

Roll No. ....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 12

- NOTE :**
1. Answer **ALL** Questions.
  2. All the references to sections in Part-I of the Question Paper relate to the Income Tax Act, 1961 and relevant Assessment Year **2019-20**, unless stated otherwise.
  3. Working notes should form part of the answer.
  4. Wherever necessary, suitable assumption can be made and the same be stated clearly in the answer.

**PART—I**

1. (a) Ramamoorthy, an employee of M/s. Gopalkrishan & Co. of Chennai receives following payments during the previous year ended March 31, 2019.

Particulars	(₹)	(₹)
Basic Salary		40,000
Dearness Pay		3,000
Leave Salary		5,400
Professional tax paid by the employer	1,000	
Fair rent of the flat provided by the employer	6,000	
Rent paid for furniture	1,000	
Rent recovered by the employer	3,000	
Contribution to Statutory Provident Fund	4,000	
Employer's Contribution to Statutory Provident Fund	4,000	
Donation to a local temple	50,000	

Compute his taxable income for the assessment year 2019-2020.

(4 marks)

: 2 :

- (b) M & Sons., a Hindu Undivided Family (HUF), had purchased a land for INR 1,50,000 in 2002-03. In the previous year (PY) 2006-07, a partition takes place and the coparcener, B, gets this plot valued at INR 200,000. In PY 2007-08 he incurs expenses of INR 2,50,000 on the plot towards fencing of the plot of land. B then sells this plot at INR 15,00,000/- in PY 2018-19. You are required to compute the capital gains for Assessment Year (AY) 2019-20.

Cost Inflation Index (CII) 2002-03-105, 2007-08-129 & 2019-20-280

(4 marks)

- (c) A domestic company purchased its own unlisted shares on 20th August 2018 for a total consideration of INR-30,00,000 which was paid on the same day. The company has issued the same share 2 years ago for ₹ 15,00,000. Compute the tax liability of the company if the tax on buy-back was deposited by the company to the credit of Central Government on 15th February 2019.

(4 marks)

- (d) Discuss giving reason regarding admissibility or otherwise of the following expenditures while computing income under the head Income from Business or Profession :

- (i) Expenses incurred in connection with a branch, the business of which was discontinued during the previous year.
- (ii) Penalty paid to customs authorities for importing prohibited goods which gave a huge profit to the business.
- (iii) Interest paid on an amount borrowed to acquire a plant for business use upto the date on which the plant is put to use.
- (iv) Rent paid on daughter of the assessee for her building used as office premises of the business. The building was actually gifted to her by the assessee (father) at the time of her marriage.

(You need not rewrite the statements. Write only admissible / Not admissible with reasons)

(4 marks)

: 3 :

- (e) Manish Garg a non-resident during AY 2018-19 came back to India on 16<sup>th</sup> July, 2018 for settling in India permanently. Now, for the Financial Year 2018-19 his status is resident and ordinary resident of India for tax purposes. He has reported his income from various sources as under the Financial Year 2018-19.

Salary received and earned in USA from 1-4-2018 to	₹
15-7-2018 (Gross)	12,60,000
Salary earned and received in India (computed)	8,47,000
Dividend from Indian Company received in India	12,000
Rent received in USA for a property situated in USA	4,50,000

Calculate his gross taxable income for the assessment year 2019-20.

Which disclosures he is required to give in out of above given information's in the return form for A.Y. 2019-20.

(4 marks)

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

2. (a) Y acquired a house from his father by way of gift on 5th May 2005. On this day its Fair Market Value (FMV) was ₹ 4,20,000. His father had purchased the house in the year 2002-03 for ₹ 2,50,000. Y introduced the house as his capital contribution on 5th May, 2018 to a partnership firm in which he became a partner on that date.

: 4 :

- The fair market value of the house on 5th May, 2018 was ₹ 20,00,000, but it was taken in the books of accounts of the firm at ₹ 16,00,000. Compute the amount of capital gain taxable in the hands of Y, if any, for the AY 2019-20. Cost Inflation Index (CII) for the year 2002-03—105, 2018-19—280.
- (3 marks)
- (b) “The income earned by an assessee in a previous year is assessable for tax in the assessment year. There is no exception to it”. Comment.
- (3 marks)
- (c) When will you consider a foreign company as a resident company in India ?
- (3 marks)
- (d) A gifted debentures of Ria Ltd., to a girl B in March, 2015. Later, B married to A’s son C in March, 2017. B received interest of ₹ 1,40,000 from the debentures in the Previous Year 2018-19. The Assessing Officer (AO) added the interest income of B with the income of A under the provisions of Section 64(1) (vi). Comment on the action of the AO.
- (3 marks)
- (e) Amrita, a resident aged 25 years, manufactures tea leaves from the tea plants, grown by her in India. Manufactured tea is sold in India for ₹ 40 Lakh. The cost of growing tea plant was ₹ 15 Lakh and the cost of manufacturing tea leaves was ₹ 10 Lakh. Compute her tax liability for the assessment year 2019-20.
- (3 marks)

: 5 :

**OR (Alternate question to Q. No. 2)**

- 2A. (i) Indicate three situations where the Return of Income has to be compulsorily filed under section 139(1) of the Income Tax Act, 1961.

(3 marks)

- (iii) Shobhit Goel, aged 32 years, furnishes the following details of his total income for the Assessment Year 2019-20 :

Income from Salaries (after allowing eligible standard deduction)	27,88,000
Income from house property (Computed)	15,80,000
Interest income from FDRs'	7,22,000

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

(3 marks)

- (iii) Shashi Bhushan has submitted details of the following income/loss as computed below, for the previous year 2018-19 :

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 2019-20, showing clearly the manner of set-off and the items eligible for carry forward.

(3 marks)

(iv) State whether quoting of PAN in the following transaction is mandatory or not, as per the provisions of Income Tax Act, 1961 for A.Y. 2019-20 :

- (1) A makes payment to Hotel Radisson Ahmedabad of ₹ 50,000 against the bill raised by the Hotel.
- (2) Asbhishek, in a single transaction makes contract of ₹ 1,20,000 for sale/purchase of securities (other than shares) as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.
- (3) Payment to Mutual Funds of ₹ 70,000 for purchase of its units.

Your answers must be supported with reasons.

(3 marks)

(v) Briefly mention the concept of Self-Assessment tax u/s 140A of the Income Tax Act 1961 and its components.

(3 marks)

3. (a) Nisha, a resident of India owns a house property at Karnal 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.

The property was let out for ₹ 75,000 per month for the period April, 2018 to December, 2018.

Thereafter the tenant vacated the property and Nisha used the house for self residence. Rent for the months of November and December, 2018 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 tax @ 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. 2019-20.

(5 marks)

: 7 :

(b) (i) The Assessing officer has the power to make an assessment to the best of his judgment, in certain situations. What are they ?

(3 marks)

(ii) 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. 2019-20.

(2 marks)

(c) (i) Discuss whether the following payments are subject to Tax Deducted at Source (TDS). If so, find out the amount of tax to be deducted at source :

(1) Payment of ₹ 4,00,000 to a resident catering contractor. PAN is intimated.

(1 mark)

(2) LIC of India makes a payment of ₹ 6,00,000 as rent to the Central Government for a building in which one of its branches is situated. PAN is intimated.

(1 mark)

(3) Payment of winning from lottery ₹ 2,00,000 to K who has not furnished PAN.

(1 mark)

(ii) Who is liable to pay advance tax ? Who are exempted from payment of advance tax ?

(2 marks)

**PART—II**

4. (a) Mention any four products which are kept outside the preview of Goods and Services Tax. Are they exempt from any tax ?

*(4 marks)*

- (b) Determine the place of supply of goods/services in the following cases as per the provisions of the Integrated Goods and Services Tax (IGST) Act, 2017 :

- (i) X Ltd., of Mumbai assembles its machinery for Z of Chennai at Bengaluru.
- (ii) JJ Paints Ltd., exported paints to London from Ahmadabad.
- (iii) HRD Ltd., Hyderabad provides training and performance appraisal services at Varanasi to the employees of KK Ltd., an unregistered entity located in Patna.
- (iv) Y of Rajasthan sells car to ABC Ltd. at Surat of Gujarat.

*(1 mark each)*

- (c) SS Ltd., a registered person under GST, is manufacturing taxable goods. The company supplies following information relating to GST paid on purchases made and input services availed in July, 2018 :

	GST Paid ₹
Trucks used to bring raw materials	1,40,000
Raw materials purchased (to be received in August, 2018)	2,10,000
Inputs are to be received in four lots. The second lot was received during this month	1,00,000
GST paid on six capital goods (out of the six, the invoice of one item was missing on which a GST of ₹ 60,000 was paid)	3,80,000

Calculate the amount of input tax credit available to SS Ltd., for the month of July, 2018. Assume that all the conditions for availing ITC are satisfied.

*(4 marks)*

: 9 :

- (d) Whether the supplier in the following cases is eligible for composition scheme :
- (i) X is an interior decorator and is registered in Punjab. His gross receipts in the preceding financial year amounted to ₹ 60 Lakh.  
(2 marks)
- (ii) A registered dealer in Haryana supplies goods to its neighbouring states along with intrastate supplies. His total turnover in the current financial year is not likely to exceed ₹ 40 Lakh. His aggregate turnover in the preceding financial year was ₹ 45 Lakh.  
(2 marks)
- (e) Mention due date and the purpose behind filing GSTR-2, GSTR-3 GSTR-4 and GSTR-10.  
(4 marks)
5. (a) Explain briefly safeguard duty levied under Customs Act, 1962.  
(b) What are the provisions of interest on delayed refunds under CGST Act 2017 ?  
(c) State the persons who are not liable for registration as per provisions of Section 23 of Central Goods and Services Act, 2017.  
(d) Write a short note on social welfare surcharge under Customs Act 1962.  
(e) Distinguish between Basic custom duty and Additional custom duty or Countervailing duty.  
(3 marks each)

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

6. (a) A, a supplier of goods, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward/inward taxable supplies in a tax period :

Sr. No.	Particulars	Amount (₹)
1.	Interstate supply of goods	10,00,000
2.	Intrastate supply of goods	2,00,000
3.	Intrastate purchase of goods	5,00,000

Mr. A has the following ITC's with him at the beginning of the tax period :

	Amount (₹)
CGST	20,000
SGST	20,000
IGST	25,000

*Note :*

- (1) Rate of CGST, SGST & IGST is 9%, 9% and 18% respectively.
- (2) Both inward and outward supplies are exclusive of taxes, wherever applicable.
- (3) All the conditions necessary for availing ITC have been fulfilled.

Compute the NET GST payable by Mr. A during the tax period. Make suitable assumptions as required.

(5 marks)

: 11 :

- (b) PQ Ltd. a manufacturer of taxable goods provides the following information regarding inward supplies for the month of September, 2018 :

Sr. No.	Items	GST Paid (₹)
1.	Input A (one invoice on which GST payable was ₹ 20,000 is missing)	2,00,000
2.	Input B (input is to be received in three installments last installment to be received in November 2018)	4,00,000
3.	Capital goods (invoice value being ₹ 2,00,000 inclusive of GST but only ₹ 1,80,000 has been debited to asset a/c)	20,000
4.	Input services (one invoice dated 22-01-2018 on which GST payable was ₹ 40,000 has been received in Sept. 2018 whereas annual return for the financial year 2017-18 was filed on 25 <sup>th</sup> October 2018)	1,50,000

Compute the Input Tax Credit (ITC) available to PQ Ltd. for the month of September, 2018.

*Note :*

- (i) All the conditions necessary for availing the ITC have been fulfilled.  
(ii) PQ Ltd. is not eligible for any threshold exemption.

(5 marks)

- (c) Discuss valuation rules under section 14 of the Customs Act, 1962. In this context discuss method of valuation on the basis of identical goods and similar goods.

(5 marks)

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

- 6A. (i) Compute the amount of Input Tax Credit available to GK Ltd. in respect of the following items procured by it in April, 2018 :

	GST Paid ₹
Pollution control equipments used in the factory	1,64,000
Goods purchased for providing services during warranty period	9,000
Goods destroyed by fire	15,000
Goods given as gift to regular customers	8,000
Inputs used for quality control check	16,000
Membership of a club	15,000
Rent-a-cab services for employee to pick up and drop to home	50,000

(5 marks)

: 12 :

- (ii) UPS Ltd. of Hyderabad supplied a power generator to TK Tyres Ltd., of Tamil Nadu and charged the following amounts to the supply :

	₹
Price of generator before taxes and cash discount	9,00,000
Other charges not included in the above price :	
Packing charges	15,000
Designing charges for the generator	18,000
Freight	12,000
Transit insurance	12,000

Following additional information are also furnished :

- (a) Rate of GST – 18%
- (b) A cash discount @ 3% on price is given to the customer at the time of supply and the same is also recorded in the invoice.

Calculate the value of supply and the GST payable.

(5 marks)

- (iii) ABC Ltd. India imported a machine from Smith Corporation USA for inhouse use in the factory. The price of the machine as per the original agreement was 15,000 USD and the machine was shipped on 1<sup>st</sup> Jan. 2018. While the machine was in transit, ABC Ltd. India persuaded the exporter to grant a discount of 10% on the original price and the agreement was fianlised on 20<sup>th</sup> Jan. 2018. The machine reached Chennai port on 15<sup>th</sup> Feb., 2018. The assessing authorities calculated the assessable value on the basis of original price. ABC Ltd., approach you for suitable advice. Do you agree with the action of assessing authorities ? Give reference of decided court case, if any.

(5 marks)

————— o —————