [7,00,000 × 2.5%]	
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	1,00,000	--	--	
Permanent transfer of old computers to orphanage home without consideration. [Permanent transfer or disposal of business	80,000			--

assets was not treated as supply even if made without consideration in terms of Schedule–I of the CGST Act, 2017, as ITC was not availed on the same.]				
Advance received for future intra-State supply of management consultancy service (In case of supply of service, tax is payable at the time of receipt of advance amount too)	40,000	3,600 [40,000 × 9%]	3,600 [40,000 × 9%]	
Total output tax		21,100	21,100	
Less: ITC utilized		27,200	27,200	
Net GST payable [A]		Nil	Nil	
Legal services availed **[B]** [Tax on legal services availed by a business entity from an advocate is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be paid in cash since the tax payable under reverse charge is not an output tax.]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Minimum net GST payable in cash [A] + [B]		**4,500**	**4,500**	

Working Note:

Computation of ITC available

Particulars	**Value (₹)**	**CGST (₹)**	**SGST (₹)**	**IGST (₹)**
Intra-State purchase of taxable goods [ITC of goods used in the course/ furtherance	8,00,000	20,000 [8,00,000 × 2.5%]	20,000 [8,00,000 × 2.5%]	

of business is available.]				
Works contract service for repair of office [ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.]	30,000	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]	
Legal services availed [ITC of services used in the course/ furtherance of business is available	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Total		**27,200**	**27,200**	

(b) ITC to be claimed by Renuka Sales in its GSTR-3B for the month of January to be filed by 20th February will be computed as under-

Invoices	Amount of ITC involved in the invoices (₹)	Amount of ITC that can be availed (₹)
80 invoices furnished in GSTR-1	6 lakh	6 lakh [Refer Note 1]
20 invoices not furnished in GSTR-1	4 lakh	Nil [Refer Note 2]
Total	10 lakh	6 lakh

Notes:

(1) 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1.

(2) Input tax credit in respect of any supply of goods or services or both is available to a registered person only, inter alia, if the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37. Thus, in respect of 20 invoices not furnished in GSTR-1s, no ITC is available.

2. **(a)**

S. No.	Particulars	Taxability
(i)	Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school. [Services provided TO an educational institution by	Exempt

	way of transportation of students are exempted from GST]	
(ii)	Services provided by way of vehicle parking to general public in a shopping complex. [Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, it would be taxable.]	Taxable
(iii)	Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors. [Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.]	Exempt
(iv)	An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member. [Supply of service by a RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹ 7500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST. Hence, in the given case, services provided by the RWA are exempt from GST since the maintenance charges collected per month per member do not exceed ₹ 7500.]	Exempt

(b) **(i)** If services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly, then GST is payable on reverse charge basis.

Accordingly, in this case, GST on legal services supplied by an advocate [Mr. Abhishek] to any business entity [M/s. Navya Trading Company] located in the taxable territory is payable on reverse charge basis.

Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Navya Trading Company.

(ii) The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act,2017.

Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts and subjected to TDS under section 194J of the IT Act as fees for professional or technical services are treated as consideration for providing services which are outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the company, is liable to discharge the applicable GST on it on reverse charge basis.

In lieu of the above provisions, Rs. 1 Lakh sitting fees to Padam Srivastav, an independent director is subjected to TDS under section 192 of the Income-Tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act,2017.

Therefore, recipient of the said services i.e. the One 4th Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.

3. (a) (i) A supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

(a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

(b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.

(c) ₹ 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, pan masala and tobacco and manufactured tobacco substitutes, fly ash bricks; fly ash aggregates; fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

(a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

(b) ₹ 20 lakh for the rest of India.

Aggregate turnover includes the aggregate value of:

1. all taxable supplies,
2. all exempt supplies,
3. exports of goods and/or services and
4. all inter-State supplies of persons having the same PAN.

The above aggregate turnover is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. Exempt supply includes non-taxable supply. Thus, supply of high speed diesel in U.P., being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover of Right Oils for the month of April is computed as under:

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in U.P.	15,00,000
(ii)	Add: Supply of high speed diesel in U.P.	10,00,000
(iii)	Add: Supply of machine oil made by Right Oils from its branch located in Punjab	10,00,000
	Aggregate Turnover	35,00,000

Right Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ 40,00,000. Since the aggregate turnover does not exceed ₹ 40,00,000, Right Oils is not liable to be registered till April. However, if in remaining months of the financial year, its turnover exceeds the said limit, then it would be liable to be registered.

(ii) In case Right Oils makes the supply in capacity of an agent of Center Oils Ltd.:

Section 24 of the CGST Act, 2017 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, in the present case, if Right Oils supply high speed diesel on behalf of Center Oil Ltd. in U.P. as its agent where invoices to customers are issued in name of Right Oils, it shall still not be liable to obtain registration in U.P. since section 24 comes into play only when agent or in other capacity is making taxable supply of goods on behalf of taxable persons (principal) whereas in the given case, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd., who is non-registered.

In case if Center Oils Ltd. is registered entity, then also the answer would remain unchanged as attraction of section 24 of the CGST Act, 2017, inter-alia, requires that there should be taxable supply by agent and here, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd.

(b) **(i)** A supplier engaged in the manufacture of notified goods during the preceding financial year is not eligible for composition scheme under section 10(1) and 10(2) of the CGST Act, 2017. Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes, aerated waters, fly ash bricks, fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles are notified under this category. However, in the given case, since Shyam Enterprises is engaged in trading of pan masala and not manufacture and his turnover does not exceed ₹ 1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions.

(ii) Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Sahaj Manufacturers is not eligible for composition levy.

4. **(a)** section 12 of IGST Act, 2017 deals with the provisions of place of supply of services, where location of supplier of service and the location of the recipient of service is in India.

In accordance with sub-section (13) of section 12 of IGST Act, 2017, The place of supply of insurance services shall:-

(a) to a registered person, be the location of such person;

(b) to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.

So, in the given case, when insurance service is provided to an unregistered person, Mr. Pappan, the location of the recipient of services on the records of the supplier of insurance services is the place of supply. So, Faridabad is the place of supply.

Or

(a) The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge.

As per section 13 of the CGST Act, 2017, the time of supply of services taxable under forward charge is –

➢ Date of issue of invoice or date of receipt of payment, whichever is earlier, if the same is issued within 30 days from the date of supply of service;

OR

➢ Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within 30 days from the date of supply of service.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, Notification No. 66/2017 CT dated 15.11.2017 provides that a registered person (excluding composition supplier) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Therefore, in case of goods, tax is not payable on receipt of advance payment.

(b) In accordance with section 37(1) of CGST Act, 2017, GSTR-1 for a particular tax period is filed on or before the 10th day of the immediately succeeding tax period. In other words, GSTR-1 of a month/quarter can be filed any time between 1st and 10th day of the succeeding month/quarter. The due date of filing GSTR-1 may be extended by the Commissioner/ Commissioner of State GST/ Commissioner of UTGST for a class of taxable persons by way of a notification.

So, the statement is partially valid.

A taxpayer cannot file Form GSTR-1 before the end of the current tax period. However, following are the exceptions to this rule:

a. Casual taxpayers, after the closure of their business.

b. Cancellation of GSTIN of a normal taxpayer.

A taxpayer who has applied for cancellation of registration will be allowed to file Form GSTR-1 after confirming receipt of the application.