

Mock Test Paper - Series I: March, 2025

Date of Paper: 12th March, 2025

Time of Paper: 10 A.M. to 1 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.2025-26.

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. Manisha is a research scholar pursuing her PhD. She is unmarried and her parents are living in Ahmedabad, Gujarat. Her parental grandparents and other family relatives are staying in South Africa. She was in India with her parents till May 2020. After then, she went to London for further education. In October 2023, she returned to India. On 28th March 2024, she travelled out of India to Johannesburg, in South Africa, for her research project and Khadi business exhibitions. She returned on 1st October 2024 to participate in the 155th Birth Anniversary Celebrations of Mahatma Gandhi. In this connection, she attended numerous events held all over India, while also holding exhibitions for her textile business in 'Khadi - the fabric that breathes, the livery of freedom' - as showcased by Mahatma Gandhi. She won accolades and awards, gifts and donations in the course of showcasing her work. You have been provided with the following data in respect of her receipts and income for the F.Y. 2024-25

S. No.	Details	Amount (₹)
1.	Scholarship for pursuing her research work	4,80,000
2.	Gross receipts from exhibitions held in South Africa in collaboration with the leading Fashion House	10,00,000
3.	Gross receipts from exhibitions held in India	12,00,000
4.	Gross receipts from sale of Honey in the exhibitions in India	1,05,000

5.	Gross receipts from sale of Handmade Khadi designer fashion accessories and other Khadi stationery products	2,25,000
6.	Gift from father's sister whom she visited in Johannesburg, South Africa	51,000
7.	Cash gifts received from friends in 'Gandhi Gujarat Seva Samaj' with whom she stayed while in Johannesburg, South Africa.	27,000
8.	Received share of income from the HUF	22,000
9.	Cost of material for exhibitions held in South Africa and India - ₹ 12,00,000; Cost of Handmade Khadi designer fashion accessories and other Khadi stationery products - ₹ 1,00,000; Other eligible Business expenses - ₹ 4,00,000; Cost of Honey purchased for sale in the exhibitions in India – ₹ 55,000.	
10.	Mr. Patel of South Africa gave her a cheque of ₹ 5,00,000 favouring 'Gandhi Smarak Trust' as donation to the Trust. She was requested to hand over the cheque to the Trust's office at Ahmedabad.	

Notes:

1. Manisha does not manufacture any of the Khadi products. She sourced all the Khadi materials, accessories, products and honey from suppliers of such items.
2. All financial transactions are carried out in account payee cheques and TDS has been deducted, wherever applicable.
3. Her paternal grandfather is the Karta of the family HUF. Her paternal grandfather comes on visit in India for 6 months every year since 2014. The HUF is managed outside India and all decisions regarding the HUF are made outside India.
4. Manisha has opted out of the default tax regime under section 115BAC.

From the information given above, choose the most appropriate answer to the following questions –

- (i) What is the residential status of HUF for the A.Y. 2025-26?
 - (a) Resident and ordinarily resident
 - (b) Resident but not ordinarily resident
 - (c) Non-resident
 - (d) Deemed resident

- (ii) Determine the taxability of gift received by Manisha from her father's sister and from her friends in 'Gandhi Gujarat Seva Samaj' for the A.Y. 2025-26?
- ₹ 51,000 will be exempt as it is a gift received from a relative. ₹27,000 received as cash gifts from her friends would not be taxable as all her friends are non-residents.
 - ₹ 51,000 will be taxed as "Income from other sources" as father's sister is not a relative. ₹27,000 received as cash gifts from friends will also be taxable as the total gifts from non-relatives during the A.Y. 2025-26 exceeds ₹ 50,000.
 - ₹ 51,000 will be exempt as it is a gift received from a relative. ₹ 27,000 received as cash gifts from friends will be taxed as amount is paid in cash and is received from non-residents.
 - ₹ 51,000 will be exempt as it is a gift received from a relative. ₹ 27,000 received as cash gifts from friends will not be taxable as the total gifts received from non-relatives during the A.Y. 2025-26 does not exceed ₹ 50,000.
- (iii) What would be the total income of Ms. Manisha for A.Y. 2025-26 if she wishes to maximize tax savings?
- ₹12,55,000
 - ₹8,02,000
 - ₹1,51,800
 - ₹7,75,000
- (3 x 2 = 6 Marks)**

2. Mrs. Ritu is a retired Government employee. She was born on 01.04.1942 in India. She is residing in Delhi. She stayed with her elder son Mr. Nakul from 1st May, 2024 to 15th October, 2024, who is residing in Australia. She stayed in India for 361 days during the 4 previous years preceding the previous year 2024-25. During the previous year 2024-25, pension of ₹ 7,15,461 is credited in her account with State Bank of India, Uttam Nagar Branch, Delhi after deducting tax at source of ₹ 14,565. She received interest of ₹ 4,352 on her saving A/c with SBI during the previous year 2024-25. She also received interest of ₹ 67,500 (Net of TDS) on Fixed Deposits with Canara Bank in the month of April, 2024.



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She has purchased two life insurance policies for her son Mr. Yuvaan and married daughter Mrs. Kajal, the details of which are as follows:

Person insured	Policy purchased on	Date of payment of premium	Sum Assured	Premium paid
Mr. Yuvaan (50 years old)	15.10.2020	23.10.2024	₹ 9,84,655	₹ 1,00,388
Mrs. Shobha (45 years old)	20.09.2020	25.09.2024	₹ 2,00,000	₹ 17,000

She has taken medical insurance for herself for which she paid an amount of ₹ 35,000 towards health insurance premium by A/c payee cheque. She incurred ₹ 7,500 towards preventive health check-up of herself and her husband in cash. She also incurred medical expenditure of ₹ 25,000 in cash in the month of January 2025 for her husband. In the month of March 2025, she incurred medical expenditure of ₹ 10,500 for herself, which is paid by account payee cheque. She has given a wristwatch of ₹ 10,000 on her husband's 85th birthday. Her husband is resident in India for the P.Y. 2024-25.

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 under Chapter VI-A available to Mrs. Ritu for the A.Y. 2025-26?
 - (a) ₹ 2,05,466
 - (b) ₹ 2,08,466
 - (c) ₹ 2,07,388
 - (d) ₹ 2,18,466
- (ii) What would be the Gross total income of Mrs. Ritu for the A.Y. 2025-26 under normal provisions of the Act?
 - (a) ₹ 7,87,313
 - (b) ₹ 8,04,878
 - (c) ₹ 7,59,378
 - (d) ₹ 8,09,378

(iii) What would be the total income of Mrs. Ritu for the A.Y. 2025-26, if she pays tax under section 115BAC?

- (a) ₹ 7,34,380
- (b) ₹ 8,01,880
- (c) ₹ 7,87,310
- (d) ₹ 8,09,380

(3 x 2 = 6 Marks)

3. In P.Y. 2024-2025, Mr. Arun has transferred the following long term capital assets:

Asset transferred	Full Value of Consideration (₹)	Cost of Acquisition (₹)	Transfer Date
Residential house property	8 crores	6 crores	25.11.2024
Jewellery	3 crores	2 crores	05.01.2025

Mr. Arun bought a new residential house property on 01.04.2023 for ₹ 1 crore and on 28.02.2025 deposited ₹ 3 crores in a capital gains deposit account scheme. On 01.05.2025, Mr. Arun has withdrawn ₹ 3 crores from capital gains deposit account and acquired a residential house property worth ₹ 2.5 crore. What would be the capital gains in the hands of Mr. Arun for A.Y. 2025-26, if the expenses in connection with transfer of jewellery were ₹ 2,00,000?

- (a) ₹ 80,50,000
- (b) ₹ 81,55,705
- (c) ₹ 98,00,000
- (d) ₹ 48,00,000

(2 Marks)

4. While deciding liability of an individual to deduct tax on payment of fees for professional services, which of the following is immaterial -

- (a) Amount paid to professional
- (b) Turnover of financial year immediately preceding financial year in which payment made
- (c) Turnover of financial year in which payment is made
- (d) Amount of fees for professional services

(1 Mark)

Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Mr. Brajesh has set up a unit in SEZ in May, 2017. The total turnover, export turnover and net profit for the year ended 31.3.2025 were ₹ 120 lakhs, ₹ 45 lakhs and ₹ 7.50 lakhs respectively. Out of the export turnover of ₹ 45 lakhs, only ₹ 40 lakhs has been received in convertible foreign exchange by 30.9.2025.

During the P.Y. 2024-25, Mr. Brajesh has commenced a business of warehousing facility for storage of food grain. The net profit of this business as per profit & loss account is ₹ 8,50,000. The following items are debited to Profit & Loss Account:

- (i) Personal drawings ₹ 70,000
- (ii) Advance income-tax paid ₹ 1,00,000
- (iii) Purchase of warehouse building of ₹ 10 lakhs on 10.6.2024 for the purpose of storage of food grain.

The following items are credited to Profit & Loss account:

- (i) Interest on saving bank account with post office ₹ 15,000
- (ii) Interest on fixed deposit with SBI ₹ 20,000
- (iii) Dividend from Indian companies (Gross) ₹ 32,000

Mr. Brajesh is also a working partner in M/s Neelkamal Associates, a partnership firm. Mr. Brajesh has contributed ₹ 15 lakhs as capital in the firm. Further, Partnership deed authorises payment of interest to partners @ 13% and also payment of remuneration to partners @ ₹ 20,000 per month. Whole of the remuneration is allowable as deduction to M/s Neelkamal Associates.

Mr. Brajesh has also paid the premium of ₹ 60,000 on life insurance policy in the name of her married daughter. The policy was taken on 1.10.2018 and the sum assured being ₹ 5,00,000.

Compute the total income and tax payable by Mr. Brajesh for the A.Y. 2025-26 under default tax regime and normal provisions of the Act. **(15 Marks)**

2. (a) Mrs. Smita, an Indian citizen, is in employment with an overseas company located in UAE. She is not liable to tax in UAE. During the P.Y. 2024-25, she comes to India for 121 days. She was in India for 50 days, 100 days, 76 days and 145 days in the financial years 2020-21, 2021-22, 2022-23 and 2023-24, respectively. Her annual income for the previous year 2024-25 is as follows:

	Particulars	Amount (₹)
(i)	Salary accrued or arisen in UAE	15,00,000
(ii)	Income accrued and arisen in India	2,00,000
(iii)	Income deemed to be accrued and arisen in India	7,00,000
(iv)	Income arising and received in UAE, from a business set up in India	5,00,000
(v)	Life Insurance premium paid by cheque in India	1,00,000

Mrs. Smita wants to pay tax under default tax regime under section 115BAC. From the information given above, you are required to determine the residential status and total income of Mrs. Smita for the A.Y. 2025-26. **(6 Marks)**

- (b) Examine & explain the TDS implications in the following cases along with reasons thereof, assuming that the deductees are residents and having a PAN which they have duly furnished to the respective deductors.

- (i) Akash (P) Limited pays the following amounts to Mr. Santosh during previous year 2024-25:

- ₹ 22,000 towards fee for professional services
- ₹ 18,000 towards royalty.

- (ii) Payment of ₹ 1,75,000 made to Mr. Ankit for purchase of bag according to specifications of M/s. Packaging Limited. However, no material was supplied for such bag by M/s. Packaging Limited or its associates to Mr. Ankit. **(4 Marks)**

3. (a) Mr. Rishabh, a salaried employee in a private company, provides you with the following information for the year ended on 31-03-2025:

- Basic salary ₹ 75,000 p.m.
- From 1st February 2025, basic salary increased to 85,000 p.m.
- Dearness allowance @50% of basic salary (40% of D.A. forms part of salary for retirement benefits).
- Contribution of employer to recognized provident fund account of the employee @18% of basic salary. Employees also contribute an equivalent amount.
- Professional tax paid ₹ 2,200 of which ₹ 1,800 was paid by the employer.
- House rent allowance of ₹ 16,000 p.m. He paid rent of ₹ 17,000 p.m. for accommodation in Bangalore.

- (vii) Loan of ₹ 2,00,000 was taken from the employer on 1.7.2024 for medical treatment of his brother for tuberculosis treatment. Interest charged on such loan is 5%. The entire loan is outstanding as on 31.3.2025. No medical insurance has been taken for his brother. SBI rate of interest on 1.4.2024 was 11%.
- (viii) Leave travel concession given to Rishabh, his wife and three children (one daughter aged 6 and twin sons aged 4). Cost of air tickets (economy class) reimbursed by the employer ₹ 20,000 for adults and lumpsum of ₹ 25,000 for three children. Rishabh is eligible for availing exemption this year to the extent it is permissible under the Income-tax Act, 1961.

Compute the taxable salary of Mr. Rishabh if he has shifted out of the default tax regime under section 115BAC. **(5 Marks)**

- (b) Mr. Ravi, a resident in India, owns two house property, one in Delhi and another in Kanpur. The property in Kanpur is self-occupied by Mr. Ravi, however, the property in Delhi is let out throughout the year. The particulars of the Delhi house for the P.Y. 2024-25 are as under:

Standard rent	₹ 1,72,000 p.a.
Municipal valuation	₹ 2,05,000 p.a.
Fair rent	₹ 1,95,000 p. a
Rent received	₹ 15,000 p.m.
Municipal tax (Paid by Mr. Ravi)	5% of municipal valuation

Municipal tax paid by Mr. Ravi on 10.6.2024 for Kanpur house is ₹ 3,500. Mr. Ravi had taken a loan from SBI of ₹ 35 lakhs@12 p.a. in April, 2021 for purchase of Delhi house. The stamp duty value of this house was ₹ 40 lakhs. Mr. Ravi purchased a plot in Kanpur in May, 2021 and the construction of the Kanpur house was began in June, 2021 and was completed on December, 2022. Mr. Ravi took a loan of ₹ 25,00,000@10% on 1-7-2021 for the construction of this house. No repayment has been done so far for both the loans.

During the P.Y. 2024-25, Mr. Ravi has earned a salary income of ₹ 18,00,000. Compute total income of Mr. Ravi for the A.Y. 2025-26 under default tax regime.

(5 Marks)

4. (a) Mr. Gagan, a Classical singer of Bengal and his wife Mrs. Rashmi furnish the following information relating to the A.Y. 2025-26.

		₹
1	Income of Mr. Gagan - Professional classical singer (computed)	5,65,000
2	Salary income of Mrs. Rashmi (Computed)	3,80,000
3	Loan received by Mrs. Rashmi from XYZ Pvt. Ltd. (Mrs. Rashmi holds 35% shares of the Co. The Co. has incurred losses since its inception 2 years back)	2,50,000
4	Income of their minor son Gaurav from winning singing reality show on T.V.	2,50,000
5	Cash gift received by Gaurav from friend of Mr. Gagan on winning the show	21,000
6	Interest income received by minor married daughter Kavita from deposit with XYZ Pvt Ltd.	40,000

Compute the total taxable income of Mr. Gagan & Mrs. Rashmi for the A.Y. 2025-26 if they want to pay tax under default regime under section 115BAC. **(6 Marks)**

- (b) Mr. Vijay, an Indian citizen residing in Chennai, files his return of income every year on time. He has Aadhaar number as well. He has not intimated his Aadhaar number to the prescribed authority till August 2024. He approached you on 1.9.2024 and asked you about the consequences of not doing so.

What would be your answer if Mr. Vijay wants to intimate his Aadhaar number to the prescribed authority now? **(4 Marks)**

OR

- (b) In each of the following independent situations, you are required to examine whether these persons are required to file their return of income or loss for A.Y.2025-26 if their total income for the P.Y. 2024-25 do not exceed the basic exemption limit:

- (i) The turnover of Mr. Ankit's business is ₹ 65 lakhs during the P.Y. 2024-25.
- (ii) Mr. Suyash has incurred a total expenditure of ₹ 90,000 towards consumption of electricity during the P.Y. 2024-25. **(4 Marks)**



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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 in Section B should be answered on the basis of position of GST law as amended by Finance (No. 2) Act 2024, which became effective till 31.10.2024, and significant notifications and circulars issued upto 31.10.2024.*

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 SCENERIO I

OCT Pvt. Ltd. is a registered company and have retail store of merchandise located in 25 States in the country. For the purpose of clearance of stock of merchandise and to attract consumers, OCT Pvt. Ltd. launched scheme of “Buy One Get One Free” for the same type of merchandise, for instance, one shirt to be given free with purchase of one shirt. For saving cost, OCT Pvt. Ltd. directly purchases merchandise from the manufacturers.

In the month of May, to save employee cost, OCT Pvt. Ltd. purchased a tempo traveller worth ₹ 12,00,000 with seating capacity of 25 persons (including driver) for transportation of its employees. Further, to ensure the well-being of its employees, OCT Pvt. Ltd. voluntarily obtained the health insurance cover of ₹ 2,00,000 for each employee in the same month. The premium of ₹ 1,500 per employee has been paid by the company for 100 employees.

In the month of July, Mr. Raghav, a customer of the company, filed a law suit in the Court, against the company for not supplying goods of the value of ₹ 1,00,000. OCT Pvt. Ltd. engaged Mr. Ram, an advocate, to represent it in Court for an agreed consideration of ₹ 25,000. As per the terms of the contract, Mr. Ram issued an invoice on 5th July. However, consideration was not paid till February next year.

All the amounts given above are excluding taxes and all transactions are intra-State transactions. Rates of taxes are CGST - 9% and SGST – 9%. However, for tempo traveller, the rates of taxes are CGST - 14% and SGST – 14%.

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

1. With respect to “Buy One, Get One free” offer, which of the following statements is true:
 - (a) It will not be considered as supply at all since no consideration is involved in one of the items.
 - (b) Supply of item for which consideration is charged is a supply under section 7 of the CGST Act, 2017 while supply of the other item supplied free of cost is not a supply.
 - (c) These are two individual supplies where a single price is charged for the entire supply. Since a single price is charged, the same will always be taxed as a mixed supply.
 - (d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.
2. Eligible input tax credit for the month of May (i) on the purchase of tempo traveller and (ii) on health insurance premium paid (assuming that all other conditions, for availing input tax credit have been complied with) is:
 - (a) (i) CGST - Nil, SGST - Nil and (ii) CGST - Nil, SGST - Nil
 - (b) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST - Nil
 - (c) (i) CGST - Nil, SGST - Nil and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000
 - (d) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - ₹ 18,000, SGST - ₹ 18,000
3. Which of the following statements is true in respect of the services of advocate availed by the company?
 - (a) CGST-₹ 2,250 and SGST-₹ 2,250 on advocate services are payable by OCT Pvt. Ltd. ITC availed thereon is to be added to its output tax liability with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.
 - (b) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. ITC availed thereon is to be added to output tax liability of OCT Pvt. Ltd. with interest as consideration along with tax is not paid within 180 days of the issuance of invoice.

- (c) CGST - ₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by OCT Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.
- (d) CGST- ₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by Mr. Ram. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case. **(3 X 2 Marks = 6 Marks)**

CASE SCENERIO II

M/s Sakshi & Co, a partnership firm registered under GST, is undertaking various Government projects.

The firm has let out on hire the following vehicles-

- i. A motor vehicle to carry more than 15 passengers to the State Government Electricity Department
- ii. An electric operated vehicle to carry more than 12 passengers to Local Municipal Corporation
- iii. An electric operated vehicle to carry up to 12 passengers to State Transport Undertaking

The firm issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000.

The firm received certain supply of goods amounting to ₹ 8,40,000 from registered persons on which tax was payable under reverse charge basis.

All the amounts given above are exclusive of taxes, wherever applicable. All transactions referred to above are intra-State. All the conditions for availing ITC have been fulfilled subject to the information given above.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 4 to 6 below:-

4. In respect of vehicles let out on hire by the firm, services that are exempt from GST are _____.
- (i) Letting on hire a motor vehicle to the State Electricity Department
 - (ii) Letting on hire an electric operated vehicle to Local Municipality
 - (iii) Letting on hire an electric operated vehicle to State Transport Undertaking
 - (a) (i)
 - (b) (ii)
 - (c) (i) and (iii)

- (d) (ii) and (iii)
5. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?
- (i) Debit note is to be issued for ₹ 75,000.
 - (ii) Credit note is to be issued for ₹ 75,000.
 - (iii) Debit note is to be issued for ₹ 45,000.
 - (iv) Credit note is to be issued for ₹ 45,000.
- (a) i & iii
 - (b) ii & iii
 - (c) i & iv
 - (d) ii & iv
6. Which of the following statements is correct in respect of supply of goods amounting to ₹ 8,40,000 received by the firm which are taxable under reverse charge?
- (i) Firm shall issue a payment voucher at the time of making payment to supplier.
 - (ii) Firm shall issue a delivery challan for supply of goods.
 - (iii) Firm shall issue receipt voucher at the time of making payment to supplier.
 - (iv) Firm is not required to issue any document in respect of such supply.
- (a) i
 - (b) i & ii
 - (c) ii & iii
 - (d) iv
- (3 X 2 Marks = 6 Marks)**
7. Saundarya Bazaar Pvt. Ltd., registered in Maharashtra sells Makeup Kits via an E-commerce operator BeautyBoost.com. Mrs. Dhvani placed an order of 20 sets of Makeup Kits each costing ₹ 11,800 (GST @18% included) on 15th January 2025. However, he returned 4 sets back after 2 days in accordance with the exchange policy of BeautyBoost.com. Determine the value of supply on which BeautyBoost.com should collect TCS from Saundarya Bazaar Pvt. Ltd.
- (a) ₹ 1,60,000
 - (b) ₹ 1,88,800

(c) ₹ 2,00,000

(d) ₹ 2,36,000

(2 Marks)

8. Sundrop & Associates made an application for cancellation of GST registration in the month of March due to closure of its business. Its application for cancellation of GST registration was approved w.e.f. 4th September by the proper officer by passing an order for the same on 14th September. In the given case, Sundrop & Associates is:

(a) required to file Final Return on or before 4th December

(b) not required to file Final Return

(c) required to file Final Return on or before 30th September

(d) required to file Final Return on or before 14th December

(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) M/s Popli & Co., a partnership firm, registered supplier under GST in Bhopal (Madhya Pradesh State), has provided the following information for the month of October, 2024:

S. No.	Details of transactions	Amount (₹)
(i)	Provided sponsorship Services to Mr. Balkishan Das, proprietor of M/s Hans Jewellers, registered in Morena, Madhya Pradesh.	2,50,000
(ii)	Provided services of processing the tomatoes into ketchup and packing of the same to Mr. Abhilash, a registered person in Indore, Madhya Pradesh.	99,900
(iii)	Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST. (Intra-State supply)	25,000
(iv)	Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000

(v)	Availed Information Technology services for their business from Partner's friend Mr Kevin Williamson located in Melbourne, Australia. Mr. Williamson refused to take any consideration. Open Market value of said service was ₹ 1,25,000.	Nil
(vi)	Provided training and performance appraisal services in Bhopal to following persons: (a) ABC Private Limited, a registered supplier in the State of Kerala (b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	3,00,000 1,00,000

Note:

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All the amounts given above are exclusive of taxes.
- (iii) All the conditions necessary for availing the ITC have been fulfilled.
- (iv) There was no opening balance of any input tax credit.
- (v) The turnover of M/s Popli & Co. was ₹ 2 crore in the previous financial year.

Compute the net GST payable in cash, by M/s Popli & Co. for the month of October, 2024. Correct legal provisions should form part of your answer.

(10 Marks)

- (b) Pearl & Beauty Pvt. Ltd. has provided the following particulars relating to goods sold by it to Colourful Pvt. Ltd.

Particulars	₹
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods	5,000
Packing charges (not included in price above)	1,000

Pearl & Beauty Pvt. Ltd. received ₹ 2,000 as a price linked subsidy from NGO on sale of such goods. The price of ₹ 50,000 of the goods is after considering such subsidy. Pearl & Beauty Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of taxable supply made by Pearl & Beauty Pvt. Ltd.

(5 Marks)

2. (a) Determine the place of supply in the following independent cases:-
- (i) Mr. Motilal, a Chartered Accountant in Gurugram, Haryana, (registered in Haryana) provides consultancy services to his client Mr. Manoharlal who is a resident of New Delhi but is not registered under GST. The address of Mr. Manoharlal is recorded in the records of Mr. Motilal.
- (ii) Vinchi Pvt. Ltd. (New Delhi) has leased its machine (cost ₹ 8,00,000) to Mishti Pvt. Ltd. (Noida, Uttar Pradesh) for production of goods on a monthly rent of ₹ 35,000. After 12 months Mishti Pvt. Ltd. requested Vinchi Pvt. Ltd. to sell the machine to it for ₹ 5,00,000, which is agreed to by Vinchi Pvt. Ltd. **(5 Marks)**

- (b) M/s. Sona Bank Limited, a scheduled commercial bank, has furnished the following details for the month of August:

Particulars	Amount [₹ in crores] (excluding GST)
Extended housing loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25

Compute the value of taxable outward supply. **(5 Marks)**

3. (a) Ranvijay Associates registered in Gujarat deals in industrial grade iron and steel products. The proprietor of Ranvijay Associates sold TMT Iron bars (GST applicable @18%) to a retailer in Maharashtra at a value of ₹ 40,000 (excluding GST). As per the agreement of sale, goods are to be delivered at the premises of retailer. The transportation cost of ₹ 7,000 has been charged separately to deliver the same to the retailer in Maharashtra. In the above scenario, determine whether an e-way bill is required to be issued under GST? **(5 Marks)**
- (b) The aggregate turnover of Action Services Ltd., Delhi, exceeded ₹ 20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advice Action Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. **(5 Marks)**

4. (a) State the activities which are treated as supply even if made without consideration.

(5 Marks)

Or

- (a) Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by recipient of services".

State the exceptions of the above statement.

(5 Marks)

- (b) Who can be registered as Goods and Service Tax Practitioners under Section 48 of the CGST Act, 2017?

(5 Marks)



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Mock Test Paper - Series I: March, 2025

Date of Paper: 12th March, 2025

Time of Paper: 10 A.M. to 1 P.M.

INTERMEDIATE COURSE: GROUP-I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

SOLUTIONS

Division A – Multiple Choice Questions

MCQ No.	Sub-part	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(i)	(c)	3.	(b)
	(ii)	(d)	4.	(c)
	(iii)	(c)		
2.	(i)	(a)		
	(ii)	(c)		
	(iii)	(a)		

Division B – Descriptive Questions

1. Computation of total income of Mr. Brajesh for the A.Y. 2025-26 under default tax regime under section 115BAC

	Particulars	Amount (in ₹)	
I	Profits and gains of business and profession		
	Profit from SEZ unit		
	Net profit from SEZ unit		7,50,000
	Income from warehousing facility for storage of food grain		
	Net profit as per profit and loss account	8,50,000	
	Less: Income credited to profit and loss account but taxable under the head 'Income from Other Sources'		
	Interest on savings bank A/c with post office	15,000	

	Interest on fixed deposit with SBI	20,000	
	Dividend from Indian companies (Gross)	<u>32,000</u>	
		7,83,000	
	Add: Payments not allowable as deduction		
	Advance income-tax paid disallowed u/s 40(a)(ii)	1,00,000	
	Personal drawings disallowed u/s 37	70,000	
	Purchase of building	<u>10,00,000</u>	
		19,53,000	
	Less: Depreciation on building [₹ 10,00,000 x 10%]	<u>1,00,000</u>	18,53,000
	Income from firm M/s Neelkamal Associates		
	Interest on capital@13% p.a. on ₹ 15 lakhs, restricted to 12%, which is the maximum deduction allowable in the hands of the firm	1,80,000	
	Salary to Mr. Brajesh as a working partner, which is allowable as deduction in the hands of firm (₹ 20,000 x 12)	<u>2,40,000</u>	4,20,000
II	Income from Other Sources		
	Interest on savings bank A/c with post office	15,000	
	Less: Exempt under section 10(15)	<u>3,500</u>	11,500
	Interest on fixed deposit with SBI	20,000	
	Dividend from Indian companies (Gross)	<u>32,000</u>	<u>63,500</u>
	Gross Total Income/ Total Income		30,86,500
	[No deduction under section 80C, 80TTA and 10AA would be allowable]		

Computation of tax payable under default tax regime for A.Y. 2025-26

	₹	₹
Tax on total income of ₹ 30,86,500		
On first ₹ 3,00,000	Nil	
₹ 3,00,001 – ₹ 7,00,000 [@5% of ₹ 4 lakhs]	20,000	
₹ 7,00,001 – ₹ 10,00,000 [@10% of ₹ 3 lakhs]	30,000	
₹ 10,00,001 – ₹ 12,00,000 [@15% of ₹ 2 lakhs]	30,000	

₹ 12,00,001 – ₹ 15,00,000 [@20% of ₹ 3 lakhs]	60,000	
₹ 15,00,001 - ₹ 30,86,500 [@30% of ₹ 15,86,500]	<u>4,75,950</u>	
		6,15,950
Add: Health and Education cess @4%		<u>24,638</u>
		6,40,588
Less: Advance income-tax paid		<u>1,00,000</u>
Tax payable		<u>5,40,588</u>
Tax Payable (Rounded off)		5,40,590

Computation of total income of Mr. Brajesh for the A.Y. 2025-26 under normal provisions of the Act

Particulars	Amount (in ₹)	
Gross Total Income as per section 115BAC	30,86,500	
Less: Deduction under section 10AA [₹ 7,50,000 x 40,00,000/ ₹ 1,20,00,000 x 50%, being eighth year of operation]	<u>1,25,000</u>	29,61,500
Less: Deduction under section 35AD	10,00,000	
Add: Depreciation on building	<u>1,00,000</u>	<u>9,00,000</u>
		20,61,500
Less: Deduction under Chapter VI-A		
<u>Deduction under section 80C</u>		
Life insurance premium [maximum 10% of sum assured]	50,000	
<u>Deduction under section 80TTA</u>		
Interest on saving bank account with post office, restricted to	<u>10,000</u>	<u>60,000</u>
Total Income		<u>20,01,500</u>

Computation of tax payable by Mr. Brajesh for A.Y. 2025-26 under the regular provisions of the Act

Particulars	₹	₹
Tax on total income of ₹ 20,01,500		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000 [@5% of ₹ 2.50 lakhs]	12,500	
₹ 5,00,001 – ₹ 10,00,000 [@20% of ₹ 5 lakhs]	1,00,000	



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₹ 10,00,001 - ₹ 20,01,500 [@30% of ₹ 10,01,500]	<u>3,00,450</u>	4,12,950
Add: Health and education cess@4%		<u>16,518</u>
Total tax liability		4,29,468
Less: Advance income-tax paid		<u>1,00,000</u>
Tax payable		<u>3,29,468</u>
Tax payable (rounded off)		3,29,470

Computation of adjusted total income and AMT of Mr. Brajesh for A.Y. 2025-26

Particulars	₹	₹
Total Income (computed above as per regular provisions of income tax)		20,01,500
Add: Deduction under section 10AA	1,25,000	
Add: Deduction under section 35AD	10,00,000	
Less: Depreciation on building	<u>(1,00,000)</u>	<u>10,25,000</u>
Adjusted Total Income		30,26,500
Alternative Minimum Tax@18.5%		5,59,903
Add: Health and education cess@4%		<u>22,396</u>
Total tax liability		5,82,299
Less: Advance income-tax paid		<u>1,00,000</u>
Tax payable		<u>4,82,299</u>
Tax payable (rounded off)		4,82,300

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, tax liability as per section 115JC is ₹ 4,82,300.

2. (a) Mrs. Smita is an Indian citizen and in employment in UAE. She comes on a visit to India during the P.Y.2024-25 for 121 days. Her stay in India in the four immediately preceding previous years i.e., in P.Y. 2020-21 to P.Y. 2023-24 is 371 days (50 + 100 + 76 + 145 days).

Her total income, other than the income from foreign sources, during the P.Y. 2024-25 would be -

Particulars	Amount (₹)
Salary accrued or arisen in UAE (income from a foreign source, hence, to be excluded)	-

Income accrued and arisen in India	2,00,000
Income deemed to be accrued and arisen in India	7,00,000
Income arising in UAE, from a business set up in India (to be included since the business is controlled from India, even though such income accrues and is received outside India)	5,00,000
	14,00,000
Less: Deduction u/s 80C (Not available under default tax regime)	-
Total income (excluding income from foreign sources)	14,00,000

Mrs. Smita, an Indian citizen, having total income other than income from foreign sources not exceeding ₹ 15 lakhs and visiting India during the P.Y. 2024-25, would be a resident in India for the A.Y. 2025-26, if she has stayed in India for 182 days or more during the P.Y. 2024-25.

Since she has stayed only for 121 days in India during the P.Y. 2024-25, she is a non a resident for the A.Y. 2025-26 as per section 6(1).

She is not a deemed resident in India under section 6(1A) for A.Y. 2025-26 though she is not liable to tax in UAE, since her total income other than income from foreign sources does not exceeds ₹ 15 lakhs.

Her total income during the P.Y. 2024-25 would be –

Particulars	Amount (₹)
Salary accrued or arisen in UAE (income from a foreign source, hence, to be excluded)	-
Income accrued and arisen in India	2,00,000
Income deemed to be accrued and arisen in India	7,00,000
Income arising in UAE, from a business set up in India (not taxable)	-
Gross Total Income	9,00,000
Less: Deduction u/s 80C (Not available under default tax regime)	Nil
Total income	9,00,000

- (b) (i) **On payment of fee for professional services and royalty** – Under section 194J, the threshold limit of ₹ 30,000 is specified separately for, *inter alia*, fees for professional services and royalty. Therefore, Akash (P) Limited is not required to deduct tax at source under section 194J either on fee of ₹ 22,000 for professional services or on royalty of ₹ 18,000 paid

to Mr. Santosh, since the payment under each category does not exceed the independent threshold of ₹ 30,000 specified thereunder.

- (ii) **On payment for purchase of bag according to specifications** - As per section 194C, the definition of “work” does not include the manufacturing or supply of product according to the specification by customer in case the material is purchased from a person other than the customer or its associate, being a person related to the customer in such manner as defined u/s 40A(2)(b).

Therefore, M/s Packaging Limited is not required to deduct tax at source in respect of payment of Rs. 1,75,000 to Mr. Ankit, for purchase of bag according to its specifications, since it did not supply the material for such bag and nor was the material supplied by any of its associates. Hence, the contract is a contract for ‘sale’ and not a works contract.

3. (a) **Computation of taxable salary of Mr. Rishabh for the A.Y. 2025-26**

Particulars	₹	₹
Basic Salary [(₹ 75,000 x 10) + (₹ 85,000 x 2)]		9,20,000
Dearness allowance [50% of basic salary]		4,60,000
Employer's contribution to recognized provident fund [18% x ₹ 9,20,000]	1,65,600	
Less: Exempt upto 12% of basic salary and D.A. forms part of retirement benefit [12% x ₹ 11,04,000]	1,32,480	33,120
Taxable allowances		
House rent allowance	1,92,000	
Less: Least of the following exempt under section 10(13A)	93,600	98,400
(i) HRA received	1,92,000	
(ii) Rent paid (-) 10% of salary [₹ 2,04,000 – 10% x ₹ 11,04,000]	93,600	
(iii) 40% of salary [40% x ₹ 11,04,000]	4,41,600	
Taxable Perquisite		
Professional tax paid by the employer [Perquisite includes any sum paid by the employer in respect of any obligation which would have been payable by the employee]		1,800

Interest on loan [Not a perquisite, since loan is for medical treatment of his brother for tuberculosis treatment]		-
Leave travel concession	45,000	
Less: Exempt u/s 10(5)	45,000	-
[Mr. Rishabh can avail exemption on the entire amount of ₹ 45,000 reimbursed by the employer towards leave travel concession since the leave travel concession was availed for himself, wife and three children and the journey was undertaken by economy class airfare. The restriction imposed for two children is not applicable in case of multiple birth which take place after the first child.]		
Gross Salary		15,13,320
Less: Deduction under section 16		
Professional tax paid	2,200	
Standard Deduction, lower of salary or ₹ 50,000 (Since Mr. Rishabh has opted out of section 115BAC)	50,000	52,200
Taxable Salary		14,61,120

(b) **Computation of total income of Mr. Ravi for A.Y. 2025-26 under default tax regime**

Particulars	₹	₹
I. Salaries		
Gross salary	18,00,000	
Less: Standard deduction under section 16(ia)	<u>75,000</u>	17,25,000
II. Income from house property		
<u>Rented property at Delhi</u>		
Step I - Computation of Expected Rent		
Expected Rent = Higher of Municipal Value of ₹ 2,05,000 and Fair Rent of ₹ 1,95,000, but restricted to Standard Rent of ₹ 1,72,000	1,72,000	

Step II - Actual Rent		
Actual rent received or receivable (₹ 15,000 x 12)	1,80,000	
Step III – Computation of Gross Annual Value		
GAV is the higher of Expected Rent and Actual rent received/ receivable	1,80,000	
Gross Annual Value	1,80,000	
Less: Municipal taxes (5% of ₹ 2,05,000)	<u>10,250</u>	
Net Annual value	1,69,750	
Less: Deductions under section 24 -		
(i) 30% of net annual value	50,925	
(ii) Interest on loan (₹ 35 lakhs x 12%)	<u>4,20,000</u>	(3,01,175)
<u>Self occupied property at Kanpur</u>		
Annual value [No deduction for municipal taxes is allowed in respect of self-occupied property]	Nil	
Less: Deduction under section 24 -		
Interest on borrowed capital [Not allowable under section 115BAC]	<u>Nil</u>	<u>Nil</u>
Income from house property		<u>(3,01,175)</u>
Gross Total Income [Loss from house property neither allowed to be set off against income under any other head nor it can be carry forward to subsequent year while computing income under section 115BAC]		17,25,000
Less: Deduction under section 80EEA [Not allowable under section 115BAC]		<u>Nil</u>
Total Income		17,25,000

4. (a) **Computation of Taxable income of Mr. Gagan for A.Y. 2025-26**

Particulars	₹
Professional income (Classical singer)	5,65,000
Income of minor son – Gaurav	

- Income from winning singing reality show on T.V. Income derived by a minor child from any activity involving application of his/her skill, talent, specialized knowledge and experience is not to be included in the hands of parent. Hence, ₹ 2,50,000 earned by minor son Gaurav from reality show on TV would not be included in the income of either parent.	Nil
- Cash gift received by Gaurav from friend of Mr. Gagan on winning the show The cash gift received by his minor son Gaurav (not on account of her skill) from his friends would not be taxable, since its value does not exceed ₹ 50,000.	Nil
Income of minor married daughter – Kavita Interest income on deposit with XYZ Pvt. Ltd. Less: Exemption under section 10(32) [Since Mr. Gagan is paying tax under default tax regime, exemption u/s 10(32) would not be available] (Income of minor daughter would be included in the hands of Mr. Gagan, since his income, before including minor daughter's income, is higher than his wife's income).	40,000 -
Taxable Income	6,05,000

Computation of Taxable income of Mrs. Rashmi for A.Y. 2025-26

Particulars	₹
Salary income (computed)	3,80,000
Loan received from XYZ Pvt. Ltd. [Such loan amount would not be considered as deemed dividend under section 2(22)(e), even though Mrs. Rashmi has substantial interest (holding 20% shares or more) in the XYZ Ltd., a closely held company, since the company does not have any accumulated profits on account of losses incurred in last 2 years from inception]	Nil
Taxable Income	3,80,000

- (b) Where a person, who has been allotted PAN and is required to intimate his Aadhaar number, has failed to intimate the same on or before the 31.3.2022, the PAN of such person shall become inoperative.

Consequences of failure to intimate Aadhar Number

A person, whose PAN has become inoperative, would be liable for further consequences till the date it becomes operative, namely –

- (i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made;
- (ii) interest shall not be payable on such refund for the period, beginning with the date specified and ending with the date on which it becomes operative;
- (iii) where tax is deductible under Chapter XVIIB in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA;
- (iv) where tax is collectible at source under Chapter XVII-BB in case of such person, such tax shall be collected at higher rate, in accordance with provisions of section 206CC.

If Mr. Vijay wants to intimate his Aadhaar number to the prescribed authority on 1.9.2024, he would be liable to pay a fee of ₹ 1,000 as specified under section 234H. His PAN would become operative within 30 days from the date of intimation of Aadhaar number and would not be liable for the above consequences once his PAN becomes operative.

OR

- (b)** (i) If an individual has total sales, turnover or gross receipts, as the case may be, in the business exceeding ₹ 60 lakhs during the previous year, he would be required to file a return of income, even if his total income does not exceed the basic exemption limit.

Since Mr. Ankit's turnover from the business is ₹ 65,00,000 for the P.Y. 2024-25, he is required to file his return of income for A.Y. 2025-26 on or before the due date under section 139(1).

- (ii) If an individual has incurred aggregate amount of expenditure exceeding ₹ 1 lakh towards consumption of electricity during the previous year, he would be required to file a return of income, even if his total income does not exceed the basic exemption limit.

Since Mr. Suyash does not have total income exceeding the basic exemption limit and has incurred a total expenditure of ₹ 90,000 only in the P.Y.2024-25 towards consumption of electricity, he is not required to file his return of income for A.Y. 2025-26.



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SECTION B – GOODS AND SERVICES TAX (50 MARKS)

SUGGESTED ANSWERS

Division A - Multiple Choice Questions

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

Division A - Multiple Choice Questions

Question No.	Answer
1.	(d) These are two individual supplies where a single price is charged for the entire supply. Their taxability will depend upon as to whether the supply is a composite supply or a mixed supply.
2.	(b) (i) CGST - ₹ 1,68,000, SGST - ₹ 1,68,000 and (ii) CGST - Nil, SGST – Nil
3.	(c) CGST-₹ 2,250 and SGST- ₹ 2,250 on advocate services are payable by OCT Pvt. Ltd. The condition of payment of consideration along with tax within 180 days of the issuance of invoice does not apply in the given case.
4.	(b) (ii)
5.	(c) i & iv
6.	(a) i
7.	(a) ₹ 1,60,000
8.	(d) required to file Final Return on or before 14th December

Division B - Descriptive Questions

1. (a) Computation of net GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Output tax liability [Refer Working Note 1]	40,491	40,491	54,000
Less: ITC available [Refer Working Note 2]	<u>2,250</u>	<u>2,250</u>	<u>-</u>
Net GST payable	38,241	38,241	54,000
Add: Tax Payable under reverse charge to be paid in cash [The amount available in the electronic	<u>2,250</u>	<u>2,250</u>	

credit ledger may be used for making any payment towards output tax. Further, output tax means the tax chargeable on taxable supply of goods and/or services but excludes tax payable on reverse charge basis. Thus, tax liability under reverse charge has to be paid in cash]			
Total GST Payable in cash	40,491	40,491	54,000

Working Notes

1. Computation of total value of taxable supplies made by M/s Popli & Co. for the month of October, 2024

Particulars	Amount (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Taxable under Forward Charge				
Sponsorship Services to Mr. Balkishan Das. [Since Sponsorship services are provided neither to partnership firm nor body corporate, so taxable under forward charge. Also it is an Intra-State Supply]	2,50,000	22,500	22,500	
Services of processing the tomatoes into ketchup and packing of the same to Mr. Abhilash [Taxable, since processing of Tomatoes into ketchup alters the essential characteristics of agriculture produce. Also, it is a Intra- State Supply.]	99,900	8,991	8,991	
Information Technology services [Import of services from a non-related person without consideration, in the course or furtherance of business is not a supply.]	Nil			

Training and performance appraisal services to ABC Private Limited [Taxable; the place of supply of services in relation to training and performance appraisal to a registered person, shall be the location of such person. Thus, place of supply is Kerala and hence an inter-State transaction.]	3,00,000			54,000
Training and performance appraisal services to Babu Cones. [Taxable, the place of supply of services in relation to training and performance appraisal to an unregistered person, shall be the location where the services are actually performed. Thus, place of supply is Bhopal, hence Intra-State transaction]	1,00,000	9,000	9,000	
Total Output Tax Liability		40,491	40,491	54,000
Taxable under Reverse Charge				
Rent paid for residential unit [Service by way of renting of residential dwelling to a registered person is taxable under reverse charge mechanism]	25,000	2,250	2,250	
		42,471	42,471	54,000

2. Computation of ITC that can be availed by M/s Popli & Co. for the month of October, 2024

Particulars	CGST (₹)	SGST (₹)	IGST (₹)
Rent paid to residential dwelling for providing DSA services [ITC is available as services are used in the course or furtherance of business.]	2,250	2,250	-

Purchase of Machinery [Blocked credit in terms of section 17(5) of the CGST Act, 2017]			Nil
Total ITC	2,250	2,250	-

(b)

Computation of value of taxable supply

Particulars	₹
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods [Taxes other than GST and GST compensation cess, if charged separately are includible in the value as per section 15(2)(a) of the CGST Act, 2017]	5,000
Packing charges [Being incidental expenses, same are includible in the value as per section 15(2)(c) of the CGST Act, 2017]	1,000
Subsidy received from a non-Government body [Since subsidy is received from a non-Government body and directly linked to price, the same is included in the value in terms of section 15(2)(e) of the CGST Act, 2017]	<u>2,000</u>
Total	58,000
Less: Discount @ 2% on ₹ 50,000 [Since discount is known at the time of supply and recorded in invoice, it is deductible from the value in terms of section 15(3)(a) of the CGST Act, 2017]	<u>1,000</u>
Value of taxable supply	57,000

2. (a) (i) The place of supply for services in case of unregistered recipient shall be the location of such unregistered person, if the address of the unregistered person is available in the records of the supplier. However, if the address is not available in the records of supplier, place of supply will be the location of the supplier of services.
- Accordingly, in this case, since the address is available in the records of Mr. Motilal, the place of supply will be the location of Mr. Manoharlal, i.e. New Delhi.
- (ii) If the supply does not involve movement of goods, the place of supply is the location of goods at the time of delivery to the recipient.
- In this case, there will be no movement of goods and the same will be sold on as is where is basis. Thus, the location of the machine at the time of such sale will be the place of supply, i.e. Noida.

- (b) **Computation of value of taxable outward supply of M/s. Sona Bank Limited for the month of August:**

Particulars	Amount in crores (₹)
Housing loan extended to customers [Since money does not constitute goods, extending housing loan is not a supply.]	Nil
Processing fee collected on sanction of loan [Interest does not include processing fee on sanction of the loan. Hence, the same is taxable.]	20
Commission collected on bank guarantee [Any commission collected over and above interest on loan, advance or deposit are not exempt.]	30
Interest income on credit card issued by the bank [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax. However, interest involved in credit card services is specifically excluded from this exemption entry.]	40
Interest received on housing loan [Services by way of extending loans in so far as the consideration is represented by way of interest are exempt from tax.]	Nil
Value of taxable outward supply	90

3. (a) Consignment value of goods is the value determined in accordance with the provisions of section 15, and also includes the central tax, state or union territory tax, integrated tax and cess charged, if any, in the document.

Further, since arranging freight is the liability of supplier, it is a case of composite supply and thus, freight charges are to be added in the value of principal supply.

Accordingly, the value of supply as per section 15 in the given case would include the transportation cost in the invoice value i.e. 47,000 (₹ 40,000 + ₹ 7,000).

Consignment value = ₹ 47,000 x 118% = ₹ 55,460.

Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued under GST in the given case.

- (b) As per section 25 read with CGST Rules, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Action Services Ltd.'s turnover exceeded ₹20 lakh on 12th August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12th August.

As per section 31 read with CGST Rules, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Therefore, in the given case, Action Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October.

4. (a) In accordance with Schedule-I of CGST Act, 2017 following are the activities which are to be treated as supply even if made without consideration:

- (i) Permanent transfer or disposal of business assets where input tax credit has been availed on such assets.
- (ii) Supply of goods or services or both between related persons or between distinct persons as specified in section 25, when made in the course or furtherance of business.

Provided that gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both.

- (iii) Supply of goods —
 - (a) by a principal to his agent where the agent undertakes to supply such goods on behalf of the principal; or
 - (b) by an agent to his principal where the agent undertakes to receive such goods on behalf of the principal.

- (iv) Import of services by a person from a related person or from any of his other establishments outside India, in the course or furtherance of business

Or

- (a) Tax on following services supplied by the Central Government or State Government to a business entity in India is payable by the supplier of services:

- (1) services of renting of immovable property provided to an unregistered business entity.
- (2) services by the Department of Posts and the Ministry of Railways (Indian Railways)
- (3) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport.
- (4) services of transport of goods or passengers.

- (b) Following persons can be registered as Goods and Service Tax Practitioners:

Any person who, (i) is a citizen of India; (ii) is a person of sound mind; (iii) is not adjudicated as insolvent; (iv) has not been convicted by a competent court;

and satisfies any of the following conditions, namely that he:

- 1. is a retired officer of Commercial Tax Department of any State Govt./CBIC who, during service under Government had worked in a post not lower than the rank of a Group-B gazette officer for a period ≥ 2 years, or
- 2. is enrolled as a Sales Tax Practitioner or Tax Return Preparer under the erstwhile indirect tax laws for a period of not less than 5 years, or
- 3. acquired any of the prescribed qualifications
- 4. has passed Graduate/postgraduate degree or its equivalent examination having a degree in specified disciplines, from any Indian University or a degree examination of any Foreign University recognized by any Indian University as equivalent to degree examination
- 5. has passed any other notified examination
- 6. has passed final examination of ICAI/ ICSI/ Institute of Cost Accountants of India

Note: Any 5 points may be mentioned.



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