



Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Where considered necessary, suitable assumptions may be made and clearly indicated in the answer.

**ANSWER:**

**SECTION - A : (Direct Taxation)**

Answer Question No. 1 and any three from Question No. 2, 3, 4 and 5.

1. (a)

(i)	(ii)	(iii)	(iv)	(v)	(vi)
c.	c.	b.	b.	a.	a.

(b)

(i)	(ii)	(iii)	(iv)
True	False	True	False

(c)

(i)	(ii)	(iii)	(iv)
whole	income	1,50,000	18.5

2. (a)

During past few previous years, Sri Sen was in India as under:

P.Y.	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
22-23	-	-	-	-	-	-	-	-	2	31	28	31	92
21-22	-	-	-	-	-	-	-	-	17	8	-	-	25
20-21	-	-	-	-	-	-	-	-	-	20	-	-	20
19-20	30	31	30	31	31	30	31	30	1	-	-	-	245
18-19 and back	30	31	30	31	31	30	31	30	31	31	28 or 29	31	365 or 366



Accordingly, his residential status can be decided as under:

Previous Year	Presence in India (In Days)	Resident (R) or Non-resident (NR)	Condition satisfied to became a resident
2022-2023	92	R	6(1)(c)
2021-2022	25	NR	None
2020-2021	20	NR	None
2019-2020	245	R	Both
2018-2019 & back	365 or 366	R	Both

From the above working, it is apparently clear that Sri Sen is satisfying sec. 6(1) and both conditions of sec. 6(6). Hence, he is resident and ordinarily resident in India.

**Conclusion:** Resident and ordinarily resident.

(b) In the given case, there are two options:

Option 1: Take H1 & H3 as Self-Occupied (S/O) and H2 as Deemed to be Let-Out (DLO)

Option 2: Take H1 as Deemed to be Let-Out (DLO) and H2 & H3 as Self-Occupied (S/O)

Option 3: Take H3 as Deemed to be Let-Out (DLO) and H1 & H2 as Self-Occupied (S/O)

Total income under the head house property shall be computed applying each option separately and then the option, which yields least income under this head, shall be opted.

Particulars	Option1		Option2		Option 3	
	H1 & H3 S/O	H2 DLO	H1 DLO	H2 & H3 S/O	H3 DLO	H1 & H2 S/O
Gross Annual Value	Nil	2,00,000	3,00,000	Nil	7,00,000	Nil
Less: Municipal Tax (15% of Municipal value)	Nil	30,000	45,000	Nil	1,05,000	Nil
Net Annual Value (A)	Nil	1,70,000	2,55,000	Nil	5,95,000	Nil
Less: <u>Deduction u/s</u>						
24(a) Standard deduction (30% of NAV)	Nil	51,000	76,500	Nil	1,78,500	Nil
24(b) Interest on loan	2,00,000 <sup>2</sup>	1,00,000	40,000	2,00,000 <sup>2</sup>	2,10,000	30,000 <sup>1</sup>
Total deduction (B)	2,00,000	1,51,000	1,16,500	2,00,000	3,88,500	30,000
Income from house property [(A) – (B)]	(-) 2,00,000	19,000	1,38,500	(-) 2,00,000	2,06,500	(-) 30,000
Income from house property	(-) 1,81,000		(-) 61,500		1,76,500	

Notes:

1. In case of H1 & H2 loan was taken prior to 1/4/1999.
  2. Since loan was taken for construction on or after 1/4/1999.
  3. Since H4 is used for own business purpose so it is not taxable under this head.
- Total income under the head Income from house property as per option 1 is (-)  
₹1,81,000

3. (a) Computation of gross taxable salary of Miss Stuti for the A.Y. 2023-24

Particulars	Details	Amount	Amount
Basic Salary			1,80,000
Bonus			20,000
Commission			15,000
<u>Allowances:</u>			
Dearness Allowance		60,000	
Hostel Allowance (Fully taxable as she has no child)		12,000	
Tiffin Allowance		6,000	
Transport Allowance		2,400	80,400
<u>Perquisite u/s 17(2):</u>			
Free Refreshment (not taxable)		Nil	
Mobile or telephone facility		Nil	
Computer facility		Nil	
Rent Free Accommodation	Working	29,425	29,425
<b>Gross Salary</b>			<b>3,24,825</b>

Working: Salary for the purpose of rent-free accommodation:

Basic Salary	1,80,000
Bonus	20,000
Commission	15,000
<u>Allowances</u>	
Dearness allowance	Nil
Hostel Allowance	12,000
Tiffin Allowance	6,000
Transport Allowance	2,400
Total	2,35,400
Value of Rent-Free Accommodation (being 15% x ₹ 2,35,400 x 10/12)	29,425



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(b)

**Computation of Deduction u/s 80GG**

Particulars	Amount	Amount
Gross Total Income		1,80,000
<i>Less: Deduction</i>		
U/s 80G	5,000	
U/s 80GG <sup>#</sup>	12,500	17,500
<b>Total Income</b>		<b>1,62,500</b>
<b># Computation of Deduction u/s 80GG</b>		
Particulars	Working	Amount
Least of the following shall be deductible:		
1. ₹5,000 per month	₹5,000 * 12	60,000
2. 25% of Adjusted Gross total income	25% of ₹1,75,000 <sup>#</sup>	43,750
3. Excess of rent paid over 10% of Adj. GTI	₹30,000 - (10% of ₹1,75,000 <sup>#</sup> )	12,500
Deduction u/s 80GG		12,500
<sup>#</sup> Adjusted GTI = Gross total income – Long term capital gain – Short term capital gain covered u/s 111A - All deduction under 80's other than section 80GG – Income u/s 115A, u/s 115AB, u/s 115AC, u/s 115ACA, u/s 115AD = ₹1,75,000		

4. (a) Computation of income of Mr. Tony for the A.Y. 2023-24

Particulars	Agricultural income	Business income
Income from growing and manufacturing rubber [Rule 7A]		
65% of ₹ 5,00,000	3,25,000	
35% of ₹ 5,00,000		1,75,000
Income from growing and curing coffee <sup>#</sup> [Rule 7B(1)]		
75% of ₹ 3,50,000	2,62,500	
25% of ₹ 3,50,000		87,500
Income from growing and manufacturing tea [Rule 8]		
60% of ₹ 7,00,000	4,20,000	
40% of ₹ 7,00,000		2,80,000
Sale of plants from nursery	1,00,000	
<b>Total</b>	<b>11,07,500</b>	<b>5,42,500</b>

<sup>#</sup> Assume the coffee grown and cured is not roasted and grounded by the seller.



(b) Deduction from capital gain on transfer of capital assets other than residential house property [Sec. 54F]

Applicable to	Individual or HUF	
Conditions	<ol style="list-style-type: none"><li>1. Assessee must have transferred a long-term capital asset other than a residential house property.</li><li>2. Assessee must acquire <b>one</b> residential house within prescribed time limit, income of which is taxable u/s 22.</li><li>3. Such new house should be situated in India.</li><li>4. Assessee does not own more than one residential house property, income of which is taxable u/s 22 (other than new house), on the date of transfer.</li><li>5. Assessee does not purchase, within 2 years, or construct, within 3 years of transfer of the original asset, any other residential house, income of which is taxable u/s 22.</li></ol>	
Time limit for acquisition of new assets	For Purchase	Within a period of '1 year before, or 2 years after, the date of transfer'.
	For Construction	Within a period of 3 years after the transfer Construction may start at any time but must be completed within stipulated time
	Scheme of deposit	Applicable
	<b>Note:</b> In case of compulsory acquisition the time limit starts from the date of initial receipt of compensation.	
Amount of Deduction	Minimum of the following: <ul style="list-style-type: none"><li>• <u>Investment in the new asset</u> x Capital gain Net Sale consideration<sup>#</sup></li><li>• Capital gain</li></ul> <sup>#</sup> Net sale consideration = Sale consideration – Expenditure on transfer	
Revocation of benefit and its treatment	<ol style="list-style-type: none"><li>1. <b>If the newly acquired residential house is transferred</b> within 3 years after <i>the date of its acquisition</i>, benefit availed earlier shall be revoked.</li><li>2. <b>If another residential house is purchased</b> (apart from newly acquired residential house property) by the assessee within 2 years</li></ol>	



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	<p>or constructed within 3 years after <i>the date of transfer of original asset</i>, benefit availed earlier shall be revoked.</p> <p><b>Note:</b> <i>The time limit shall be determined from the date of transfer of original asset even in the case when asset is compulsory acquired by the Government.</i></p> <p><b>3. <u>If the amount, held in Capital Gains Deposit Account Scheme (1988), is unutilized,</u></b> benefit availed earlier shall be revoked.</p>
Treatment of revoked income	<ul style="list-style-type: none"> <li>• <b><u>Revocation due to case 1 &amp; 2 above</u></b> Such revoked income (exemption) shall be taxable <i>as long-term capital gain</i> in the year of revocation of condition.</li> <li>• <b><u>Revocation due to case 3 above</u></b> Chargeable amount shall be – <u>Unutilised amount for which benefit u/s 54F is availed x Original capital gain</u> Net sale consideration - taxable as long term capital gain of the previous year in which 3 years from the date of transfer of asset expires.</li> </ul>

5. (a)

Computation of Total Income for the A.Y. 2023-24

Particulars	Details	Amount		
		Mr. Singh	Mrs. Singh	Minor Daughter
<u>Salaries</u>				
Salary of Mrs. Singh			50,000	
<u>Profits and gains of business or profession</u>				
Business income		90,000		
Sale of paintings & drawings (made by daughter)				60,000
<u>Income from other sources</u>				
Interest income of 1 <sup>st</sup> minor son	12,000			
Less: Exemption u/s 10(32)	1,500	10,500		
Lottery Income of 2 <sup>nd</sup> minor son	6,000			
Less: Exemption u/s 10(32)	1,500	4,500		
Gross Total Income		1,05,000	50,000	60,000
Less: Deduction under Chapter VI A		Nil	Nil	Nil
Total Income		1,05,000	50,000	60,000



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**Note:**

Income of a minor child shall be clubbed with income of the parent whose total income (excluding this income) is higher - Sec. 64(1A)

**Exceptions**

The above clubbing provision shall not apply in the following cases -

1. The income arises or accrues to the minor child due to any manual work done by him; or
2. The income arises or accrues to the minor child due to his skill, talent, specialised knowledge or experience; or
3. The minor child is suffering from any disability of nature specified u/s 80U.

**(b)**

**Computation of Depreciation / STCG as per I.T. Act for the A.Y.2023-24**

<b>Particulars</b>	<b>Case (i)</b>	<b>Case (ii)</b>
<b>Block 1: <u>Plant &amp; Machinery</u> (Rate of depreciation: 15%)</b>		
W.D.V. as on 1/4/2022	2,00,000	2,00,000
<i>Add:</i> Purchase during the year	1,00,000	1,00,000
	3,00,000	3,00,000
<i>Less:</i> Asset sold during the year	2,80,000	2,80,000
W.D.V. as on 31/03/2022	-	20,000
Short Term Capital Gain / (Loss)	(20,000)	
Depreciation (15% of ₹ 20,000 for half year)		1,500

Asset which is put to use for less than 180 days is eligible for ½ year depreciation.



## SECTION – B : (Indirect Taxation)

Answer Question No. 6 and any three from Question No. 7, 8, 9 and 10.

6. (a)

(i)	(ii)	(iii)	(iv)	(v)	(vi)
b.	b.	c.	d.	a.	d.

(b)

(i)	(ii)	(iii)	(iv)
True	False	True	True

(c)

(i)	(ii)	(iii)	(iv)
Protective Duty	20 <sup>th</sup> day of the next month	2B	Not be included

7. (a) Features of Indirect Taxes are as under:

- ✿ **Tax on goods and services:** Indirect tax is levied at the time of supply or manufacture or purchase or sale or import or export of goods. Further, it is also levied on supply.
- ✿ **Burden:** Tax, being indirect tax paid by the seller, shall be recovered by the seller from the buyer. Thus, one can say that burden of indirect tax is shifted from seller to buyer and ultimately borne by consumers of such goods or services.
- ✿ **Inflationary in nature:** Cost of goods and services increases due to levy of indirect tax thus indirect taxes promote inflation.
- ✿ **Social welfare:** It is useful tool to promote social welfare by checking the consumption of harmful goods or sin goods through higher rate of tax.
- ✿ **Wider Tax Base:** Majority of goods and services are liable to indirect tax with very low threshold limits, so tax base is much wider in case of indirect tax in compare to direct tax.
- ✿ **Regressive in Nature:** All persons (rich or poor) will bear equal wrath of tax on goods or service consumed by them irrespective of their ability. In other words, indirect tax does not create any difference between rich and poor. Poor people are also required to pay equal percentage of tax on certain goods and service of mass consumption. Thus, it may increase the disparities between rich and poor.
- ✿ **No pinch:** Seller (the person on which indirect tax is levied) does not perceive a direct pinch of tax as it is recovered by him from the buyer and then he is paying to the Government. On the other hand, since it is inbuilt in the price of the goods, the ultimate payer (i.e., buyer) pay it without knowing that he is paying any tax to the Government.





(b)

- a. In case of supply of pan masala, tobacco and manufactured tobacco substitutes, etc., the threshold limit for registration is ₹ 20 lakhs (i.e., the enhanced limit of ₹ 40 lakhs is not applicable). Hence, he is liable for registration mandatorily.
- b. In case of Mizoram, the threshold limit for registration is ₹ 10 lakhs, hence he is liable for registration. However, if he is located in the State of Meghalaya where the threshold limit for registration is ₹ 20 lakhs, hence he is not liable for registration.

8. (a) Computation of value of taxable supply

Particulars	₹	₹
List price of the goods (exclusive of taxes and discounts)		10,00,000
<i>Add:</i>		
i. Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	1,00,000	
ii. CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]	-	
iii. Packing charges [Includible in the value as per section 15(2)(c)]	20,000	
iv. Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	40,000	1,60,000
Total		11,60,000
Less: Discount @ 2% on ₹ 10,00,000		20,000
<b>Value of taxable supply</b>		<b>11,40,000</b>



- (b) Computation of aggregate turnover of Mr. Ritesh for F.Y. 2021-22 for the purpose of eligibility of composition levy scheme

Particulars	₹ in lakh
Value of taxable outward supplies [All taxable supplies including inter-State supplies]	75
Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount]	40
Value of inward supplies on which Mr. Ritesh is liable to pay tax under reverse charge	Nil
Value of exports	7
<b>Aggregate turnover for determining eligibility for composition scheme</b>	<b>122</b>

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year. Therefore, in the given case, Mr. Ritesh is eligible to opt for composition levy for F.Y. 2022-23.

9. (a) (i) "Pure agent" means a person who-
- enters into a contractual agreement with the recipient of supply to act as his pure agent to incur expenditure or costs in the course of supply of goods or services or both;
  - neither intends to hold nor holds any title to the goods or services or both so procured or supplied as pure agent of the recipient of supply;
  - does not use for his own interest such goods or services so procured; and
  - receives only the actual amount incurred to procure such goods or services in addition to the amount received for supply he provides on his own account.

- (ii) Situation 1

In the given case,

Date of issue of invoice (which is within 30 days of the supply of service)	15.04.2022
Date of payment	
- ₹ 10,000	08.04.2022
- ₹ 40,000	16.05.2022



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If the invoice is issued within the prescribed time period, the time of supply will be the date of receipt of payment or date of issue of invoice whichever is earlier. Hence, for ₹ 10,000, the time of supply will be 08.04.2022 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 15.04.2022 which is earlier of 15.04.2022 (date of invoice) and 16.05.2022 (date of receipt of payment).

*Situation 2*

If invoice is not issued within the prescribed time period, the time of supply will be the earlier of the date of completion of service and the date of receipt of payment. Here, invoice is issued on 15.05.2022 which is after the prescribed time period. So, for ₹ 10,000, the time of supply will be 08.04.2022 which is the date of receipt of advance payment. For the balance amount, the time of supply will be 10.04.2022 which is earlier of 10.04.2022 (date of completion of service) and 16.05.2022 (date of receipt of payment).

- (b) Where capital goods or plant and machinery on which input tax credit (ITC) has been taken are supplied outward by a registered person, he must pay an amount that is higher of the following:
- ITC taken on such goods reduced by 5% per quarter of a year or part thereof from the date of issue of invoice for such goods; or
  - tax on transaction value.

Accordingly, the amount payable on supply of machinery by BA Pvt. Ltd. shall be computed as follows:

Particulars	₹
ITC taken on acquisition of such machine [₹ 10,00,000 x 18%]	1,80,000
Time gap in quarters between date of purchase and outward supply of such machine	3 quarters
Total reduction in tax paid [5% for each quarter x 3 quarter]	15%
Amount of reduction in tax paid [₹ 1,80,000 x 15%]	27,000
Amount of GST to be Paid [being higher of the following]	
a. ₹ 1,80,000 – ₹ 27,000	1,53,000
b. GST on transaction value [₹ 8,00,000 x 18%]	1,44,000
<b>Hence, liability of GST is</b>	<b>1,53,000</b>



## 10. (a) Computation of assessable value and customs duty

Particulars	Amount in \$
CIF Value	4,500
Less: Air Freight	1,000
Less: Insurance	250
<b>FOB Value</b>	<b>3,250</b>
Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered (3,250 x 20% = 650)]	650
Add: Insurance	250
<b>Assessable Value (in US \$)</b>	<b>4,150</b>
<b>Assessable Value in ₹ [US \$ 4,150 x ₹ 64.50]</b>	<b>2,67,675</b>

## Computation of customs duty

Particulars	Details	Amount
Assessable Value	2,67,675	
Add: Basic Customs Duty @ 10%	26,768	26,768
Add: Social Welfare Surcharge @ 10% on BCD	2,677	2,677
Total [A]	2,97,120	
Add: IGST @ 18% [A x 18%]	53,482	53,482
<b>Total duty payable</b>		<b>82,927</b>

(b) A registered person supplying taxable goods shall issue a tax invoice, **before or at the time of:**

Where the supply involves movement of goods	Removal of goods for supply to the recipient
Where the supply does not involve movement of goods	Delivery of goods or making available thereof to the recipient

Though there is no specific format prescribed for the tax invoice, but a tax invoice issued by the registered person should contain the following particulars:

- name, address and Goods and Services Tax Identification Number of the supplier;
- a consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year.



- c. date of its issue;
- d. name, address and Goods and Services Tax Identification Number (GSTIN) or Unique Identity Number (UIN), if registered, of the recipient;
- e. name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is ₹ 50,000 or more;
- f. name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of the taxable supply is less than ₹ 50,000 and the recipient requests that such details be recorded in the tax invoice;
- g. Harmonised System of Nomenclature code for goods or services;
- h. description of goods or services;
- i. quantity in case of goods and unit or Unique Quantity Code thereof;
- j. total value of supply of goods or services or both;
- k. taxable value of the supply of goods or services or both taking into account discount or abatement, if any;
- l. rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
- m. amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
- n. place of supply along with the name of the State, in the case of a supply in the course of inter-State trade or commerce;
- o. address of delivery where the same is different from the place of supply;
- p. whether the tax is payable on reverse charge basis; and
- q. signature or digital signature of the supplier or his authorised representative; and
- r. Quick Response (QR) code, having embedded Invoice Reference Number (IRN) in it, in case e-invoice has been issued.