

Mock Test Paper - Series II: April, 2025

Date of Paper: 01<sup>st</sup> April, 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. Ms. Chandni, aged 45 years, provides the following data of her gross receipts for the financial year 2023-24 and 2024-25. She is engaged in agency business along with providing services as tarot card reader.

F.Y.	Receipts from business (₹)	Receipts from profession (₹)	Total Gross Receipts (₹)
2023-24	78,00,000	43,00,000	1,21,00,000
2024-25	85,00,000	47,00,000	1,32,00,000

During the F.Y. 2024-25, she paid an amount of ₹ 1,20,000 to a contractor for polishing her old furniture. She has taken services from renowned interior designers for her self-occupied residential house property for which she paid ₹ 2,50,000.

Further, on 28.05.2024 she sold one commercial property for ₹ 50,00,000. The value adopted for stamp duty was ₹ 52,00,000. It was purchased for ₹ 40,00,000 on 28.04.2017. (Cost Inflation Index for F.Y. 2024-25: 363, F.Y. 2017-18: 272).

The brought forward business loss of F.Y. 2020-21 is ₹ 5,00,000.

During the year, Ms. Chandni incurred a loss of ₹ 8,30,000 while trading in the agricultural commodity derivatives (no CTT paid).

Based on the above information, choose the most appropriate answer of the following Multiple Choice Questions (MCQs):-

- (i) What is the total amount of tax to be deducted by Ms. Chandni for F.Y. 2024-25?
- (a) ₹ 1,200
  - (b) ₹ 26,200
  - (c) Nil
  - (d) ₹ 3,700
- (ii) What is the amount and nature of Capital gain chargeable to tax in the hands of Ms. Chandni?
- (a) ₹ 10,00,000 and Short-term capital gain.
  - (b) ₹ 12,00,000 and Short-term capital gain.
  - (c) (₹ 3,38,235) and Long-term capital loss.
  - (d) ₹ 10,00,000 and Long-term capital gain.
- (iii) What is the amount of losses which can be carried forward to A.Y. 2026-27 if Ms. Chandni filed her return of income on 30.11.2025. Assuming there is a business loss of ₹ 10,00,000 and income from profession is ₹ 15,00,000?
- (a) ₹ 15,00,000 under section 72, ₹8,30,000 under section 73 and ₹ 3,38,235 under section 74
  - (b) Nil
  - (c) ₹ 8,30,000 under section 73 and ₹3,38,235 under section 74
  - (d) ₹ 8,30,000 under section 72 and ₹ 3,38,235 under section 74

**(3 x 2 = 6 Marks)**

2. Mr. Harsh (age 45 years) is appointed as senior executive officer in Ambition India Limited, Mumbai on 01.02.2024 in the scale of ₹ 35,000-3500-65,000. He is paid dearness allowance @40% of salary forming part of retirement benefits.

He is given rent free unfurnished accommodation on 01.5.2024 which he occupied only from 01.10.2024. The company pays lease rent of ₹ 5,000 p.m.

He has been provided a car of 2000 cc capacity which is used by him for private purposes only. The actual cost of the car is ₹ 8,00,000. The monthly expenditure of car is ₹ 5,000, which is fully met by the employer.

He pays lumpsum premium of ₹ 1,50,000 towards health insurance for self and his wife for 48 months on 01.10.2024 by account payee cheque. He also contributes ₹ 1,50,000 towards PPF.

Based on the above information, choose the most appropriate answer of the following Multiple Choice Questions (MCQs):-

- (i) Value of rent-free accommodation chargeable to tax in the hands of Mr. Harsh, would be -
- (a) ₹ 21,700
  - (b) ₹ 30,380
  - (c) ₹ 45,570
  - (d) ₹ 30,000
- (ii) Mr. Harsh would be eligible for deduction in respect of health insurance premium paid during the previous year 2024-25, for –
- (a) ₹ 30,000
  - (b) ₹ 18,750
  - (c) ₹ 25,000
  - (d) ₹ 37,500
- (iii) Perquisite value of car chargeable to tax in the hands of Mr. Harsh would be –
- (a) ₹ 28,800
  - (b) ₹ 21,600
  - (c) ₹ 60,000
  - (d) ₹ 1,40,000
- (3 x 2 = 6 Marks)**

3. Ms. Ridhima (age 32 years), an interior decorator, has professional receipts of ₹ 25,60,000 for the previous year 2024-25. She also earned ₹ 1,25,000 as dividend and ₹ 4,65,000 as interest income on fixed deposits. She incurred expenses of ₹ 13,00,000 for her profession and ₹ 30,000 as interest on loan for making investment in shares on which she received dividend. What would be her total income for the A.Y. 2025-26, assuming that she wishes to make maximum tax savings without getting her books of account audited?
- (a) ₹ 18,45,000
  - (b) ₹ 18,70,000

(c) ₹ 18,40,000

(d) ₹ 18,25,000

(2 Marks)

4. Arun's gross total income of P.Y. 2024-25 is ₹ 2,45,000. He deposits ₹ 45,000 in PPF. He pays electricity bills aggregating to ₹ 1.20 lakhs in the P.Y.2024-25. Which of the statements is correct?

(a) Arun is not required to file his return of income u/s 139(1) for P.Y. 2024-25, since his total income before giving effect to deduction under section 80C does not exceed the basic exemption limit.

(b) Arun is not required to file his return of income u/s 139(1) for P.Y. 2024-25, since his electricity bills do not exceed ₹ 2,00,000 for the P.Y.2024-25.

(c) Arun is not required to file his return of income u/s 139(1) for P.Y. 2024-25, since neither his total income before giving effect to deduction under section 80C exceeds the basic exemption limit nor his electricity bills exceed ₹ 2 lakh for the P.Y.2024-25.

(d) Arun is required to file his return of income u/s 139(1) for P.Y. 2024-25, since his electricity bills exceed ₹ 1 lakh for the P.Y.2024-25.

(1 Mark)

### Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Mr. Vivek is an advocate and furnishes you the receipts and payments account for the financial year 2024-25.

### Receipts and Payments Account

Receipts	₹	Payments	₹
Opening Balance (01.04.2024) Cash & Bank	80,000	Staff salary and bonus to clerks	17,50,000
Fee from legal services	49,60,000	Other general and administrative expenses	22,00,000
Motor car loan from HDFC @12% p.a. interest	5,00,000	Office rent	1,48,000
Sale receipts of 5,275 listed equity shares (sold on 31 <sup>st</sup> March 2025)	5,95,000	Life Insurance Premium (Sum Assured ₹ 5,00,000)	49,000
		Motor car (Acquired in January 2025 by way of NEFT)	9,50,000

	Books bought by way of A/c payee cheque in the month of May, June and September 2024 (annual publications)	80,000
	Computer acquired on 1.11.2024 for professional use (payment made by A/c payee cheque)	52,000
	Domestic drawings	6,23,000
	Motor car maintenance	72,000
	Public Provident Fund subscription	1,50,000
	Closing balances (31.03.2025)	
	Cash & Bank	61,000
	<b>61,35,000</b>	<b>61,35,000</b>

**Other information:**

- (i) Listed equity shares on which STT was paid were acquired in August 2016 for ₹ 1,21,800. The fair market value of such shares as on 31<sup>st</sup> January 2018 was ₹ 80 per share.
- (ii) Motor car was put to use for both official and personal purposes. 1/3<sup>rd</sup> of the motor car is for personal purpose. No interest on car loan was paid during the previous year 2024-25.
- (iii) Mr. Vivek purchased a flat in Jhansi for ₹ 35,00,000 in July 2016 cost of which was partly financed by a loan from Punjab National Housing Finance Limited of ₹ 25,00,000, his own-savings ₹ 1,00,000 and a deposit from Repco Bank for ₹ 9,00,000. The flat was given to Repco Bank on lease for 10 years @ ₹ 35,000 per month. Further, Mr. Vivek has paid the following expenses in respect to the flat during the P.Y. 2024-25:
  - (a) Municipal taxes ₹ 8,200 per annum
  - (b) House insurance ₹ 11,000

As per interest certificate issued by Punjab National Housing Finance Limited for the financial year 2024-25, he paid ₹ 1,80,000 towards principal and ₹ 2,01,500 as interest.
- (iv) He earned ₹ 1,20,000 in share speculation business and lost ₹ 1,80,000 in commodity speculation business.

- (v) Mr. Vivek received a gift of ₹ 21,000 each from four of his family friends.
- (vi) He contributed ₹ 1,21,000 to PM Cares Fund by way of bank draft.
- (vii) He donated to a registered political party ₹ 3,50,000 by way of cheque.
- (viii) He follows cash system of accounting.
- (ix) Cost Inflation Index: F.Y. 2016-17–264; F.Y. 2017-18–272; F.Y. 2024-25–363

You are required to compute the total income and tax liability of Mr. Vivek for the A.Y. 2025-26 assuming he opts out of the default tax regime under section 115BAC.

**(15 Marks)**

2. (a) On 22.09.2024, Mr. Prabhjot, aged 55 years, an Indian citizen left India for the first time to work as a CFO of a company in Australia. He visits South Africa on vacation every year for a month to visit his brother's family. He earns the following income during the previous year 2024-25:

Sr. No.	Particulars	(₹)
1.	Salary (computed) from company in Australia [Received in bank account in Australia]	18,00,000
2.	Dividend from South African company received in South Africa	20,000
3.	Interest received from South Indian Bank, India	21,000
4.	Loss from business in South Africa (controlled from India)	45,000
5.	Agricultural income from a land situated in Gujarat	45,000

Compute the total income of Mr. Prabhjot for A.Y. 2025-26 if he has opted out of the default tax regime u/s 115BAC

**(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) Mr. Rohit and Mr. Raj are the joint owners of a house property. They sold the house property on 31.12.2024 for ₹ 60 lakhs, receiving ₹ 30 lakhs each as their respective shares. However, the stamp duty value (SDV) of the property on the date of transfer is ₹ 75 lakhs. The property was jointly purchased by Ms. Shashi and Ms. Sujata.
  - (ii) XYZ Ltd. provided a luxury car worth ₹ 15 lakh to its distributor, Mr. A, as an incentive for achieving high sales targets.

**(4 Marks)**

3. (a) Mr. Amit, the proprietor of Amit Enterprises, owns two business units. On 1<sup>st</sup> April 2024, he transferred Bawana unit by way of a slump sale for a total consideration of ₹ 75 lakhs. The fair market value of the capital assets of Bawana unit as on the date of transfer was ₹ 90 lakhs. Bawana unit was established in the financial year 2005-06. The expenses incurred for the transfer amounted to ₹ 28,000. His Balance Sheet as on 31.3.2024 is as under:

Liabilities	Total (₹)	Assets	Bawana unit (₹)	Mayapuri unit (₹)	Total (₹)
Own Capital	45,00,000	Land	36,00,000	6,00,000	42,00,000
Revaluation Reserve (for land of Bawana unit)	9,00,000	Building	9,00,000	3,00,000	12,00,000
Bank loan (70% for Bawana unit)	6,00,000	Machinery	3,00,000	1,20,000	4,20,000
Trade creditors (25% for Mayapuri unit)	4,50,000	Other assets	4,50,000	1,80,000	6,30,000
<b>Total</b>	<b>64,50,000</b>	<b>Total</b>	<b>52,50,000</b>	<b>12,00,000</b>	<b>64,50,000</b>

**Other Information**

- The transfer deed did not assign individual values to any specific assets.
- The value of the building and machinery was taken as per the written-down value as per the Income-tax Act, 1961.

Compute the Capital Gain for the assessment year 2025-26. **(5 Marks)**

- (b) Mrs. Anjali, a U.S. citizen, is a resident and ordinarily resident in India for the financial year 2024-25. She owns a house property in Chicago, U.S.A., which she uses as her residence. The annual value of this property is \$ 20,000, with the exchange rate assumed at ₹ 75 per USD. In addition, she took ownership and possession of a flat in Surat on 1<sup>st</sup> July 2024, which she used for self-occupation during her stay in India. The flat was occupied by her for seven months in the financial year. The municipal valuation of the property is ₹ 3,84,000 per annum, and the fair rent is ₹ 4,20,000 per annum. She has paid property tax of ₹ 16,200 and sewerage tax of ₹ 1,800 to the Corporation of Surat.

For the purchase of the Surat flat, she had taken a loan from Standard Chartered Bank in June 2022. The interest on the loan amounts to ₹ 49,200 for the period before 1<sup>st</sup> April 2024, ₹50,800 for the period from 1<sup>st</sup> April 2024 to 30<sup>th</sup> June 2024, and ₹ 1,31,300 for the period from 1<sup>st</sup> July 2024 to 31<sup>st</sup> March 2025. Additionally, she owned a house property in Ranchi, which was sold in March 2023. In respect of this property, she received arrears of rent amounting to ₹ 60,000 in March 2025, which had not been previously taxed.

Compute the income chargeable from house property of Mrs. Anjali for the A.Y. 2025-26 if she has exercised the option of shifting out of the default tax regime. **(5 Marks)**

4. (a) Mr. Mayank, aged 65 years, resides in Hyderabad, provides the following information relating to the financial year ended 31.3.2025.

Particulars	₹
Pension	6,60,000
Interest from bank on fixed deposits (Gross)	55,000
Income from speculation business	40,000
Long-term capital gains from sale of urban land	2,50,000
Long-term capital loss from sale of listed shares in recognized stock exchange (STT paid at the time of acquisition and sale of shares)	1,10,000
Loss from card games	32,000
Income from betting (Gross)	45,000

**Other information**

- Life insurance premium paid by cheque ₹ 22,500 for insurance of his life. The insurance policy was taken on 08-09-2015 and the sum assured is ₹ 2,00,000.
- Premium of ₹ 26,000 paid by cheque for health insurance of self and his wife.
- A sum of ₹ 15,000 donated in cash to an institution approved for the purpose of section 80G for promoting family planning.

You are required to compute the total income of Mr. Mayank for the A.Y. 2025-26 under normal provisions of the Act. **(6 Marks)**



(b) Who is authorized to verify return of income in case of the following assesseees:

- i. Local authority
- ii. Firm, having no managing partner
- iii. Foreign Company
- iv. HUF where the karta is absent from India **(4 Marks)**

**OR**

(b) Enumerate list of circumstances where an updated return u/s 139(8A) cannot be furnished? **(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 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**

PMC Ltd. has its manufacturing unit in the State of Rajasthan. Further, it has ancillary units in the State of Madhya Pradesh and Gujarat and is registered in each of these States. Moreover, PMC Ltd. owns and operates a hotel in Udaipur, Rajasthan.

In addition to the aforesaid, PMC Ltd. owns a commercial space which is rented out to a registered person at the monthly rent of ₹ 50,000. The maintenance of the premises is the responsibility of PMC Ltd. In pursuance of the same, during the month of April, PMC Ltd. incurred certain expenses on the purchase of maintenance related materials. The said expenses are recoverable from the tenant alongwith the invoice issued for rent. The rate of tax applicable on the material used for maintenance was 5%.

During the year, PMC Ltd. agreed to provide the hotel to Mr. X for a business conference to be held at Udaipur. Mr. X is an unregistered person residing in Maharashtra.

In addition to the aforesaid transactions, PMC Ltd. spent an amount of ₹ 5 lakh on the procurement of certain goods which were distributed as part of the corporate social responsibility [CSR] expenditure required under the provisions of the Companies Act, 2013.

All amounts are exclusive of GST, wherever applicable. The rate of GST on all inward and outward supplies is 18%, unless otherwise mentioned.

Assume that there is no other outward or inward transaction apart from aforesaid transactions.

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

1. For the transaction related to renting of commercial space, what should be the rate of tax charged by PMC Ltd.?
  - (a) The rate of GST on rent and maintenance material related recovery shall be 18%.
  - (b) The rate of GST on rent shall be 18% and, on the material, shall be 5%.
  - (c) No GST shall be charged on the recovery related to material used in maintenance. Rate of GST on rent shall be 18%.
  - (d) The rate of GST on rent and maintenance material related recovery shall be 5%.
2. With respect to the hotel accommodation service provided to Mr. X, GST payable by PMC Ltd. is \_\_\_\_\_.
  - (a) nil, GST on accommodation service is payable by the recipient, Mr. X, under reverse charge
  - (b) nil, GST on accommodation services provided to an unregistered person is exempt from GST
  - (c) in the nature of CGST and SGST
  - (d) in the nature of IGST
3. Which of the following options is correct with regard to the availability of ITC to PMC Ltd. in respect of GST paid on the procurement of goods meant for the purpose of corporate social responsibility activity?
  - (a) The amount of ITC related to such procurement of goods is not available to PMC Ltd.
  - (b) The amount of ITC related to such procurement of goods is available to PMC Ltd.
  - (c) The amount of ITC only to the extent of 50% of amount of such procurement of goods is available to PMC Ltd.
  - (d) The amount of ITC shall be available to the registered person to whom such goods are distributed under CSR activity.

**(3 X 2 Marks = 6 Marks)**

## **CASE SCENERIO II**

Aanya & Co., a partnership firm, is engaged in retail trade since 1<sup>st</sup> April. The firm became liable for registration on 1<sup>st</sup> October. However, it applied for registration on 10<sup>th</sup> October. It had inputs held in stock, semi-finished and finished goods. The firm was granted certificate of registration on 5<sup>th</sup> November.

Aanya & Co. needs to transport one consignment to the transporter and then to the consignee. The distance, within the same state, between godown of the firm and the transporter is 20 kms and from the place of transporter to consignee is 99 kms, respectively.

All the supplies referred above are intra-State unless specified otherwise. Conditions applicable for availment of ITC are 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. Determine the effective date of registration of Aanya & Co.?
  - (a) 1<sup>st</sup> April
  - (b) 1<sup>st</sup> October
  - (c) 10<sup>th</sup> October
  - (d) 5<sup>th</sup> November
5. Aanya & Co. is eligible to claim ITC in respect of inputs held in stock as on-
  - (a) 30<sup>th</sup> September
  - (b) 1<sup>st</sup> October
  - (c) 10<sup>th</sup> October
  - (d) Not eligible to claim ITC
6. Which of the following statements is true in respect of furnishing of details of conveyance in Part B of e- way bill?
  - (a) Part B need not be filed in respect of transport of consignment from Godown of Aanya & Co. to transporter location.
  - (b) Part B need not be filed in respect of transport of consignment from transporter location to consignee's location.
  - (c) Information in Part-B is neither required in transport of consignment from Godown of Aanya & Co. to transporter location nor from transporter location to consignee's location.
  - (d) Information in Part-B is mandatory in transport of consignment from Godown of Aanya & Co. to transporter location and from transporter location to consignee's location.

**(3 X 2 Marks = 6 Marks)**
7. M/s. Sahni & Co., a partnership firm imported the following services during February, 2025:
  - (i) Architect services from Mr. Vipul, a partner of the firm, who resides in France for ₹ 1,00,000. The said service was paid but not used for the furtherance of the business.
  - (ii) Management consultancy services from Mr. Kishore, a renowned lawyer in Sydney, who was an ex-employee of the firm. The value of the said service was

₹ 3,00,000. Even though it was used in the furtherance of the business, no consideration was paid by the firm.

Compute the amount of import of services by Sahni & Co. that will be treated as supply.

- (a) Nil
- (b) ₹1,00,000
- (c) ₹3,00,000
- (d) ₹4,00,000 (2 Marks)

8. Mr. Animesh, a sole proprietor generated E-Challan on 5<sup>th</sup> December for payment of taxes for the month of November. This E-Challan will be valid only upto:

- (a) 5<sup>th</sup> December
- (b) 15<sup>th</sup> December
- (c) 20<sup>th</sup> December
- (d) 31<sup>st</sup> 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) Amaze Ltd., Delhi, a registered supplier, manufacturing machineries has made a taxable supply of machinery during the month of March. It furnished the following details for each such machinery supplied: -

S. No.	Particulars	Amount (₹)
(i)	List price of machinery (exclusive of taxes)	10,00,000
(ii)	Subsidy received from the Central Government for supply of machinery to Government School (exclusively related to supply of machinery included at S. No. 1)	2,10,000
(iii)	Subsidy received from an NGO for supply of machinery to an old age home (exclusively related to supply of goods included at S. No. 1)	2,00,000
(iv)	Tax levied by Municipal Authority	2,50,000
(v)	Packing charges	1,25,000

Additional information:-

The list price of the machinery is after considering the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Further, the company has provided the following information pertaining to GST paid on purchases made/services availed by it in respect of supply of said machinery during the month of March:

- (i) Raw material (to be received in the month of April) ₹ 8,50,000
- (ii) Membership of a club availed for employees working in the factory  
(not obligatory to be provided under any law) ₹ 4,00,000
- (iii) Inputs to be received in 6 lots, out of which 1st lot was received  
during the month ₹ 3,50,000
- (iv) Trucks used for transport of raw material ₹ 1,50,000
- (v) Capital goods (out of 3 items, invoice for 2 items is missing and  
GST paid on those items is ₹ 2,82,000): ₹ 3,50,000

**Note:**

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) All inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled, subject to the information given above.
- (iv) All inward and outward supplies are inter-State supplies.

Compute the net GST payable in cash, by Amaze Ltd. for the month of March.

- (b) Strap Ltd., a registered supplier, has supplied machinery to Defend Ltd. (a supplier registered in the same State). It provides following particulars regarding the same:

S. No.	Particulars	Amount (₹)
(i)	Price of machinery (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machinery at the premises of Defend Ltd. [Amount has been paid by Defend Ltd. directly to the supplier. However, it was Strap Ltd.'s liability to pay the	20,000

	said amount. The said amount has not been recorded in the invoice issued by Strap Ltd.]	
(iii)	Installation and testing charges for machinery, not included in price	25,000
(iv)	Discount @ 2% on price of the machinery mentioned at S. No. (i) above (recorded in the invoice)	
(v)	Strap Ltd. provides additional discount @ 1% at year end, based on additional purchase of other machinery for which adjustment is made at the end of the financial year without any change in individual transactions.	

Determine the value of taxable supply made by Strap Ltd. to Defend Ltd.

**(5 Marks)**

2. (a) Examine whether the activity of import of service in the following independent cases would amount to supply under section 7 of CGST Act, 2017:
  - (i) Miss Shanaya received interior decoration services for her residence located at Bandra, Mumbai from her brother, Mr. David residing in Sydney (Australia) [wholly dependent on Miss Shanaya]. Further, Miss Shanaya did not pay any consideration for the said service.
  - (ii) Will your answer change if in the above case, if Miss Shanaya has taken interior decoration services with regard to her business premises and not her residence? **(5 Marks)**
- (b) Briefly examine the taxable value of supply in the following independent cases:
  - (i) Rangi Transporters, a registered Goods Transport Agency (GTA) provided service of transportation of goods to Taneja & Taneja Co.-a unregistered partnership firm. Taneja & Taneja Co. paid ₹ 8,000 to Rangi Transporters as consideration.
  - (ii) Ameyash Hospital provided services in Sky Natal Intensive Care for 2 days for which ₹ 12,000 are charged per day from Mr. Chaman for his new born son, Rohit. **(5 Marks)**
3. (a) Determine the time of supply in the following cases:
  - (i) GPT & Co. carried out service of cleaning and repairs of tanks in an apartment complex, for which the Apartment Owners' Association showed a payment in cash on 4<sup>th</sup> April to them against work of this description. The dates of the work are not clear from the records of GPT & Co. GPT & Co. have not issued invoice or entered the payment in its books of account.

- (ii) Gas is supplied by a pipeline to the recipient. The supply is to be made for a period of one year. Monthly payments are to be made by the recipient as per the contract. The Payments of ₹ 2 lakh made in each month were made on July 5, August 5 and September 5 respectively. **(5 Marks)**
- (b) Examine whether the liability to register compulsorily under section 24 of the CGST Act, 2017 arises in each of the independent cases mentioned below:
  - (i) Sunena, a supplier in Maharashtra, is exclusively engaged in supply of potatoes produced out of cultivation of her own land, within Maharashtra and also outside Maharashtra.
  - (ii) Fenil is working as an agent, he is supplying taxable goods as an agent of Anthony (who is registered taxable person) and its aggregate turnover does not exceed the applicable threshold limit during the financial year. Invoices to customers are issued in name of Fenil. **(5 Marks)**
- 4. (a) M/s SME & Co. have defaulted in filing the return under Section 39 of the CGST Act, 2017 i.e. GSTR-3B for the month of March within the specified due date. Reason for such delay is attributable to delay in closure of books for March, which have been finalised during May. The GST Common portal prompted for payment of late fees payable under Section 47 of the CGST Act, 2017 for a sum of ₹ 2,000 under CGST and SGST each. Accountant, of M/s SME & Co., sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger. Give your guidance in this regard. **(5 Marks)**

Or

- (a) Which accounts and records are required to be maintained by a registered person? **(5 Marks)**
- (b)
  - (i) List the details of outward supplies which can be furnished using Invoice Furnishing Facility (IFF). **(2 Marks)**
  - (ii) Which are the commodities which have been kept outside the purview of GST? Examine the status of taxation of such commodities after introduction of GST. **(3 Marks)**



Mock Test Paper - Series II: April, 2025

Date of Paper: 01<sup>st</sup> April, 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.	(a)
	(ii)	(c)	4.	(d)
	(iii)	(b)		
2.	(i)	(d)		
	(ii)	(c)		
	(iii)	(d)		

Division B – Descriptive Questions

1. Computation of total income and tax liability of Mr. Vivek for A.Y. 2025-26

Particulars	₹	₹	₹
<b>Income from house property</b>			
Gross annual value <sup>1</sup> (₹ 35,000 x 12)		4,20,000	
Less: Municipal taxes paid by Mr. Vivek		<u>8,200</u>	
Net annual value		4,11,800	
Less: Deductions under section 24			
(a) 30% of Net Annual Value		1,23,540	
(b) Interest on house borrowing (allowed in full in case of let out property)		<u>2,01,500</u>	
			86,760

<sup>1</sup> Rent receivable has been taken as the gross annual value in the absence of other information.

<b>Profits and gains of business or profession</b>			
<b>Income from profession</b>			
Fees from legal services		49,60,000	
Less: Expenses allowable as deduction			
- Staff salary and bonus	17,50,000		
- Other general and administrative expenses	22,00,000		
- Office rent	1,48,000		
- Motor car maintenance (₹ 72,000 x 2/3)	48,000		
- Car loan interest – not allowable, since Mr. Vivek follows cash system of accounting and no interest is paid during the previous year)	-	41,46,000	
		8,14,000	
Less: Depreciation u/s 32			
- Motor car ₹ 9,50,000 x 15% x 50% x 2/3, being put to use for less than 180 days	47,500		
- Books being annual publications [₹ 80,000 x 40%]	32,000		
- Computer @40% of ₹ 52,000 x 50%, since the same is put to use for less than 180 days	10,400	89,900	
		7,24,100	
For the P.Y. 2024-25, the gross receipts of Mr. Vivek is ₹ 49,60,000. Since, it does not exceed ₹ 50,00,000, he is eligible to pay tax under presumptive tax scheme under section 44ADA.			
In such case, his professional income would be ₹ 24,80,000, being 50% of ₹ 49,60,000.			
It is more beneficial for Mr. Vivek to declare profit of ₹ 7,24,100 as per books of accounts which is lower than the profits computed on presumptive basis under section 44ADA. However, for declaring lower profits, he has to maintain books of account under section 44AA and get the same audited under section 44AB			

<b>Income from share speculation business</b>	1,20,000		
Less: Loss from commodity speculation business set off against income from share speculation business. Balance loss of ₹ 60,000 from commodity speculation business to be carried forward to A.Y. 2026-27	<u>1,20,000</u>	<u>Nil</u>	7,24,100
<b>Capital Gains</b>			
Long-term capital gains on sale of 5,275 listed shares			
Sale consideration		5,95,000	
Less: Cost of acquisition is higher of		<u>4,22,000</u>	1,73,000
- Cost of acquisition	1,21,800		
- Lower of ₹ 4,22,000 (₹ 80 x 5,275), being fair market value as on 31.1.2018 and ₹ 5,95,000, being full value of consideration on transfer	4,22,000		
<b>Income from other sources</b>			
Cash Gift of ₹ 84,000 i.e., ₹ 21,000 x 4, received from his four friends is taxable u/s 56(2)(x), since aggregate amount of cash gifts exceeds ₹ 50,000			<u>84,000</u>
<b>Gross Total Income</b>			<b>10,67,860</b>
<b>Less: Deductions under Chapter VI-A</b>			
<b>Section 80C</b>			
Life insurance premium	49,000		
Repayment of housing loan	1,80,000		
PPF subscription	<u>1,50,000</u>		
	3,79,000		
Restricted to ₹ 1,50,000		1,50,000	
<b>Section 80G</b>			
Contribution to PM Cares Fund (100% of ₹ 1,21,000) by way of bank draft		1,21,000	
<b>Section 80GGC</b>			
Donation to registered political party made by way of cheque		<u>3,50,000</u>	
			<u>6,21,000</u>
<b>Total Income</b>			<b><u>4,46,860</u></b>

<b>Tax liability</b>			
Tax @12.5% under section 112A on long-term capital gains exceeding ₹ 1,25,000 i.e. on ₹ 48,000			6,000
Tax @5% on ₹ 23,860 [₹ 2,73,860 (total income excluding LTCG u/s 112A) - ₹ 2,50,000, being basic exemption limit]			<u>1,193</u>
			7,193
Less: Rebate u/s 87A [Since the total income does not exceed ₹ 5 lakhs, rebate u/s 87A would be available. Rebate u/s 87A is not available on tax on LTCG taxable u/s 112A]			<u>1,193</u>
			6,000
Add: Health and Education cess@4%			<u>240</u>
<b>Tax liability</b>			<b><u>6,240</u></b>

- 2 (a) Under section 6(1), an individual is said to be a resident in India in any previous year if he satisfies any one of the following conditions -

- (i) He has been in India during the previous year for a total period of 182 days or more, or
- (ii) He has been in India for at least 60 days in the previous year and during the 4 years immediately preceding the previous year for a total period of 365 days or more.

In case of Indian citizen leaving India for the purpose of employment, the only condition for being a resident in India is to stay in India during the previous year for 182 days or more.

During the previous year 2024-25, Mr. Prabhjot, an Indian citizen, was in India for 175 days only (i.e., 30+31+30+31+31+22 days). Thereafter, he left India for employment purposes.

Since he does not satisfy the minimum criteria of 182 days, he is a non-resident for the A.Y. 2025-26.

As per section 5(2), in case of a non-resident, only the following incomes are chargeable to tax in India:

- (i) Income received or deemed to be received in India; and
- (ii) Income accruing or arising or deemed to accrue or arise in India.

**Computation of total income of Mr. Prabhjot for the A.Y. 2025-26**

S. No.	Particulars	Amount (₹)
1.	Salary (computed) from company in Australia ( <b>Not taxable, since it neither received in India nor accrue or arise in India</b> )	-
2.	Dividend from South African Company received in South Africa ( <b>Not taxable, since it neither received in India nor accrue or arise in India</b> )	-
3.	Interest received from South Indian Bank, India (Taxable, since it is deemed to accrue or arise in India)	21,000
4.	Loss from business in South Africa (controlled from India) ( <b>Not taxable, since it neither received in India nor accrue or arise in India</b> )	-
5.	Agricultural income from a land in Gujarat [ <b>Exempt u/s 10(1)</b> ]	-
	<b>Gross Total income</b>	<b>21,000</b>
	Less: Deduction under Chapter VI-A	
	Section 80TTA (Interest on saving bank account upto ₹ 10,000)	10,000
	<b>Total Income</b>	<b>11,000</b>

- (b) (i) As per section 194-IA, if a person (transferor) transfers any immovable property whose consideration for transfer or stamp duty value is not less than ₹ 50 lakh to a person (transferee), then transferee is required to deduct tax at source @1% of consideration for transfer or stamp duty value, whichever is higher.

In case there are multiple transferee or transferor in respect of any immovable property, consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.

Accordingly, in the present case, Ms. Shashi and Ms. Sujata are required to deduct tax at source @1% on ₹ 75 lakhs, being the amount higher of consideration of ₹ 60 lakhs and stamp duty value of ₹ 75 lakhs.

- (ii) As per section 194R, if any person (other than an individual or HUF whose total sales or gross receipts does not exceed ₹ 1 crore or ₹ 50 lakhs, as the case may be, during the immediately preceding previous year) provides any benefit or perquisite to a resident arising from his

business or profession and the total value of such benefits exceeds ₹ 20,000 in a financial year, then such person is required to deduct tax at source @10% of the total value of the benefit or perquisite. Where the benefit or perquisite is in kind, the person has to ensure before releasing such benefit or perquisite that the tax required to be deducted has been paid in respect of such benefit or perquisite.

In the present case, M/s XYZ Ltd. provided a luxury car worth ₹ 15 lakh to Mr. A, as an incentive which qualifies as a perquisite u/s 194R. Therefore, M/s XYZ Ltd. has to ensure before releasing the car that the tax of ₹ 1,50,000 i.e., 10% of ₹ 15 lakhs has been paid by Mr. A.

**3. (a) Computation of capital gains on slump sale of Bawana Unit**

Particulars	₹
Full value of consideration [Higher of FMV of capital assets of Bawana unit on 1.4.2024 or FMV of monetary consideration received]	90,00,000
Less: Expenses for transfer	<u>28,000</u>
	89,72,000
Less: Net worth ( <i>Refer Note below</i> )	<u>35,92,500</u>
<b>Long-term capital gain</b> [Since the Unit is held for more than 36 months. Indexation benefit is not available in case of slump sale.]	<b>53,79,500</b>

**Note:**

**Computation of net worth of Bawana unit of Amit Enterprises**

Particulars	₹	₹
Land (excluding ₹ 9 lakhs on account of revaluation)		27,00,000
Building		9,00,000
Machinery		3,00,000
Other assets		<u>4,50,000</u>
Total assets		43,50,000
Less: Creditors (75% of ₹ 4,50,000)	3,37,500	
Bank Loan (70% of ₹ 6,00,000)	<u>4,20,000</u>	<u>7,57,500</u>
<b>Net worth</b>		<b>35,92,500</b>

- (b) Since Mrs. Anjali is a resident and ordinarily resident in India, her global income would form part of her total income i.e., income earned in India as well as outside India will form part of her total income.

She possesses a self-occupied house at Chicago as well as at Surat. She can take the benefit of "Nil" Annual Value in respect of both the house properties.

As regards the Ranchi house, arrears of rent will be chargeable to tax as income from house property in the year of receipt under section 25A. It is not essential that the assessee should continue to be the owner. 30% of the arrears of rent shall be allowed as deduction as per section 25A(2).

Accordingly, the income from house property of Mrs. Anjali for A.Y.2025-26 will be calculated as under:

Particulars	₹	₹
<b>Self-occupied house at Chicago</b>		
Annual Value	Nil	
Less: Deduction under section 24	<u>Nil</u>	Nil
<b>Self-occupied house property at Surat</b>		
Annual Value	Nil	
Less: Deduction under section 24		
Interest on borrowed capital ( <i>Refer note below</i> )	<u>(1,91,940)</u>	(1,91,940)
<b>Arrears in respect of Ranchi property (Section 25A)</b>		
Arrears of rent received	60,000	
Less: Deduction @30% u/s 25A(2)	<u>18,000</u>	<u>42,000</u>
Loss under the head "Income from house property"		(1,49,940)

**Note:** Interest on borrowed capital

Particulars	₹
Interest for the current year (₹ 50,800 + ₹ 1,31,300)	1,82,100
Add: 1/5th of pre-construction interest (₹ 49,200 x 1/5)	<u>9,840</u>
Interest deduction allowable under section 24	<b>1,91,940</b>

4. (a) **Computation of total income of Mr. Mayank for the A.Y.2025-26 under normal provision of the Act**

Particulars	₹	₹
<b>Income under the head “Salaries”</b>		
Pension	6,60,000	
Less: Standard deduction u/s 16(ia)	<u>50,000</u>	6,10,000
<b>Profits and gains of business or profession</b>		
Income from speculation business	40,000	40,000
<b>Capital gains</b>		
Long-term capital gains from sale of urban land	2,50,000	
Less: Long term capital loss on sale of listed shares on which STT is paid can be set off as per section 74(1), since long-term capital gain arising on sale of such shares is taxable under section 112A	<u>1,10,000</u>	1,40,000
<b>Income from other sources</b>		
Interest from bank on fixed deposit (Gross)	55,000	
Loss from card games can neither be set off against any other income, nor can it be carried forward	Nil	
Income from betting	<u>45,000</u>	<u>1,00,000</u>
<b>Gross total income</b>		<b>8,90,000</b>
<b>Less: Deduction under Chapter VI-A</b>		
<b>Deduction under section 80C</b>		
LIC premium of ₹ 22,500 (restricted to 10% of ₹ 2,00,000, being the sum assured, as the policy is taken after 31.3.2012)	20,000	
<b>Deduction under section 80D</b>		
Premium for health insurance for self and his wife paid by cheque, allowed upto ₹ 50,000 since Mr. Mayank is a senior citizen	26,000	
<b>Deduction under section 80G</b>		
Donation to an approved institution for promoting family planning not allowed since the amount exceeding ₹ 2,000 is paid in cash	Nil	



<b>Deduction under section 80TTB</b>		
Interest on fixed deposit with bank allowable as deduction upto ₹ 50,000, since Mr. Mayank is a senior citizen	<u>50,000</u>	<u>96,000</u>
<b>Total income</b>		<b><u>7,94,000</u></b>

(b)

	<b>Assessee</b>	<b>Authorised person to verify return of income</b>
(i)	Local authority	The principal officer
(ii)	Firm, having no managing partner	Any partner of the firm, not being a minor
(iii)	Foreign Company	<ul style="list-style-type: none"> <li>The managing director of the company (or)</li> <li>a person who holds a valid power of attorney from such company to do so (such power of attorney should be attached to the return)</li> </ul>
(iv)	HUF where the karta is absent from India	Any other adult member of the HUF

**OR**

(b) The provision of updated return is not applicable, if the updated return of any person for that assessment year

- is a loss return; or
- has the effect of decreasing the total tax liability determined on the basis of return furnished under section 139(1) or section 139(4) or section 139(5); or
- results in refund or increases the refund due on the basis of return furnished under section 139(1) or section 139(4) or section 139(5).

An updated return cannot be furnished by any person for the relevant assessment year, where

- an updated return already been furnished under section 139(8A) for the relevant assessment year; or
- any proceeding for assessment, reassessment, recomputation, or revision of income is pending or has been completed for the relevant assessment year

## SECTION B – GOODS AND SERVICES TAX (50 MARKS)

### Division A - Multiple Choice Questions

Question No.	Answer
1	(a) The rate of GST on rent and maintenance material related recovery shall be 18%.
2	(c) in the nature of CGST and SGST
3	(a) The amount of ITC related to such procurement of goods is not available to PMC Ltd.
4	(b) 1 <sup>st</sup> October
5	(a) 30 <sup>th</sup> September
6	(a) Part B need not be filed in respect of transport of consignment from Godown of Aanya & Co. to transporter location.
7	(b) ₹ 1,00,000
8	(c) 20 <sup>th</sup> December

### Division B - Descriptive Questions

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

Particulars	Value of supply (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Supply of machinery [Refer Working Note]	15,75,000			2,83,500
Less: ITC available				<u>2,18,000</u>
Net GST payable in cash				65,500

Note: IGST is payable on the inter-State transactions.

**Computation of total value of taxable supply made by Amaze Ltd. during the month of March**

Particulars	Amount (₹)
List price of the machinery	10,00,000
Subsidy amounting to ₹ 2,10,000 received from the Central Government	Nil

[Since the subsidy is received from the Government, the same is not includible in the value in terms of section 15(2)(e) of the CGST Act, 2017]	
Subsidy received from NGO	2,00,000
[Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15(2)(e) of the CGST Act, 2017]	
Tax levied by the Municipal Authority	2,50,000
[Includible in the value as per section 15(2)(a) of the CGST Act, 2017]	
Packing charges	1,25,000
[Being incidental expenses, the same are includible in the value as per section 15(2)(c) of the CGST Act, 2017]	
Total value of taxable supplies	15,75,000

**Computation of ITC that can be availed by Amaze Ltd. for the month of March.**

	Particulars	ITC (₹)
(i)	Raw Material [ITC not available as raw material is not received in March]	Nil
(ii)	Membership of a club availed for employees working in the factory (not obligatory to be provided under any law) [ITC is blocked in terms of section 17(5) of the CGST Act, 2017]	Nil
(iii)	Inputs to be received in 6 lots, out of which 1 <sup>st</sup> lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil
(iv)	Trucks used for transport of raw material [ITC of GST paid on motor vehicles used for transportation of goods is allowed unconditionally]	1,50,000
(v)	Capital goods [ITC can be availed only on the basis of a valid document (invoice). Thus, GST paid on items for which invoice is missing, i.e. ₹ 2,82,000, is not available.]	68,000
	Total ITC	2,18,000

(b) **Computation of value of taxable supply made by Strap Ltd. to Defend Ltd.**

Particulars	Amount (₹)
Price of machinery (exclusive of taxes and discounts)	5,50,000
Amount paid by Defend Ltd. directly to the supplier for the part fitted in the machinery [Any amount that the supplier is liable to pay in relation to a supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods is includible in the value of supply in terms of section 15(2)(b).]	20,000
Installation and testing charges [Any amount charged for anything done by the supplier in respect of the supply of goods at the time of/before delivery of goods is includible in the value of supply in terms of section 15(2)(c).]	25,000
Less: Discount @ 2% on the price of machinery [₹ 5,50,000 x 2%] [Since discount is given at the time of supply of machinery and recorded in the invoice, the same is deductible from the value of the supply in terms of section 15(3)(a).]	11,000
Less: Additional 1% discount at year end [Though the additional discount is established before/at the time of supply, it is not deductible from the value of supply in terms of section 15(3)(b) as the same is not linked to any specific transaction and is adjusted by the parties at the end of the financial year.]	<u>Nil</u>
<b>Value of taxable supply</b>	<b>5,84,000</b>

2. (a) (i) Schedule I of the CGST Act, 2017, *inter alia*, stipulates that import of services by a taxable person from a related person located outside India, without consideration is treated as supply only if it is provided in the course or furtherance of business. Explanation to section 15 of the CGST Act, 2017, *inter alia*, provides that persons shall be deemed to be “related persons” if they are members of the same family. Further, as per section 2(49), family means, —
- (i) the spouse and children of the person, and
  - (ii) the parents, grand-parents, brothers and sisters of the person if they

are wholly or mainly dependent on the said person.

In the given case, Miss Shanaya has received interior decoration services from her brother. In view of section 2(49)(ii) of the CGST Act, 2017 above, Miss Shanaya and her brother shall be considered to be related as Miss Shanaya's brother is wholly dependent on her.

However, Miss Shanya has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Shanya's brother to her would not be treated as supply under section 7 read with Schedule I of the CGST Act, 2017.

- (ii) In the above case, if Miss Shanaya has taken interior decoration services with regard to her business premises, services provided by Miss Shanaya's brother to her would be treated as supply under section 7 read with Schedule I of the CGST Act, 2017, as the same are provided in course or furtherance of business.
  - (b) (i) Services provided by a GTA to an unregistered person, including an unregistered casual taxable person other than, *inter alia*, any partnership firm whether registered or not under any law including association of persons is exempt under GST. Thus, GTA services provided to partnership firm including AOP – whether or not registered under GST law, are liable to tax. Hence, consideration of ₹ 8,000 paid by Taneja & Taneja Co. is taxable under GST.
  - (ii) The services provided by a clinical establishment by way of providing room [other than Intensive Care Unit (ICU)/Critical Care Unit (CCU)/Intensive Cardiac Care Unit (ICCU)/Neo natal Intensive Care Unit (NICU)] having room charges exceeding ₹ 5,000 per day to a person receiving health care services is taxable under GST. Since, in the given case Ameyash Hospital provided services in Sky natal Intensive Care, so the entire amount of ₹ 12,000 charged from Mr. Chaman is exempt under GST law.
3. (a) (i) Section 13(2) of the CGST Act, 2017 stipulates that the time of supply of services shall be the earliest of the following dates, namely:-
- (a) the date of issue of invoice by the supplier, if the invoice is issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or
  - (b) the date of provision of service, if the invoice is not issued within the period prescribed under section 31 or the date of receipt of payment, whichever is earlier; or

- (c) the date on which the recipient shows the receipt of services in his books of account, in a case where above two cases do not apply.

In this case, neither the invoice has been issued nor the date of provision of service is available. The date of receipt of payment in the books of the supplier is also not available.

Therefore, the time of supply will be the date on which the recipient of service shows receipt of the service in his books of account.

Thus, time of supply will be 4<sup>th</sup> April, the date on which the Apartment Owners' Association records the receipt of service in its books of account.

- (ii) As per *Notification No. 66/2017 CT dated 15.11.2017*, a registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a) of the CGST Act, 2017, i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31 of the CGST Act, 2017.

As per section 31(4) of the CGST Act, 2017, in case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice is issued before or at the time of each such statement is issued or, as the case may be, each such payment is received.

Therefore, invoices should be issued for ₹ 2 lakh each on or before July 5, August 5 and September 5, when monthly payments of ₹ 2 lakh are received.

Thus, assuming that the invoice is issued on July 5, August 5 and September 5, the time of supply for the purpose of payment of tax will be July 5, August 5 and September 5 respectively for goods valued at ₹ 2 lakh each.

- (b) (i) Section 24 of the CGST Act, 2017 provides that persons making any inter-State taxable supply of goods are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

However, as per section 23 of the CGST Act, 2017, an agriculturist, to the extent of supply of produce out of cultivation of land, is not liable to registration.

Sunena is exclusively engaged in cultivation and supply of potatoes. Thus, she is not liable to registration irrespective of the fact that she is engaged in making inter-State supply of goods. Further, Sunena will not be liable to registration, in the given case, even if her turnover exceeds the threshold limit.

- (ii) Section 24 of the CGST Act, 2017 provides that persons who make taxable supply of goods and/or services on behalf of other taxable persons whether as an agent or otherwise are required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.

Therefore, Fenil will be mandatorily required to obtain registration.

4. (a) Section 49(3) of the CGST Act, 2017 provides that the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner.

Further, section 49(4) of the CGST Act, 2017 provides that the amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in prescribed manner.

Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through electronic cash ledger and not possible through electronic credit ledger. Thus, contention of the accountant of M/s SME & Co., is not correct and the above amount shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.

**Or**

- (a) The provisions relating to accounts and records required to be maintained under GST are contained in sections 35 and 36 of the CGST Act, 2017.

A true and correct account of following is to be maintained:

- i. production or manufacture of goods;
- ii. inward and outward supply of goods or services or both;
- iii. stock of goods;
- iv. input tax credit availed;
- v. output tax payable and paid

vi. such other particulars as may be prescribed

The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.

Where the Commissioner considers that any class of taxable persons is not in a position to keep and maintain accounts in accordance with the provisions of this section, he may, for reasons to be recorded in writing, permit such class of taxable persons to maintain accounts in such manner as may be prescribed.

- (b) (i) Details of outward supplies which can be furnished using IFF are as follows:
- (a) invoice wise details of inter-State and intra-State supplies made to the registered persons;
  - (b) debit and credit notes, if any, issued during the month for such invoices issued previously.
- (ii) Constitution defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. Therefore, alcohol for human consumption is kept out of GST by way of definition of GST in the Constitution.

Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of the purview of GST; GST Council shall decide the date from which they shall be included in GST. The erstwhile taxation system (CST/VAT & central excise) still continues in respect of the said commodities.