

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) Explain on the following situations supporting your answers with reference to the recent amendments to GST laws :
  - (i) Raman, the recipient of service paid the invoice amount to his supplier within 180 days from the date of invoice being 1st October, 2022 but failed to settle the GST amount as charged in the invoice and could not pay the same till 30th September, 2023 due to dispute with the supplier and claimed ITC for the same in his periodic returns. GST Officer asked him to reverse full amount of ITC before the end of 30th November, 2023.
  - (ii) M/s TVR Cineplex Private Limited sells cinema hall tickets of ₹ 150 each including GST @ 18%. It also supplies food and beverages as a separate

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service charging GST @ 5%. During the month of August, 2023, it offered ticket price combined with the supply of food and beverages of ₹ 250 each plus GST. The company is of the opinion that it needs to pay GST on food and beverages supplied during offers @ 5% only.

(iii) During the month of July, 2023, GST Office, Mumbai conducted search into the premises of M/s NTR Private Limited and found issue of fake invoices without any supply of goods or services involving a fake ITC claim of ₹ 2.25 Crore. The company desires to pay the compounding fees to avoid court proceedings being a time-consuming and expensive process and wants to know the maximum amount of fee to be paid as such.

(iv) M/s VRM Estates Private Limited, the owner of a Metro Mall in Delhi rented out 10 shops spaces to retail shopkeepers with the supply of electricity bundled with renting of shops and/or maintenance of premises. The electricity is charged 20% higher than the actual rate of electricity per unit paid by the company. The company contends that it is not liable to pay GST on supply of electricity.

(v) R, a retail garment shopkeeper applied for and was granted a regular registration under GST on 1st April, 2022. Due to the increasing trend of customers shopping online and heavy rentals, her shop was shut on 30th June, 2022. She later received continuous mails from GST alerting for cancellation of registration due to non-filing of periodic returns. She did not respond or reply to the mails timely and her registration was finally cancelled by Ward Officer on 31st March, 2023.

On 5th January, 2023, she again planned to start online reselling of garments and sought your advice for the possibility of revocation of cancelled registration.

(5×2=10 marks)

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- (b) Shyam Sundar booked a Banquet Hall for his daughter's marriage on 10th April, 2023 with an agreed sum of ₹ 3,00,000 and paid an advance of ₹ 30,000. The Marriage Function was held in Banquet Hall on 12th August, 2023. The Banquet Hall owner issued invoice on 18th September, 2023 for ₹ 3,00,000, indicating pending amount of ₹ 2,70,000. The balance payment of ₹ 2,70,000 received 6th October, 2023. Determine the time of supply in the context of CGST Act, 2017.

(5 marks)

- (c) Determine the eligibility of input tax credit for the following cases as per sec 17(5) of CGST Act, 2017 :

- (i) M/s NTC Private Limited, a registered taxable person is in business of information technology. The company buys a motor vehicle for use of its Executive Directors. Can it avail the ITC in respect of GST paid on purchase of such motor vehicle ?
- (ii) M/s DFL Private Limited conducted its 12th Annual General Meeting at its head office in Bengaluru and availed services of M/s Sitaram Caterers for the occasion. M/s Sitaram Caterers charged ₹ 4,75,000 plus GST @ 18% for supply of outdoor catering services. Determine whether M/s DFL Private Limited can avail input tax credit of GST paid on outdoor catering service.
- (iii) M/s Hans Logistics Private Ltd. is a registered person engaged in passenger transport services. It purchased a luxury bus for ₹ 22,30,000 plus GST @ 28% for its business as on 12.09.2023. Determine whether the company can avail the benefit of input tax credit of the GST paid by it on motor vehicles.

(1+2+2=5 marks)

- (d) Meenakshi, Executive Director of M/s CTC Private Limited provided the following services and supplies to the company during the financial year ending 31.03.2024 :

- (i) Directors Sitting Fees received ₹ 55,000 subject to TDS under section 194J of Income Tax, 1961.

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- (ii) A 3 BHK Flat provided on rent @ ₹ 75,000 per month to be used by the company as a guest house.
- (iii) Consideration of ₹ 1,25,000 received against her personal residential property offered as a collateral security to the bank for availing a CC Limit of ₹ 5 Crore by the company.

The company has approached CS Laxman, Legal advisor of the company to advise on the applicability of Forward or Reverse Charge in the above cases. Elucidate.

(5 marks)

2. (a) M/s Tarun Apparels Pvt. Ltd., registered dealer, purchased readymade garments from M/s Arun Fashion for the purposes of further sale. The purchasing dealer claimed the ITC on such sale.

The Assessing Officer disallowed the ITC claim for the 2022-23 on the ground that the dealers from whom M/s Tarun Apparels Pvt. Ltd. have purchased the readymade garments have either got their registration cancelled or have filed 'NIL' returns. Thus, the Assessing Officer doubted the sale and the payment of tax on such sale of which the ITC was claimed.

An Appeal was filed by the purchasing dealer. The Appellate Authority dismissed the same on the following grounds that :

- (i) such dealer/purchaser shall have to prove and establish the actual physical movement of goods, genuineness of transactions by furnishing the details referred above and mere production of tax invoices would not be sufficient to claim ITC.
- (ii) onus lies on the buyer/dealer/purchaser to establish the genuineness of the transaction to claim ITC.

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Discuss whether the dismissal of refund application on the above grounds by the Appellate Authority is justified with reference to the GST law. You may support your answer by giving the references of decided case laws, if any ?

(5 marks)

- (b) Explain the “Revisional Authority” with its powers as per the provisions of CGST Act, 2017. Also List out three instances where authority cannot revise the order.

(5 marks)

- (c) M/s Sagar Electronics Private Ltd., located at Haridwar, Uttarakhand and registered under the Composition Scheme furnishes the following break up of its total value of supplies including inward supplies taxed under reverse charge basis for the financial year 2023-24 :

(Amounts in ₹)

|       |   |           |
|-------|---|-----------|
| (i)   | Intra-state supply of MCB Panels chargeable to 1% GST                   | 42,00,000 |
| (ii)  | Intra-state supply of repair of Conductors & Chips chargeable to 6% GST | 6,50,000  |
| (iii) | Inward supply on which tax payable under RCM (GST Rate 12%)             | 4,15,000  |
| (iv)  | Intra-state supply wholly exempt under section 11 of CGST Act           | 5,78,000  |
| (v)   | Export of goods to SEZ at Nil rated                                     | 8,36,000  |

Determine the aggregate turnover of the company for the eligibility under composition scheme. Compute the tax liability of the company under the scheme along with total tax liability for the financial year 2023-24, if the turnover of the company in the previous financial year was 72,50,000.

(5 marks)

3. (a) Kabir & Sons reduced the amount pertaining to an ineligible ITC credit of ₹ 2,56,000 from the output tax liability in contravention of the provision of section 42(10) of CGST Act, 2017 in the month of December, 2023 and filed GSTR3B on the due date 20th January, 2024.

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In response to the above, a show cause notice was issued by GST Department under section 74 of CGST Act along with interest. The firm paid the tax and interest on 08.02.2024.

Calculate the interest liability payable, if any in the context the CGST Act, 2017.

(3 marks)

- (b) Shriram, registered in Delhi hired a truck from a Goods Transport Agency (GTA), being unregistered person. Accordingly, Tax amounting to ₹ 6,500/- is payable under Reverse charge basis by Shriram and he is having ₹ 15,000 in his electronic credit ledger.

State whether he can utilize the same for payment of tax under Reverse Charge Mechanism (RCM) basis ? Also explain which document is to be issued by Shriram to GTA ? Support your answer with correct legal provision.

(3 marks)

- (c) Sanjeev intends to start a new manufacturing business in Raipur, Chhattisgarh. However, he is not able to determine the classification of the goods proposed to be manufactured and supplied by him since the classification of said goods has been contentious. Ravi, a friend of Sanjeev, suggested that he should apply for advance ruling so as to avoid litigation later.

Raj Kishore, nephew of Sanjeev, is also engaged in the supply of goods similar to which Sanjeev proposes to manufacture and Raj Kishore advised him to apply the same classification as of his, since he has already taken advance ruling order regarding classification of the said goods.

Sanjeev also thought it to be a good decision since he was unregistered and thought that he needed to be registered to apply for advance ruling in his name.

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You are required to advice Sanjeev with respect to the following :

- (i) Whether Sanjeev is correct in classifying the goods proposed to be manufactured by him on the basis of his nephew Raj Kishore's advance ruling order ?
- (ii) Whether Sanjeev needs to get registered to apply for advance ruling ?

(2+1=3 marks)

- (d) M/s Accurate Testing Services, a registered supplier tests and certifies each batch of machine tools before its dispatch by Zeal Tools Pvt. Ltd., engaged in supply to SEZ Units. Some of these tools are dispatched to a unit in a SEZ without payment of GST as these supplies are not taxable.

The CFO of M/s Zeal Tools Pvt. Ltd. approached his company tax expert to know whether they need to carry out reversal of ITC paid on the testing services received from M/s Accurate Testing Services to the extent attributable to the SEZ supplies. Explain the correct legal provision in context of IGST Act, 2017.

(3 marks)

- (e) (i) Prateek received a legal advice for his family issues and paid 1500 USD dollars as a legal fee to Ms. Pratibha of New York. Whether the above activity of import of service would amount to supply u/s 7 of the CGST Act, 2017 ?
- (ii) If in above case both of them are real brother and sister & no consideration is paid, will it change your answer ?
- (iii) Further in the above case, if both of them are real brother and sister & Prateek receives legal advice for his business & he doesn't pay any consideration, what will be your answer ?

(3 marks)

*Attempt all parts of either Q. No. 4 or Q. No. 4A.*

4. (a) M/s STR Sales Private Limited having its registered office at Gurugram (Haryana), carried on the following supplies with their respective turnovers during the financial year ending on 31.03.2024 :

| Particulars  | Amounts in ₹ |
|--|--------------|
| Supply of Compressed Natural Gas (CNG) at Gurugram   | 55,00,000    |
| Value of inward supplies on which tax is payable on reverse charge basis                     | 12,00,000    |
| Supply of Aviation Turbine Fuel at Gurugram  | 3,50,000     |
| Value of transfer from Gurugram to Branch at Lucknow (U.P.) without payment of consideration | 6,50,000     |
| Value of taxable supplies of Branch at Lucknow (U.P.)  | 32,30,000    |

Compute the aggregate turnover of M/s STR Sales Private Limited from the above information in the context of CGST Act, 2017.

(5 marks)

- (b) M/s DX Logistics Private Limited having its head office at Pune, is registered as Input Service Distributor (ISD). It has three offices in different cities situated in Nagpur, Bhopal, Kanpur which are operational in the current year. The company furnished the following information for the month of May, 2023 :

| Particulars   | ₹ (Amount)     |
|---|----------------|
| CGST paid on services used only for Nagpur office                 | ₹ 2,50,000     |
| IGST, CGST and SGST paid on services used for all offices         | ₹ 9,65,000     |
| Total turnover of the unit for the financial year is as follows : |                |
| Total turnover of three offices                                   | ₹ 15,00,00,000 |
| Turnover of Nagpur office   | ₹ 7,50,00,000  |
| Turnover of Bhopal office   | ₹ 2,50,00,000  |



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Compute the credits to be distributed by the company to each of three branches in the context of CGST Act, 2017. Also explain about which Form or Return is to be used by the company to show and claim this distribution of above ITC.

(5 marks)

- (c) In the light of provisions of CGST Act, 2017 and IGST Act, 2017, determine the Place of Supply (POS) in the following independent cases :
- (i) Aryan Kapoor of Mumbai purchased a bungalow in USA. He hired Bengaluru based architect to design the structure for his bungalow.
  - (ii) Amit buys shares from a MF broking Limited, a stock broker in Delhi. Amit resides in Noida (U.P.)
  - (iii) Neeta booked a special holiday train which runs from Jaipur to Kanyakumari and provides fooding, sight-seeing and other entertainment services. She also booked a return ticket at the same time for the same train.

(5 marks)

**OR (Alternate question to Q No. 4)**

- 4A. (i) Padma Enterprises, a franchisee distributor and supplier of a branded ice cream is engaged in the supply of ice cream to wholesalers in the outskirts of the state of Delhi. Determine the eligibility of opting for the composition scheme in the above case.

Would your answer be different, if he later plans to supply it to retail customers using online platforms through electronic commerce operator ?

(5 marks)

- (ii) Vimal, a small trader engaged in supply of pan masala & aerated waters in Dehradun, Uttrakhand made the following supply of goods and services during the financial year 2023-24 :

|  |             |
|--|-------------|
| – Outward supply of pan masala             | ₹ 65,00,000 |
| – Renting of adjacent two commercial shops | ₹ 7,30,000  |
| – Interest income on advances              | ₹ 1,75,000  |

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From the above information, determine his aggregate turnover to decide the eligibility under composition scheme, if his turnover in the previous financial year was ₹ 68,00,000.

(5 marks)

(iii) M/s Dexton Supply Private Limited has the following tax liabilities for the financial year 2023-24 :

| S.No. | Particulars  | Amount in<br>(₹) |
|-------|--|------------------|
| 1.    | Tax liability of CGST, SGST/UGST, IGST for supplies made during May 2023                   | 1,25,000         |
| 2.    | Interest & Penalty on delayed payment and filing of returns belonging to June, 2023        | 16,000           |
| 3.    | Tax liability of CGST, SGST/UGST, IGST for supplies made during June, 2023                 | 1,28,000         |
| 4.    | Interest & Penalty on delayed payment and filing of returns belonging to July, 2023.       | 14,500           |
| 5.    | Demand raised as per section 73 or section 74 under CGST Act, 2017 belonging to June, 2022 | 6,48,000         |
| 6.    | Demand raised as per the old provisions of Indirect Tax                                    | 94,000           |

The company has the balance of ₹ 5,05,000 in Electronic Cash Ledger. Suggest the company in discharging its the tax liability.

(5 marks)

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**PART-II**

5. (a) M/s Guru Transport Co., a partnership firm is engaged in the business of playing, hiring and leasing of goods carriage owning 8 vehicles. The firm furnishes the following information for the previous year ending on 31.03.20024 :

|  | (Amounts in ₹) |
|--|----------------|
| – Receipts from 6 Vehicles                                   | 50,50,000      |
| (Capacity 18MT) bought for ₹ 15 Lakh each in<br>April, 2023  |                |
| – Receipts from 4 Vehicles                                   | 20,50,000      |
| (Capacity 10MT) bought for ₹ 5 Lakh each in<br>October, 2023 |                |
| Expenses incurred :  |                |
| Diesel   | 8,24,000       |
| Drivers Salary   | 12,00,000      |
| Repair & Maintenance   | 4,22,000       |
| Interest to partners @ 12%                                   | 40,000         |
| Salary to Partners   | 3,50,000       |

From the above information, compute the taxable income of the firm for the A. Y. 2024-25 as per the section 44AE and as per normal provision (ignore new tax regime) and find out which option will be better in terms of tax saving ? Assume depreciation on vehicles as allowed under income tax is @ 30%.

(5 marks)

(b) M/s DLF Ventures LLP incorporated on 01-04-2023 has following three business plans for 10 years as alternatives to start with a capital investment of ₹ 100 Crore with an expected rate of return (net profits) of 5% every year and is thinking to start the commercial operations from the financial year 2023-24 :

- (i) Set up a startup company engaged in smart, supply chain management holding a certificate of eligibility from Inter-ministerial board of certification.
- (ii) Set up a Cold Chain facility for refrigeration, storage, and transportation of dairy products.
- (iii) Purchase of tea gardens for growing and manufacturing tea in India.

The entity has approached its company secretary for advising on the best business plan keeping in view of the various tax deductions allowed under the Income Tax Act, 1961, assuming all other conditions having been fulfilled by the entity.

(5 marks)

(c) Determine with reasons whether the following are the acts of (i) tax planning (ii) tax evasion (iii) tax avoidance :

- (i) Sumit, a retail garments trader claims lavish travelling expenses incurred of ₹ 45,000 and personal laptop repair expenses of ₹ 18,000 as business expenses, when filing his ITR.
- (ii) Ravi, a regular income tax return filer transferred a sum of ₹ 5 lakhs from his bank account to his wife's bank account and thus made a fixed deposit of the same amount in wife's name earning interest @ 7.5% per annum. His wife does not file any ITR due to being a house wife and having no any taxable income.
- (iii) M/s ACE Private Limited, an existing manufacturing company having two units named X and Y split up both the units into two separate companies as X Limited and Y Limited under a demerger drive. Further M/s X Limited setup an establishment in SEZ to enjoy tax holiday under section 10AA of Income Tax Act. For this, the used plant & machinery of Unit Y were sold and transferred to M/s X Limited to compensate the 30% requirement of the total cost of Plant & Machinery in X Limited.

(5 marks)

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

6. (a) M/s DTA Private Limited, an existing manufacturing company having two units named X and Y split up both units into two separate companies through a demerger drive as X Limited and Y Limited in the month of December, 2023. The relevant information of both units is given hereunder :

(Amounts in ₹)

| Losses remaining for set off                          | Since A.Y. | Unit X    | Unit Y    | Common   |
|---|------------|-----------|-----------|----------|
| Unabsorbed Capital Expenditure<br>Scientific Research | 2017-18    | —         | —         | 3,50,000 |
| Speculation Business Loss                             | 2016-17    | 27,500    | 56,200    | —        |
| Unabsorbed Depreciation                               | 2014-15    | 3,15,000  | 2,28,000  | —        |
| Preliminary Expenses (remaining for 3<br>years)       | —          | —         | —         | 36,000   |
| Accumulated Business Losses                           | 2018-19    | 12,50,000 | 8,26,500  | —        |
| Expenses of demerger                                  | —          | 75,000    | 35,000    | —        |
| Book Values of Net Assets on<br>demerger              | —          | 72,00,000 | 24,00,000 | —        |

Further following information are furnished for the newly demerged companies :

| Particulars                                 | X Limited | Y Limited |
|---|-----------|-----------|
| Business Profits earned during F.Y. 2023-24 | 22,75,000 | 17,26,300 |
| Speculation Profits earned F.Y. 2023-24     | 22,000    | 26,500    |

Compute the taxable profits of the resulting companies X Limited and Y Limited.

(5 marks)

- (b) M/s DFC Private Limited, a closely held non-banking financial company engaged in the business of money lending having equity share capital of ₹ 50 Crore divided into 5 Crore equity shares of ₹ 10 each fully paid up and also having accumulated profits of ₹ 1.25 Crore, disbursed the following amounts to different stakeholders of the company during the F.Y. 2023-24 :
- (i) Granted an interest free loan of ₹ 25 Lakh to a partnership firm in which Nitin, being equity shareholder holding 5% equity shares of the company, is a partner having 25% share of profit in the firm.
  - (ii) Granted an interest-bearing loan of ₹ 20 Lakh to M/s EXL Private Limited in which Mrs. Riya, wife of Nitin is the equity shareholder holding 25% equity shares of M/s EXL Private Limited.
  - (iii) Granted an interest free loan of 5 Lakh on 31.05.2023 to Mr. Kapil, an individual who later bought 12% equity shares of the company on 05-09-2023.
  - (iv) Paid an amount of ₹ 2 Lakh as Security Deposit to M/s DHF Private Limited, 100% subsidiary of M/s DFC Limited in terms of agreement for leasing out of office premises. M/s DHF Private Limited has also provided inter corporate loans of ₹ 50 lakhs to M/s DFC Private Limited.
  - (v) Granted an interest free loan of 5 Lakh on 04-08-2023 to Meena, an individual holding 15% equity shares of the company. She repaid the loan in full to the company on 15-02-2024.

Determine whether above outflows by the company constitute deemed dividends under section 2(22)(e) of the Income Tax Act, 1961. Support your reasons for the decided case laws, if any.

(5 marks)

- (c) M/s GTP Private Ltd, a widely held company is considering a major expansion of its production facilities and the following alternatives are available :

| Particulars                           | Alternatives (₹ lakhs) |    |    |
|---------------------------------------|------------------------|----|----|
|                                       | A                      | B  | C  |
| Share Capital (₹ 10 each)             | 50                     | 20 | 10 |
| 14% Debentures                        | —                      | 20 | 15 |
| Loan from financial Institution @ 15% | —                      | 10 | 25 |

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The expected rate of return before tax is 25%. The rate of dividend of the company is not less than 20%. The company at present has low debt. Corporate tax is 30%. Which of the alternatives you would choose ?

(5 marks)

**OR (Alternate question to Q. No. 6)**

- 6A. (i) M/s Excel Private Limited, sold one of its two plants under a slump sale to M/s. Pixel Private Limited on 31-10-2023 for a sales consideration of ₹ 45 lakhs due to continuous losses being occurred. The balance sheet of the plant sold as on 31-10-2023 is given hereunder :

| Particulars   | (Amounts in ₹)   |
|---|------------------|
| Liabilities :   |                  |
| Paid up Capital (2,00,000 equity shares of ₹ 10 each fully paid up) | 20,00,000        |
| Revaluation Reserves  | 82,000           |
| Bank Loan   | 7,42,000         |
| Current Liabilities   | 14,72,800        |
| <b>Total</b>  | <b>42,96,800</b> |
| Assets :  |                  |
| Fixed Assets less accumulated depreciation                          | 21,70,000        |
| Current Assets  | 4,08,000         |
| Goodwill  | 6,12,000         |
| Reserves and Surplus  | 10,23,600        |
| Deferred Revenue Expenditure  | 28,000           |
| Income Tax refund claimed for AY 2023-24                            | 55,200           |
| <b>Total</b>  | <b>42,96,800</b> |

Further the information provided are as under :

- (1) Fair market value of 15,000 debentures on the date of sale was 1,26,500. and of equity shares was 78,500.
- (2) Revaluation reserves pertain to the land purchased in 2016-17 at a cost of 7,52,000. The value adopted of land for payment of stamp duty is ₹ 12,00,000 on the date of slump sale.

You are required to compute the Net Worth, Fair Value of Capital Assets and Capital gains or loss on slump sale of the plant for the purpose of section 50B of the Income Tax Act, 1961.

(8 marks)

- (ii) M/s EBM Infotech Private Limited, engaged in the export of notified goods established a Unit in SEZ, Noida and started services from 1st April, 2012. During the previous year ending 31-03-2024, it has received consideration in respect of export of ₹ 45 Lakh apart from domestic supply of ₹ 15 Lakh. The export proceeds include the following expenses incurred for the delivery of export as charged in the bill of supply :

| Particulars                   | (Amounts in ₹) |
|-------------------------------|----------------|
| Packing Charges               | 68,000         |
| Freight Paid                  | 1,25,000       |
| Custom House Agent Commission | 37,000         |
| Insurance Charges             | 62,500         |

From the above given information, you are required to compute the amount of Export Turnover, profit eligible for deduction and the deduction allowed, if any under Income Tax, Act as eligible for the assessment year 2024-25 of the company, assuming that the company earned total profits of ₹ 7.5 Lakh during the year and 75% of this profit earned was debited to the profit and loss account and credited to the "Special Economic Zone Re-investment Reserve Account".

(7 marks)