

MOCK TEST PAPER 1
INTERMEDIATE COURSE
PAPER – 4: TAXATION

Time Allowed – 3 Hours

Maximum Marks – 100

SECTION – A: INCOME TAX LAW (60 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.2022-23.

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. Mrs. Shalini 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, 2021 to 15th October, 2021, who is residing in Australia. She stayed in India for 361 days during the 4 previous years preceding the previous year 2021-22. During the previous year 2021-22, 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 2021-22. She also received interest of ₹ 67,500 on Fixed Deposits with Canara Bank in the month of April, 2021.

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	23.10.2021	₹ 9,84,655	₹ 1,00,388
Mrs. Kajal (45 years old)	20.09.2020	25.09.2021	₹ 2,00,000	₹ 17,000

She has taken a 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 2022 for her husband. In the month of March 2022, 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. 2021-22. Mrs. Shalini does not opt to pay tax under section 115BAC.

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

- (i) What would be the amount of deduction under Chapter VI-A available to Mrs. Shalini for the A.Y. 2022-23?
- (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. Shalini for the assessment year 2022-23?
- (a) ₹ 7,87,313

- (b) ₹ 8,04,878
(c) ₹ 7,59,378
(d) ₹ 8,09,378
- (iii) What is the amount of net tax payable/(refundable) of Mrs. Shalini for the A.Y. 2022-23?
(a) ₹ 10,850
(b) ₹ 1,790
(c) ₹ 1,080
(d) ₹ 450
- (iv) What would be the total income of Mrs. Shalini for the assessment year 2022-23, if she opts to pay tax under section 115BAC?
(a) ₹ 7,51,880
(b) ₹ 8,01,880
(c) ₹ 7,87,310
(d) ₹ 8,09,380
- (v) What is the amount of net tax payable/(refundable) of Mrs. Shalini for the A.Y. 2022-23, if she opts to pay tax under section 115BAC?
(a) ₹ 22,760
(b) ₹ 13,200
(c) ₹ 26,200
(d) ₹ 25,030

(5 x 2 = 10 Marks)

2. Rudra Ltd. has two units, one unit at Special Economic Zone (SEZ) and other unit at Domestic Tariff Area (DTA). The unit in SEZ was set up and started manufacturing from 22.5.2018 and unit in DTA from 10.7.2019. Total turnover of Rudra Ltd. and Unit in DTA is ₹ 7,50,00,000 and 2,75,00,000, respectively. Export sales of unit in SEZ and DTA is ₹ 3,25,00,000 and ₹ 1,50,00,000, respectively and net profit of Unit in SEZ and DTA is ₹ 60,00,000 and ₹ 40,00,000, respectively. Rudra Ltd. would be eligible for deduction under section 10AA for -
- (a) ₹ 41,05,263
(b) ₹ 20,52,632
(c) ₹ 26,00,000
(d) ₹ 13,00,000
- (2 Marks)**
3. Mr. Laxman, born on 1.4.1962, has a gross total income of ₹ 2,85,000 for A.Y.2022-23 comprising of his salary income. He does not claim any deduction under Chapter VI-A. He pays electricity bills of ₹ 10,000 per month. He made a visit to Canada along with his wife for a month in January, 2022 for which he incurred to and fro flight charges of ₹ 1.20 lakhs. The remaining expenditure for his visa, stay and sightseeing amounting to ₹ 70,000 was met by his son residing in Canada. Is Mr. Laxman required to file return of income for A.Y.2022-23, and if so, why?
- (a) No, Laxman is not required to file his return of income
(b) Yes, Laxman is required to file his return of income, since his gross total income/total income exceeds the basic exemption limit
(c) Yes, Laxman is required to file his return of income since he pays electricity bills of ₹ 10,000 per month, which exceeds the prescribed annual threshold

- (d) Yes, Laxman is required to file his return of income since he has incurred foreign travel expenditure exceeding ₹ 1 lakh **(2 Marks)**
4. During the P.Y.2021-22, Mr. Rohan has ₹ 80 lakhs of short-term capital gains taxable u/s 111A, ₹ 70 lakhs of long-term capital gains taxable u/s 112A and business income of ₹ 2.90 crores. Which of the following statements is correct?
- (a) Surcharge@25% is leviable on income-tax computed on total income of ₹ 4.40 crores
- (b) Surcharge@15% is leviable on income-tax computed on total income of ₹ 4.40 crore
- (c) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 1.50 crore; in respect of business income of ₹ 2.90 crores, surcharge is leviable@25% on income-tax
- (d) Surcharge@15% is leviable in respect of income-tax computed on capital gains of ₹ 1.50 crore; in respect of business income of ₹ 2.90 crores, surcharge is leviable@37% on income-tax **(2 Marks)**
5. Pankaj gifted an amount of ₹ 3,00,000 to his wife, Nikki and ₹ 2,00,000 to his daughter, Pinki aged 20 years, on 1st April 2018. Both Nikki and Pinki invested the amounts on the same date in Government of India 11% Taxable Bonds. The interest accrues yearly and is reinvested in the same bonds. Determine what will be the amount taxable in hands on Nikki for A.Y. 2022-23?
- (a) ₹ 4,473
- (b) ₹ 12,132
- (c) ₹ 33,000
- (d) Nil **(2 Marks)**

Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Mr. Kamal, a resident and ordinarily resident aged 58 years, is engaged in the business of manufacturing of steel. He is subject to tax audit under section 44AB of Income-tax Act, 1961. He has provided following information:

Profit & Loss account for the year ended 31st March, 2022

Particulars	(₹)	Particulars	(₹)
To Administrative expenses	6,45,000	By Gross Profit	88,45,000
To Salaries & wages	30,00,000	By Profit on sale of asset of scientific research	2,00,000
To Interest on loans	11,25,000	By Winning from lottery (Net of TDS @ 30%)	47,250
To Depreciation	9,25,500		
To Professional fees	4,05,000		
To Rent, rates & taxes	4,20,000		
To Travelling & conveyance	2,10,000		
To Net Profit	<u>23,61,750</u>		
Total	90,92,250	Total	90,92,250

Explanatory information:

- (i) Opening and closing stock of finished goods were undervalued by 10%. Opening stock of ₹ 3,30,000 and Closing stock of ₹ 4,38,000 was shown.
- (ii) Salaries & wages include following items:
- (a) Contributed 20% of basic salary in National Pension Scheme referred in section 80CCD for an employee Mr. Ganesh who has withdrawn basic salary of ₹ 4,00,000 and Dearness allowance is 40% of basic salary. 50% of Dearness allowance forms part of the salary.
- (b) Some of the employees opted for retirement under the voluntary retirement scheme; a sum of ₹ 3,50,000 was paid to them on 1st January, 2022.
- (iii) Interest on loan includes interest paid @ 15% per annum on loan of ₹ 18,00,000 which was taken from State Bank of India on 01.07.2021 for purchase of new electric car of ₹ 20,00,000. The car is used for personal purpose.
- (iv) Depreciation allowable as per Income-tax Rules, 1962 is ₹ 5,50,000 but during the calculation of such depreciation following addition was not considered:
- Motor car purchased for ₹ 3,50,000 for supply of finished goods to dealers on 25-09-2021.
- (v) An asset was purchased for ₹ 7,00,000 on 17-11-2020 for conducting scientific research and the deduction was claimed under section 35 of the Income-tax Act, 1961. This asset was sold on 05-10-2021 for a consideration of ₹ 9,00,000.

Other information:

A plot of Industrial land which was used by Mr. Kamal for business purpose for last 10 years was compulsorily acquired by Central Government on 07.10.2021. The compensation of ₹ 15,00,000 was received on 27.01.2022. Such property was purchased by him on 08.10.2006 for ₹ 2,50,000. He has purchased another plot of industrial land on 15.04.2022 for ₹ 7,00,000. Government has also paid ₹ 1,05,000 as interest on such compensation on 28.02.2022.

Cost Inflation Indices: FY 2021-22: 317, FY 2006-07: 122

Compute the total income and tax liability of Mr. Kamal for the assessment year 2022-23 assuming that he has not opted for the provisions of section 115BAC. **(14 Marks)**

2. (a) Mr. Manek, a person of Indian origin and citizen of USA, got married to Ms. Anjali, an Indian citizen residing in USA, on 24th January, 2021 and came to India on 25-03-2021. He left for Country X on 10th July, 2021. He returned to India again on 24-02-2022 with his wife to spend some time with his parents-in law for 30 days and thereafter returned to USA. He stayed in India for 400 days during the 4 years preceding the previous year 2021-22.

He received the following gifts from his relatives and friends of her wife during 01-04-2021 to 31-03-2022 in India:

- From wife's parents	₹ 1,51,000
- From wife's sister	₹ 21,000
- From very close friends of his wife	₹ 16,00,000

Determine his residential status and compute the total income chargeable to tax along with the amount of tax liability on such income for the Assessment Year 2022-23. **(6 Marks)**

- (b) Briefly discuss the provisions of tax deducted at source and compute the amount of TDS under the Income-tax Act in respect of the following payments:
- ₹ 51,000 paid to Mr. A, a resident individual as interest income on compensation awarded by Motor Accidents Claims Tribunal by a transport company.
 - Ms. Asha deposited ₹ 35,00,000 @10% p.a. on 1.7.2021 with ABC Co-operative bank limited.
 - Mr. Naresh won ₹ 15,00,000 in Kon Banega Crorepati
 - Mr. Avinash deposited ₹ 2,00,000 @11% p.a. on 1.5.2021 for half year with Hike Investment LLP. **(8 Marks)**

3. (a) Mr. Varun is a resident but not ordinarily resident in India during the Assessment Year 2022-23. He furnishes the following information regarding his income/expenditure pertaining to his house properties for the previous year 2021-22:

- He owns two houses, one in Australia and the other in Delhi.
- The house in Australia is let out there at a rent of SGD 3,000 p.m. The entire rent is received in India. He paid Property tax of SGD 1000 and Sewerage Tax SGD 500 there. (1SGD=INR 55)
- The house in Delhi is self-occupied. He had taken a loan of ₹ 20,00,000 to construct the house on 1st June, 2017 @12%. The construction was completed on 31st May, 2020 and he occupied the house on 1st June, 2020.

The entire loan is outstanding as on 31st March, 2022. Property tax paid in respect of the second house is ₹ 2,500.

Compute the income chargeable under the head "Income from House property" in the hands of Mr. Varun for the Assessment Year 2022-23. **(4 Marks)**

- (b) Ms. Akansha, a salaried employee, furnishes the following details for the financial year 2021-22:

Particulars	₹
Basic salary	6,20,000
Dearness allowance	4,20,000
Commission	75,000
Entertainment allowance	9,000
Medical expenses reimbursed by the employer	18,000
Profession tax (of this, 50% paid by employer)	4,000
Health insurance premium paid by employer	8,000
Gift voucher given by employer on her birthday	10,000
Life insurance premium of Akansha paid by employer	26,000
Laptop provided for use at home. Actual cost of Laptop to employer Children of the assessee are also using the Laptop at home]	45,000
Employer company owns a Maruti Suzuki Swift car, which was provided to the assessee, both for official and personal use. Driver was also provided. (Engine cubic capacity more than 1.6 litres). All expenses are met by the employer	
Annual credit card fees paid by employer [Credit card is not exclusively used for official purposes; details of usage are not available]	7,000

You are required to compute the income chargeable under the head Salaries for the assessment year 2022-23. **(6 Marks)**

(c) Examine the taxability of capital gains in the following scenarios for the Assessment Year 2022-23, determine the taxable amount and rate of tax applicable:

- (i) On 20th December, 2021 5,000 shares of AB Ltd., a listed company are sold by Mr. Kumar @ 500 per share and STT was paid at the time of sale of shares. These shares were acquired by him on 5th June, 2017 @ ₹ 425 per share by paying STT at the time of purchase. On 31st January, 2018, the shares of AB Ltd. were traded on a recognized stock exchange at the Fair Market Value of ₹ 450 per share.
- (ii) Mr. Satish is the owner of a residential house which was purchased on 1st July, 2015 for ₹ 10,50,000. He sold the said house on 14th October, 2021 for ₹ 25,00,000. Valuation as per stamp valuation authorities was ₹ 45,00,000. He invested ₹ 15,00,000 in RECL Bonds on 20th March, 2022.

The Cost Inflation index for-

F.Y.	2015-16	254
F.Y.	2021-22	317

(2 x 2 = 4 Marks)

4. (a) Mr. Raj Kumar (aged 65 years) is retired from a Public Sector Undertaking. He resides in Delhi. He provides you the following particulars of his income and certain payments/investments for the previous year 2021-22:

- Pension income of ₹ 8,50,000
- Interest from fixed deposits with SBI of ₹ 3,35,000 (Gross)
- Life insurance premium paid by cheque ₹ 27,500 for insurance of his life. The insurance policy was taken on 10-07-2017 and the sum assured is ₹ 2,40,000.
- Premium of ₹ 37,500 paid by cheque for health insurance of self and his wife, who is also a senior citizen.
- ₹ 3,000 paid in cash for his health check-up and ₹ 4,500 paid through cheque for preventive health check-up of his father aged 90 years.
- Paid interest of ₹ 8,500 on loan taken from bank for MBA course pursued by his son.
- A sum of ₹ 1,20,000 donated by cheque to an institution approved for the purpose of section 80G for promoting family planning.
- ₹ 10,000 contributed towards PM CARES Fund by cheque.

Compute the total income of Mr. Raj Kumar for the assessment year 2022-23, assuming he does not opt for section 115BAC. **(6 Marks)**

(b) Mr. Gaurav, a resident individual, furnishes the following particulars of his income and other details for the previous year 2021-22:

	₹
Income from Salary (computed)	22,00,000
Business loss before providing current year depreciation (Business discontinued on 31.5.2021)	1,00,000
Current year depreciation	50,000
Interest from Fixed Deposit	10,15,000

Interest on loan in respect of self-occupied property	2,35,000
Income from specified business (Not eligible for deduction under section 35AD)	20,000

Brought forward losses (Pertaining to A.Y. 2021-22)

Unabsorbed depreciation	45,000
Loss from specified business (eligible for deduction under section 35AD)	20,000

You are required to compute his gross total income for the A.Y. 2022-23 in such a way that his tax liability is minimised. **(4 Marks)**

- (c) Enumerate the cases where a return of loss has to be filed on or before the due date specified u/s 139(1) for carry forward of the losses. Also enumerate the cases where losses can be carried forward even though the return of loss has not been filed on or before the due date. **(4 Marks)**

SECTION B - INDIRECT TAXES (40 MARKS)

QUESTIONS

- (i) Working Notes should form part of the answers. However, in answers to Question in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.
- (iii) All questions should be answered on the basis of position of the GST law as amended by provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2021, including significant notifications and circulars issued, up to 30th April 2022.

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: 12 Marks

Purvi, registered under GST in the State of Madhya Pradesh, is engaged in supplying a bouquet of taxable goods and services. She has undertaken following activities/transactions in the month of October in the current financial year:

- (i) Donated some money to Divyaprakash Charitable Trust, Madhya Pradesh, in the memory of her late father. The Divyaprakash Charitable Trust constructed a room in the school run by it from such donation and wrote "Donated by Miss. Purvi in the memory of her father" on the door of the room so constructed.
- (ii) Organized a seminar in Indore which was sponsored by WE-WIN Cricket Academy, an LLP. Purvi received a sponsorship fee of ₹1,50,000.
- (iii) Bindusar Public School intended to distribute gift packages consisting of fountain pen, calculator and tape dispenser to its students on the occasion of Children's Day. Therefore, it entered into a contract with Purvi on 28th October for supply of 2,000 packages at a single price of ₹ 250. Rates of GST for fountain pen, calculator and tape dispenser are 5%, 12% and 18% respectively.
- (iv) Received following payments during the month of October:
 - earned ₹ 160,000 by performing at a western music concert in Indore
 - earned ₹ 50,000 for renting of space for use as a Textile Emporium
 - received ₹ 70,000 for supply of farm labour
- (v) Supplied a machinery with a basic price of ₹ 45,000 (before TCS under Income Tax Act, 1961). Tax collected at source under Income-tax Act, 1961 on said machinery is ₹ 2,500. Further, a subsidy of ₹50,000 is received from Green Foundation Pvt. Ltd for usage of green energy and the subsidy was linked to energy saved during the month.

All the amounts given above are exclusive of GST, wherever applicable.

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

1. Donation made by Purvi to Divyaprakash Charitable Trust is _____.
 - (a) exempted from GST by way of a notification
 - (b) not a supply at all
 - (c) liable to GST under forward charge
 - (d) liable to GST under reverse charge

2. Which of the following statements is correct with respect to the sponsorship fee received by Purvi?
- Tax on sponsorship services is payable by Purvi under forward charge.
 - Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.
 - Sponsorship services are exempt from GST since services provided to a sports academy are exempt.
 - Tax on sponsorship services is payable by Purvi under reverse charge.
3. Determine the nature of supply and the applicable rate of GST for the packages supplied by Purvi to Bindusar Public School.
- composite supply & applicable rate of GST is 12%
 - mixed supply & applicable rate of GST is 18%
 - composite supply & applicable rate of GST is 18%
 - mixed supply & applicable rate of GST is 12%
4. Out of all the payments received by Purvi in the month of October, value of exempt supply amounts to _____.
- ₹ 4,30,000
 - ₹ 70,000
 - ₹ 1,20,000
 - ₹ 2,20,000
5. The value of supply of machinery supplied by Purvi is_____.
- ₹ 45,000
 - ₹ 47,500
 - ₹ 48,500
 - ₹ 51,000
- (5 x 2 Marks = 10 Marks)**
6. Medhavi Industries, engaged in manufacturing of taxable goods, purchased cars for official use of its employees. Amount of GST paid on purchase of the cars amounted to ₹ 2,80,000. It also availed outdoor catering services for a marketing event organised for its prospective customers. Amount of GST paid on said services was ₹18,000. Compute the total amount of ITC that can be claimed by Medhavi Industries.
- ₹ 2,98,000
 - ₹18,000
 - ₹2,80,000
 - Nil
- (2 Marks)**

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks: 28 Marks

1. Prithviraj Pvt. Ltd., a registered supplier, is engaged in manufacturing heavy steel fabrication machine. The details pertaining to pricing of each such machine is as follows:

S. No.	Particulars	Amount (₹)
(i)	Price of the machine (exclusive of taxes and discounts)	5,50,000
(ii)	Part fitted in the machine at the premises of the recipient	20,000

	[Amount has been paid by recipient directly to the supplier. However, it was Prithviraj Pvt. Ltd.'s liability to pay the said amount.)	
(iii)	Installation and testing charges at the premises of the recipient	25,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the price of the machine]	50,000

Items given in points (ii) to (iv) have been excluded while arriving at price of the machine given in point (i) above. The contract includes installation and testing of machine at the recipient's premises.

Prithviraj Pvt. Ltd. has made supply of 10 such machines in the month of July. It also provided the following details pertaining to the purchases made/services availed during said month:

Sr. No	Particulars	Amount (₹)
(1)	Raw material (to be received in September)	10,00,000
(2)	Membership of a club availed for employees working in the factory	6,00,000
(3)	Trucks used for transport of raw material	3,50,000
(4)	Capital goods (out of 3 items, invoice for 2 items is missing and GST paid on those two items is ₹ 18,000)	7,00,000

Compute the net GST payable in cash by Prithviraj Pvt. Ltd. for the given month assuming that all the inward and outward supplies are intra-State supplies. Assume the rates of taxes to be as under:

Particulars	Rates of tax
Central tax (CGST)	9%
State Tax (SGST)	9%
Integrated tax (IGST)	18%

Make suitable assumptions, wherever necessary. All the conditions necessary for availing the ITC have been fulfilled. Opening balance of the input tax credit for the relevant period is Nil. **(8 Marks)**

2. (a) State with reasons, whether GST is payable in the following independent cases:-
 - (i) Services provided to recognized sports body as selector of national team.
 - (ii) Services provided by way of transportation of passengers in metered cab, through an electronic commerce operator. **(2 x 2 Marks = 4 Marks)**
- (b) Swaminathan started the business of supplying shoes in the State of Kerala from 1st April. He makes only intra-State supplies. His turnover for April - June quarter was ₹ 20 lakh and for July - September quarter was ₹ 100 lakh. Further, one-fourth of his total turnover in each of the quarters was exempt from GST. Being eligible for composition scheme, Swaminathan got himself registered under the composition scheme with effect from 1st July.
You are required to compute the tax payable by Swaminathan under composition scheme assuming that he is a manufacturer. Will your answer be different if Swaminathan is trader. **(6 Marks)**
3. (a) Examine whether the supplier of goods is liable to get registered in the following independent cases:-
 - (i) Aryabhata of Assam is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year (FY) from Assam showroom is ₹ 12 lakh. He has another showroom in Manipur with a turnover of ₹ 11 lakh in the current FY.

- (ii) Bharat of Panjim, Goa is exclusively engaged in intra-State taxable supply of shoes. His aggregate turnover in the current financial year is ₹ 22 lakh.
- (iii) Vikramaditya of Himachal Pradesh is exclusively engaged in intra-State supply of bricks of fossil meals. His aggregate turnover in the current financial year is ₹ 24 lakh.

(3 x 2 Marks = 6 Marks)

- (b) Manmohan Textiles has to send cloth for dyeing to its job-worker. It wishes to know whether it needs to issue a tax invoice at the time of sending the goods to job-worker. You are required to advise it with reference to the provisions of the CGST Act. **(4 Marks)**
4. (a) Enumerate the conditions necessary for availing ITC under GST law. **(5 Marks)**
- (b) Elaborate the provisions relating to annual return contained under section 44 of the CGST Act, 2017. **(5 Marks)**

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INTERMEDIATE COURSE
PAPER – 4: 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)	(a)	2.	(a)
	(ii)	(c)	3.	(c)
	(iii)	(a)	4.	(c)
	(iv)	(d)	5.	(b)
	(v)	(c)		

Division B – Descriptive Questions

1. **Computation of total income of Mr. Kamal for A.Y. 2022-23**

	Particulars	₹	₹	₹
i.	<u>Income from business or profession</u>			
	Net Profit		23,61,750	
	Add: Items debited but not allowable/item not credited but taxable while computing business income			
	- Employer's contribution to NPS in excess of 10% of salary - Employer's contribution to the extent of 10% of salary i.e., basic salary plus dearness allowance forming part of salary would be allowed as deduction. Thus, excess contribution i.e., ₹ 32,000 [₹ 80,000, being 20% of ₹ 4,00,000 less ₹ 48,000 being 10% of ₹ 4,80,000 (₹ 4,00,000 + 20% of ₹ 4,00,000)] has to be added back.	32,000		
	- VRS expenditure - 1/5th of expenditure on voluntary retirement scheme is allowable over a period of five years u/s 35DDA. Since whole amount of expenditure is debited to Profit and Loss A/c, 4/5th has to be added back [₹ 3,50,000 x 4/5].	2,80,000		
	- Interest on loan taken for purchase of electric car used for personal purpose not allowable as deduction while computing business income as being expense of personal nature. Thus, ₹ 2,02,500 [₹ 18,00,000 x 15% x 9/12] has to be added back, since the same forms part of interest on loan debited to profit and loss account.	2,02,500		

-	Sale proceeds of asset acquired for conducting scientific research taxable as business income under section 41(3) in the year of sale to the extent of lower of ₹ 7,00,000 (being the deduction allowed u/s 35) and ₹ 9,00,000 being the excess of sale proceeds and deduction allowed u/s 35 i.e., (₹ 9,00,000 + ₹ 7,00,000) over the capital expenditure incurred of ₹ 7,00,000	7,00,000		
-	Undervaluation of stock [(₹ 4,38,000 - ₹ 3,30,000) x 10/90]	12,000		
	<i>Note: Alternatively, undervaluation of closing stock i.e., ₹ 48,667 can be added back and under valuation of opening stock i.e., ₹ 36,667 can be reduced from net profits.</i>			
-	Depreciation as per books of A/c	<u>9,25,500</u>	<u>21,52,000</u>	
			45,13,750	
Less:	Depreciation as per Income-tax Rules	5,50,000		
	Depreciation on Motor car purchased for supply of finished goods [₹ 3,50,000 x 15%]	<u>52,500</u>		
			<u>6,02,500</u>	
			39,11,250	
	Less: Items of income credited to profit and loss account but not taxable or taxable under any other head of income			
-	Profit on sale of asset of scientific research [Taxable under the head "Capital Gains"]	2,00,000		
-	Winning from lottery [Taxable under the head "Income from other sources"]	<u>47,250</u>		
			<u>2,47,250</u>	
				36,64,000
II.	<u>Capital Gain</u>			
	<u>Short-term capital gains</u>			
	Sale of asset acquired for conducting scientific research			
	Sales consideration	9,00,000		
Less:	Cost of acquisition	<u>7,00,000</u>		
	Short- term capital gain		2,00,000	
	<u>Long-term capital gains</u>			
	Compulsory acquisition of industrial plot by the Central Government taxable as per section 45(5)			
	Compensation received	15,00,000		
Less:	Indexed cost of acquisition [₹ 2,50,000 x 317/122]	<u>6,49,590</u>		

	Long-term capital gain [since such plot is held for more than 24 months]	8,50,410		
	Less: Exemption u/s 54D			
	- Acquisition of industrial plot within 3 years	<u>7,00,000</u>		
			<u>1,50,410</u>	3,50,410
III.	<u>Income from other sources</u>			
	Winning from lottery [₹ 47,250 x 100/70]		67,500	
	Interest on enhanced compensation	1,05,000		
	Less: 50% of enhanced compensation	<u>52,500</u>		
			<u>52,500</u>	<u>1,20,000</u>
	Gross Total Income			41,34,410
	Less: Deduction under Chapter VI-A			
	Deduction under section 80EEB			
	Interest on loan taken for purchase of electric vehicle allowable as deduction to the extent of			<u>1,50,000</u>
	Total Income			<u>39,84,410</u>

Computation of tax liability of Mr. Kamal for A.Y.2022-23

Particulars	₹	₹
Tax on long-term capital gains @20% of ₹ 1,50,410		30,082
Tax on winning from lottery @30% of ₹ 67,500		20,250
Tax on total income (excluding LTCG and winning from lottery) of ₹ 37,66,500		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000[@5% of ₹ 2.50 lakh]	12,500	
₹ 5,00,001 – ₹10,00,000[@20% of ₹ 5 lakh]	1,00,000	
₹ 10,00,001- ₹ 37,66,500 [@30% of ₹ 27,66,500]	<u>8,29,950</u>	
		<u>9,42,450</u>
		9,92,782
Add: Health and education cess@4%		<u>39,711</u>
Tax liability		<u>10,32,493</u>
Tax liability (rounded off)		10,32,490

- 2 (a) Under section 6(1), an individual, being a person of Indian origin and who comes on a visit to India and he is having total income other than income from foreign sources exceeding ₹ 15 lakhs during the previous year, such individual is said to be resident in India, if he stays in India during the previous year for 120 days or more and for 365 days or more during the 4 years immediately preceding the relevant previous year. As per section 6(6), such individual whose stay in India is for 120 days or more but less than 182 days in the P.Y. 2021-22 would be resident but not ordinarily resident.

Mr. Manek is a person of Indian origin who has come on a visit to India during the previous year. Since his total income other than income from foreign sources exceeds ₹ 15,00,000, he would be a resident in India if he stays in India during the previous year for 120 days or more and for 365 days or more during the 4 years immediately preceding the relevant previous year.

His stay in India during the previous year 2021-22 is as under:

P.Y. 2021-22

01.04.2021 to 10.07.2021 - 101 days

24.02.2022 to 25.03.2022 - 30 days

Total **131 days**

Since he stay in India is for 131 days during the P.Y. 2021-22 and for 400 days during the 4 years immediately preceding the P.Y. 2021-22, he is resident but not ordinarily resident in India for the P.Y. 2021-22.

In such case, his total income and tax liability would be computed in the following manner:

Computation of total income and tax liability of Mr. Manek for the A.Y. 2022-23

Particulars	₹
Income from other sources	
Cash gifts received from non-relatives is chargeable to tax as per section 56(2)(x) if the aggregate value of such gifts exceeds ₹ 50,000.	
- ₹ 1,51,000 received from parents of wife would be exempt, since wife's parents fall within the definition of 'relatives' and gifts from a relative are not chargeable to tax.	Nil
- ₹ 21,000 received from married sister-in-law is exempt, since sister of wife falls within the definition of relative and gifts from a relative are not chargeable to tax.	Nil
- Gift received from close friends of his wife of ₹ 16,00,000 is taxable under section 56(2)(x) since the amount of cash gifts exceeds ₹ 50,000.	<u>16,00,000</u>
Total Income	<u>16,00,000</u>
Tax on total income of ₹ 16,00,000	2,17,500
Upto ₹ 2,50,000 Nil	
₹ 2,50,001 – ₹ 5,00,000 [₹ 2,50,000 @ 5%] 12,500	
₹ 5,00,001 – ₹ 7,50,000 [₹ 2,50,000 @ 10%] 25,000	
₹ 7,50,001 – ₹ 10,00,000 [₹ 2,50,000 @ 15%] 37,500	
₹ 10,00,001 – ₹ 12,50,000 [₹ 2,50,000 @ 20%] 50,000	
₹ 12,50,001 – ₹ 15,00,000 [₹ 2,50,000 @ 25%] 62,500	
₹ 15,00,001 – ₹ 16,00,000 [₹ 1,00,000 @ 30%] 30,000	
Add: Health and Education cess@4%	<u>8,700</u>
Tax liability	<u>2,26,200</u>

Note – Since his tax liability as per normal provisions is ₹ 3,04,200 [₹ 2,92,500 (₹ 1,12,500 plus 30% on ₹ 6,00,000 income exceeding ₹ 10,00,000) plus ₹ 11,700, being health and education cess @4%], which is higher than the tax liability computed as per concessional tax rates available under section 115BAC, it is beneficial for him to opt for section 115BAC.

- (b) (i) Tax has to be deducted at source by the transport company @10% under section 194A on payment of ₹ 51,000 made to Mr. A, a resident individual, as interest income on compensation awarded by Motor Accidents Claims Tribunal by a transport company, since the interest paid exceeds the specified threshold of ₹ 50,000.

Tax to be deducted = ₹ 51,000 x 10% = ₹ 5,100

- (ii) Tax has to be deducted at source by the ABC Co-operative Bank @10% under section 194A on interest of ₹ 2,62,500 [₹ 35,00,000 x 10% p.a. x 9/12] on deposits made by Ms. Asha, since the same exceeds the specified threshold of ₹ 40,000.

Tax to be deducted = ₹ 2,62,500 x 10% = ₹ 26,250

- (iii) Tax has to be deducted @30% under section 194B on payment of ₹ 15,00,000 made to Mr. Naresh for winnings in Kon Banega Crorepati.

Tax to be deducted = ₹ 15,00,000 x 30% = ₹ 4,50,000

- (iv) Tax has to be deducted at source by Hike Investment LLP @10% under section 194A on interest of ₹ 11,000 [₹ 2,00,000 x 11% x 6/12] on deposits made by Mr. Avinash, since the same exceeds the specified threshold of ₹ 5,000.

Tax to be deducted = ₹ 11,000 x 10% = ₹ 1,100

3. (a) **Computation of income from house property of Mr. Varun for A.Y. 2022-23**

Particulars	₹	₹
1. Income from let-out property in Australia [See Note 1 below]		
¹ Gross Annual Value (SGD 3,000 p.m. x 12 months x ₹ 55)		19,80,000
Less: Municipal taxes paid during the year [SGD 1,500 (SGD 1,000 + SGD 500) x ₹ 55] ²		<u>82,500</u>
Net Annual Value (NAV)		18,97,500
Less: Deductions under section 24		
(a) 30% of NAV	5,69,250	
(b) Interest on housing loan	<u> -</u>	<u>5,69,250</u>
		<u>13,28,250</u>
2. Income from self-occupied property in Delhi		
Annual Value [Nil, since the property is self-occupied]		Nil
[No deduction is allowable in respect of municipal taxes paid in respect of self-occupied property]		Nil
Less: Deduction in respect of interest on housing loan [See Note 2 below]		<u>2,00,000</u>
		<u>(2,00,000)</u>
Income from house property [₹ 13,28,250 – ₹ 2,00,000]		11,28,250

Notes:

- (1) Since Mr. Varun is a resident but not ordinarily resident in India for A.Y. 2022-23, income which is, *inter alia*, received in India shall be taxable in India, even if such income has accrued or arisen outside India by virtue of the provisions of section 5(1). Accordingly, rent received from house property in Australia would be taxable in India since such income is received by him in India.
- (2) Interest on housing loan for construction of self-occupied property allowable as deduction under section 24.

¹ In the absence of information related to municipal value, fair rent and standard rent, the rent receivable has been taken as the GAV

² Both property tax and sewerage tax qualify for deduction from gross annual value

Interest for the current year (₹ 20,00,000 x 12%)	₹ 2,40,000
Pre-construction interest	
For the period 01.06.2017 to 31.03.2020 (₹ 20,00,000 x 12% x 34/12) =	
₹ 6,80,000	
₹ 6,80,000 allowed in 5 equal installments (₹ 6,80,000/5)	<u>₹ 1,36,000</u>
	<u>₹ 3,76,000</u>
In case of self-occupied property, interest deduction to be restricted to	<u>₹ 2,00,000</u>

(b) **Computation of income chargeable under the head “Salaries”
of Ms. Akansha for A.Y.2022-23**

Particulars	₹
Basic Salary	6,20,000
Dearness allowance	4,20,000
Commission	75,000
Entertainment allowance	9,000
Medical expenses reimbursed by the employer is fully taxable	18,000
Professional tax paid by the employer is a taxable perquisite as per section 17(2)(iv), since it is an obligation of the employee which is paid by the employer	2,000
Health insurance premium of ₹ 8,000 paid by the employer is an exempt perquisite [Clause (iii) of proviso to section 17(2)]	Nil
Gift voucher given by employer on Ms. Akansha birthday (entire amount is taxable since the perquisite value exceeds ₹ 5,000) as per Rule 3(7)(iv)	10,000
Life insurance premium of Ms. Akansha paid by employer is a taxable perquisite as per section 17(2)(v)	26,000
Laptop provided for use at home is an exempt perquisite as per Rule 3(7)(vii)	Nil
Provision of motor car with driver (engine cubic capacity more than 1.6 litres) owned by employer to employee, the perquisite value would be ₹ 39,600 [₹ (2,400+ 900) ×12] as per Rule 3(2)	39,600
Annual credit card fees paid by employer is a taxable perquisite as per Rule 3(7)(v) since the credit card is not exclusively used for official purposes and details of usage are not available	<u>7,000</u>
Gross Salary	12,26,600
Less: Deductions under section 16	
- Standard Deduction as per section 16(ia)	50,000
- Entertainment allowance (deduction not allowable since Ms. Akansha is not a Government employee)	Nil
- Professional tax paid allowable as deduction as per section 16(iii)	<u>4,000</u>
Income chargeable under the head “Salaries”	<u>11,72,600</u>

Note: As per Rule 3(7)(iv), the value of any gift or voucher received by the employee or by member of his household on ceremonial occasions or otherwise from the employer shall be determined as the sum equal to the amount of such gift. However, the value of any gift or voucher received by the employee or by member of his household below ₹ 5,000 in aggregate during the previous year would be exempt as per the proviso to Rule 3(7)(iv). In this case, the

gift voucher of ₹ 10,000 was received by Ms. Akansha from her employer on the occasion of her birthday.

Since the value of the gift voucher exceeds the limit of ₹ 5,000, the entire amount of ₹ 10,000 is liable to tax as perquisite. The above solution has been worked out accordingly.

An alternate view possible is that only the sum in excess of ₹ 5,000 is taxable in view of the language of Circular No.15/2001 dated 12.12.2001, which states that such gifts upto ₹ 5,000 in the aggregate per annum would be exempt, beyond which it would be taxed as a perquisite. As per this view, the value of perquisite would be ₹ 5,000. Accordingly, the gross salary and net salary would be 12,21,600 and 11,67,600, respectively.

(c)

	Particulars	Amount
(i)	Long-term capital gain on transfer of 5,000 shares of AB Ltd. [taxable u/s 112A @10% on amount exceeding ₹ 1,00,000]	
	Full value of consideration [5,000 x ₹ 500]	25,00,000
	Less: Cost of acquisition	
	Higher of	
	Cost of acquisition [5,000 x ₹ 425]	21,25,000
	Lower of fair market value per share as on 31.1.2018 i.e., ₹ 450 per share and sale consideration i.e., ₹ 500 per share [5,000 x ₹ 450]	22,50,000
		<u>22,50,000</u>
	Long term capital gain taxable u/s 112A	<u>2,50,000</u>
	Long-term capital gain exceeding ₹ 1 lakh i.e., ₹ 1,50,000 would be taxable @10%	
(ii)	Sale of residential house [long-term capital asset, since held for more than 24 months]	
	Full value of consideration [stamp duty value, since it exceeds 110% of actual sale consideration]	45,00,000
	Less: Indexed cost of acquisition [₹ 10,50,000 x 317/254]	<u>13,10,433</u>
		31,89,567
	Less: Deduction under section 54EC	15,00,000
	Since ₹ 15,00,000 is invested in RECL bonds on 20 th March 2022 i.e., before six months from the date of transfer	
	Long-term capital gain taxable u/s 112 @ 20%	<u>16,89,567</u>

4. (a) **Computation of total income of Mr. Raj Kumar for A.Y.2022-23**

Particulars	₹	₹	₹
Income under the head "Salaries"			
Pension	8,50,000		
Less: Standard deduction u/s 16(ia)			
Lower of ₹ 50,000 or actual salary/pension	<u>50,000</u>		8,00,000
Income from Other Sources			
Interest from bank on fixed deposit (Gross)			<u>3,35,000</u>
Gross Total Income			11,35,000

Less: Deduction under Chapter VI-A		
Deduction under section 80C		
LIC premium of ₹ 27,500 (restricted to 10% of ₹ 2,40,000, being the sum assured, as the policy is taken after 31.3.2012)		24,000
Deduction under section 80D		
Premium for health insurance for self and his wife paid by cheque, allowed upto ₹ 50,000 since Mr. Raj Kumar is a senior citizen	37,500	
Preventive health check-up for self, ₹ 3,000, and for his father, ₹ 4,500, restricted to ₹ 5,000 (deduction allowed even if the same is paid in cash)	<u>5,000</u>	
		42,500
Deduction under section 80E		
Interest on loan taken from bank for MBA course pursued by his son		8,500
Deduction under section 80G		
Donation to PM CARES Fund – 100% allowable		10,000
Donation to an approved institution for promoting family planning – 100% allowable subject to qualifying limit of ₹ 1,01,000 i.e., 10% of ₹ 10,10,000 being the adjusted total income		1,01,000
Deduction under section 80TTB		
Interest on fixed deposit with bank allowable as deduction upto ₹ 50,000, since Mr. Raj Kumar is a senior citizen		<u>50,000</u>
		<u>2,36,000</u>
Total Income		8,99,000

(b) **Computation of gross total income of Mr. Gaurav for A.Y.2022-23**

Particulars	₹	₹
Income from Salary (Computed)	22,00,000	
Less: Loss from self-occupied house property (on account of interest deduction upto ₹ 2,00,000) [Loss from house property can be set-off against salary income as per section 71(1)]	<u>2,00,000</u>	20,00,000
Profits and gains from business and profession		
Income from specified business [not eligible for deduction u/s 35AD]	20,000	
Less: Set-off of brought forward loss from specified business [eligible for deduction u/s 35AD] allowable as per section 73A	<u>(20,000)</u>	Nil
[Brought forward loss from specified business eligible for deduction u/s 35AD can be set-off against income from any specified business, whether or not the same is eligible for deduction u/s 35AD]		
Income from Other Sources		
Interest from fixed deposit	10,15,000	

Less: Current year business loss set-off [Inter-head set-off is permissible by virtue of section 71(1). Hence, current year business loss can be set-off against interest income from fixed deposit]	<u>1,00,000</u>	
	9,15,000	
Less: Current year depreciation	<u>50,000</u>	
	8,65,000	
Less: Unabsorbed depreciation under section 32(2) [Can be set-off against any head of income other than Salaries]	<u>45,000</u>	
		<u>8,20,000</u>
Gross Total Income		<u>28,20,000</u>

- (c) As per section 139(3), an assessee is required to file a return of loss within the due date specified u/s 139(1).

As per section 80, certain losses which have not been determined in pursuance of a return filed under section 139(3) on or before the due date specified under section 139(1) cannot be carried forward and set-off. Thus, the assessee has to file a return of loss under section 139(3) within the time allowed u/s 139(1) in order to carry forward and set off of following losses:

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

However, following can be carried forward for set-off even if the return of loss has not been filed before the due date:

- Loss under the head "Income from house property" and
- Unabsorbed depreciation.

SECTION B - INDIRECT TAXES (40 MARKS)

SUGGESTED ANSWERS

Division A - Multiple Choice Questions

Question No.	Answer	
1	(b)	not a supply at all
2	(b)	Tax on sponsorship services is payable by WE-WIN Cricket Academy under reverse charge.
3	(b)	mixed supply & applicable rate of GST is 18%
4	(b)	₹ 70,000
5	(a)	₹ 45,000
6	(d)	Nil

Division B - Descriptive Questions

1. Computation of net GST payable by Prithviraj Pvt. Ltd. for the month of July

Particulars	CGST (₹)	SGST (₹)
GST payable on outward supplies (Refer Working note – 1)	5,80,500	5,80,500
Less: ITC (Refer Working note – 2) [ITC of CGST is utilised for payment of CGST and ITC of SGST is utilised for payment of SGST.]	76,500	76,500
Net GST payable in cash	5,04,000	5,04,000

Working note – 1

Computation of GST payable on outward supply made by Prithviraj Pvt. Ltd. for the month of July

Particulars	Amount (₹)
Price of machine (exclusive of taxes and discounts)	5,50,000
Amount paid by the recipient directly to the supplier (Prithviraj Pvt. Ltd.) for the part fitted in the machine [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.]	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.]	25,000
Subsidy received from Shri Ram Trust [Since the subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply.]	50,000
Value of taxable supply of 1 machine	6,45,000
Value of taxable supply of 10 machines [₹ 6,45,000 × 10]	64,50,000

GST payable on outward supplies	
CGST @ 9%	5,80,500
SGST @ 9%	5,80,500
[Since all the outward supplies are intra-State supplies, CGST and SGST are payable on the same.]	

Working note – 2

Computation of ITC available with Prithviraj Pvt. Ltd. for the month of July

Particulars	CGST (₹)	SGST (₹)
Raw Material [ITC not available as raw material is not received in July]	Nil	Nil
Membership of a club availed for employees working in the factory [Blocked credit]	Nil	Nil
Trucks used for transport of raw material [ITC of GST paid on motor vehicles used for transportation of goods is allowed]	31,500	31,500
Capital goods [ITC of GST paid on items for which invoice is missing is not available. So, ITC of ₹ 18,000 is not available] [₹ 63,000 - ₹ 18,000]	45,000	45,000
Total ITC available	76,500	76,500

Note - Since all the inward supplies are intra-State supplies, CGST @ 9% and SGST @ 9% are payable on the same.

2. (a) (i) Services provided to a recognized sports body by an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body are exempt from GST vide *Notification No. 12/2017 CT(R) dated 28.06.2017*. Thus, GST is payable in case of services provided to a recognized sports body as selector of national team.
- (ii) Service of transportation of passengers, with or without accompanied belongings, *inter alia*, by metered cabs are specifically exempt from GST vide *Notification No. 12/2017 CT(R) dated 28.06.2017*. However, where such services are supplied through an electronic commerce operator, said services are not exempt. Thus, GST is payable in the given case.
- (b) A registered person opting for composition levy for goods pays tax at the rates mentioned below during the current FY, in lieu of the tax payable by him under regular scheme:

Manufacturers, other than manufacturers of notified goods	1% (½% CGST+ ½% SGST/UTGST) of the turnover in the State/ Union territory
Trader	1% (½% CGST+ ½% SGST/UTGST) of turnover of taxable supplies of goods & services in the State/ Union territory

Turnover prior to obtaining registration will not be considered for determining the turnover in a State/Union Territory.

Tax payable by Swaminathan under composition scheme is as follows:

CGST = ₹ 100 lakh x 0.5% = ₹ 50,000

SGST = ₹ 100 lakh x 0.5% = ₹ 50,000

In case where Swaminathan is a trader, tax payable by him under composition scheme will be as follows:

CGST = ₹ 75 lakh (as 25% of turnover is exempt) x 0.5% = ₹ 37,500

SGST = ₹ 75 lakh (as 25% of turnover is exempt) x 0.5% = ₹ 37,500

3. (a) A supplier is liable to get registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-
- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
 - (b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
 - (c) ₹ 40 lakh for rest of India except persons engaged in making supplies of fly ash bricks/blocks, building bricks, bricks of fossil meals, earthen/roofing tiles, ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

In the light of the afore-mentioned provisions, the answer to the independent cases is as under:-

- (i) Aryabhata is eligible for enhanced threshold limit of turnover for registration, i.e. ₹ 40 lakh as he is exclusively engaged in intra-State supply of goods. However, since Aryabhata is engaged in supplying readymade garments from a specified Special Category State i.e. Manipur also, the threshold limit gets reduced to ₹ 10 lakh.
Thus, Aryabhata is liable to get registered under GST as his turnover exceeds ₹ 10 lakh. Further, he is required to obtain registration in both Assam and Manipur as he is making taxable supplies from both the States.
 - (ii) The applicable threshold limit for registration for Bharat in the given case is ₹ 40 lakh as he is exclusively engaged in intra-State taxable supply of goods in Goa. Thus, he is not liable to get registered under GST as his turnover is less than the applicable threshold limit.
 - (iii) Vikramaditya being exclusively engaged in supply of bricks of fossil meals is not eligible for enhanced threshold limit of ₹ 40 lakh. The applicable threshold limit for registration in this case is ₹20 lakh. Thus, Vikramaditya is liable to get registered under GST as his aggregate turnover exceeds the threshold limit for registration.
- (b) Manmohan Textiles has to issue a delivery challan and not a tax invoice at the time of sending the goods to job-worker. For the purposes of transportation of goods for job work, the consignor may issue a delivery challan, serially numbered, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely: -
- (i) date and number of the delivery challan;
 - (ii) name, address and GSTIN of the consignor, if registered;
 - (iii) name, address and GSTIN/UIN of the consignee, if registered;
 - (iv) Harmonised System of Nomenclature code and description of goods;
 - (v) quantity (provisional, where the exact quantity being supplied is not known);
 - (vi) taxable value;
 - (vii) tax rate and tax amount – central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee;
 - (viii) place of supply, in case of inter-State movement; and
 - (ix) signature.

The delivery challan shall be prepared in triplicate, in case of supply of goods.

4. (a) No registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless:
- (a) he is in possession of tax invoice or debit note or such other tax paying documents as may be prescribed;
 - (b) he has received the goods or services or both;
 - (c) subject to section 41 of the CGST Act, the supplier has actually paid the tax charged in respect of the supply to the Government;
 - (d) he has furnished the return under section 39; and
 - (e) the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37.
- (b) Every registered person, other than an input service distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within prescribed time, form and manner.

However, the Commissioner may exempt any class of registered persons from filing annual return. Further, any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India, or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force, is not required to furnish annual return.