

(2)

HSM2

**PART - II**  
**SECTION - A**

1. Mrs. S.C. Bose (aged 62 years), a widow of a public sector employee, who died during his service in 2011. She earns income from business of running a flower bouquet shop at Kolkata and income from royalty from writing books of science and sells in India and abroad. Profit & Loss account for the year ended 31<sup>st</sup> March, 2025 furnished by her is given below :

Particulars	₹	Particulars	₹
To Opening stock	1,00,000	By Sales of flower bouquet	36,75,000
To Purchases	15,66,000	By Family pension from PSU through bank	3,60,000
To Salaries and wages	4,90,000	By Royalty from California University for books sold (Foreign exchange brought into India)	4,25,000
To Expenses relating to books authored by her	75,000	By Dividend (Net of TDS)	4,50,000
To Expenses in connection with dividends	12,000	By Interest on FDR (No TDS deducted)	76,000
To Repairs & Maintenance	3,25,000	By Closing stock	1,36,000
To Amount paid to IIT Chennai for scientific research projects	35,000		
To Computers and other electronic items purchased on 01-12-2024)	4,50,000		
To Net Profit	20,69,000		
<b>Total</b>	<b>51,22,000</b>	<b>Total</b>	<b>51,22,000</b>

HSM2



**Additional information :**

- (i) Purchases include ₹ 2 lakhs relate to flowers and creepers directly purchased from a farmer in cash on 26.09.2024.
- (ii) Repairs & Maintenance includes one-time deposit of ₹ 2,00,000 paid to electricity and water department.
- (iii) Computers and other electronic items includes ₹ 1,00,000 paid for television and washing machine for her household use.
- (iv) Salary & wages includes, salary paid ₹ 2,40,000 to her illiterate brother (reasonable salary as per market rate is ₹ 1,80,000)
- (v) She purchased a residential house in ₹ 110 lakhs for which loan of ₹ 75 lakhs was taken from State Bank of India. Accrued interest was ₹ 3,37,500 till 31-03-2025 which was paid on 10-04-2025. No principal amount and interest was paid by Mrs. S.C. Bose till 31-03-2025. Ground floor of the house was used for shop and first floor was occupied for her residence. 80 EE
- (vi) She purchased an electric vehicle on 30-09-2024 for ₹ 25 lakhs for business purposes. X 15%
- (vii) She sold 10,000 listed shares of SBCL Ltd. in ₹ 11,66,000 on 11-12-2024 which were purchased in ₹ 2,65,000 on 16.08.2024. STT was paid on purchase and sale both.

Compute total income of Mrs. S.C. Bose under default tax regime u/s 115BAC and optional tax regime of the Income Tax Act, 1961

- (a) State with reasons whether income chargeable to tax in India for the A.Y. 2025-26 in the hands of recipients in following independent situations :

- (i) Mr. Mahesh received dividend of ₹ 7 lakhs declared and paid by a foreign company outside India. Such dividend has been declared in respect of shares which derive their value substantially from assets situated in India. He is resident and not ordinarily resident in India.



- (ii) Mr. Shivansh is a non-resident in India and residing in China has deposited ₹ 16 lakhs with M/s ABC Ltd., an Indian company, on 01-09-2024. He has received interest @ 12% per annum in China during the previous year 2024-25.
- (iii) Mr. Ramesh received royalty of ₹ 8,25,000 in consideration of providing patent rights to Mr. Sunil. Mr. Sunil has developed a new product in India by utilizing the patent rights. 30% of the royalty was received in India and 70% was received outside India. Mr. Ramesh and Sunil both have status of non-resident in India.
- (b) Discuss the relevant provisions of Income Tax Act, 1961 with respect to tax deduction at source (TDS) and calculate amount of TDS also for the A.Y. 2025-26 in the following independent situations :

- (i) Marks Pictures Ltd. is a movie and short films production house having turnover of ₹ 15.22 crores during the previous year 2023-24. Solar Varanasi LLP also produces short films and clippings and it has already produced a short film namely 'Maha Kumbh'. On 16-10-2024 Marks Pictures Ltd. acquired television rights in consideration of ₹ 52 lakhs from Solar Varanasi LLP. (Both have valid PAN)
- (ii) Mr. Mayank, a salaried individual, paid rent for his residential house at Mumbai to the house owner Mr. Nikhil in the following manner :

From April, 2024 to September, 2024 : ₹ 75,000 per month; and  
 From October, 2024 to March, 2025 : ₹ 1,00,000 per month

194C  
 194-IB

450000 x 10%  
 194-5

600000 x 10%

- (a) Mr. Sandeep, manager in CTL Pvt. Ltd. at Mumbai, furnishes following information for the year ended 31<sup>st</sup> March, 2025:

Basic salary is ₹ 55,000 per month and entitled to a commission of ₹ 2,500 per month. A company owned accommodation is provided to him in Mumbai. Furniture costing ₹ 2,40,000 was also provided.



He took a personal loan of ₹ 3,00,000 on 1<sup>st</sup> September, 2024 on which the interest @7.75% per annum was charged by the company. The entire loan is still outstanding. SBI rate of interest on 1<sup>st</sup> April, 2024 is 12.75%. Mr. Sandeep is the owner of a house property in Kolkata which he constructed during the financial year 2016-17. The property consists of four identical units.

He occupied one unit for his residence and three units were let out at a rent of ₹ 20,000 per month per unit. The municipal value is ₹ 9,00,000 and the municipal tax was paid @ 20% of municipal value. Fair rent and standard rent are ₹ 7,50,000 and ₹ 8,50,000 respectively. One of the let out units was vacant for six months during the year. Interest on loan taken for construction of the house is ₹ 2,00,000.

Compute total income of Mr. Sandeep for the A.Y. 2025-26 assuming he has opted out default tax regime u/s 115BA(1A).

- (b) Discuss the taxability with reason in the hands of recipient for the assessment year 2025-26 in respect of following receipts or income : 4
- Mr. Ram received a sum of ₹ 5,00,000 from his father on Ram's wedding anniversary.
  - Mr. Govind sold his house property to Mrs. Radha for ₹ 1,25,00,000, whereas value determined by stamp valuation authority was ₹ 1,75,00,000.
  - Ms. Agastha got a gift of car worth ₹ 7,00,000 from her friend on her wedding anniversary.

4. (a) Mr. Sanju, an individual assessee, aged about 32 years, furnishes the following details for the year ended on 31<sup>st</sup> March, 2025 : 6

- Loss from Future & Option: ₹ 75,000



(6)

HSM2

- (ii) Profit from restaurant business (computed): ₹ 2,21,000
- (iii) Share of profit in partnership firm M/s XL & Co. (10% share): ₹ 38,000
- (iv) Income from salary (computed): ₹ 3,15,000
- (v) Interest on loan paid for self-occupied house property: ₹ 1,75,000  
(Principal amount paid: ₹ 1,20,000)
- (vi) Short-term capital gain: ₹ 82,000
- (vii) Long-term capital gain u/s 112A: ₹ 1,10,000
- (viii) Long-term capital loss u/s 112: ₹ 68,000
- (ix) His wife received salary of ₹ 2,40,000 from a partnership firm XL & Co., where she is an accountant. She does not have any professional qualification related to accounting.
- (x) He paid ₹ 21,000 for medical insurance premium and ₹ 9,000 for preventive health check-up.

Brought forward speculative business loss: ₹ 26,000 (this being 3<sup>rd</sup> year from the year of loss) and brought forward short-term capital loss: ₹ 52,000 (this being the 4<sup>th</sup> year from the year of loss).

Compute total income of Mr. Sanju for the A.Y. 2025-26 if he exercises the option to shift out of default tax regime u/s 115BAC(1A). Also state the losses eligible to carry-forward.

- (b) State persons who are required to apply for the allotment of PAN under section 139A(1) of the Income Tax Act, 1961. Mention the time limit for making such application also. 4

OR

- (b) Specify all the documents in which quoting of Aadhaar Number is mandatory u/s 139AA of the Income Tax Act, 1961. Also explain to whom provisions of section 139AA does not apply. 4

HSM2



## SECTION - B

5. (a) MLM Private Limited, a registered person in Udaipur, Rajasthan engaged in various lines of business, provided the following details regarding the transactions undertook in the month of March, 2024 : 10

Outward Transactions			Amount (₹)
Advance received from Mr. Gokul for Business support services to be supplied in the month of April 2024.			2,00,000 × 9%.
Provided commissioning services under Pure labour contract to M/s Raj Builders of Jaipur, Rajasthan for Multi-storey residential complex.			5,00,000 × 9%.
Stock transferred without consideration to its branch in Jodhpur, Rajasthan. Branch have same GSTIN.			1,25,000 × 0.
Outward sale of goods to various unrelated persons:			As provided in the column
Particulars	Market Value (₹)	Transaction Value (₹)	
Intra-state	5,00,000	5,75,000 × 12.5%.	
Provided warehousing services for Kidney beans (Rajma), Red lentils and other pulses.			50,000

Inward Transactions	Amount (₹)
Received Car rental services from Carman Private Limited, an unregistered company in Udaipur engaged in car renting services. MLM Private Limited paid rent on monthly basis (Cost of fuel also included in the monthly rent). [Rate of CGST and SGST is 6% each]	1,20,000
Intra-state inward supply of various goods and services for use in the course or furtherance of business.	7,50,000 [Goods] 2,50,000 [Services]



**Additional Information :**

- (i) The Company paid ₹ 50,000 to Mr. Ajay, an independent director, as sitting fees.
- (ii) The Company made donation of ₹ 4,50,000 to a local old age home (a trust not registered under GST) for setting a Water Cooler at old age home with the name of company embedded on the water cooler to express their support for the good cause.
- (iii) All the figures are exclusive of GST.
- (iv) All inward and outward supplies are intra-state except where otherwise stated.
- (v) Subject to information given above, all the conditions necessary for availing the ITC have been fulfilled.
- (vi) Rates of GST are given below except where otherwise stated:

Particulars	CGST	SGST	IGST
Supply of Goods	6%	6%	12%
Supply of Services	9%	9%	18%

Calculate the Net GST Payable in cash by MLM Private Limited for the month of March 2024. Support your calculations with relevant reasons.

- (b) Ajay, a registered person, provided the following details about transactions entered into by him in the month of July, 2024:
- (i) He sold goods to Wellness Pharma in 3,000 units @ ₹ 400 each. Under Section 206C(1H) of Income Tax Act, 1961, he is required to collect tax (TCS) of ₹ 2,000 from Wellness Pharma. He included ₹ 2,000 as TCS in tax invoice issued to the party.
- (ii) Under a contract with State Government, he sold goods to Economic Weaker Section families (identified by State Government) in 1,000 units (unit price is ₹ 400 per unit) @ ₹ 200 per unit. Balance ₹ 200 per unit will be paid to him by State Government as subsidy.



(9)

HSM2

- (iii) Issued credit notes worth ₹ 1,50,000 net of GST as discount to its registered dealers who purchased more than 5,000 units between October, 2023 to December, 2023 under Festival Bonanza Scheme declared on 01.10.2023. The above discount provided invoice wise with a condition of reversal of ITC by registered dealer.
- (iv) Sold goods to Old Age Home for consideration of ₹ 1,00,000 (Normal Sale Value is ₹ 2,00,000). SAMVEDNA, an NGO registered under Section 12AA of Income Tax Act, 1961 gave them a subsidy of ₹ 30,000 to acknowledge his services to elderly people living in old age home.
- (v) After analysis of sale report of first quarter he decided to give discount of 1% to shopkeepers whose total purchases exceeds ₹ 25,00,000 during the quarter ending June, 2024. Total discount given to such shopkeepers is ₹ 1,30,000.

Compute the taxable value of supply for the month of July, 2024 on which Mr. Ajay shall pay GST. Suitable notes and assumptions should form part of your answer. All the amounts stated above are exclusive of GST.

- (a) M/s Poorvi Ltd, a registered supplier of various goods and services, provided the following information pertaining to GST paid on inward supplies for the month of August 2024.

Sr No.	Particulars	GST Paid (₹)
1.	Purchased goods which are used for activities related to his obligation under corporate social responsibility referred to in section 135 of The Companies Act, 2013.	3,00,00

HSM2

P



2.	Purchased Raw material worth ₹ 5,90,000 including GST in 5 lots. 3 lots of raw material worth ₹ 3,00,000 excluding GST received in the current month and remaining lots will receive in the month of September 2024.	90,000
3.	Company paid for outdoor catering expenses for the lunch of its factory employees during the lunch hours as per the policy of the company. There is no legal obligation to provide such lunch facility to the employees.	50,000
4.	Purchased goods from M/s Om Traders – all goods and invoices were received by the company in August 2024, but one invoice out of these invoices has not been furnished by the supplier in the statement of outward supplies (using IFF). The GST paid on the invoice not furnished is ₹ 50,000.	2,00,000
5.	Purchased raw material to manufacture finished goods. Such finished goods to be sold to potential customers under Scheme 'Buy one get one free'	1,50,000

Compute the amount of net ITC available to M/s Poorvi Ltd. for the month of August 2024 with necessary explanations for the treatment of all the items in the table as per the provision of the CGST Act, 2017 or CGST Rules, 2017 wherever applicable. Subject to information given above, all other conditions necessary for availing the ITC have been fulfilled.

(b) Examine the following independent cases and determine whether the services are taxable under GST Act: 5

- (i) Dhruv Printing Press, a registered entity under GST, received an order of ₹ 1,50,000 from Vishwakarma Technical Institute, a private ITI providing courses notified under Apprentices Act, 1961 for printing of pre-examination items like question papers, OMR sheets, Answer booklets required for conducting of examination by the institute.

RIM



(11)

HSM2

- (ii) State Board of Education, a registered entity, charged ₹ 50,000 per year as affiliation charges from a school run by Dharampal Trust, registered under section 12AA of Income Tax Act, 1961 which gives education from class 1 to class 10.
  - (iii) Wecare Hospital, a registered entity, charged ₹ 19,500 for 3 days from Mr. Sahil who was admitted in Intensive Cardiac Care Unit (ICCU) due to heart attack.
  - (iv) Citicare Hospital, a registered entity, entered into an arrangement with Swadisht Caterers, a registered entity, to supply food to in-patients as per advice of doctor/nutritionist. Swadisht Caterers sends monthly bill to hospital for the food supplied by them to the admitted patients of hospital. Determine the taxability of Citicare Hospital.
- (a) Mr. Ranjan availed ITC of ₹ 1,00,000 in GSTR-3B for the month of June 2024. The Output liability for June 2024 was Nil. His intra-state output supply for the month of July 2024 was ₹ 5,00,000 (excluding GST). He utilized the availed ITC against the output liability for the month of July 2024 while filing GSTR-3B. Mr. Ranjan found on 22 September, 2024 that he wrongly availed ITC of ₹ 1,00,000 in the month of June 2024. He reversed the unutilized amount of wrongly availed ITC standing in credit ledger on 30 September, 2024 and paid the utilized amount of ITC by cash. The GST rate is 18%. Calculate the interest payable under the applicable GST law, if Mr. Ranjan filed:
- (i) Form GSTR-3B for the month of June 2024 on 19 July, 2024.
  - (ii) Form GSTR -3B for the month of July 2024 was filed on 25 August, 2024.
- (Note: The due date of filing of GSTR-3B is 20<sup>th</sup> day of the following month. But the due date of filing of GSTR-3B was extended to 22<sup>nd</sup> August, 2024 for the month of July 2024)
- Briefly discuss the provisions related to inspection and verification of goods in transit as laid in Rule 138C of CGST Rules, 2017.

HSM2

P.



8. (a) As per Section 7 of the CGST Act, 2017 for the purposes of Goods and Services Tax, the expression "supply" includes all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. Discuss as per provisions of CGST Act, 2017 (or rules thereunder), when an activity can be treated as supply even if there is no consideration, or even if it is not in the course or furtherance of business. 5
- (b) (i) Explain the provisions relating to the validity period of the registration certificate issued to Casual Taxable Person and Non-Resident Taxable Person. 2
- (ii) List the deficiencies in the erstwhile value-added taxation which led to evolution of Goods and Services Tax. 3

OR

- (b) Section 31 of CGST Act, 2017 requires that a tax invoice shall be issued before or at the time of delivery/ removal of goods. Specify the situations where a tax invoice can be issued after delivery of goods. Discuss the provisions related to issue of tax invoice and delivery challan in case of transportation of goods in a semi knocked down or completely knocked down condition or in batches or lots.