

MOCK TEST PAPER 2
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.2023-24.

Division A – Multiple Choice Questions

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

1. Mr. Rajan, aged 62 years, an Indian citizen, resides in Delhi. His wife Sheetal and daughter Riya also reside with him. Riya, aged 16 years, is studying in 12th Standard in DAV school at New Delhi. Mr. Rajan left for employment to the United States of America on 15th September, 2022 but his family did not accompany him. He returned to India on 25th March 2023. Mr. Rajan had gone outside India for the first time in his life. During April, 2022 to September, 2022, he worked with a multinational company in Delhi. He earned salary of ₹ 14,00,000 from his job in India. He paid Tuition Fee of ₹ 1,80,000 for Riya's education in DAV school.

Apart from that, Mr. Rajan also earned professional income of ₹ 60,00,000 (Gross Receipts – ₹ 90 lakhs) from India. During the year, he also earned interest from his Indian savings bank account to the tune of ₹ 12,000 and interest from fixed deposits with nationalized banks of ₹ 45,000. Mr. Rajan also earned a salary income equivalent to ₹ 6,00,000 from USA for his job, on which no tax is paid or payable in USA, which was deposited in his bank account in USA and later on remitted to India. Mr. Rajan decides not to 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 is the residential status of Mr. Rajan for the previous year 2022-23?
- (a) Resident and ordinarily in India
 - (b) Resident but not ordinarily resident in India
 - (c) Non-resident in India
 - (d) Deemed resident but not ordinarily resident in India
- (ii) What would be the income chargeable to tax under the head "Salaries" in the hands of Mr. Rajan in India for F.Y. 2022-23?
- (a) ₹ 20,00,000
 - (b) ₹ 19,50,000
 - (c) ₹ 13,50,000
 - (d) ₹ 19,60,000
- (iii) How much deduction is available under Chapter VI-A from the Gross Total Income of Mr. Rajan?
- (a) ₹ 2,30,000
 - (b) ₹ 1,95,000

- (c) ₹ 1,60,000
(d) ₹ 2,00,000
- (iv) What shall be the tax liability of Mr. Rajan for the A.Y. 2023-24?
(a) ₹ 22,69,810
(b) ₹ 22,58,940
(c) ₹ 22,56,080
(d) ₹ 22,72,670
- (v) What would be the due date for filing income-tax return of Mr. Rajan for the P.Y. 2022-23?
(a) 31st July, 2023
(b) 31st October, 2023
(c) 30th November, 2023
(d) 31st March, 2024 **(5 x 2 = 10 Marks)**
2. Mr. A (aged 45 years) sold an agricultural land for ₹ 52 lakhs on 04.10.2022 acquired at a cost of ₹ 49.25 lakhs on 13.09.2021 situated at 7 kms from the jurisdiction of municipality having population of 4,00,000 and also sold another agricultural land for ₹ 53 lakhs on 12.12.2022 acquired at a cost of ₹ 46 lakhs on 15.02.2021 situated at 1.5 kms from the jurisdiction of municipality having population of 12,000. What would be the amount of capital gain chargeable to tax in the hands of Mr. A for the assessment year 2023-24? Cost inflation index for F.Y.2020-21: 301; 2021-22: 317; 2022-23: 331.
(a) Short-term capital gain of ₹ 9.75 lakhs
(b) Short-term capital gain of ₹ 7 lakhs
(c) Long-term capital gain of ₹ 2,41,528
(d) Long-term capital gain of ₹ 2,99,020 **(2 Marks)**
3. M/s ABC, an eligible assessee, following mercantile system of accounting, carrying on eligible business under section 44AD provides the following details:
◆ Total turnover for the financial year 2022-23 is ₹ 130 lakh
◆ Out of the above:
- ₹ 25 lakh received by A/c payee cheque during the financial year 2022-23;
- ₹ 50 lakh received by cash during the financial year 2022-23;
- ₹ 25 lakh received by A/c payee bank draft before the due date of filing of return;
- ₹ 30 lakh not received till due date of filing of return.
- What shall be the amount of deemed profits of M/s ABC under section 44AD(1) for A.Y. 2023-24?
(a) ₹ 10.4 lakh
(b) ₹ 7.0 lakh
(c) ₹ 5.5 lakh
(d) ₹ 9.4 lakh **(2 Marks)**

4. Mr. Jagat is an employee in accounts department of Bharat Ltd., a cellular company operating in the regions of eastern India. It is engaged in manufacturing of cellular devices. During F.Y. 2022-23, following transactions were undertaken by Mr. Jagat:

- (i) He attended a seminar on "Perquisite Valuation". Seminar fees of ₹ 12,500 was paid by Bharat Ltd.
- (ii) Tuition fees of Mr. Himanshu (son of Mr. Jagat) paid to private coaching classes (not having any tie-up with Bharat Ltd.) was reimbursed by Bharat Ltd. Amount of fees was ₹ 25,000.
- (iii) Ms. Sapna (daughter of Mr. Jagat) studies in DPS Public School (owned and maintained by Bharat Ltd.). Tuition fees paid for Ms. Sapna was ₹ 750 per month by Mr. Jagat. Cost of education in similar institution is ₹ 5,250 per month.

What shall be the amount which is chargeable to tax under the head "Salaries" in hands of Mr. Jagat for A.Y. 2023-24?

- (a) ₹ 25,000
- (b) ₹ 37,500
- (c) ₹ 66,500
- (d) ₹ 79,000

(2 Marks)

5. Mr. Ravi incurred loss of ₹ 4 lakh in the P.Y.2022-23 in leather business. Against which of the following incomes earned during the same year, can he set-off such loss?

- (i) Profit of ₹ 1 lakh from apparel business
- (ii) Long-term capital gains of ₹ 2 lakhs on sale of jewellery
- (iii) Salary income of ₹ 1 lakh

Choose the correct answer:

- (a) First from (ii) and thereafter from (i); the remaining loss has to be carried forward.
- (b) First from (i) and thereafter from (ii) and (iii)
- (c) First from (i) and thereafter from (iii); the remaining loss has to be carried forward
- (d) First from (i) and thereafter from (ii); the remaining loss has to be carried forward

(2 Marks)

Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Mr. Rishabh, a resident individual, aged 54 years, is engaged in the business of manufacturing clothes. He earned profit of ₹ 82,45,000 as per profit and loss account after debiting and crediting the following items:

- (i) Depreciation ₹ 15,40,000
- (ii) Short term capital gains on transfer of listed equity shares in a company on which STT is paid ₹ 10,00,000
- (iii) He received income-tax refund of ₹ 15,550 which includes interest on refund of ₹ 4,550.
- (iv) Dividend income from Indian companies ₹ 15,00,000

Additional information –

- (i) Mr. Rishabh installed new plant and machinery for ₹ 65 lakhs on 1.10.2022 which was put to use on 1.1.2023. Depreciation (including additional depreciation) on this amount of ₹ 65 lakhs is

included in the depreciation debited to profit and loss account which has been computed as per Income-tax Rules.

- (ii) Mr. Rishabh took a loan from SBI of ₹ 50 lakhs on 15.9.2022 @10.5% p.a. to purchase such plant and machinery. Total interest upto 31.3.2023 has been paid on 31.3.2023 and the same has been debited to profit and loss account. Interest is charged by the bank on monthly basis.
- (iii) Advance tax paid during the year is ₹ 17,50,000
- (iv) Rishabh purchased goods for ₹ 40 lakhs from Mr. Ram, his brother. The market value of the goods is ₹ 35 lakhs.
- (v) He paid ₹ 40,000 as life insurance premium taken on the life of his married daughter who is not dependent on him. The sum assured is ₹ 5,00,000 and the policy was taken on 1.4.2017.
- (vi) He paid ₹ 45,000 by cheque towards health insurance policy covering himself, his spouse and his children.
- (vii) On 1.7.2022, Mr. Rishabh withdrew ₹ 1.5 crores in cash from three current accounts maintained by him with HSBC. There are no other withdrawals during the year. He regularly files his return of income.

You are required to compute the total income and tax payable by Mr. Rishabh for the A.Y. 2023-24, in the manner so that he can make maximum tax savings. **(14 Marks)**

2. (a) Mr. Sarthak, an individual and Indian citizen living in Dubai, since year 2005 and never came to India for a single day since then, earned the following incomes during previous year 2022-23:

	Particulars	Amount (in ₹)
(i)	Income accrued and arisen in Dubai but he is not liable to tax in Dubai	20,00,000
(ii)	Income accrued and arisen in India	5,00,000
(iii)	Income deemed to accrue and arise in India	8,00,000
(iv)	Income arising in Dubai from a profession set up in India	10,00,000

- I. Determine the residential status of Mr. Sarthak and taxable income for the previous year 2022-23 (assuming no other income arise during the previous year).
- II. What would be your answer if income arising in Dubai from a profession set up in India is ₹ 2 lakhs instead of ₹ 10 lakhs?
- III. What would be your answer, if Mr. Sarthak is not an Indian citizen but his parents were born in India? **(6 Marks)**

- (b) Examine the applicability and the amount of TDS to be deducted in the following cases for F.Y. 2022-23:

- (i) S and Co. Ltd. paid ₹ 25,000 to one of its Directors as sitting fees on 02-02-2023.
- (ii) ₹ 2,20,000 paid to Mr. Mohan, a resident individual, on 28-02-2023 by the State of Haryana on compulsory acquisition of his urban land.
- (iii) Mr. Purushotham, a resident Indian, dealing in hardware goods has a turnover of ₹ 12 crores in the previous year 2021-22. He purchased goods from Mr. Agarwal, a resident seller, regularly in the course of his business. The aggregate purchase made during the previous year 2022-23 on various dates is ₹ 80 lakhs which are as under:

10-06-2022	₹ 25,00,000
20-08-2022	₹ 27,00,000
12-10-2022	₹ 28,00,000

He credited Mr. Agarwal's account in the books of accounts on the same date and made the payment on the 28-02-2023 ₹ 80 lakh. Mr. Agarwal's turnover for the financial year 2021-22 is ₹ 20 crores.

- (iv) M/s ABC & Sons, a resident HUF is selling bags and wallets manufactured by them through E-commerce platform provided by PQ Ltd. Mr. A buys bag for ₹ 6,00,000 from PQ Ltd. online and directly made the payment to ABC & Sons on 1st October, 2022. **(8 Marks)**

3. (a) Mr. Ramesh and Mr. Suresh constructed their houses on a piece of land purchased by them at Mumbai. The built up area of each house was 1,500 sq. ft. ground floor and an equal area in the first floor. Ramesh started construction on 1-04-2021 and completed on 1-04-2022. Suresh started the construction on 1-04-2021 and completed the construction on 30-06-2022. Ramesh occupied the entire house on 01-04-2022. Suresh occupied the ground floor on 01-07-2022 and let out the first floor for a rent of ₹ 15,000 per month. However, the tenant vacated the house on 31-12-2022 and Suresh occupied the entire house during the period 01-01-2023 to 31-03-2023.

Following are the other information

- | | | |
|-------|---|--|
| (i) | Fair rental value of each unit
(ground floor /first floor) | ₹1,00,000 per annum |
| (ii) | Municipal value of each unit
(ground floor / first floor) | ₹ 72,000 per annum |
| (iii) | Municipal taxes paid by | Ramesh – ₹ 8,000
Suresh – ₹ 8,000 |
| (iv) | Repair and maintenance charges paid by | Ramesh – ₹ 28,000
Suresh – ₹ 30,000 |

Ramesh has availed a housing loan of ₹ 20 lakhs @ 12% p.a. on 01-04-2021. Suresh has availed a housing loan of ₹ 12 lakhs @ 10% p.a. on 01-07-2021. No repayment was made by either of them till 31-03-2023. Compute income from house property for Ramesh and Suresh for the previous year 2022-23 (A.Y. 2023-24). **(7 Marks)**

- (b) Mr. Ramesh entered into an agreement with Mr. Vikas to sell a plot on 5.4.2022 for ₹ 45 lakhs. He received an advance of ₹ 15 lakhs from him on the date of agreement by account payee cheque. Transfer took place on 10-9-2022. The valuation determined by the stamp valuation authority on the date of agreement and transfer was ₹ 49 lakhs and ₹ 53 lakhs, respectively.

Mr. Vikas has sold this plot to Ms. Babli on 21-3-2023 for ₹ 55 lakhs.

The valuation as per stamp valuation authority was ₹ 54 lakhs on 21-3-2023.

Discuss the tax consequences of above, in the hands of Mr. Ramesh and Mr. Vikas. Also, compute the capital gain in the hands of Mr. Vikas.

Note: None of the parties viz Mr. Ramesh, Mr. Vikas & Ms. Babli are related to each other; the transactions are between outsiders. **(7 Marks)**

4. (a) Ms. Aarti, a resident individual, provides the following information of her income/losses for the year ended on 31st March, 2023:

S. No.	Particulars	(₹)
1.	Income from salary (Computed)	8,20,000
2.	Income from house property (let out) (Net Annual Value)	1,20,000
3.	Share of profit from firm in which she is partner	48,000

4.	Loss from specified business covered under section 35AD	67,000
5.	Income from textile business before adjusting the following items:	3,30,000
	(a) Current year depreciation	53,000
	(b) Unabsorbed depreciation of earlier year	1,85,000
	(c) Brought forward loss of textile business of the A.Y. 2020-21	1,90,000
6.	Long-term capital gain on sale of debentures (unlisted)	1,50,000
7.	Long-term capital loss on sale of equity shares (STT not paid)	1,50,000
8.	Long-term capital gain on sale of equity shares listed in recognized stock exchange (STT paid at the time of acquisition and sale)	2,50,000
9.	Dividend from units of UTI	1,15,000
10.	Repayment towards housing loan taken from a scheduled bank. Out of this ₹ 3,28,000 was towards payment of interest and rest towards principal.	4,85,000

Compute the Gross Total Income of Ms. Aarti and ascertain the amount of loss that can be carried forward. Ms. Aarti has always filed her return within the due date specified under section 139(1) of the Income-tax Act, 1961. She does not want to opt for 115BAC. **(7 Marks)**

- (b) Nishant gifted ₹ 10 lakhs to his wife, Nisha on her birthday on, 1st January, 2022. Nisha lent ₹ 5,00,000 out of the gifted amount to Krish on 1st April, 2022 for six months on which she received interest of ₹ 50,000. The said sum of ₹ 50,000 was invested in shares of a listed company on 15th October, 2022, which were sold for ₹ 75,000 on 30th December, 2022. Securities transaction tax was paid on such sale. The balance amount of gift was invested as capital by Nisha in a newly business started on 1.4.2022. She suffered loss of ₹ 15,000 in the business in Financial Year 2022-23.

In whose hands the above income and loss shall be included in Assessment Year 2023-24? Support your answer with brief reasons. **(4 Marks)**

- (c) Mr. X would like to furnish his updated return for the A.Y. 2021-22. In case he furnished his updated return of income, he would be liable to pay ₹ 2,50,000 towards tax and ₹ 35,000 towards interest after adjusting tax and interest paid at the time filing earlier return. You are required to examine whether Mr. X can furnish updated return
- (i) as on 31.3.2023
- (ii) as on 28.2.2024
- (iii) as on 31.5.2024

If yes, compute the amount of additional income-tax payable by Mr. X at the time of filing his updated return. **(3 Marks)**

SECTION B - INDIRECT TAXES (40 MARKS)

QUESTIONS

- (i) Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.
- (iii) All questions should be answered on the basis of position of the GST law as amended by provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2022, including significant notifications and circulars issued, up to 31st October 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

Ms. Riya is engaged in providing various goods and services. She got registered under GST in the month of April of the current financial year under regular scheme.

She supplied a package to Dhruv Traders consisting of stapler, calculator and charger at a single price of ₹ 300 in the month of May. Rates of GST for stapler, calculator and charger are 5%, 12% and 18% respectively.

She received following payments during the month of May:

- earned ₹ 160,000 by performing western music in a cultural event at a Resort
- earned ₹ 50,000 by providing services by way of renting of residential dwelling for use as a boutique to Supriya, an unregistered person.
- received ₹ 70,000 by way of rent for letting of agro machinery

Ms. Riya made a supply during June, details of which are as follows-

- Basic price of the product before TCS under Income-tax Act, 1961 – ₹ 45,000
- Tax collected at source under Income-tax Act, 1961 – ₹ 2,500
- She received a subsidy of ₹ 3,500 from Green Foundation Pvt. Ltd. for usage of green energy and the subsidy was linked to the units of energy and not aforesaid product.

Ms. Riya provides the following information regarding receipt of inward supplies during July-

- received invoice for goods having GST component of ₹ 30,000. Goods were to be delivered in 5 lots, out of which first three lots were received in the current month.
- purchased a car having GST component of ₹ 1,50,000 for imparting training on driving such motor vehicles.
- availed health insurance service for her employees and paid GST of ₹ 7,000 thereon. Health insurance service is being provided voluntarily by Ms. Riya and not mandated by any law.

All the amounts given above are exclusive of taxes, wherever applicable. Further, all the supplies referred above are intra-State supplies unless specified otherwise. Conditions necessary for claiming input tax credit (ITC) have been fulfilled subject to the information given above. The opening balance of input tax credit for the relevant tax period of Ms. Riya is Nil.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 4 below:-

1. Supply of package made by Ms. Riya to Dhruv Traders is a _____ and is taxable under GST @ _____.
 - (a) composite supply; 12%
 - (b) mixed supply; 18%
 - (c) composite supply; 18%
 - (d) mixed supply; 12%
2. Out of payments received by Ms. Riya in month of May, value of exempt supply is _____.
 - (a) ₹ 50,000
 - (b) ₹ 70,000
 - (c) ₹ 1,20,000
 - (d) ₹ 1,60,000
3. Compute the value of supply under section 15 of the CGST Act, 2017 made by Ms Riya in the month of June.
 - (a) ₹ 45,000
 - (b) ₹ 47,500
 - (c) ₹ 48,500
 - (d) ₹ 51,000
4. Compute the amount of input tax credit that can be claimed by Ms. Riya in July.
 - (a) ₹ 30,000
 - (b) ₹ 37,000
 - (c) ₹ 1,50,000
 - (d) ₹ 1,57,000

(4 x 2 Marks = 8 Marks)

5. Mr. Raghu avails services of Mr. Raja, a Chartered Accountant, as under-

(i) Audit of financial accounts of Mr. Raghu	₹ 55,000
(ii) Tax audit and annual accounts filing of Mr. Raghu	₹ 10,000
(iii) Income-tax return filing of Mr. Raghu 's wife (salaried-return)	₹ 5,000

All the above amounts are exclusive of taxes and the applicable rate of GST on these services is 18%.

The accountant of Mr. Raghu has booked the entire expenses of ₹ 70,000 plus GST in the books of account. Mr. Raghu is eligible to take input tax credit of -

- (a) ₹ 13,500
- (b) ₹ 11,700
- (c) ₹ 9,900
- (d) ₹ 1,800

(2 Marks)

6. TT Pvt. Ltd., registered in Rajasthan, furnished following information for the month of June:

- (i) Inter-State sale of goods for ₹ 1,25,000 to JJ Enterprises registered in Haryana
- (ii) Inter-State purchases of goods from XYZ company, registered in Punjab, for ₹ 40,000
- (iii) Intra-State purchases of goods from RR Traders, registered in Rajasthan, for ₹ 65,000

All the above amounts are exclusive of taxes. The applicable rates of CGST, SGST and IGST are 9%, 9% and 18% respectively on inward as well as outward supplies. There is no opening balance of ITC. GST liability payable in cash is-

- (a) CGST ₹ 1,800 & SGST ₹ 1,800
- (b) SGST ₹ 3,600
- (c) IGST ₹ 3,600
- (d) CGST ₹ 3,600

(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. M/s. ABC & Co., a chartered accountancy firm, has its office in Bengaluru and is registered under GST in the State of Karnataka. It submitted the following information for the month of April:

Sr. No.	Particulars	Amount of services provided excluding GST (₹)
1.	Statutory audit services provided (intra-State supplies)	1,20,000
2.	ITR filing services provided within Karnataka (intra-State supplies)	1,60,000
3.	Internal audit services provided to Mumbai client (inter-State supplies)	1,80,000

M/s. ABC & Co. had also incurred the following expenses in the month of April for the purpose of providing the taxable services:

Sr. No.	Particulars	CGST (₹)	SGST (₹)
1.	Car purchased by firm for the use of senior partner of the firm for official use	42,000	42,000
2.	Office rent paid to landlord who is registered in State of Karnataka	450	450
3.	Professional fee paid to Mr. Rajesh, a practicing Chartered Accountant, for professional services availed [TDS of ₹ 20,000 is deducted under section 194J of the Income-tax Act, 1961]	18,000	18,000
4.	Computer purchased for office purpose	3,000	3,000

Out of the above 4 suppliers/service providers, landlord of office to whom rent was paid did not upload his GSTR-1 within the specified time allowed under GST resulting in the GST amount not being reflected in GSTR-2B of M/s. ABC & Co.

Compute the net GST payable in cash by M/s. ABC & Co. for the month of April.

Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively assuming that all the remaining conditions of utilisation of ITC are fulfilled. **(8 Marks)**

2. (a) Guru Enterprises (Delhi), a registered taxpayer, made a taxable supply to Y Ltd. (Delhi). The details of the said supply are as follows:

Particulars	Amount (₹)
Price of the goods (excluding any tax or discounts)	10,00,000
Tax levied by the Municipal Authority	10,000
Subsidy received from Jiva Enterprises Pvt Ltd. (The price above is after consideration of such subsidy amount)	1,00,000
Amount incurred by Y Ltd. for post delivery inspection. (Charges incurred post receipt of goods by Y Ltd.)	5,000

In respect of above supply, Guru Enterprises had procured some raw material from X Ltd., for which it owed ₹ 25,000. The said amount was directly paid by Y Ltd. to X Ltd. and was not included in the price of goods of ₹10,00,000 mentioned above.

The payment of consideration for above supply was delayed by Y Ltd. Hence, an interest amount of ₹ 20,000 (in lumpsum) was also charged by Guru Enterprises.

The applicable tax rates are - CGST - 6%, SGST - 6% and IGST - 12%. You are required to determine the taxable value as well as the applicable tax liability for the said supply transaction.

(6 Marks)

- (b) Miss. P, a registered supplier of Rajasthan, has received the following amounts in respect of the activities undertaken by her during the month of April:

S. No.	Particulars	Amount (in ₹)
1	Amount received for warehousing of sugarcane	50,000
2	Commission received as business facilitator for the services provided to the urban branch of a nationalized bank with respect to savings bank accounts	20,000
3	Amount received for services by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex	10,000

All the transactions stated above are inter-State transactions and all amounts are exclusive of GST.

You are required to compute total GST payable by Miss. P for the month of April assuming the rate of GST to be 18%. **(4 Marks)**

3. (a) B Enterprises started its business activities in the month of January, in the State of Karnataka. It provides the following information:

Sr. No.	Particulars	Amount (₹)
1.	Value of intra-State outward taxable supply of goods	7,00,000
2.	Value of inter-State outward taxable supply of services	6,00,000
3.	Value of intra-State outward supply on which tax is payable under reverse charge mechanism.	1,00,000
4.	Value of intra-State outward supply of exempted good from its other place of business in the State of Manipur (under same PAN)	5,00,000

From the information given above, you are required to calculate the aggregate turnover of B Enterprises with necessary explanations and also, specify with reason whether it is liable to get registered under CGST Act or not. **(6 Marks)**

- (b) Yash & Co., a manufacturer and supplier of plastic goods, is registered under GST in the State of Maharashtra. Yash & Co. sold plastic goods to a retail seller in Punjab, at a value of ₹ 43,000 (excluding GST leviable @ 18%). Now, it wants to send the consignment of such plastic goods to the retail seller in Punjab.

You are required to examine whether e-way bill is mandatorily required to be generated in respect of such movement of goods as per the provisions of the GST law. **(4 Marks)**

4. (a) Explain the following terms regarding e-way bill under the relevant CGST Rules:
- (i) Consolidated e-way bill in case of road transport. **(3 Marks)**
 - (ii) Acceptance/rejection of e-way bill. **(3 Marks)**
- (b) Briefly discuss the following with reference to GST law:
- (i) Revised Tax Invoice **(2 Marks)**
 - (ii) Bill of Supply **(2 Mark)**

MOCK TEST PAPER 2
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)	(d)	2.	(b)
	(ii)	(c)	3.	(d)
	(iii)	(d)	4.	(d)
	(iv)	(c)	5.	(d)
	(v)	(b)		

Division B – Descriptive Questions

1. **Computation of total income of Mr. Rishabh for A.Y. 2023-24 under the regular provisions of the Act**

Particulars		₹	₹	₹
I	Income from business or profession			
	Net profit as per profit and loss account		82,45,000	
	Add: Items of expenditure not allowable while computing business income			
	(i) Interest on loan taken for purchase of plant & machinery [Interest from the date on which capital was borrowed till the date on which asset was first put to use, not allowable as deduction under section 36(1)(iii). Accordingly, interest of ₹ 1,53,125 [₹ 50,00,000 x 10.5% x 3.5/12] has to be added back, since the same is debited to the profit and loss account]	1,53,125		
(ii) Purchase of goods at a price higher than the fair market value [The difference between the purchase price (₹ 40 lakhs) and the fair market value (₹ 35 lakhs) has to be added back as per section 40A(2) since the purchase is from a related party, i.e., his brother and at a price higher than the fair market value]	5,00,000	6,53,125		
			88,98,125	
	Less: Items of income to be treated separately under the respective head of income			
(i) Income-tax refund including interest on refund of ₹ 4,550	15,550			

	(ii) Dividend from Indian companies	15,00,000		
	(iii) Short term capital gains on transfer of listed equity shares	10,00,000	25,15,550	
			63,82,575	
	Less: Depreciation on interest on loan capitalised to plant and machinery			
	₹ 1,53,125, being the amount of interest on loan taken for purchase of plant and machinery from the date on which capital was borrowed till the date on which asset was first put to use, shall be capitalized			
	Normal depreciation @15% x 50% on such interest	11,484		
	Additional depreciation @20% x 50% on such interest	15,313	26,797	
	[Since plant & machinery was put to use for less than 180 days in P.Y. 2022-23, it is eligible for 50% of the rate of depreciation]			
II	Capital Gains			63,55,778
	Short term capital gains on transfer of listed equity shares			10,00,000
III	Income from Other Sources			
	Interest on income-tax refund		4,550	
	Dividend from Indian companies		15,00,000	15,04,550
	Gross Total Income			88,60,328
	Less: Deductions under Chapter VI-A			
	- Deduction under section 80C		40,000	
	Life insurance premium for married daughter [Allowable as deduction though she is not dependent, since child of an individual whether dependent or not falls within the meaning of term "Person". Accordingly, whole of the amount of ₹ 40,000 is allowable as it does not exceed 10% of the ₹ 5,00,000, being the sum assured]			
	- Deduction under section 80D		25,000	65,000
	Health insurance premium for self, spouse and children [Allowable as deduction, since it is paid otherwise than by way of cash. However, it is to be restricted to ₹ 25,000]			
	Total Income			87,95,328
	Total Income (Rounded off)			87,95,330

**Computation of tax payable by Mr. Rishabh for A.Y. 2023-24
under the regular provisions of the Act**

Particulars	₹	₹
Tax on total income of ₹ 87,95,330		
Tax on short term capital gains on transfer of listed equity shares		1,50,000

@15% u/s 111A [₹ 10,00,000 x 15%]		
Tax on other Income of ₹ 77,95,330		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000 [@5% of ₹ 2.50 lakh]	12,500	
₹ 5,00,001 – ₹ 10,00,000 [@20% of ₹ 5,00,000]	1,00,000	
₹ 10,00,001- ₹ 77,95,330 [@30% of ₹ 67,95,330]	20,38,599	21,51,099
		23,01,099
Add: Surcharge @10%, since total income exceeds ₹ 50,00,000 but does not exceed ₹ 1 crore		2,30,110
		25,31,209
Add: Health and education cess@4%		1,01,248
Total tax liability		26,32,457
Less: TDS u/s 194N @ 2% on ₹ 50 lakhs, being the cash withdrawals exceeding ₹ 1 crore	1,00,000	
Less: Advance tax paid	17,50,000	18,50,000
Tax payable		7,82,457
Tax payable (rounded off)		7,82,460

Computation of total income of Mr. Rishabh as per section 115BAC for A.Y. 2023-24

Particulars	₹	₹
Gross Total Income as per regular provisions of the Income-tax Act		88,60,328
Add: Additional depreciation on plant and machinery		
- On interest which is capitalised	15,313	
- On cost of plant and machinery [₹ 65 lakhs x 20% x 50%]	6,50,000	6,65,313
Gross Total Income/ Total Income as per section 115BAC		95,25,641
[No deduction under section 10AA or under Chapter VI-A allowable except u/s 80JJAA]		
Total Income as per section 115BAC (rounded off)		95,25,640

Computation of tax liability as per section 115BAC

Particulars	₹	₹
Tax on total income of ₹ 95,25,640		
Tax on STCG of ₹ 10,00,000@15% u/s 111A		1,50,000
Tax on remaining total income of ₹ 85,25,640		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000 [@5% of ₹ 2.50 lakhs]	12,500	
₹ 5,00,001 – ₹ 7,50,000 [@10% of ₹ 2.50 lakhs]	25,000	
₹ 7,50,001 – ₹ 10,00,000 [@15% of ₹ 2.5 lakhs]	37,500	
₹ 10,00,001 – ₹ 12,50,000 [@20% of ₹ 2.5 lakhs]	50,000	
₹ 12,50,001 – ₹ 15,00,000 [@25% of ₹ 2.5 lakhs]	62,500	
₹ 15,00,001 – ₹ 85,25,640 [@30% of ₹ 70,25,640]	21,07,692	22,95,192
		24,45,192

Add: Surcharge @10%, since total income exceeds ₹ 50,00,000 but does not exceed ₹ 1 crore		2,44,519
		26,89,711
Add: Health and education cess@4%		1,07,588
Total tax liability		27,97,299
Less: TDS u/s 194N @ 2% on ₹ 50 lakhs, being the cash withdrawals exceeding ₹ 1 crore	1,00,000	
Less: Advance tax paid	17,50,000	18,50,000
Tax payable		9,47,299
Tax payable (rounded off)		9,47,300

Since tax payable as per section 115BAC is higher than the tax payable as per normal provisions of the Income-tax Act, 1961, it is beneficial for Mr. Rishabh not to exercise option under section 115BAC. In such case, the tax payable by him would be ₹ 7,82,460 as per the regular provisions of the Act.

2. (a) I. Mr. Sarthak is an Indian citizen living in Dubai since 2005 who never came to India for a single day since then, he would not be a resident in India for the P.Y. 2022-23 on the basis of number of days of his stay in India as per section 6(1).

However, since he is an Indian citizen

- having total income (excluding income from foreign sources) of ₹ 23 lakhs, **which exceeds the threshold of ₹ 15 lakhs** during the previous year; and
- not liable to tax in Dubai,

he would be **deemed resident** in India for the P.Y. 2022-23 by virtue of section 6(1A).

A deemed resident is always a resident but not ordinarily resident in India (RNOR).

Computation of Total Income for A.Y.2023-24

	Particulars	₹
(i)	Income accrued and arisen in Dubai (not taxable in case of an RNOR)	-
(ii)	Income accrued and arisen in India (taxable)	5,00,000
(iii)	Income deemed to accrue or arise in India (taxable)	8,00,000
(iv)	Income arising in Dubai from a profession set up in India would be taxable in case of RNOR	10,00,000
	Total income	23,00,000

- II. If income arising in Dubai from a profession set up in India is ₹ 2 lakhs instead of ₹ 10 lakhs, his total income (excluding income from foreign sources) would be only ₹ 15 lakhs. Since the same does not exceed the threshold limit of ₹ 15 lakhs, he would not be deemed resident.

Accordingly, he would be non-resident in India for the P.Y. 2022-23 and hence, his total income would be only ₹ 13 lakhs (aggregate of (ii) and (iii) above i.e., ₹ 5 lakhs + ₹ 8 lakhs).

- III. If Mr. Sarthak is not an Indian citizen and his parents were born in India, he would be person of Indian origin. In such case, the provisions relating to deemed resident would not apply to him.

Accordingly, he would be non-resident in India during the P.Y. 2022-23 and his total income would be ₹ 13 lakhs.

(b) TDS implications

- (i) Tax @10% has to be deducted by S and Co. Ltd. under section 194J on directors sitting fees of ₹ 25,000. The threshold limit of ₹ 30,000 is not applicable in respect of sum paid to a director.

The amount of tax to be deducted at source = ₹ 25,000 x 10% = ₹ 2,500

- (ii) There is no liability to deduct tax at source under section 194LA, since the payment to Mr. Mohan, a resident, by State of Haryana on compulsory acquisition of his urban land does not exceed ₹ 2,50,000.

- (iii) Since Mr. Purushotham's turnover for F.Y.2021-22 exceeds ₹ 10 crores, and value of goods purchased from Mr. Agarwal, a resident seller, exceeds ₹ 50 lakhs in the P.Y.2022-23, he is liable to deduct tax@0.1% on ₹ 30 lakhs (being the sum exceeding ₹ 50 lakhs), at the time of credit or payment, whichever is earlier.

On 10.6.22= Nil (No tax is to be deducted u/s 194Q on the purchases made on 10.6.2022 since the purchases made till that date has not exceeded the threshold of ₹ 50 lakhs)

On 20.8.2022 = 0.1% of ₹ 2 lakhs (₹ 27 lakhs - ₹ 25 lakhs, being balance unexhausted limit) = ₹ 200

On 12.10.2022 = 0.1% of ₹ 28 lakhs = ₹ 2,800.

- (iv) The E commerce operator, PQ Ltd. is required to deduct tax at the rate of 1% of the gross sale amount. The sale amount exceeds ₹ 5,00,000, hence section 194-O is applicable to the e-commerce participant i.e., M/s ABC & Sons, HUF, on the sales facilitated by PQ Ltd. Therefore, TDS of ₹ 6,000 (1% of 6,00,000) shall be deducted by PQ Ltd. on 1st October, 2022. Direct payment by Mr. A shall be deemed to be payment made by PQ Ltd. to the HUF.

3. (a) Computation of income from house property of Mr. Ramesh for A.Y. 2023-24

Particulars	₹	₹
Annual value is nil (since house is self occupied)		Nil
Less: Deduction under section 24(b)		
Interest paid on borrowed capital ₹ 20,00,000 @ 12%	2,40,000	
Pre-construction interest ₹ 2,40,000/5	<u>48,000</u>	
	2,88,000	
As per second proviso to section 24(b), interest deduction restricted to		<u>2,00,000</u>
Loss under the head "Income from house property" of Mr. Ramesh		<u>(2,00,000)</u>

Computation of income from house property of Mr. Suresh for A.Y. 2023-24

Particulars	Ground floor (Self occupied)	First floor
Gross annual value (See Note below)	Nil	90,000
Less: Municipal taxes (for first floor)		<u>4,000</u>
Net annual value(A)	Nil	86,000
Less: Deduction under section 24		
(a) 30% of net annual value		25,800
(b) interest on borrowed capital		
Current year interest		
₹ 12,00,000 x 10% = ₹ 1,20,000	60,000	60,000

Pre-construction interest		
₹ 12,00,000 x 10% x 9/12 = ₹ 90,000		
₹ 90,000 allowed in 5 equal installments		
₹ 90000/5 = ₹ 18,000 per annum	<u>9,000</u>	<u>9,000</u>
Total deduction under section 24(b)	<u>69,000</u>	<u>94,800</u>
Income from house property (A)-(B)	<u>(69,000)</u>	<u>(8,800)</u>
Loss under the head "Income from house property" of Mr. Suresh (both ground floor and first floor)	(77,800)	

Note: Computation of Gross Annual Value (GAV) of first floor of Suresh's house

If a single unit of property (in this case the first floor of Suresh's house) is let out for some months and self-occupied for the other months, then the Expected Rent of the property shall be taken into account for determining the annual value. The Expected Rent shall be compared with the actual rent and whichever is higher shall be adopted as the annual value. In this case, the actual rent shall be the rent for the period for which the property was let out during the previous year.

The Expected Rent is the higher of fair rent and municipal value. This should be considered for 9 months since the construction of property was completed only on 30.6.2022.

Expected rent = ₹ 75,000 being higher of -

Fair rent = 1,00,000 x 9 /12 = ₹ 75,000

Municipal value = 72,000 x 9/12 = ₹ 54,000

Actual rent = ₹ 90,000 (₹ 15,000 p.m. for 6 months from July to December, 2022)

Gross Annual Value = ₹ 90,000 (being higher of Expected Rent of ₹ 75,000 and actual rent of ₹ 90,000)

(b)

I.	<u>Tax consequences in the hands of Mr. Ramesh</u>
	<p>As per section 50C, where the actual sale consideration is less than the value adopted by the Stamp Valuation Authority for the purpose of charging stamp duty, and such stamp duty value exceeds 110% of the actual sale consideration, then, the value adopted by the Stamp Valuation Authority shall be taken to be the full value of consideration.</p> <p>In a case where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided the whole or part of the consideration is received by way of account payee cheque/bank draft or by way of ECS through bank account or through such other electronic mode as may be prescribed, on or before the date of agreement.</p> <p>In this case, since ₹ 15 lakhs is received through account payee cheque on the date of agreement, stamp duty value on the date of agreement would be considered for determining the full value of consideration.</p> <p>Accordingly, in this case, capital gains would be computed in the hands of Mr. Ramesh, for A.Y.2023-24, taking the actual consideration of ₹ 45 lakh of plot as the full value of consideration arising on transfer of such plot, since the stamp duty value on the date of agreement does not exceed 110% of the actual consideration.</p> <p>Note – If it is assumed that Mr. Ramesh is a property dealer, the income would be taxable as his business income under section 43CA</p>

II.	Tax consequences in the hands of Mr. Vikas	
	<p>In case, immovable property is received for inadequate consideration, the difference between the stamp duty value and actual consideration would be taxable under section 56(2)(x) in the hands of the recipient, if such difference exceeds the higher of ₹ 50,000 or 10% of actual sales consideration.</p> <p>In a case where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided the whole or part of the consideration is paid by way of account payee cheque/bank draft or by way of ECS through bank account or through such other electronic mode as may be prescribed, on or before the date of agreement.</p> <p>In this case, since ₹ 15 lakhs is paid through account payee cheque on the date of agreement, stamp duty value on the date of agreement would be considered.</p> <p>Therefore, nothing would be taxable in the hands of Mr. Vikas under the head "Income from Other Sources" in A.Y.2023-24 since the difference between stamp duty value on the date of agreement and actual consideration does not exceed ₹ 4,50,000, being the higher of ₹ 50,000 and 10% of consideration.</p> <p>At the time of subsequent sale of property by Mr. Vikas to Ms. Babli (on 21.3.2023), short-term capital gains would arise in the hands of Mr. Vikas in A.Y.2023-24, since the property is held by him for less than 24 months.</p>	
	Particulars	₹
	Full value of consideration (Since actual consideration of ₹ 55 lakh is higher than stamp duty value of ₹ 54 lakh)	55 lakh
	Less: Cost of acquisition	<u>45 lakh</u>
	Short-term capital gains	<u>10 lakh</u>

4. (a) **Computation of gross total income of Ms. Aarti for the A.Y.2023-24**

Particulars	₹	₹
Salary Income (computed)	8,20,000	
Less: As per section 71(3A), loss from house property of ₹ 2,44,000 can be set-off, to the extent of	<u>2,00,000</u>	6,20,000
Income from House Property		
Net Annual Value of House Property	1,20,000	
Less: Deduction u/s 24		
(a) 30% of NAV	36,000	
(b) Interest on housing loan	<u>3,28,000</u>	
Loss from house property	(2,44,000)	
Less: Loss eligible for set-off against salary income restricted to	<u>2,00,000</u>	
Loss to be carried forward to A.Y. 2024-25 for set-off against income from house property, if any, in that year.	<u>(44,000)</u>	
Profits and gains of business or profession		
Share of profit from firm [Exempt u/s 10(2A)]	-	
Loss from specified business u/s 35AD ₹ 67,000 [can be set-off only against income from any specified business. Hence, it has to be carried forward to A.Y.2024-25]	-	
Income from textile business	3,30,000	

Less: Current year depreciation	<u>53,000</u>	
	2,77,000	
Less: Brought forward loss of textile business	<u>1,90,000</u>	
	87,000	
Less: Set-off of unabsorbed depreciation to the extent of ₹ 87,000 against business income	<u>87,000</u>	Nil
Capital Gains		
Long-term capital gains on sale of listed equity shares (STT paid)	2,50,000	
Less: Balance unabsorbed depreciation of ₹ 98,000 set-off	<u>98,000</u>	
Long-term capital gains on sale of listed equity shares [Tax is payable u/s 112A @10% on the amount exceeding ₹ 1,00,000]	1,52,000	1,52,000
Long-term capital gains on sale of debentures	1,50,000	
Less: Set-off of long-term capital loss on sale of equity shares (STT not paid) [Since long-term capital gain on sale of unlisted debentures are taxable @20% and long-term term capital gain on sale of listed shares in excess of ₹ 1,00,000 taxable @10%, it is beneficial to set-off long-term loss against LTCG on sale of debentures]	<u>1,50,000</u>	Nil
Income from Other Sources		
Dividend from units of UTI [Taxable in the hands of the unitholders]		1,15,000
Gross Total Income		<u>8,87,000</u>

Losses to be carried forward to A.Y.2024-25		₹
(i)	Losses from specified business [can be carried forward indefinitely for set-off against income from any specified business]	67,000
(ii)	Loss from house property [can be carried forward upto 8 successive assessment years for set-off against income from house property]	44,000

(b) Interest on loan

As per section 64(1)(iv), in computing the total income of any individual, there shall be included all such income as arises directly or indirectly, to the spouse of such individual from assets transferred directly or indirectly, to the spouse by such individual otherwise than for adequate consideration or in connection with an agreement to live apart.

Accordingly, ₹ 50,000, being the amount of interest on loan received by Ms. Nisha, wife of Mr. Nishant, would be includible in the total income of Mr. Nishant, since such loan was given by her out of the sum of money received by her as gift from her husband.

Loss from business

Since the capital was invested in business by Ms. Nisha on 1st April, 2022, and capital invested was entirely out of the funds gifted by her husband, the entire loss of ₹ 15,000 from the business carried on by Ms. Nisha would also be includible in the total income of Mr. Nishant.

Since income includes loss as per *Explanation 2* to section 64, clubbing provisions would be attracted even if there is loss and not income.

Capital Gain on sale of shares of listed company

The short-term capital gain of ₹ 25,000 (₹ 75,000, being the sale consideration less ₹ 50,000, being the cost of acquisition) arising in the hands of Ms. Nisha from sale of shares acquired by

investing the interest income of ₹ 50,000 earned by her (from the loan given out of the sum gifted to her by her husband), would not be included in the hands of Mr. Nishant.

Income from the accretion of the transferred asset is not liable to be included in the hands of the transferor and therefore such income is taxable in the hands of Ms. Nisha. Since securities transaction tax has been paid, such short-term capital gain on sale of listed shares is taxable@15% in the hands of Ms. Nisha.

- (c) Mr. X may furnish an updated return of his income for A.Y. 2021-22 at any time within 24 months from the end of the relevant assessment year i.e., 31.3.2024.

Accordingly, Mr. X can furnish updated return for A.Y. 2021-22 as on 31.3.2023 and on 28.2.2024. However, he cannot furnish such return as on 31.5.2024, since such date falls after 31.3.2024.

Mr. X would be liable to pay additional income-tax

- @25% of tax and interest payable, if updated return is furnished after the expiry of the time limit available under section 139(4) or 139(5) i.e., 31st December 2022 and before the expiry of 12 months from end of relevant assessment year i.e., 31.3.2023
- @50% of tax and interest payable, if updated return is furnished after the expiry of 12 months from end of relevant assessment year i.e., 31.3.2023 and before the expiry of 24 months from end of relevant assessment year i.e., 31.3.2024.

Accordingly, Mr. X is liable to pay additional income-tax in case he furnished his updated return as on

- (i) 31.3.2023 - ₹ 71,250 [25% of 2,85,000, being tax of ₹ 2,50,000 plus interest of ₹ 35,000]
- (ii) 28.2.2024 of ₹ 1,42,500 [50% of 2,85,000, being tax of ₹ 2,50,000 plus interest of ₹ 35,000]

SECTION B - INDIRECT TAXES (40 MARKS)

SUGGESTED ANSWERS

Division A - Multiple Choice Questions

Question No.	Answer	
1	(b)	mixed supply; 18%
2	(b)	₹ 70,000
3	(a)	₹ 45,000
4	(c)	₹ 1,50,000
5	(b)	₹ 11,700
6	(c)	IGST ₹ 3,600

Division B - Descriptive Questions

1. Computation of net GST payable by ABC & Co. for the month of April

Particulars	Value of supply	CGST (₹)	SGST (₹)	IGST (₹)
Statutory audit services	1,20,000	10,800	10,800	
ITR filing services	1,60,000	14,400	14,400	
Internal audit services	1,80,000	-	-	<u>32,400</u>
Total output tax liability		25,200	25,200	32,400
Less: ITC [Refer Working Note] [CGST credit is set off against CGST liability and SGST credit is set off against SGST liability since CGST credit cannot be utilized towards payment of SGST liability and vice versa.]		<u>(21,000)</u>	<u>(21,000)</u>	
Net GST payable		4,200	4,200	32,400

Working Note:

Computation ITC that can be availed

Particulars	CGST (₹)	SGST (₹)
Computation of eligible ITC		
Car purchased for official use by senior partner [ITC on motor vehicles used for transportation of persons with seating capacity upto 13 persons (including driver) is blocked except when used for making specified outward supplies.]	Nil	Nil
Office rent paid to landlord [No ITC since the supplier did not upload the details of invoice in his GSTR-1 and said details are not being reflected in GSTR-2B of recipient.]	Nil	Nil
Professional fee paid [ITC on services used in the course/furtherance of the business is allowed.]	18,000	18,000
Computer for office purpose [ITC on goods used in the course/furtherance of the business is allowed.]	<u>3,000</u>	<u>3,000</u>
Total eligible ITC which can be availed [ITC in respect of invoices furnished by the suppliers in their GSTR-1s and reflected in GSTR-2B of recipient.]	21,000	21,000

2. (a) **Computation of taxable value and tax liability**

Particulars	Amount (₹)
Price of goods (exclusive of tax and discounts)	10,00,000
<i>Add:</i> Tax levied by Municipal Authority [Tax other than GST, if charged separately, are includible in the value.]	10,000
<i>Add:</i> Subsidy received from Jiva Enterprises Pvt. Ltd. [Subsidy provided by non-Government bodies and which is directly linked to the price is includible.]	1,00,000
<i>Add:</i> Post-delivery inspection charges [Anything done by the supplier in respect of the supply of goods after the delivery of goods is not includible in value.]	-
<i>Add:</i> Amount directly paid by Y Ltd. to X Ltd. [Liability of the supplier, in relation to the supply being valued, if discharged by the recipient of supply and not included in the price, is includible in the value.]	25,000
<i>Add:</i> Interest [Interest for delayed payment of consideration is includible in the value. Since interest is received in lumpsum, amount is inclusive of GST [₹ 20,000 x 100/112] (rounded off).]	<u>17,857</u>
Value of taxable supply	11,52,857
CGST @ 6%	69,171
SGST @ 6%	69,171

(b) **Computation of value of taxable supply on which GST is to be paid by Miss. P**

Particulars	IGST* (₹)
Amount received for warehousing of sugarcane [Warehousing of agricultural produce is exempt from GST.]	Nil
Commission received as business facilitator [Services provided by a business facilitator to a banking company with respect to accounts only in its rural area branch are exempt from GST. In the given case since services are being provided to urban branch of the bank, they are taxable. However, the tax payable thereon is to be paid by the recipient of services i.e. banking company, under reverse charge. Hence, Miss P will not be liable to pay GST on commission received for said services.]	Nil
Amount received for services by way of labour contracts [Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt from GST. Since such services are being provided for repairing the residential unit, they are not eligible for exemption.]	1,800 [10,000 X 18%]
Total IGST payable	1,800

*Note: IGST is payable on inter-State supply.

3. (a) **Computation of aggregate turnover of B Enterprises, Karnataka, for January**

Particulars	(₹)
Intra-State outward taxable supply of goods [Aggregate turnover includes value of all taxable supplies.]	7,00,000
Inter-State outward taxable supply of services [Aggregate turnover includes value of inter-State supplies.]	6,00,000
Intra-State outward supply on which tax is payable under reverse charge mechanism [Aggregate turnover includes value of all taxable supplies whether taxable under reverse charge or forward charge.]	1,00,000
Intra-State outward supply of exempted goods from Manipur [Aggregate turnover includes value of exempt supplies made in all the States under the same PAN]	<u>5,00,000</u>
Aggregate turnover	19,00,000
<p>Persons making any inter-State taxable supply of goods are required to obtain compulsory registration, but in case of inter-State supply of taxable services, threshold limit of ₹ 20 lakh is available.</p> <p>Such threshold limit gets reduced to ₹ 10 lakh in case of specified Special Category State provided taxable supply is being made therefrom.</p> <p>Since B Enterprises is making exempt supplies from Manipur - a specified Special Category State, the applicable threshold limit of registration for B Enterprises is ₹ 20 lakh. Thus, it is not liable to be registered as its aggregate turnover does not exceed the threshold limit.</p>	

- (b) E-way bill is mandatorily required to be generated whenever there is a movement of goods of consignment value exceeding ₹ 50,000, *inter alia*, in relation to a supply.

Consignment value of goods, *inter alia*, includes the central tax, State/Union territory tax, integrated tax and cess charged, if any. The consignment value of goods, in the given case, will be ₹ 50,740 [₹ 43,000 + (₹ 43,000 × 18%)].

Thus, in the given case, since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be generated in respect of movement of goods from Maharashtra to Punjab.

4. (a) (i) **Consolidated e-way bill in case of road transport**

Consolidated e-way bill (EWB) is a single document containing the details of multiple e-way bills (even with different validity periods) in respect of multiple consignments of various consignors and consignees being transported in a single vehicle/ conveyance generated by the transporter to carry a single document instead of carrying separate documents for each consignment in the conveyance.

(ii) **Acceptance/rejection of e-way bill**

The details of the e-way bill generated shall be made available to supplier (if registered), where the information in Part A of e-way bill is furnished by recipient/transporter, or recipient (if registered), where the information in Part A of e-way bill is furnished by supplier/transporter, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

If such person does not communicate the acceptance/rejection within 72 hours from the time of the details being made available to him on the common portal or the time of delivery of goods, whichever is earlier, it will be deemed that he has accepted the details.

- (b) (i) A registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him may, issue a revised tax invoice against the invoices already issued during said period, within 1 month from the date of issuance of certificate of registration in prescribed manner.
- (ii) A registered person supplying exempted goods and/or services or paying tax under composition levy, shall issue in prescribed manner, a bill of supply instead of a tax invoice, containing prescribed particulars.