

GENERAL INSTRUCTIONS TO CANDIDATES

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Multiple Choice Questions (MCQs).
3. Part II comprises questions which require descriptive type answers.
4. Ensure that you receive the question paper relating to both the parts. If you have not received both, bring it to the notice of the invigilator.
5. Answers to Questions in Part I are to be marked on the OMR answer sheet only. Answers to questions in Part II are to be written on the descriptive type answer book. Answers to MCQs, if written in the descriptive type answer book, will not be evaluated.
6. OMR answer sheet will be in English only for all candidates, including for Hindi medium candidates.
7. The bar coded sticker provided in the attendance register, is to be affixed only on the descriptive type answer book. No bar code sticker is to be affixed on the OMR answer sheet.
8. You will be allowed to leave the examination hall only after the conclusion of the exam. If you have completed the paper before time, remain in your seat till the conclusion of the exam.
9. Duration of the examination is 3 hours. You will be required to submit (a) Part I of the question paper containing MCQs, (b) OMR answer sheet thereon and (c) the answer book in respect of descriptive type answer book to the invigilator before leaving the exam hall, after the conclusion of the exam.
10. The invigilator will give you acknowledgement on Page 2 of the admit card, upon receipt of the above-mentioned items.
11. Candidate found copying or receiving or giving any help or defying instructions of the invigilators will be expelled from the examination and will also be liable for further punitive action.

PART – II**70 marks**

1. **Section – A** comprises questions 1-4. In Section – A, answer Question No. 1 which is compulsory and any 2 questions from question No. 2-4. All questions in Section – A relate to assessment year 2019-20, unless otherwise stated.
Section – B comprises questions 5-8. In Section – B, answer Question No. 5 which is compulsory and any 2 questions from question No. 6-8.
2. Working notes should form part of the answer.
3. Answers to the 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 evaluated.
4. All questions should be answered on the basis of position of GST law as amended by significant notifications/circulars issued upto 31st October, 2018.

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PART - II

SECTION - A

1. From the following particulars of Shri Jagdish (Aged 59 years) for the Assessment Year 2019-20, you are required to find out his taxable income and net tax liability : 14

(i) Basic Salary @ ₹ 51,000 per month, Dearness allowance @ ₹ 10,000 per month (Part of salary for retirement benefits), House rent allowance ₹ 4,000 per month and rent paid for house in Mumbai is ₹ 7,000 per month.

(ii) He owns a commercial building at New Delhi, which is let out on 1/7/2018 at a monthly rent of ₹ 46,000. He paid for municipal taxes of ₹ 27,000 and ₹ 25,000 for the financial year 2017-18 and 2018-19 on 31-3-2019 and 20-4-2019 respectively.

(iii) He deals in shares. During financial year 2018-19 he earned ₹ 1,70,000 from his share business and paid ₹ 30,000 as security transaction tax.

(iv) He purchased 4000 unlisted shares of Shyam Limited on 16-1-2008 for ₹ 80,000. Company declared bonus in the ratio of 1:1 on 1st February, 2008. Shri Jagdish sold 3000 Bonus Shares on 28/12/2018 for ₹ 2,00,000 to his friend Mr. Mehul through unrecognized stock exchange. (Cost Inflation Index : 2007-08 : 129, 2018-19 : 280)

(v) He received dividend of ₹ 13,00,000 as dividend income from listed domestic company (on which dividend distribution tax is paid), Interest from saving bank account deposits with IDBI Bank ₹ 15,000 and lottery winnings (Net of IDS @ 30%) is ₹ 21,000.

He paid the following amount out of his taxable income :

(a) Deposits in Public Provident Fund ₹ 2,00,000.

(b) Medical insurance premium paid for health of his wife ₹ 19,000 and for health of dependent son ₹ 12,000 through cheque.

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2. (a) The following are the incomes of Shri Subhash Chandra, a citizen of India for the previous year 2018-19 : 7

- (i) Income from business in India ₹ 2,00,000. The business is controlled from London and ₹ 60,000 were remitted to London.
- (ii) Profits from business earned in Japan ₹ 70,000 of which ₹ 20,000 were received in India. This business is controlled from India.
- (iii) Untaxed income of ₹ 1,30,000 for the year 2016-17 of a business in England which was brought in India on 3rd March, 2019.
- (iv) Royalty of ₹ 4,00,000 received from Shri Ramesh, a resident for technical service provided to run a business outside India.
- (v) Agricultural income of ₹ 90,000 in Bhutan.
- (vi) Income of ₹ 73,000 from house property in Dubai, which was deposited in bank at Dubai.

Compute Gross total income of Shri Subhash Chandra for the A.Y. 2019-20, if he is -

- (1) A Resident and Ordinary Resident, and
 - (2) A Resident and Not Ordinarily Resident
- (b) Examine the TDS implications in the following cases along-with reasons thereof; 7
- (i) Ms. Varsha received a sum of ₹ 95,000 on 31st December 2018 towards maturity proceeds of LIC taken on 1st October 2013 for which sum assured was ₹ 80,000 and annual premium was ₹ 10,000.
 - (ii) Mr. Deepak transferred a residential house property to Mr. Karan for ₹ 45 lacs. The stamp duty value of such property is ₹ 55 lacs.
 - (iii) XYZ Private Limited pays the following amounts to Mr. Narayan during previous year 2018-19 :
 - (1) ₹ 22,000 towards fee for professional services
 - (2) ₹ 18,000 towards royalty

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- (iv) Payment of ₹ 1,75,000 made to Mr. Vaibhav for purchase of calendar according to specifications of M/s. ABC Limited. However, no material was supplied for such calendar by ABC Limited to Mr. Vaibhav.
- (v) Talent Private Limited pays ₹ 12,000 to Ms. Sudha, its director, towards sitting fee which is not taxable u/s 192.
- (vi) Radha Limited is engaged for Shyam Limited only in the business of operation of call centre. On 18-03-2019, the total amount credited by Shyam Limited in the ledger account of Radha Limited is ₹ 70,000 regarding service charges of call centre. The amount is paid through cheque on 28/03/2019 by Shyam Limited.

3. (a) Mr. Madhvan is a finance manager in Star Private Limited. He gets a salary of ₹ 30,000 per month. He owns two houses, one of which has been let out to his employer and which is in-turn provided to him as rent free accommodation. Following details (annual) are furnished in respect of two house properties for the Financial Year 2018-19.

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	House 1	House 2
Fair rent	75,000	1,95,000
Actual rent	65,000	2,85,000
Municipal Valuation	74,000	1,90,000
Municipal taxes paid	18,000	70,000
Repairs	15,000	35,000
Insurance premium on building	12,000	17,000
Ground rent	7,000	9,000
Nature of occupation	Let-out to Star Private Limited	Let-out to Ms. Puja

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₹ 17,000 were paid as Interest on loan taken by mortgaging House 1 for construction of House 2.

During the previous year 2018-19, Mr. Madhvan purchased a rural agricultural land for ₹ 2,50,000. Stamp valuation of such property is ₹ 3,00,000.

Determine the taxable income of Mr. Madhvan for the assessment year 2019-20. All workings should form part of your answer.

- (b) Mr. Roy owned a residential house in Noida. It was acquired on 09.09.2009 for ₹ 30,00,000. He sold it for ₹ 1,57,00,000 on 07.01.2016.

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Mr. Roy utilized the sale proceeds of the above property to acquire a residential house in Panchkula for ₹ 2,05,00,000 on 20.07.2016. The said house property was sold on 31.10.2018 and he purchased another residential house in Delhi for ₹ 2,57,00,000 on 02.03.2019. The property at Panchkula was sold for ₹ 3,25,00,000.

Calculate capital gains chargeable to tax for the assessment year 2016-17 and 2019-20. All workings should form part of your answer.

Cost inflation index for various financial years are as under :

2009-10 - 148

2015-16 - 254

2016-17 - 264

2018-19 - 280

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4. (a) Ms. Geeta, a resident individual, provides following details of her income/losses for the year ended 31.03.2019 :

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	Particulars	Amount (₹)
(i)	Income from salary (computed)	41,20,000
(ii)	Rent received from house property situated in Delhi	5,00,000
(iii)	Interest on loan taken for purchase of above property. Loan was taken from a friend	7,50,000
(iv)	Rent received from house property situated in Jaipur	3,20,000
(v)	Interest on loan taken for house property in Mumbai which is self-occupied. Loan was taken from PNB on 01.01.1999 for purchase of this property	1,57,000
(vi)	Interest on loan taken for repair of house properties situated in Mumbai and Delhi. Loan was taken on 01.04.17 and was utilized in 50:50 ratio for house properties situated in Mumbai and Delhi, respectively.	1,50,000
(vii)	Long term capital gains on sale of equity shares computed in accordance with Section 112A	8,95,000
(viii)	Interest on fixed deposit	73,000
(ix)	Loss from textile business	7,50,000
(x)	Speculation profit	2,30,000
(xi)	Lottery income	75,000
(xii)	Loss incurred by the firm in which she is a partner	1,60,000
(xiii)	Salary received as a partner from partnership firm. The same was allowed to firm	50,000
(xiv)	Brought forward short-term capital loss on sale of gold	2,75,000
(xv)	Brought forward loss on sale of equity shares of the nature specified u/s 111A	25,000
(xvi)	Life insurance premium paid for her son who is 30 years of age and is working in USA	15,000

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Compute total income of Ms. Geeta for the assessment year 2019-20 and the amount of loss that can be carried forward.

For the above solution, you may assume principal repayment of loan as under :

- (1) Loan taken for purchase of house property in - ₹ 2,50,000
Delhi
- (2) Loan taken for purchase of house property in - ₹ 50,000
Mumbai
- (3) Loan taken for repair of house properties in - ₹ 75,000
Delhi and Mumbai

Working notes should form part of your answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of note.

- (b) Discuss the provisions of Section 139A(1) which provides the persons who are compulsorily required to apply for allotment of Permanent Account Number (PAN) with the assessing officer. 4

OR

- (i) What is the fee for default in furnishing return of income u/s 234F ? 2
- (ii) To whom the provisions of section 139AA relating to quoting of Aadhar Number do not apply ? 2

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IPCE (New Syllabus)
Paper - 4 **PBC2**
Section B : Indirect Taxes **SECTION - B**

5. Mr. Himanshu, a registered supplier of chemicals, pays GST under regular scheme. He is not eligible for any threshold exemption. He has made the following outward taxable supplies for the month of September 2018 : 8

Intra-State supply of goods ₹ 25,00,000

Inter-State supply of goods ₹ 5,00,000

He has also made the following inward supply :

Intra-State purchase of goods from Registered Dealer ₹ 14,00,000

Intra-State purchase of goods from Unregistered Dealer ₹ 2,00,000

Inter-State purchase of goods from Registered Dealer ₹ 4,00,000

Balance of ITC at the beginning of September 2018 :

CGST ₹ 95,000

SGST ₹ 60,000

IGST ₹ 50,000

Additional Information :

- He purchased a car (Intra-State supply) used for business purpose at a price of ₹ 6,72,000/- (including CGST of ₹ 36,000 & SGST of ₹ 36,000) on September 15, 2018. He capitalized the full value including GST in the books on the same date to claim depreciation.
- Out of Inter-State purchase from registered dealer, goods worth ₹ 1,00,000 were received on October 3, 2018 due to road traffic jams.

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Note :

- (i) Rate of CGST, SGST and IGST to be 9%, 9% and 18% respectively.
- (ii) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.
- (iii) All the conditions necessary for availing the ITC have been fulfilled except mentioned above.

Compute the net CGST, SGST and IGST payable in cash by Mr. Himanshu for the month of September 2018.

6. (a) M/s. Apna Bank Limited a Scheduled Commercial Bank has furnished the following details for the month of August, 2018 :

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Particulars	Amount ₹ in Crores (Excluding GST)
Extended Housing Loan to its customers	100
Processing fees collected from its customers on sanction of loan	20
Commission collected from its customers on bank guarantee	30
Interest income on credit card issued by the bank	40
Interest received on housing loan extended by the bank	25
Minimum balance charges collected from current account and saving account holder	01

Compute the Value of Taxable supply. Give reasons with suitable assumptions.

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- (b) Decide with reason whether the following independent services are exempt under CGST Act, 2017 : 4

- (i) Gokul Residents' Welfare Association received ₹ 9,000 per month as contribution from each member for sourcing of goods and services from third persons for common use of its members.
- (ii) Mr. Vikalp, a performing artist, has received ₹ 1,58,000 from performance of Classical Dance and ₹ 90,000 from acting in TV Serial during the month of June 2018.

7. (a) Examine the following independent cases of supply of goods and services and determine the time of issue of invoice under each of the cases as per the provisions of CGST Act, 2017 : 4

- (i) Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods on 3rd October, 2018. The goods were removed from the factory at Kolkata on 11th October, 2018. As per the agreement, the goods were to be delivered by 31st October, 2018. Suraj Enterprises has received the goods on 14th October, 2018.
- (ii) Trust and Fun Ltd, an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June, 2018. Payment for the event was made on 19th June, 2018.

- (b) M/s. Daksha Enterprises has made a cash deposit of ₹ 10,000 under minor head 'tax' of major head 'SGST. It has a liability of ₹ 2,000 for minor head "Interest" under the major head "SGST". 2

State whether M/s. Daksha Enterprises can utilise the amount available for payment of interest.

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(c) State with brief reason, whether following suppliers of taxable goods are required to register under the GST Law : 4

(i) Mr. Raghav is engaged in wholesale cum retail trading of medicines in the State of Assam. His aggregate turnover during the financial year is ₹ 9,00,000 which consists of ₹ 8,00,000 as Intra-State supply and ₹ 1,00,000 as Inter-State supply.

(ii) Mr. S.N Gupta of Rajasthan is engaged in trading of taxable goods on his own account and also acting as an agent of Mr. Rishi of Delhi. His turnover in the financial year 2017-18 is of ₹ 12 lakhs on his own account and ₹ 9 lakhs on behalf of principal. Both turnovers are Intra-State supply.

8. (a) Enumerate the persons who are not eligible to opt for Composition Scheme under section 10(2) of the CGST Act, 2017. 5

Answer either 8(b) or 8(c) but not both

(b) List out the situations in which a Credit note / Debit note may be issued under the CGST Act, 2017 5

(c) Answer the following questions with respect to casual taxable person under the CGST Act, 2017 : 5

(i) Who is a casual taxable person ?

(ii) Can a casual taxable person opt for the composition scheme ?

(iii) When is the casual taxable person liable to get registered?

(iv) What is the validity period of the registration certificate issued to a casual taxable person ?

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- (v) Can the validity of registration certificate issued to a casual taxable person be extended ? If yes, what will be the period of extension ?

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