

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 16

NOTE : 1. *Answer ALL Questions.*

2. *ALL the references to sections in Part-II of the Question Paper relate to the Income-tax Act, 1961 and relevant Assessment Year 2024-25 unless stated otherwise.*

3. *Wherever necessary, suitable assumptions can be made and the same be stated clearly in the answer.*

4. *Working notes should form part of the answer.*

PART-I

1. (a) Swadeshi Pvt. Ltd., a registered person in Lucknow (Uttar Pradesh) under GST Laws is a supplier of goods and pays GST tax under regular scheme. It has made the following transactions for the month of November, 2023 :

(i) Supplied goods worth ₹ 8,00,000 to R of Kanpur (Uttar Pradesh)

(ii) Supplied goods worth ₹ 5,00,000 to M of Amritsar (Punjab)

(iii) Purchased goods worth ₹ 2,00,000 from J Ltd of Noida (Uttar Pradesh)

(iv) Purchased goods worth ₹ 3,00,000 from Paras of Patna (Bihar)

: 2 :

The company has following opening balance of ITCs for November 2023 :

Particulars	Amount (₹)
CGST	54,000
SGST	4,000
IGST	70,000

Note :

- (i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (iii) All the transactions of inward and outward supplies are made with GST registered persons under regular scheme.
- (iv) All the conditions necessary for availing the ITC have been fulfilled.

Compute the head-wise minimum GST payable, in cash, by Swadeshi Pvt. Ltd. for the month of November 2023. Make suitable assumptions as required.

(5 marks)

- (b) Rajshree, a resident of Ahmedabad (Gujarat), commenced her business of supply of goods in the month of April 2023. She has provided the following information :

- (i) Her intra-state turnover for the first two quarters were :
 - (a) April to June, 2023 ₹ 25 lakhs
 - (b) July to September, 2023 ₹ 90 lakhs (includes 30% supplies of exempted goods).
- (ii) Since the goods supplied by her were eligible for composition scheme, she opted for registration under composition scheme, in the State of Gujarat, with effect from 1st July, 2023,

: 3 :

You are required to compute the tax payable by Rajshree, till the end of second quarter, under GST law in the following independent situations :

- (i) If she is a manufacturer of goods other than notified goods.
- (ii) If she is a trader.

(5 marks)

- (c) Kala Niketan, registered in Jaipur, Rajasthan, wishes to organise a 'Balle Dance Concert' in Nagpur, Maharashtra. Kala Niketan enters into a contract with an event management company Galaxy Entertainment Pvt. Ltd., registered in Kolkata, West Bengal, for organising the said concert at an agreed consideration of ₹ 1 lakh. Galaxy Entertainment books Kala Kunj Auditorium, registered in Nagpur, Maharashtra, for holding the concert for a lump sum consideration of ₹ 45,000. Kala Niketan fixes the entry ticket fee to the concert at ₹ 600 per ticket. 440 tickets were sold for the concert. You are required to determine the following in respect of each of the supply involved in the given scenario in the context of CGST Act, 2017 :

- (a) Place of supply of services
- (b) The amount of CGST and SGST or IGST payable in each case.

Will your answer differ, in anyway, if Kala Niketan fixes the entry ticket fee at ₹ 460 instead of ₹ 600 per ticket.

Note :

- Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.
- All the amounts given above are exclusive of taxes, wherever applicable.

(5 marks)

: 4 :

- (d) Vithal is a trader, registered in Nashik (Maharashtra), under the regular scheme under GST Law. On the GST portal, his electronic liability register, show the following tax and other liabilities due as on 1st June, 2024 :

<i>Particulars</i>	<i>Amount</i> (₹)
Self-assessed output tax due for April, 2024	3,00,000
Self-assessed output tax due for May, 2024	3,50,000
Interest due for April, 2024	25,000
Penalty due for April, 2024	28,000
Liability due towards demand notice issued by proper officer u/s 74 for suppression of facts	1,25,000

Being afraid of liability arising out of demand notice u/s 74, he is of the opinion to pay this liability first over other tax and liability due.

Assuming that there is sufficient balance in his electronic credit and cash ledgers, you are required to examine the provision of order of discharge of GST liabilities u/s 49(8) of the CGST Act, 2017 with reference to above particulars and advice to Vithal accordingly.

(5 marks)

Attempt all parts of either Q. No. 2 or Q. No. 2A

2. (a) Eastern Traders Pvt Ltd, a registered entity under GST Law in Cuttack (Odisha), is engaged in the supply of various goods and services. Following transactions towards outwards supply have occurred during the month of November, 2023 :

: 5 :

<i>S. No.</i>	<i>Particulars</i>	<i>Amount (₹)</i>
(i)	Supplied 250 wall fans at Kolkata to the state government of West Bengal 250 stands mandatorily required to mount the fans on wall were also supplied along with wall fans	4,00,000 36,000
(ii)	Provided intra-state service as a Direct Selling Agent (D.S.A.) to Arunoday Bank Ltd for their consumer loan products	2,50,000
(iii)	Company owned ferries were used as passenger transportation services to general public from one shore to another shore of the river Mahanadi to facilitate daily commutation of local public	1,00,000
(iv)	Supplied goods to its agent in the state of Maharashtra. Open market value of the said goods were ₹ 2,80,000. The said agent is supplying goods of like kind and quality to unrelated customers at ₹ 3,00,000. The company wishes to choose the option which is most beneficial to it.	

The company has provided the following additional information :

- (i) Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for outward supply of goods and services, except wall fan stand for which the rates are 14%, 14% and 28% respectively.
- (ii) All the amounts given above are exclusive of taxes, wherever applicable.

: 6 :

You are required to compute the taxable value of supply and GST liability payable, i.e., CGST, SGST or IGST as the case may be, for Eastern Traders Pvt. Ltd, for the month of November, 2023.

(5 marks)

(b) Examine, with appropriate explanation, whether the suppliers are eligible for composition levy under section 10 of CGST Act, 2017, in the following independent cases in the beginning of the financial year 2023-24 :

(i) Audiocon Electronics, registered in Bangalore, Karnataka, is engaged in the manufacturing and supplying of front-load automatic washing machines, intra-state, on its own. Its aggregate turnover in the financial year 2022-23 is ₹ 76 lakhs. With a view to expand its business operations, it will also start providing the repairing services of front-load automatic washing machines in Karnataka in the financial year 2023-24.

(ii) Hitesh, registered in Tripura, is engaged in running a pure veg restaurant 'Jim Jam Kitchen' in Agartala. He has a turnover of ₹ 49 lakhs in the financial year 2022-23. Due to incurring heavy losses, he decided to shut down the restaurant business and start providing interior designing consultancy services, within Tripura, from financial year 2023-24.

(5 marks)

: 7 :

(c) Anil, a trader registered under regular scheme, has opted to file returns of GSTR-1 and GSTR-3B on monthly basis. He has filed GSTR-3B for the month of May, 2023 within due date i.e., 20.06.2023. Anil noticed in July, 2023, that the tax dues for the month of May, 2023 have been short paid by ₹ 20,000. The shortfall of ₹ 20,000 was paid through electronic cash ledger and credit ledger amounting to ₹ 15,000 and ₹ 5,000 respectively while filing GSTR-3B of July, 2023 which was filed on 20.08.2023.

(i) Examine and compute the interest payable, if any, under CGST Act, 2017.

(ii) What would be your answer if, GSTR-3B for the month of May, 2023 had been filed belatedly on 20.08.2023 as above.

Note : Assume that electronic cash ledger and credit ledger carried sufficient balance for the above shortfall.

(5 marks)

(d) (i) When is Dynamic Quick Response (QR) Code applicable to supplier who issue invoice to unregistered persons ?

(ii) What is the amount of penalty for non-compliance of Dynamic Quick Response (QR) Code, when applicable ?

(iii) List the suppliers (any three) to whom Dynamic Quick Response (QR) Code is not applicable.

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) Amit an unregistered person has taken a loan from the public sector Bank on 15th August, 2022 worth ₹ 1.95 Crore and purchased a machine on 17th August, 2022 for ₹ 2.10 Crore. Subsequently Mr. Amit defaulted in paying the loan amount along with interest. Later on, Bank repossessed the machine from Mr. Amit on 22nd June, 2023. The banker sold the said machine on 27th October, 2023.
- You are required to calculate the value of taxable supply of machine as per rule 32(5) of CGST Rules 2017 in the hands of banker and tax payable in the following two independent cases :

Case	Particulars	Amount in (₹)
Case 1	Machine sold for	1.90 Crore
Case 2	Machine sold for	1.40 Crore

Note : Assume applicable rate of IGST @ 12% for this purpose.

(5 marks)

- (ii) Bharat has committed offence under CGST Act which can be compounded as per provisions of section 138(1) of the CGST Act, 2017. He has paid the tax amount of ₹ 6 lakhs involved in the offence. He wishes to apply to commissioner for compounding the said offence.

You are required to compute minimum and maximum compounding amount as per provisions of section 138(2) of the CGST Act, 2017, payable by Bharat.

What are the consequences if Bharat pay such compounding amount as may be determined by commissioner.

(5 marks)

: 9 :

(iii) Rajkumar is registered under GST in Gujarat, West Bengal and Odisha. Due to closure of business activities in Odisha with effect from 30th April, 2023, Rajkumar filed an application for cancellation of registration before the jurisdictional tax authorities of Odisha on 28th May, 2023. The registration was suspended with immediate effect from 28th May, 2023 by the jurisdictional tax authorities. The final order of cancellation was dated 30th June, 2023.

Further, Rajkumar was also registered as an ISD (Input Service Distributor) in Odisha. The registration of ISD was cancelled with effect from 30th May, 2023 with an order dated 30th June, 2023.

- (a) You are required to advise Rajkumar regarding the last date for filing the final return by it in Odisha.
- (b) Advice whether the final return is required to be filed upon cancellation of ISD registration by Rajkumar.

(5 marks)

(iv) Examine and decide, whether e-way bill is required in the following situations ?

- (a) Where goods transit through another State while moving from one area in a State to another area in the same State.
- (b) Where goods move from a DTA unit to a SEZ unit or vice versa located in the same State.

(5 marks)

3. (a) Banshi is engaged exclusively in supply of taxable goods from three different states. The particulars of intra-state supplies for the financial year 2023-24 are as follows :

State	Turnover (₹)
Tamil Nadu	6,00,000
Rajasthan	13,00,000
Mizoram	15,00,000

- (i) Banshi wants to know whether he is liable for registration under GST Law, assuming that Banshi is not engaged in making supplies of Ice cream and other edible ice (whether or not containing cocoa), Pan masala and all goods i.e., Tobacco and manufactured tobacco substitutes falling under chapter 24.
- (ii) If Banshi supplies only petrol and diesel from Mizoram instead of any other taxable goods, will your answer differ from (i) above.

(4 marks)

- (b) Kamal, a taxable person issued a tax invoice on 20th May, 2023 involving input tax credit (ITC) of ₹ 15 lakhs to Mahendra, a registered person, who, being eligible, utilised the same in payment of his output tax liability. Against this tax invoice, there was no actual supply of goods involved between the two traders. On inquiry, Kamal admitted that this transaction was conducted at the instance of his tax consultant, Sohan, who was not a qualified professional.

Briefly explain the relevant provision and determine the amount of penalty leviable under CGST Act, 2017, if any, on the persons involved in respect of the above referred transaction.

(4 marks)

(c) “Under the GST law, taxes on taxable services supplied by the Central Government or the State Government to a business entity in India are payable by the recipient of services.” Enumerate the exceptions to the said statement.

(4 marks)

(d) As per the relevant provisions of the GST law, answer the following independent situations relating to GST procedure :

(i) Khusboo, a trader, engaged in the buying and selling of perfumes within the state of Uttar Pradesh is not registered under GST. Turnover of Khusboo exceeded ₹ 20 lakhs on 16th September, 2023 and ₹ 40 lakhs on 15th January, 2024. She applied for registration under GST on 28th January, 2024 and certificate of registration was granted on 3rd February, 2024. Determine the date on which liability to register arises and the effective date of registration in this case.

(ii) Sweet Parlour is a chain of shops supplying sweets and savouries through three shops in West Bengal. It has a single GSTIN for all its shops in West Bengal and has a principal place of business at Jodhpur Park, Kolkata. The tax consultant has suggested Sweet Parlour to maintain books of account (for GST purposes) of all its shops at principal place of business at Jodhpur Park, Kolkata for better administration and control. Comment whether the suggestion of the tax consultant is correct or not according to the provisions of the GST Law.

(4 marks)

(e) “An appeal to the Appellate Authority cannot be filed manually under any circumstances.” Comment on the validity of the above statement with reference to GST law.

(4 marks)

4. (a) Sunita Thomas, a non-resident Indian from Canada donated a milk processing machinery to Matri Charitable Trust (MCT) of Mumbai. MCT paid commission to local agent in India.

Assistant Commissioner of Customs determined the FOB value of machine at Can \$ 18,000. The trust accepted the value determined. Actual air freight paid was Can \$ 4,500 and insurance cost was Can \$ 1,600.

Other details available are given below :

- (i) Commission paid to local agent of the exporter is Can \$ 2,100 (paid in ₹ 1,26,000).
- (ii) Date of Bill of Entry presentation is 26th March, 2023. On this date, rate of BCD is 10%. Rate of exchange notified by CBIC is ₹ 60 per Can \$; Reserve Bank Rate is ₹ 61 per Can \$.
- (iii) Date of arrival of aircraft at customs station is 4th April, 2023. On this date, rate of BCD is 15%, Rate of exchange notified by CBIC is ₹ 59 per Can \$; Reserve Bank Rate is ₹ 60 per Can \$.
- (iv) Social welfare surcharge is leviable @ 10% and applicable IGST rate is 18%.

Compute the assessable value under the Customs Act and also calculate basic customs duty payable, social welfare surcharge and IGST on import of machine. Assume that no exemption is available on this transaction and make suitable assumptions, if required.

(5 marks)

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- (b) Ascertain whether the exporter is entitled to duty drawback in the following independent cases and if yes, what is the quantum of such duty drawback ?
- (i) FOB value of goods exported is ₹ 50,000, Rate of duty drawback on such export of goods is 0.70%.
- (ii) FOB value of 2,000 kg of goods exported is ₹ 2,00,000, rate of duty drawback on such export is ₹ 30 per kg. Market price of goods is ₹ 50,000 (in wholesale market).
- (iii) FOB value of 2,000 kg of goods exported is ₹ 2,00,000. Rate of duty drawback on such export is ₹ 16 per kg. Market price of goods exported is ₹ 54,000 (in wholesale market).

(5 marks)

PART-II

5. (a) Bristo is employed as a marketing manager in a FMCG company. On 20th August, 2023, he received a motor car as gift from a distributor of the company. The market value of the gifted car is estimated at ₹ 3,50,000. Is the value of car taxable as income ? If so, under what head it is taxable ?

(3 marks)

- (b) Tax recovery officer attached the properties of C and D, two directors of PQR Pvt Ltd (a company in liquidation) in respect of the tax due from the company and also for interest and penalty due from the company. The two directors contended that the directors are not liable for any tax, interest and penalty due from the company. Moreover, a notice u/s 156 of Income Tax Act, 1961, had not been served on them and therefore, they are not liable for any tax, interest and penalty due from the company. Hence, the proceeding for recovery were not valid.

Discuss whether the contention of directors is correct ?

(3 marks)

(c) What is the remedy available to an applicant who is aggrieved by the ruling of Board for Advance Rulings ? Also, state the time limit within which he should exercise this remedy.

(3 marks)

(d) Explain the meaning of the following terms in context of Income Tax Act, 1961 :

(i) Juridical Double Taxation

(ii) Economic Double Taxation.

(3 marks)

(e) State any three conditions, which must be satisfied in order to attract Section 69A of the Income Tax Act, 1961 regarding unexplained money.

(3 marks)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (a) B Inc. London has 37% equity in RTP Ltd. an Indian Company. The company RTP Ltd is engaged in development of software and maintenance of customers across the globe, which includes B Inc.

During the financial year 2023-24, RTP Ltd. spent 1500 man hours for developing and maintaining a software for B Inc. and billed at ₹ 900 per hour. The cost incurred for executing maintenance work to B Inc. for RTP Ltd. amount to ₹ 14,00,000. Similar such work was done for unrelated party Fry Ltd. in which the profit was at 50%.

: 15 :

B Inc. gives technical support to RTP Ltd. which can be valued at 12% of gross profit. There is no such functional relationship with Fry Ltd. RTP Ltd. gives credit period of 60 days the cost of which is 4% of the normal billing rate which is not given to other parties.

Compute Arm's Length Price (ALP) under cost plus method in the hands of RTP Ltd. and the impact of the same on the total income under Income Tax Act, 1961.

(5 marks)

(b) With reference to General Anti-Avoidance Rules (GAAR), answer the following independent situations :

(i) The merger of a loss-making company with a profit making one results in losses setting off profits, a lower net profit and lower tax liability for the merged company.

Would the losses be disallowed by applying GAAR ?

(ii) PP Ltd, an Indian Company, has two manufacturing units, unit A in the SEZ and unit F in non-SEZ. It transfers the goods manufactured by unit F to unit A at a price significantly lower than the market value of goods and thus becomes eligible for higher deduction. Can GAAR be invoked in this case ?

(5 marks)

(c) What is meant by Digital economy ? What are the taxation issues in E-Commerce ? List out the OECD recommendations under Action Plan 1 which deals with the digital economy.

(5 marks)

OR (Alternate question to Q. No. 6)

- 6A. (i) Raghav is appointed as 'Official Assignee', in respect of insolvency proceedings initiated against Paritosh Ltd. You are required to advise him whether he will be treated as Representative Assesse in this regard. What will be his status and his liability with respect to other procedures under Income Tax Act, 1961 ?
- (ii) Rishabh Private Limited is a closely held company. Its board of directors decided to issue 1000 shares face value of which is ₹ 100 per share, fair market value of which is ₹ 200 per share at a premium of ₹ 250 per share. Please advise whether section 56 of Income Tax Act, 1961, will be attracted and tax payable, in following circumstances :
- In case the investor/subscribers to the shares of above-named company are :
- (a) Resident Indian
 (b) Non-resident Indian
 (c) Venture Capital undertaking.
- Further, what will be your answer, if the shares are issued at fair market value.
- (iii) Sudoku Ltd., an Indian company, is engaged in the business of manufacture and sale of lamp shades. To expand its international sales, it hired the services of a New York based company, Moon Inc., for online advertisements. Moom Inc. has no permanent establishment in India. During the previous year 2023-24, Sudoku Ltd. paid ₹ 6 lakhs to Moon Inc. for such services and deducted the equalization levy on 15.03.2024 and credited it to the account of Central Government on 16.04.2024. You are required to :
- (i) Compute interest leviable to Sudoku Ltd. on the delayed payment of equalization levy.
 (ii) What are the circumstances under which penalty cannot be imposed ?
 (iii) Sudoku Ltd. is aggrieved by the order imposing penalty. What is the time limit for filing of appeal against the order of the Assessing Officer imposing the penalty ?

(5 marks each)