

Roll No.

Total No. of Questions – 12

Total No. of Printed Pages – 15

Time Allowed – 3 Hours

Maximum Marks – 100

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Answers to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Answers of section **A** and **B** should be given in separate sets of answer books.

Section – A

Marks : 60

Question No. 1 is compulsory.

Candidates are also required to answer any five questions from the remaining six questions.

Working notes should form part of the respective answers.

All questions pertaining to Income Tax, relate to **Assessment Year 2018-2019**, unless stated otherwise in the question.

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1. Miss Sakshitha, a resident individual, aged 32 years, furnishes the following **10** particulars relating to the year ended 31-3-2018 :

(a) Analysis of her bank account in her ledger reveals the under-mentioned data :

(i) Winnings from a TV Game show (Net)	70,000
(ii) Gift received from mother's father	80,000
(iii) Gift received from Ramya, her close friend	60,000
(iv) Interest on capital received from Vidyut & Co., a partnership firm in which she is a partner (@ 15% p.a.)	3,00,000
(v) Rent received for a vacant plot of land	2,00,000
(vi) Amount received from Sharks Pvt. Ltd., for a house at Salem for which she had been in negotiation for enhanced rent three years back. This has not been taxed in any earlier year. The house was, however, sold off in March, 2017.	1,50,000
(vii) Amount received under KeyMan Insurance Policy	2,20,000
(viii) Amount forfeited by a buyer of her vacant plot, since the buyer could not finalize the deal as per agreement.	3,10,000

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(b)	Donation given in cash to a charitable trust registered u/s 12AA	12,000
(c)	She owns agricultural lands at Colombo, Sri Lanka. She has derived agricultural income therefrom.	1,80,000
(d)	(i) Public Provident Fund paid in the name of her minor daughter	75,000
	(ii) Interest credited in the said PPF account during the year	8,900
(e)	Share of profits received from Vidyut & Co.,	1,90,000

You are required to compute the total income of the assessee and the tax payable for the assessment year 2018-19.

Computation should be made under proper heads of income.

2. (a) Following incomes are derived by Mr. Krishna Kumar during the year ended 31-3-2018 : 6

Pension received from the US Government	3,20,000
Agricultural income from lands in Malaysia	2,70,000
Rent received from let out property in Colombo, Sri Lanka	4,20,000

Discuss the taxability of the above items where the assessee is

(i) Resident, (ii) Non-resident.

(b) Mr. Dhanapal wishes to purchase a residential house costing ₹ 60 lakhs from Ms. Saipriya. The house is situated at Chennai. He also wants to purchase agricultural lands in a rural area for ₹ 65 lakhs. He wants to know whether there will be any obligation to deduct tax at source in these two situations. Both the buyer as well as the sellers are residents in India. Advise Mr. Dhanapal suitably. 2

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(c) Rahil & Co., a partnership firm is having a car dealership show-room. 2
 They have purchased cars for ₹ 2 crores from XYZ Ltd., car manufacturers, the cost of each car being more than ₹ 12 lakhs. They sell the cars to individual buyers at a price yielding 10% margin on cost. State whether there will be any obligation to collect tax in the above two situations.

3. (a) Mrs. Disha Khanna, a resident of India, owns a house property at Bhiwani in Haryana. The Municipal value of the property is ₹ 7,50,000, Fair Rent of the property is ₹ 6,30,000 and Standard Rent is ₹ 7,20,000 per annum. 7
 The property was let out for ₹ 75,000 per month for the period April 2017 to December 2017.
 Thereafter, the tenant vacated the property and Mrs. Disha Khanna used the house for self-occupation. Rent for the months of November and December 2017 could not be realized from the tenant. The tenancy was bonafide but the defaulting tenant was in occupation of another property of the assessee, paying rent regularly.
 She paid municipal taxes @ 12% during the year and paid interest of ₹ 35,000 during the year for amount borrowed towards repairs of the house property.
 You are required to compute her income from "House Property" for the A.Y. 2018-19.

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TXNG

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(b) Explain the quantum of late fees under section 234 F for delay in furnishing return of income within the prescribed time limit under section 139 (1) for A.Y. 2018-19. 3

4. (a) Mr. Subramani sold a house plot to Mrs. Vimala for ₹ 45 lakhs on 12-5-2017. The valuation determined by the stamp valuation authority was ₹ 53 lakhs. Discuss the tax consequences of above, in the hands of each one of them, viz, Mr. Subramani & Mrs. Vimala. 6

Mrs. Vimala has sold this plot to Ms. Padmaja on 21-3-2018 for ₹ 55 lakhs.

The valuation as per stamp valuation authority remains the same at ₹ 53 lakhs.

Compute the capital gains arising on sale of the house plot by Mrs. Vimala.

Note : None of the parties viz Mr. Subramani, Mrs. Vimala & Ms. Padmaja are related to each other; the transactions are between outsiders.

(b) Mr. Rangamannar resides in Delhi. As per new rule in the city, private cars can be plied in the city only on alternate days. 4

He has purchased a car on 21-09-2017, for the purpose of his business as per following details :

Cost of car (excluding GST)	12,00,000
Add : Delhi GST at 14%	1,68,000
Add : Central GST at 14%	1,68,000
Total price of car	<u>15,36,000</u>

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He estimates the usage of the car for personal purposes will be 25%.

He is advised that since the car has run only on alternate days, half the depreciation, which is otherwise allowable, will be actually allowed.

He has started using the car immediately after purchase.

Determine the depreciation allowable on car for the AY 2018-19, if this is the only asset in the block.

Rate of depreciation may be taken at 15%

If this car were to be used in the subsequent Assessment Year 2019-20 on the same terms and conditions above, what will be the depreciation allowable ? Assume that there is no change in the legal position under the Income-Tax Act, 1961.

5. (a) Mr. Janakaraj, employed as General Manager in Rajus Refractories Pvt. Ltd., furnishes you the under-mentioned information for the year ended 31-03-2018 : 6

(i) Basic salary upto 30-11-2017	₹ 70,000 p.m.
Basic salary from 01-12-2017	₹ 80,000 p.m.

Note : Salary is due and paid on the last day of every month.

(ii) Dearness allowance @ 50% of basic salary (not forming part of salary for retirement benefits).

(iii) Bonus equal to one month salary. This was paid in November, 2017 on basic salary plus dearness allowance applicable for that month.

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(iv) Contribution of employer to recognized provident fund account of the employee @ 18% of basic salary, employee also contributing an equivalent amount.

(v) Profession tax paid ₹ 6,000 of which ₹ 3,000 was paid by the employer.

(vi) Facility of laptop was provided to Janakaraj for both official and personal use. Cost of laptop ₹ 65,000 and was purchased by the company on 11-10-2017.

(vii) Leave travel concession given to Janakaraj, his wife and three children (one daughter aged 6 and twin sons aged 4). Cost of air tickets (economy class) reimbursed by the employer ₹ 20,000 for adults and lumpsum of ₹ 25,000 for three children. Janakaraj is eligible for availing exemption this year to the extent it is permissible under the Income-tax Act, 1961.

Compute the taxable salary of Mr. Janakaraj.

(b) Examine with brief reasons, whether the following are chargeable to income-tax and the amount liable to tax with reference to the provisions of the Income Tax Act, 1961 : 2+2

(i) Allowance received by an employee Mr. Ram working in a transport system at ₹ 12,000 p.m. which has been granted to meet his personal expenditure while on duty. He is not in receipt of any daily allowance from his employer.

(ii) During the previous year 2017-18, Mrs. Aishwarya, resident, received a sum of ₹ 8,50,000 as dividend from Indian companies and ₹ 4,00,000 as dividend from Indian equity oriented mutual fund units.

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6. Answer any two of the following three sub-parts. (a) Mr. Rakesh Gupta has derived the following income/loss, as computed below, for the previous year 2017-18 : 5

Loss from let out house property	2,50,000
Loss from non-speculation business	3,20,000
Income from speculation business	12,45,000
Loss from specified business covered u/s 35 AD	4,10,000
Winnings from lotteries (Gross)	1,50,000
Winnings from bettings	90,000
Loss from card games	3,40,000

You are required to compute the total income of the assessee for the assessment year 2018-19, showing clearly the manner of set-off and the items eligible for carry forward. The return of income has been filed on 30-7-2018

(b) Mrs. and Mr. Vinod Amin have two minor children M and N. The following are the receipts in the hands of M and N during the year ended 31-3-2018 : 5

- M received a gift of ₹ 70,000 from her friend's father on the occasion of her birthday.
- M won a prize money of ₹ 3,00,000 in National Quiz competition.

This was invested in debentures of a company, from which interest of ₹ 19,000 (gross) accrued during the year.

- N won prize in a lottery. The net amount received after deduction of tax at source was ₹ 1,05,000.

Mr. Vinod Amin's income before considering clubbing provisions is higher than that of his wife. Discuss how these items will be considered for taxation under the provisions of the Income Tax Act, 1961. Detailed computation of income is not required.

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(c) Mr. Rajat Saini, aged 32 years, furnishes the following details of his total income for the A.Y. 2018-19 : 5

	₹
Income from Salaries	27,88,000
Income from House Property (Computed)	15,80,000
Interest Income from FDR's	7,22,000

He has not claimed any deduction under chapter VIA. You are required to compute tax liability of Mr. Rajat Saini as per the provisions of Income Tax Act, 1961.

7. (a) Mrs. Vibha Gupta, a resident individual, is running a SEZ unit, as well as a unit in Domestic Tariff Area (DTA). She furnishes the following details relating to the year ended 31-3-2018, pertaining to these two units (₹ in lakhs) 6

	DTA Unit	SEZ Unit
Export turnover	100	1000
Total turnover	400	1100
Net profit	50	220

Compute the deduction available u/s 10 AA :

(i) When the SEZ unit had been set up on 12-3-2010, and 4
(ii) When the SEZ unit had been set up on 12-8-2015.

(b) Every person is required to file a return of income on or before due date in the prescribed form and manner as per Section 139 (1). What is the meaning of due date of filing Income Tax Returns for different categories of assessees as per Section 139 (1) of the Income Tax Act 1961 ?

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Section – B

Marks : 40

Question No. 8 is compulsory.

Candidates are also required to answer any **three** questions from the remaining **four** questions.

All questions should be answered on the basis of position of GST law as amended upto
30th April, 2018

Working notes should form part of the respective answers.

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8. (a) Mr. Thiraj, a registered supplier of service in Bangalore (Karnataka State) has provided the following information for the month of February 2018 :		6

	Particulars	Amount in ₹
(i)	Intra-state taxable supply of service	5,20,000
(ii)	Legal fee paid to a Lawyer located within the state	20,000
(iii)	Rent paid to the State Govt. for his office building	30,000
(iv)	Received for services towards conduct of exams to Loveall University, Pune (recognized by law), being an inter-state transaction	16,000

Compute the net GST liability (CGST, SGST or IGST) of Mr. Thiraj for the month of February 2018.

Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively.

All the amounts given above are exclusive of taxes.

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(b) CANWIN Ltd., a registered supplier, is engaged in the manufacture of
Tanks. The company provides the following information pertaining to
GST paid on the purchases made/input services availed by it during the
month of January 2018 :

4

Particulars	GST Paid ₹
(i) Purchase of Machinery where debit note is issued	1,15,000
(ii) Input purchased was directly delivered to Mr. Joe, a job worker and a registered supplier	80,000
(iii) Computers purchased (Depreciation was claimed on the said GST portion under the Income-Tax Act, 1961)	50,000
(iv) Works Contract services availed for construction of Staff quarters within the company premises	4,25,000

Determine the amount of ITC available to M/s. CANWIN Ltd. for the month of January 2018 by giving brief explanations for treatment of various items. Subject to the information given above, all the conditions necessary for availing the ITC have been fulfilled.

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(12)

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9. (a) Ms. Achintya a registered supplier in Kochi (Kerala State) has provided the following details in respect of her supplies made within Intra-State for the month of March 2018 : 5

Particulars	Amount in ₹
(i) List price of goods supplied intra-state (exclusive of items given below from ii to v)	3,30,000
(ii) Swachh Bharat cess levied on sale of the goods	12,500
(iii) Packing expenses charged separately in the invoice	10,800
(iv) Discount of 1% on list price of goods was provided (recorded in the invoice of goods)	
(v) Subsidy received from State Govt. for encouraging women entrepreneurs.	5,000

Compute the value of taxable supply and the gross GST liability of Ms. Achintya for the month of March 2018 assuming rate of CGST to be 9% and SGST to be 9%. All the amounts given above are exclusive of GST

(b) Explain the meaning of supply as per provisions of Section 7(1) of Central Goods and Service Tax Act, 2017. 5

10. (a) From the following information, compute the Net GST payable for the month of March 2018 : 4

	Amount in ₹	
	Output GST	Opening ITC as per credit ledger
CGST	2,000	Nil
SGST	15,000	1,000
IGST	24,000	37,000

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<p>(b) Decide with reason whether the following independent services are exempt under CGST Act, 2017 : 3</p> <p>(i) M/s Fast Trans, a goods transport agency, transported relief materials meant for victims of Kerala floods being a natural disaster, by road from Delhi to Ernakulam, for a Limited Co.</p> <p>(ii) Keyan Enterprises, an event organizer, provided services to Breathing Wall Ltd. by way of organizing business exhibition at Pragati Maidan in New Delhi as part of Make in India initiative.</p> <p>(c) Decide which person is liable to pay GST in the following independent cases, where the recipient is located in the taxable territory. Ignore the Aggregate Turnover and Exemption available. 3</p> <p>(i) Mr. Raghu provided sponsorship services to WE-WIN Cricket Academy, an LLP.</p> <p>(ii) 'Safe Trans', a Goods Transport Agency, transported goods of Kapil & Co., a partnership firm which is not registered under GST.</p>
<p>11. (a) Determine with brief reasons, whether the following statements are True or False : 3</p> <p>(i) Registration under the CGST Act, 2017 can be cancelled by the proper officer, if the voluntarily registered person has not commenced the business within three months from the date of Registration.</p> <p>(ii) Electronic cash ledger balance of ₹ 5,000 under the major head of IGST can be utilized for discharging the liability of major head of CGST.</p>

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(b) Mr. Lakhan provides Continuous Supply of Services (CSS) to 5 M/s. TNB Limited. He furnishes the following further information :

- (i) Date of commencement of Providing CSS – 01-10-2017
- (ii) Date of completion of Providing CSS – 31-01-2018
- (iii) Date of receipt of payment by Mr. Lakhan – 30-03-2018

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances :

- (i) If no due date for payment is agreed upon by both under the contract of CSS.
- (ii) If payment is linked to the completion of service.
- (iii) If M/s. TNB Limited has to make payment on 25-03-2018 as per the contract between them.

(c) A tax payer can file GSTR-1 under CGST Act, 2017, only after the 2 end of the current tax period. State exceptions to this.

12. Answer any two parts out of (a), (b) and (c) :

- (a) State the persons who are not liable for registration as per provisions of Section 23 of Central Goods and Service Tax Act, 2017. 5
- (b) Mr. Allan, a non-resident person, wishes to provide taxable supply of goods. He has no fixed place of business or residence in India. He seeks your advise on the following aspects, relating to CGST Act, 2017 : 5
 - (i) When shall he apply for registration ?
 - (ii) Is PAN mandatory for his registration ?
 - (iii) What is the period of validity of RC granted to him ?
 - (iv) Will he be able to extend the validity of his registration ? If yes, what will be the period of extension ?

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(c) (i) List any four Central levies, which are subsumed in GST.	2
(ii) Ms. Jimmy wants to adjust input tax credit for payment of interest, penalty and payment of tax under reverse charge. Explain whether she can do so.	3

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