

Time Allowed : 3 hours

Section – A Income Tax Law (50 MARKS)

Working Notes should form part of the Answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answer to Questions in Division A, working notes are not required.

The relevant assessment year is A.Y. 2024 – 25.

Division – A Multiple Choice Questions

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

QUESTION : 1

Mr. Kashyap, a manufacturer, has disclosed a net profit of ₹40 lakhs for the year ended 31st March, 2024. He claimed depreciation of ₹12,20,000 in his books of account. Expenditure in profit and loss account includes interest paid to Mr. Raj, a resident, without deduction of tax at source ₹ 1,50,000. Such tax was, however, deducted on 15.4.2024 and remitted on 17.5.2024.

Mr. Kashyap is engaged in in-house scientific research and development. He incurred expenditure of ₹1,50,000 on purchase of research equipment's and ₹ 1,00,000 as remuneration paid to scientists. The said sums are also debited the profit and loss account.

Mr. Kashyap purchased a new plant and machinery for ₹ 45,00,000 on 2nd August, 2023 and put the same to use on 1st November, 2023. For this purpose, he borrowed ₹ 25,00,000 on 1st August, 2023 and paid interest@10% p.a. which is debited in profit and loss account. Mr. Kashyap also purchased a motor car for ₹8,00,000 on 2nd October, 2022, which was put to use on the same date. Written down value of block of plant and machinery (15%) as on 1st April, 2023 is ₹ 95,00,000.

Based on the above information, choose the most appropriate Answer to the following Multiple Choice Questions

- (i) What would be the depreciation allowable u/s32 in respect of block of plant and machinery (15%) and motor car for A.Y.2024-25? Assume that motor car is the only asset in the block.
- (a) ₹ 22,23,438 and ₹1,17,600, respectively
- (b) ₹ 17,67,188 and ₹86,700, respectively

- (c) ₹ 22,12,500 and ₹86,700 respectively
- (d) ₹ 22,23,438 and ₹2,40,000, respectively
- (ii) What is the amount of disallowance, if any, attracted for non-deduction of tax at source on interest paid to Mr. Raj during the P.Y.2023-24?
- (a) Nil, since the tax was deducted and deposited on or before the due date of filing of return of income
- (b) ₹ 30,000
- (c) ₹ 45,000
- (d) ₹ 1,50,000
- (iii) What would be the income under the head "Profits and gains of business and profession" of Mr. Kashyap for A.Y.2024-25 under the normal provisions of the Act?
- (a) ₹ 29,86,462
- (b) ₹ 29,23,962
- (c) ₹ 28,01,562
- (d) ₹ 34,11,112
- (iv) What would be the income chargeable under the head "Profits and gains of business and profession" of Mr. Kashyap for A.Y.2024-25, if he opts for section 115BAC?
- (a) ₹ 29,65,800
- (b) ₹ 32,15,800
- (c) ₹ 34,42,712
- (d) ₹ 36,42,312
- (v) What would be the tax liability of Mr. Kashyap for A.Y. 2024-25 in a manner most beneficial to him?
- (a) ₹ 7,30,300
- (b) ₹ 7,36,780
- (c) ₹ 7,17,280
- (d) ₹ 6,79,090

(5 * 2 MARKS = 10)

QUESTION : 2

Ecotech Solutions Private Limited is engaged in manufacturing and supply of energy products and solutions across multiple States in India. The Company manufactures solar panels and also imports certain category of solar panels as per the customer orders. The company also provides installation services and annual maintenance contracts for its products.

The Company received an advance payment for a bulk order of goods in March 2024, but the delivery was completed in May 2024. The amount of advance received by the Company was ₹1 crore.

During the month of March 2024, the Company sold goods worth ₹5 crores and provided services amounting to ₹1 crore to its customers across India. The goods worth ₹1 crore sold under multiple invoices were returned by a customer due to defective quality in the month of March, 2024 which were originally sold by the Company in December, 2023. The Company issued a GST credit note against the returned goods in March, 2024.

The Company incurred an amount of ₹5 lakh on the repair of the returned goods to make them resalable in the market to customers other than a related party.

Further, the customers who returned the goods issued an invoice to Gujarat unit of the Company of ₹1 lakh for the expense related to return of goods. The goods were initially sold from the Gujarat unit of the Company but the same were returned to Maharashtra unit of the Company and subsequently moved by the Company from Maharashtra unit to Gujarat Unit i.e. the original place of supply. The Company is registered under GST in both the States i.e. Gujarat and Maharashtra.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q.

- (i) Which of the following options is correct in relation to the returned goods of value ₹1 crore?
- (a) Company has an option to issue single credit note against multiple invoices.
 - (b) Company has to mandatorily issue credit note against each invoice.
 - (c) The Company cannot issue credit note in any subsequent period after the supply is made.
 - (d) The Company can only issue a commercial credit note and GST adjustment cannot be made.

(2 MARKS)

QUESTION : 3

Mr. Raj, aged 65 years, is a salaried person. He has taken a LIP on his major son's (Dependent) name on 01.11.2014. The sum assured of LIP is ₹16,00,000 and the premium payable is ₹1,70,000. He has also taken a medical policy of ₹10,00,000 for self and his wife on 01.11.2021. The medical policy is valid for 5 years. He has paid one time premium of ₹1,80,000. What is the total deduction available to Mr. Raj for A.Y. 2024-25?

- (a) ₹ 1,86,000
- (b) ₹ 1,96,000

- (c) ₹ 1,90,000
- (d) ₹ 1,80,000

(2 MARKS)

QUESTION : 4

In respect of loss from house property, which of the following statements are correct?

- (a) While computing income from any house property, the maximum interest deduction allowable under section 24 is ₹ 2 lakhs
- (b) Loss from house property relating to a particular year can be set-off against income under any other head during that year only to the extent of ₹ 2 lakhs
- (c) The loss in excess of ₹ 2 lakh, which is not set-off during the year, can be carried forward for set-off against any head of income in the succeeding year(s)
- (d) All the above

(1 MARKS)

Division B – Descriptive Questions

Question No. 1 is compulsory.

Attempt any **two** questions from the remaining **three** questions.

QUESTIONS : 1(A)

Compute the tax liability of Mr. Gupta (aged 61) under default tax regime, having total income of ₹ 1,02,00,000 for the A.Y.2024-25. Assume that his total income comprises of salary income, income from house property and interest on fixed deposit.

(4 MARKS)

QUESTION : 1(B)

M/s. Ravi & sons, a partnership firm consisting of two partners, reports a net profit (combined)of ₹7,50,000 before deduction of the following items:

Salary of ₹25,000 each per month payable to two working partners of the firm (as authorized by the deed of partnership)

Depreciation on plant and machinery under section 32 is ₹ 2,50,000

Interest on capital 15% per annum (as per the deed of partnership).

The amount of capital eligible for interest is ₹6,00,000 for both partners

Carry forward loss of P.Y. 2022-23-₹ 50,000

Compute for A.Y. 2024-25:

- (i) Book-profit of the firm under section 40(b) of the Income-tax Act, 1961.
- (ii) Amount of salary that can be paid to working partners as per section 40(b).

(5 MARKS)

QUESTION 1 (C) –

Mr. Raj, a resident in India, owns two house property, one in Delhi and another in Kanpur. The property in Kanpur is self-occupied by Mr. Raj, however, the property in Delhi is let out throughout the year. The particulars of the Delhi house for the P.Y. 2023-24 are as under: Standard rent Rs 1,72,000 p.a. Municipal valuation Rs 2,05,000 p.a. Fair rent Rs 1,95,000 p. a Rent received 15,000 p.m. Municipal tax (Paid by Mr. Raj) 5% of municipal valuation Municipal tax paid by Mr. Raj on 10.6.2023 for Kanpur house is Rs 3,500. Mr. Raj had taken a loan from SBI of Rs 35 lakhs@12 p.a. in April, 2021 for purchase of Delhi house. The stamp duty value of this house was Rs 40 lakhs. Mr. Raj purchased a plot in Kanpur in May, 2021 and the construction of the Kanpur house was began in June, 2021 and was completed on December, 2022. Mr. Raj took a loan of Rs 25,00,000@10% on 1-7-2021 for the construction of this house. No repayment has been done so far for both the loans

During the P.Y. 2023-24, Mr. Raj has earned a salary income of Rs 18,00,000. Compute total income of Mr. Raj for the A.Y. 2024-25 under **DEFAULT TAX REGIME**.

(6 marks)

QUESTIONS : 2(A)

Who is authorized to verify the return of income of the following assesseees?

- (a) HUF whose Karta is absent from India
- (b) Company where the company is being wound up
- (c) Local authority
- (d) Individual who is mentally incapacitated from attending to his affairs

(2 MARKS)

QUESTION : 2(B)

Mr. Samrat and his wife, Mrs. Komal, holds 12% voting power each in ABC (P) Ltd. Mr. Samrat and Mrs. Komal are working in ABC (P) Ltd. However, Mrs. Komal is not qualified for the job. From the following information given in respect of F.Y. 2023-24, you are required to compute the gross total income of Mr. Samrat and Mrs. Komal for the A.Y. 2024-25

- (i) Dividend of ₹22,500 and ₹45,000 is received by Mr. Samrat and Mrs. Komal, respectively, from ABC (P) Ltd. Mr. Samrat has instructed the company to pay 50% of his dividend to Ms. Kajal, daughter of his deceased brother.
- (ii) Salary earned by Mr. Samrat and Mrs. Komal from ABC (P) Ltd. is ₹ 8,50,000 and ₹ 5,50,000, respectively.
- (iii) Business income earned by Mr. Samrat from his sole proprietary business is ₹ 15,60,000
- (iv) Interest on fixed deposit earned by Mrs. Komal of ₹ 9,00,000.

- (v) Their son, Akash, aged 10 years having PAN, received interest of ₹ 54,000 from bank on a fixed deposit created by his grandfather in his name.

(8 MARKS)

QUESTIONS : 3(A)

Mr. Karan is engaged in the business of producing and selling toys. During the previous year 2023-24, his turnover was ₹1.75 crores. He opted for paying tax as per presumptive taxation scheme laid down in section 44AD. He has no other income during the previous year. Is he liable to pay advance tax and if so, what is the minimum amount of advance tax to be paid and the due date for payment of such advance tax assuming that whole of the turnover represents cash receipts? Assume assessee has opted out of default regime.

(5 MARKS)

QUESTION : 3(B)

Mr. Krishna (aged 58 years), a citizen of India, serving in the Ministry of Finance in India, was transferred to Indian Embassy in UK on 15th March 2023. His income during the financial year 2023-24 is given hereunder:

Particulars	₹
Rent from a house situated at UK, received in UK. Thereafter, remitted to Indian bank account.	5,25,000
Interest on Post office savings bank account in India	4,500
Salary from Government of India	9,25,000
Foreign Allowances from Government of India	8,00,000

Mr. Krishna did not come to India during the financial year 2023-24. Compute his total income for the Assessment year 2024-25. Assume he does not opt for section 115BAC.

(5 MARKS)

QUESTIONS : 4(A)

On 29.12.2023 Mr Gaurav (a bank employee) received 700000 towards interest on enhanced compensation from state government in respect of compulsory acquisition of his land effected during the financial year 2019-20.

Out of this interest, ₹2,00,000 relates to the financial year 2020-21; ₹3,45,000 to the financial year 2021-22; and ₹1,55,000 to the financial year 2022-23.

How much of interest on enhanced compensation would be chargeable to tax for the assessment year 2024-25?

(4 MARKS)

QUESTION : 4(B)

The following are the details relating to Mr. Roshan, a resident Indian, relating to the year ended 31.03.2024

Particulars	Amount (₹)
Short term capital gain	1,50,000
Loss from house property [let out property]	2,50,000
Loss from speculative business	50,000
Loss from card games	20,000
Brought forward long term capital loss of A.Y. 2020-21	86,000
Dividend from ABC Ltd.	11,00,000
Loss from Tea business	1,06,000

Mr. Roshan's wife, Shamita is employed with Ray Ltd., at a monthly salary of ₹25,000, where Mr. Roshan holds 21% of the shares of the company. Shamita is not adequately qualified for the post held by her in Ray Ltd.

You are required to compute taxable income of Mr. Roshan for the A.Y. 2024-25 if he has exercised the option to shift out of the default tax regime under section 115BAC. Ascertain the amount of losses which can be carried forward.

(6 MARKS)

OR

QUESTION 4(B)

From the following calculate the taxable amount under the proper head of income for the Financial Year 2023-24 of Mr L, who is resident and 56 years old. The reasons should form part of your answer:

- (i) Dividend of ₹ 50,000 received in April 2023. The dividend was declared by the company - LMN Limited at its annual general meeting held in October 2022
- (ii) Advance forfeited amounting to ₹1,00,000 on 01.05 .2023 as the negotiation for transfer of capital asset did not result in transfer of Capital Asset.
- (iii) Cash Gift received from non-relative on the occasion of marriage of son ₹ 51,000.
- (iv) During the Financial Year 2023-24, he received ₹ 99,000 as pension from employer of deceased wife.

**SECTION – B GOODS AND SERVICES TAX (50 MARKS)
QUESTIONS**

- (i) Working Notes should form part of the answers. However, in answer to Questions in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.

Division A – Multiple Choice Questions (MCQs)

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

Total Marks : 15

QUESTION : 1

Sarabhai & Sarabhai Associates, a partnership firm registered under GST, is engaged in various types of business activities. It has provided the details of the following activities undertaken by it in the current financial year:

- (a) It supplies taxable goods to Dhanush Enterprises at a price of ₹ 8,00,000 in the month of April, with a credit period of 1 month for payment. Thereafter, interest @ 12% p.a. is chargeable on the consideration. The payment is received from Dhanush Enterprises after the lapse of two months from the date of supply.
- (b) It enters into a contract for supply of 100 office chairs @ ₹ 15,000 with Ashoka Mart on 21st August. Chairs are removed from the warehouse of Sarabhai & Sarabhai Associates on 5th September along with the invoice of said date. Ashoka Mart has paid 30% of the total contract value on 21st August; balance 70% is paid after delivery of chairs on 10th September.
- (c) In the month of October, it provides services by way of transportation of goods in a goods carriage by road to Fisheries Department of Government of India, registered under GST for the purpose of deducting tax at source and not for making any taxable supply. Sarabhai & Sarabhai Associates is a registered goods transport agency and charges ₹1,20,000 for the said services.
- (d) It also provides services of Direct Selling Agent to an NBFC located in Mumbai in the month of December for ₹ 50,000 .
- (e) It organises a business exhibition in the month of December for which it receives a sponsorship fee of ₹ 3,00,000 from Dhara Ltd.
- (f) It provides free gifts to each of its employees valuing ₹ 50,000 at the end of each financial year.
- (g) It avails services of Dhruv Travel Agency for organizing a free vacation for its top performing employees in the month of December. GST of ₹50,000 is paid on the same. In the same month, it also pays GST of ₹ 20,000 on the membership of Rudraksh Fitness Centre taken for its CEO.

All the amounts given above are exclusive of taxes, wherever applicable. All conditions

for availing ITC are fulfilled subject to the information given above.

Based on the information provided above, choose the most appropriate answer for the following questions-

- (i) Value of supply made to Dhanush Enterprises, assuming the interest on delayed payment to be exclusive of GST, is _____ .
- (a) ₹ 8,00,000
(b) ₹ 8,08,000
(c) ₹ 7,92,000
(d) ₹ 8,16,000
- (ii) The time of supply of advance money of ₹ 4,50,000 received for supply of office chairs to Ashoka Mart is _____. For balance payment of ₹10,50,000 received, the time of supply is
- (a) 21st August; 5th September
(b) 5th September; 10th September
(c) 21st August; 10th September
(d) 5th September; 5th September
- (iii) Determine the value of outward supplies made by Sarabhai & Sarabhai Associates on which tax is payable under reverse charge.
- (a) ₹ 1,20,000
(b) ₹ 50,000
(c) ₹ 1,70,000
(d) ₹ 3,00,000
- (iv) Free gifts of value of ₹50,000 provided by Sarabhai & Sarabhai Associates to each of its employee is:
- (a) considered as supply of goods.
(b) considered as supply of services.
(c) exempt from GST.
(d) not a supply as per Schedule I of the CGST Act, 2017.
- (v) Sarabhai & Sarabhai Associates is eligible to claim input tax credit of _____ in the month of December.
- (a) ₹ 50,000
(b) ₹ 20,000
(c) ₹ 3,70,000
(d) Nil

(5 * 2 MARKS = 10)

QUESTION : 2

Which of the following statements are true w.r.t. accounts and records under GST laws?

- (a) All accounts and records are to be retained for 5 years.
(b) Stock record is to be maintained by all registered dealers except the dealers registered

under composition scheme.

- (c) Stock record is to be maintained by all registered dealers including composition dealers.
- (d) Monthly production records are to be maintained by all dealers except the dealers who have taken option for composition.

QUESTION : 3

Sanu Associates, Delhi dealing in garments has ordered ladies suits from Sahiba Garments in Ludhiana (Punjab) which is 350 km away from its warehouse. E-way bill is generated by Sahiba Garments and the order is coming by a normal cargo. For how many days will the e-way bill be valid from the time it is generated?

- (a) 24 hours
- (b) 2 days
- (c) 5 days
- (d) 7 days

QUESTION : 4

Ms. She wants to organize a classical singing function, so she booked an auditorium on 10th August for a total amount of ₹20,000. She paid ₹5,000 as advance on that day. The classical singing function was organized on 10th October. The auditorium owner issued invoice to Ms. Pearl on 25th November amounting to ₹ 20,000 . Pearl made balance payment of ₹15,000 on 30 th November. Determine the time of supply in this case.

- (a) Time of supply is 25 th November for ₹ 20,000 .
- (b) Time of supply is 25 th November for ₹ 5,000 & 30th November for ₹ 15,000.
- (c) Time of supply is 10 th August for ₹ 5,000 & 10 th October for ₹ 15,000 .
- (d) Time of supply is 10th October for ₹ 20,000.

DIVISION B – Descriptive Questions

Question No. 1 is compulsory

Attempt any two questions out of remaining three questions.

(Total Marks : 35 marks)

QUESTION : 1(A)

M/s Cute & Co., a partnership firm, registered supplier under GST in Bengaluru (Karnataka State), has provided the following information for the month of October, 2023:

Sr. No.	Details of transactions	Amount (Rs.)
(i)	Intra-State taxable supply of Direct Selling Agent(DSA) service to public sector Bank.	2,50,000

(ii)	Services provided to a Governmental authority by way of sanitation conservancy.	99,900
(iii)	Rent paid to a residential dwelling taken for running an office for providing DSA services; Owner of the residential property was not registered under GST; This is an intra-State supply availed.	25,000
(iv)	Purchased a car for the official use of managing partners of the Firm for business use (Inter-State purchase).	9,00,000
(v)	Availed Information Technology services for their business from Partner's friend Mr Allan Waugh from Melbourne, Australia. Mr. Waugh refused to take any consideration. Open Market value of said service was ` 1,25,000. (Inter-State transactions).	Nil
(vi)	Provided training and performance appraisal services in Bengaluru to following persons: (a) ABC Private Limited, a registered supplier in the State of Kerala (b) Babu Cones, a proprietorship concern of Rajasthan, which was not registered under GST	3,00,000 1,00,000

Note:

Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively

- (i) All the amounts given above are exclusive of taxes.
- (ii) All the conditions necessary for availing the ITC have been fulfilled.
- (iii) There was no opening balance of any input tax credit.
- (iv) The turnover of M/s Cute & Co was ` 2 crore in the previous financial year.

Compute the net GST payable in cash, by M/s Cute & Co. for the month of October, 2023. Correct legal provisions should form part of your answer.

(10 MARKS)

QUESTION : 1(B)

Mr. Piyush, a registered supplier of taxable goods, filed GSTR 3B for the month of January, 2025 on 15th April, 2025. The prescribed due date to file the said GSTR 3B was 20th February, 2025. The amount of net GST payable, in Cash i.e. Electronic Cash Ledger on supplies made

by him for the said month worked out to be ₹ 36,500 which was paid on 15th April, 2025. Briefly explain the related provisions and compute the amount of interest payable under the CGST Act, 2017 by Mr. Piyush. Ignore the effect of leap year, if applicable in this case.

(5 MARKS)

QUESTION : 2(A)

Determine whether GST is payable in each of the following independent transactions:

- (i) Dhruv Developers sold a plot of land in Greater Noida after levelling, laying down of drainage lines, water lines and electricity lines.
- (ii) Deccan Shipping Pvt. Ltd., registered under GST in Andaman and Nicobar islands, provided the passenger transportation services to the local residents in the ferries owned by it from Neil Island to Havelock Island.

(6 MARKS)

QUESTION : 2(B)

Examine the implications of GST on payment of honorarium to the Guest Anchors.

(4 MARKS)

QUESTION : 3(A)

Manihar Enterprises, registered in Delhi, is engaged in supply of various goods and services exclusively to Government departments, agencies etc. and persons notified under section 51 of the CGST Act, 2017. It has provided the information relating to the supplies made, their contract values and the payment due against each of them in the month of October, 20XX as under:

S.No.	Particulars	Total contract value (inclusive of GST) (₹)	Payment due in October, 20XX (₹)
(i)	Supply of stationery to Fisheries Department, Kolkata	2,60,000	15,000
(ii)	Supply of car rental services to Municipal Corporation of Delhi	2,95,000	20,000
(iii)	Supply of a heavy machinery to Public Sector Undertaking located in Uttarakhand	5,90,000	25,000
(iv)	Supply of taxable goods to Delhi office of National Housing Bank, a society established by Government of India under the Societies Registration Act, 1860	6,49,000	50,000
(v)	Interior decoration of Andhra Bhawan located in Delhi. Service contract is entered into with the	12,39,000	12,39,000

	Government of Andhra Pradesh (registered only in Andhra Pradesh).		
(vi)	Supply of printed books and printed post cards to a West Delhi Post Office [Out of total contract value of 9,72,000, contract value for supply of books (exempt from GST) is 7,00,000 and for supply of printed post cards (taxable under GST) is ₹2,72,000.]	9,72,000	50,000 20,000 for printed post cards
(vii)	Maintenance of street lights in Municipal area of East Delhi* [The maintenance contract entered into with the Municipal Corporation of Delhi also involves replacement of defunct lights and other spares. However, the value of supply of goods is not more than 25% of the value of composite supply.] *an activity in relation to any function entrusted to a Municipality under article 243 W of the Constitution	3,50,000	3,50,000

You are required to determine amount of tax, if any, to be deducted from each of the receivable given above assuming the rate of CGST, SGST and IGST as 9%,9% and 18% respectively. Will your answer be different, if Manihar Enterprises is registered under composition scheme?

(10 MARKS)

QUESTION : 4(A)

Is Dynamic Quick Response (QR) Code applicable to suppliers who issue invoice to unregistered persons? If no, list the suppliers to whom Dynamic QR Code is not applicable.

(5 MARKS)

OR

QUESTION 4(A)

Dhun Pvt. Ltd. owned by Jairaj - a famous classical singer - wishes to organise a 'Jairaj Music Concert' in Gurugram (Haryana). Dhun Pvt. Ltd. (registered in Ludhiana, Punjab) enters into a contract with an event management company, Dhanraj (P) Ltd. (registered in Delhi) for organising the said music concert at an agreed consideration of ₹10,00,000.

Dhanraj (P) Ltd. books the lawns of Hotel Dumdum, Gurugram (registered in Haryana) for holding the music concert, for a lump sum consideration of ₹4,00,000. Dhun Pvt. Ltd. fixes the entry fee to the music concert at ₹ 5,000 .

You are required to determine the place of supply in respect of the supply(ies) involved in the given scenario.

(5 MARKS)

QUESTION : 4(B)

What are the advantage of taking registration in GST?

(5 MARKS)