

Test Series: April, 2022

MOCK TEST PAPER 2  
INTERMEDIATE COURSE  
PAPER – 4: TAXATION

Time Allowed – 3 Hours

Maximum Marks – 100

**SECTION – A: INCOME TAX LAW (60 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 answers to Questions in Division A, working notes are not required.*

*The relevant assessment year is A.Y.2022-23.*

**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.**

1. Mr. Suresh born on 1.4.1962 furnished his return of income for Assessment Year 2022-23 on 25.07.2022. He has opted for the provisions of section 115BAC. He had shown the following income in his original return of income -

- Salary of ₹ 10.50 lakhs from ABC (P) Ltd
- Interest from savings bank account of ₹ 15,700
- Interest from fixed deposits with SBI of ₹ 50,000.

During the P.Y. 2021-22, he paid interest on loan ₹ 2,50,000 for purchase of self-occupied property. He contributed ₹1,50,000 towards the PPF. He paid health insurance premium of ₹ 40,000 by account payee cheque for self and wife. He paid ₹ 2,200 in cash for his health check-up and ₹ 4,000 by cheque for preventive health check-up of his parents. He also paid medical insurance premium of ₹ 29,000 during the year to insure the health of his mother, aged 80 years. He further incurred medical expenditure of ₹ 18,000 on his father, aged 81 years, who is staying with him. His father is not covered under any mediclaim policy.

He met one of his friends, CA. Nakul on 31.1.2023. While discussing with his friend, his friend told him that the concessional tax rate under section 115BAC is not beneficial to him. He advised him to revise his return of income and not to opt for section 115BAC. However, Mr. Suresh's son, who is employed in the accounts department of XYZ (P) Ltd., is of the view that once option to pay tax as per section 115BAC is selected in original return, it cannot be changed in revised return.

From the information given above, choose the **most appropriate answer** to the following questions –

**(5 x 2 marks)**

- (i) What is the tax payable by Mr. Suresh for A.Y. 2022-23 as per original return of income filed by Mr. Suresh?
- (a) ₹ 97,070
  - (b) ₹ 1,02,070
  - (c) ₹ 96,030
  - (d) ₹ 1,01,030

- (ii) What is the total deduction under Chapter VI-A allowable to Mr. Suresh if he does not opt for the provisions of section 115BAC?
- (a) ₹ 2,34,800
  - (b) ₹ 2,35,000
  - (c) ₹ 2,92,000
  - (d) ₹ 2,92,200
- (iii) What is total income of Mr. Suresh under the normal provisions of the Act for A.Y. 2022-23?
- (a) ₹ 5,23,700
  - (b) ₹ 5,73,700
  - (c) ₹ 6,75,700
  - (d) ₹ 6,80,700
- (iv) Compute the tax liability of Mr. Suresh for A.Y. 2022-23 if he does not opt for the provisions of section 115BAC.
- (a) ₹ 25,730
  - (b) ₹ 50,590
  - (c) ₹ 17,930
  - (d) ₹ 49,550
- (v) Can Mr. Suresh file his revise return of income for A.Y. 2022-23 and declare income under the regular provisions of the Act?
- (a) Yes, Mr. Suresh can revise his return of income and declare income under the regular provisions of the Act
  - (b) No, though he can file a revised return of income, option under section 115BAC once opted in original return of income cannot be changed in revised return of income
  - (c) No, Mr. Suresh cannot revise his return of income for A.Y. 2022-23
  - (d) No, he cannot do so since he is a salaried employee. He would have made a declaration to opt for section 115BAC to his employer, which cannot be changed subsequently at the time of filing of return of income
2. Mr. Raja, a proprietor, commenced operation of the business of a new three star hotel in Mumbai on 1.7.2021. He had made a total investment of ₹ 7.58 crores till 30.6.2021. Out of total investment of ₹ 7.58 crores, ₹ 1.58 crores was used for purchase of land in P.Y.2020-21. ₹ 4.70 crores was used for constructing Hotel and balance of ₹ 1.30 used for purchasing the furniture in P.Y. 2021-22. He wants to avail the benefit of deduction under section 35AD as he satisfied with all the conditions prescribed u/s 35AD. His profit and gains from the business for P.Y. 2021-22 is ₹ 50 lakhs before claiming deduction u/s 35AD. He wants to file his income-tax return on 12.12.2022. How much deduction Mr. Raja can claim for A.Y. 2022-23 and the losses which he can carry forward to A.Y. 2023-24?
- (a) He can claim the deduction of ₹ 7.58 crores from his business income but he would not be able to carry forward the business loss of ₹ 7.08 crores
  - (b) He can claim the deduction of ₹ 6.00 crores from his business income and can carry forward the business loss of ₹ 5.50

- (c) He can claim the deduction of ₹ 6.00 crores from his business income but cannot carry forward the business loss of ₹ 5.50
- (d) He can claim the deduction of ₹7.58 crores from his business income and can carry forward the business loss of ₹ 7.08 crores **(2 Marks)**

3. Mr. Raj Makes a gift of ₹ 25,000 to his wife, Mrs. Rama, on 27.03.2021. Mrs. Rama, on 2.4.2021, invests ₹ 75,000 (25,000 out of gift and 50,000 of her own) in a partnership firm as capital which is her total capital contribution in the firm. During the year ended 31.03.2022 she earns an interest of ₹ 12,000 and salary of ₹ 1,20,000 from the firm. What amount shall form part of total income of Mr. Raj for the previous year 2021-22?

- (a) ₹ 3,000 as interest on capital from firm
- (b) ₹ 3,000 as interest on capital from firm and ₹40,000 as salary from firm
- (c) ₹ 4,000 as interest on capital from firm and ₹40,000 as salary from firm
- (d) Nil **(2 Marks)**

4. Mr. Sushant is a person of Indian origin, residing in Canada. During P.Y. 2021-22, he visited India on several occasions and his period of stay, in total, amounted to 129 days during P.Y. 2021-22 and his period of stay in India during P.Y. 2020-21, P.Y.2019-20, P.Y. 2018-19 and P.Y. 2017-18 was 135 days, 115 days, 95 days and 125 days, respectively. He earned the following incomes during the P.Y. 2021-22:

Source of Income	Amount (₹)
Income received or deemed to be received in India	2,50,000
Income accruing or arising or which is deemed to accrue or arise in India	3,75,000
Income accruing or arising and received outside India from business controlled from India	5,50,000
Income accruing or arising and received outside India from business controlled outside India	6,50,000

What is the residential status of Mr. Sushant for A.Y. 2022-23 and his income liable to tax in India during A.Y. 2022-23

- (a) Non-Resident; ₹6,25,000 is liable to tax in India
- (b) Resident and ordinary resident; ₹18,25,000 is liable to tax in India
- (c) Resident but not ordinarily resident; ₹ 11,75,000 is liable to tax in India
- (d) Non-Resident; ₹11,75,000 is liable to tax in India **(2 Marks)**

5. Mr. Kumar made the following cash withdrawals during the P.Y.2021-22 -

Date	Amount	From
1.6.2021	₹ 70 lakhs	Canara Bank
1.7.2021	₹ 45 lakhs	HDFC
1.8.2021	₹ 50 lakhs	Canara Bank
1.9.2021	₹ 15 lakhs	HDFC
1.10.2021	₹ 60 lakhs	Repc Bank (Co-operative Bank)
1.11.2021	₹ 10 lakhs	SBI

1.12.2021	₹ 10 lakhs	Repco Bank
2.1.2022	₹ 15 lakhs	HDFC
10.1.2022	₹ 15 lakhs	HDFC
20.1.2022	₹ 20 lakhs	Repco Bank
1.2.2022	₹ 15 lakhs	Repco Bank
10.2.2022	₹ 75 lakhs	SBI
20.2.2022	₹ 15 lakhs	HDFC
1.3.2022	₹ 15 lakhs	SBI

Which of the above banks are required to deduct tax at source on cash withdrawals made by Mr. Kumar in the P.Y.2021-22 if he regularly files his return of income?

- (a) Canara Bank & HDFC  
 (b) HDFC, SBI & Repco  
 (c) HDFC, Repco & Canara Bank  
 (d) HDFC & Repco

**(2 Marks)**

**Division B – Descriptive Questions**

*Question No. 1 is compulsory*

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

1. You are required to compute the total income and tax liability of Mr. Neeraj for the A.Y. 2022-23 from the following information given by him for the year ended 31.3.2022. Mr. Neeraj, aged 61 years, a resident individual, engaged in a wholesale business of stationary products. He is also a partner in BAC & Co., a partnership firm.

Sl. No.	Particulars	₹	₹
(i)	Interest on capital received from BAC & Co., at 14% [in accordance with the partnership deed]		1,40,000
(ii)	Share of profit from the firm		44,000
(iii)	Salary as working partner (fully allowed in the hands of the firm)		1,00,000
(iv)	Interest from bank on fixed deposit (Net of TDS)		49,500
(v)	Interest on saving bank account		13,300
(vi)	Income-tax refund received relating to assessment year 2021-22 including interest of ₹ 1,400		34,500
(vii)	Net profit from wholesale business		6,60,000
	Amounts debited include the following:		
	- Depreciation as per books	34,000	
	- Motor car expenses	40,000	
	- Municipal taxes for the shop (For two half years; payment for one half year made on 12.7.2022 and for the other on 31.12.2022)	7,000	
	- Salary to manager by way of a single cash payment	22,000	
(viii)	The WDV of the assets (as on 1.4.2021) used in above wholesale business is as under:		
	- Computers	2,40,000	

	- Computer printer	1,50,000	
(ix)	Motor car acquired on 31.12.2021 (20% used for personal use)	6,80,000	
(x)	He owned a house property in Mumbai which was sold in January, 2018. He received arrears of rent in respect of the said property in October, 2021.		1,35,000
(x)	LIP paid for independent son	60,000	
(xi)	PPF of his wife	70,000	
(xii)	Health insurance premium paid by way of A/c payee cheque for self	35,000	
(xiii)	Contribution toward Prime Minister National Relief Fund	50,000	

Assume Mr. Neeraj does not want to opt for the provisions of section 115BAC. **(14 Marks)**

2. (a) Compute the tax liability of Ms. Kajal for A.Y. 2022-23, a female resident aged 40 years, where her total income is ₹ 2,00,50,000 comprising of business income. Ms. Kajal opts for the provisions of section 115BAC. **(3 Marks)**
- (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 15<sup>th</sup> March 2021. His income during the financial year 2021-22 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 2021-22. Compute his total income for the Assessment year 2022-23. Assume he does not opt for section 115BAC. **(4 Marks)**

- (c) Mr. Rakesh has submitted his income-tax return containing certain losses/deductions in respect of the P.Y. 2021-22 on 22.10.2022. The due date for filing the return for Mr. Rajesh was 31st July, 2022 under section 139(1). You are required to examine with reference to the relevant provisions of Income-tax Act, 1961 whether the following losses/deductions can be carried forward/claimed in subsequent years by Mr. Rakesh.
- (i) Loss from the business carried on by him as a proprietor: ₹ 10,80,000 (computed)
- (ii) Unabsorbed Depreciation: ₹ 2,00,000 (computed)
- (iii) Loss from House property: ₹ 2,50,000 (computed) **(3 Marks)**
- (d) Briefly discuss the provisions of tax deducted at source under the Income-tax Act in respect of the following payments:
- (i) Mr. Kamlesh (a resident individual aged 65 years) has maintained two fixed deposits in two different branches of ABC Bank of India (working on core banking solution). During the year 2021-22, the bank paid ₹ 32,000 and ₹ 17,000 as interest on these fixed deposits.
- (ii) Mr. Avinash, a pensioner, pays ₹ 55,00,000 during F.Y. 2021-22 to Mr. Raju, for contract payment for reconstruction of his residential house. **(4 Marks)**
3. (a) Mr. Sailesh constructed a house in P.Y. 2015-16 with 3 independent units. During the P.Y. 2021-22, Unit - 1 (50% of floor area) is let out for residential purpose at monthly rent of ₹ 20,000. Rent of January, 2022 could not be collected from the tenant and a notice to vacate the

unit was given to the tenant. No other property of Mr. Sailesh is occupied by the tenant. Unit - 1 remains vacant for February and March 2022 when it is not put to any use. Unit - 2 (25% of the floor area) is used by Mr. Sailesh for the purpose of his business, while Unit - 3 (the remaining 25%) is utilized for the purpose of his residence. Other particulars of the house are as follows:

Municipal valuation - ₹ 2,88,000

Fair rent - ₹ 2,98,000

Standard rent under the Rent Control Act - ₹ 2,78,000

Municipal taxes - ₹ 30,000 paid by Mr. Sailesh

Repairs - ₹ 7,000

Interest on capital borrowed for the construction of the property - ₹ 90,000,

Ground rent - ₹ 6,000 and

Fire insurance premium paid - ₹ 60,000.

Income of Sailesh from the business is ₹ 2,40,000 (without debiting house rent and other incidental expenditure).

Determine the taxable income of Mr. Sailesh for the assessment year 2022-23 if he opts to be taxed under section 115BAC. **(7 Marks)**

- (b) Mr. Ramesh, a builder, entered into an agreement on 1.4.2021 with Mr. Vikas to transfer 4<sup>th</sup> Floor in Tower A of a new project for ₹ 1,50,00,000. He received ₹ 25 lakhs as advance in cash on 1.4.2021. Transfer is by way of first time allotment. The stamp duty value of such floor on that date was ₹ 1,70,00,000. The sale deed was executed and registered on 15.6.2021 for the agreed consideration. However, the stamp duty value on that date was ₹ 1,75,00,000.

Discuss the tax consequences of above, in the hands of Mr. Ramesh and Mr. Vikas. **(7 Marks)**

4. (a) Mr. Sonu, aged 30 years, submits the information of following transaction/income during the P.Y. 2021-22
- (i) Mr. Sonu owns two house properties in Delhi. The details in respect of these properties are as under -

	<b>House 1 Self-occupied</b>	<b>House 2 Let-out</b>
Rent received per month	Not applicable	₹ 50,000
Municipal taxes paid	₹ 7,500	Nil
Interest on loan (taken for purchase of property)	₹ 2,50,000	₹ 3,00,000
Principal repayment of loan (taken from HDFC bank)	₹ 2,00,000	₹ 3,00,000

- (ii) Mr. Sonu had another house in Delhi. During financial year 2015-16, he had transferred the said house to Ms. Varsha, daughter of his brother without any consideration. House would go back to Mr. Sonu after the life time of Ms. Varsha. The transfer was made with a condition that 15% of rental income from such house shall be paid to Mrs. Sonu. Rent received by Ms. Varsha during the previous year 2021-22 from such house property is ₹ 6,50,000.
- (iii) Mr. and Mrs. Sonu forms a partnership firm with equal share in profits. Mr. Sonu transferred a fixed deposit of ₹ 50 lakhs to such firm. Firm had no income or expense other than the interest of ₹ 6,00,000 received from such fixed deposit. Firm

distributed the entire surplus to Mr. and Mrs. Sonu at the end of the year.

- (iv) Mr. Sonu holds preference shares in M/s A Pvt. Ltd. He instructed the company to pay dividends to Ms. Chandni, daughter of his servant. The transfer is irrevocable for the life time of Chandni. Dividend received by Ms. Chandni during the previous year 2021-22 is ₹ 10,00,000.
- (v) Mr. Sonu has a short term capital loss of ₹ 16,000 from sale of property and long term capital gain of ₹ 15,000 from sale of property.
- (vi) Other income of Mr. Sonu includes
- Interest from saving bank account of ₹ 2,00,000
  - Cash gift of ₹ 75,000 received from daughter of his sister on his birthday.
  - Income from betting of ₹ 34,000
  - Income from card games of ₹ 46,000
  - Loss on maintenance of race horses of ₹14,600

Compute the total income of Mr. Sonu for the Assessment Year 2022-23 and the losses to be carried forward assuming that he does not opt to be taxed under section 115BAC. **(10 Marks)**

- (b) What are the consequences of failure to intimate Aadhar Number. Is there any fee for such default? **(4 Marks)**

**SECTION B - INDIRECT TAXES (40 MARKS)**

**QUESTIONS**

- (i) Working Notes should form part of the answers. However, in answers to Question in Division A, working notes are not required.
- (ii) Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of note.
- (iii) All questions should be answered on the basis of the position of GST law as amended up to 31<sup>st</sup> October, 2021.
- (iv) The GST rates for goods and services mentioned in various questions are hypothetical and may not necessarily be the actual rates leviable on those goods and services. Further, GST compensation cess should be ignored in all the questions, wherever applicable.

**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: 12 Marks**

**Each MCQ under Question No. 1 carries 2 Marks each**

1. Mr. Lala is engaged in supply of tiles and marbles in the State of Telangana. He is not registered under GST. He commenced his business from the month of July.

He availed godown construction services for business from his brother-in-law who was dependent on him. He also availed professional consultancy services for the purpose of business from his son who is a Company Secretary and his son is not dependent on him. Mr. Lala did not pay anything for both the services as both of them were his relative / family member respectively.

On the basis of advice of his son, Mr. Lala made the supply of tiles within his State only. His turnover reached to ₹ 7 lakh as on 31<sup>st</sup> October. However, he planned to expand his business to other States, since he has received decent orders from other States also.

During the month of December, he received a consignment of tiles from Rajasthan through Prompt Carriers, a goods transport agency based in the State of Rajasthan. Goods were dispatched by the supplier on 'to-pay' basis for freight. Freight charges were ₹ 50,000 and the said GTA pays GST @ 12%. Mr. Lala paid the invoice amount in the month of December itself. This was an inter-State transaction.

During the month of January, Mr. Lala made his first inter-State supply to Tamil Nadu on 4<sup>th</sup> January. His turnover before making such supply was ₹ 15 lakh.

Value of such inter-state supply was ₹ 4,50,000, exclusive of taxes. Payment for the said inter-State supply was received on 28<sup>th</sup> February. Invoice was raised by Mr. Lala on 25<sup>th</sup> January.

All the figures given above are exclusive of taxes wherever applicable.

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

- 1.1 In respect of services availed by Mr. Lala, which of the following is a correct statement?
- (a) Godown construction service availed from his brother-in-law free of cost is considered as a deemed supply



- (b) Professional service availed from his son free of cost is considered as a deemed supply
- (c) Neither of the services is a deemed supply
- (d) Both services are deemed supply
- 1.2 Upto which limit of aggregate turnover, Mr Lala can continue to supply goods without registration within his state, if he does not procure any goods/services on which tax is payable under reverse charge mechanism?
- (a) ₹ 20 lakh
- (b) ₹ 40 lakh
- (c) ₹ 10 lakh
- (d) ₹ 150 lakh
- 1.3 What is the tax liability for the freight charges?
- (a) ₹ 6000 of IGST under reverse charge
- (b) ₹ 6000 of IGST under forward charge
- (c) ₹3000 each under CGST and SGST under reverse charge
- (d) Nil as it is exempt
- 1.4 Which of the following statement is correct with respect to liability of Mr. Lala to register under GST?
- (a) Mr. Lala is liable to register in the month of December for receipt of GTA services.
- (b) Mr. Lala is liable to register in the month of January for effecting inter-State outward supply of goods.
- (c) Mr. Lala is liable to register only when his turnover exceeds the threshold limit irrespective of whether he is in receiving any GTA services or is effecting inter-State outward supply.
- (d) Mr. Lala is not required to register as it is his first year of business.
- 1.5 What is the time of supply of goods made by Mr Lala during January?
- (a) 4<sup>th</sup> January
- (b) 25<sup>th</sup> January
- (c) 3<sup>rd</sup> February
- (d) 28<sup>th</sup> February **(5 x 2 Marks = 10 Marks)**
2. Aanya, an individual, based in Gujarat, is in employment and earning ₹ 10 lakh as salary. She is also providing consultancy services to different organizations on GST implications of business. Her turnover from the supply of such services is ₹ 12 lakh. Determine whether Aanya is liable for taking registration as per provisions of the CGST Act?
- (a) Yes, as her aggregate turnover is more than ₹ 20 lakh.
- (b) No, as her aggregate turnover is less than ₹ 40 lakh.
- (c) No, as services in the course of employment does not constitute supply and therefore, aggregate turnover is less than ₹ 20 lakh.
- (d) Yes, since she is engaged in taxable supply of services. **(2 Marks)**

**Division B - Descriptive Questions**

**Question No. 1 is compulsory.**

**Attempt any two questions out of remaining three questions.**

**Total Marks: 28 Marks**

1. Alfa Institute of Management (AIM), a private college, is registered under GST in the State of Punjab. AIM provides the following particulars for the month of April, 2021 :

Sl. No.	Particulars	Amount (₹)
i.	Tuition fee received from students pursuing management courses recognised by Punjab University, established by an Act of State Legislature	18,00,000
ii.	Tuition fee received from students pursuing under- graduate courses recognised by Stan University, London under Dual Degree programmes	8,50,000
iii.	Fee received from students of competitive exam training academy run by a Department of AIM	5,40,000
iv.	Mess fees received from students pursuing qualification recognized by Indian law (Mess is run by AIM on its own)	3,20,000
v.	Amount paid to Local Municipal Corporation for premises taken on rent for conducting coaching classes for competitive exams	50,000
vi.	Legal services availed from Top Care & Co., a Partnership firm of advocates, for the competitive exam training academy (Intra-state transaction)	20,000

**Note:**

The aggregate turnover of AIM in the preceding financial year exceeds ₹ 20 lakh. Rate of CGST, SGST and IGST are 9%, 9% and 18% respectively for both outward and inward supplies. All the amounts given above are exclusive of taxes, wherever applicable. All the conditions necessary for availing the ITC have been fulfilled, wherever applicable. There is no opening balance of ITC under any head of tax.

From the information given above, you are required to calculate the Value of taxable supply and minimum GST liability (CGST, SGST or IGST as the case may be) to be paid in cash, if any, by AIM for the month of April, 2021. **(8 Marks)**

2. (a) M/s. Paisa Saver Bank Limited, a scheduled commercial bank, has furnished the following details for the month of September:

Particulars	Amount [₹ in lakh] (excluding GST)
Extended housing loan to its customers	130
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	35
Minimum balance charges collected from current account and saving account holder	03

Compute the value of taxable supply.

**(6 Marks)**

- (b) Blue Stone Ltd., Delhi, a registered supplier, is manufacturing taxable goods. It provides the following details of taxable inter-State supply made by it during the month of March.

S. No.	Particulars	Amount (₹)
(i)	List price of taxable goods supplied inter-state (exclusive of taxes)	12,00,000
(ii)	Subsidy received from the Central Government for supply of taxable goods to Government School (exclusively related to supply of goods included at S. No. 1)	1,75,000
(iii)	Subsidy received from an NGO for supply of taxable goods to an old age home (exclusively related to supply of goods included at S. No. 1)	50,000
(iv)	Tax levied by Municipal Authority	20,000
(v)	Packing charges	15,000
(vi)	Late fee paid by the recipient of supply for delayed payment of consideration (Recipient has agreed to pay ₹ 6,000 in lump sum and no additional amount is payable by him)	6,000

The list price of the goods is net of the two subsidies received. However, the other charges/taxes/fee are charged to the customers over and above the list price.

Calculate the total value of taxable supplies made by Blue Stone Ltd. during the month of March. Rate of IGST is 18%. **(4 Marks)**

3. (a) Namo & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:

- (i) Value of supply charged in invoice no. 1 was ₹ 1,50,000 against the actual taxable value of ₹ 1,30,000.
- (ii) Tax charged in invoice no. 4 was ₹ 42,000 against the actual tax liability of ₹ 78,000 due to wrong HSN code being chosen while issuing invoice.
- (iii) Value charged in invoice no. 8 was ₹ 3,50,000 as against the actual value of ₹ 4,50,000 due to wrong quantity considered while billing.

Namo & Co. asks you to answer the following:

- (1) Who shall issue a debit/credit note under CGST Act?
- (2) Whether debit note or credit note has to be issued in each of the above circumstances?
- (3) What is the maximum time-limit available for declaring the credit note in the GST Return?

**(4 Marks)**

- (b) Raghav Ltd., have filed their GSTR-3B for the month of July, 2021 within the due date prescribed under Section 39 i.e. 20.08.2021. Post filing of the return, the registered person has noticed during September 2021 that tax dues for the month of July, 2021 have been short paid for ₹ 40,000. Raghav Ltd., has paid the above shortfall of ₹ 40,000, through GSTR-3B of September 2021, filed on 20.10.2021 [payment through Cash ledger - ₹ 30,000 and Credit ledger ₹ 10,000]. Examine the Interest payable under the CGST Act, 2017.

What would be your answer if, GSTR-3B for the month of July 2021 has been filed belatedly on 20.10.2021 and the self-assessed tax of ₹ 40,000/- has been paid on 20.10.2021 [payment through electronic cash ledger - ₹ 30,000 and electronic credit ledger ₹ 10,000]

Notes:

- There exists adequate balance in Electronic Cash & Credit ledger as on 31.07.2021 for the above short fall
  - No other supply has been made nor tax payable for the month of July, 2021 other than ₹ 40,000/- missed out to be paid on forward charge basis
  - Ignore the effect of leap year, if applicable in this case. **(6 Marks)**
4. (a) What is the tax implication of supply of capital goods by a registered person who had taken ITC on such capital goods? **(5 Marks)**
- (b) Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? **(5 Marks)**