

MOCK TEST PAPER 1
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.2023-24.

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. Ramesh, an Indian resident, purchased a residential house property at Gwalior on 28.05.1999 for ₹ 28.5 lakhs. The fair market value and the stamp duty value of such house property as on 1.4.2001 was ₹ 33.5 lakhs and ₹ 32.4 lakhs, respectively. On 05.02.2012, Mr. Ramesh entered into an agreement with Mr. Raju for sale of such property for ₹ 74 lakhs and received an amount of ₹ 3.9 lakhs as advance. However, as Mr. Raju did not pay the balance amount, Mr. Ramesh forfeited the advance.

On 15.04.2022, Mr. Ramesh sold the house property for ₹ 2.10 crores, when the stamp duty value of the property was ₹ 2.33 crores. Further, he purchased two residential house properties at Delhi and Mumbai for ₹ 54 lakhs each on 28.08.2022.

On 28.02.2023, Mr. Ramesh signed agreement to sale the house property at Mumbai to his friend's son, Mr. Vishal, for ₹ 58 lakhs, from whom ₹ 19,000 was received in cash on 15.01.2023 as advance for signing the agreement to sale. Sale deed was registered on 30.03.2023 on receipt of the balance amount through account payee cheque from Mr. Vishal. The stamp duty value of house property at Mumbai on 28.02.2023 and 30.03.2023 was ₹ 61 lakhs and ₹ 64 lakhs, respectively.

Cost inflation index –

P.Y. 2022-23: 331; P.Y. 2011-12: 184; P.Y. 2001-02: 100

Based on the above information, choose the most appropriate option of the following Multiple Choice Questions (MCQs):-

- (i) What shall be the indexed cost of acquisition of residential house property at Gwalior for computation of capital gains in the hands of Mr. Ramesh?
- (a) ₹ 1,10,88,500
(b) ₹ 1,07,24,400
(c) ₹ 94,33,500
(d) ₹ 97,97,600
- (ii) The amount of capital gains taxable for A.Y. 2023-24 in the hands of Mr. Ramesh for sale of residential house property at Gwalior is -
- (a) ₹ 30,66,500
(b) ₹ 84,66,500

- (c) ₹ 27,02,400
 (d) ₹ 18,80,500
- (iii) The amount of capital gains taxable for A.Y. 2023-24 in the hands of Mr. Ramesh for sale of residential house property at Mumbai is -
 (a) ₹ 7 lakhs
 (b) ₹ 10 lakhs
 (c) ₹ 61 lakhs
 (d) ₹ 64 lakhs
- (iv) The amount taxable under section 56(2)(x) in the hands of Mr. Vishal, if any, is -
 (a) ₹ 3 lakhs
 (b) Nil
 (c) ₹ 6 lakhs
 (d) ₹ 5.50 lakhs
- (v) What shall be the amount of TDS available with Mr. Ramesh with respect to sale of house property at Gwalior assuming the tax was fully deducted by the buyer at the time of payment?
 (a) ₹ 2,33,000
 (b) ₹ 2,31,000
 (c) ₹ 2,10,000
 (d) ₹ 23,300

(5 x 2 = 10 Marks)

2. Mr. Malik (aged 35 years) submits the following particulars for the purpose of computing his total income:

Particulars	₹
Income from salary (computed)	4,00,000
Loss from let-out house property	(-) 2,20,000
Brought forward loss from let-out house property for the A.Y. 2022-23	(-)2,30,000
Business loss	(-)1,00,000
Bank interest (FD) received	80,000

Compute the total income of Mr. Malik for the A.Y.2023-24 and the amount of loss that can be carried forward for the subsequent assessment year?

- (a) Total income ₹ 2,00,000 and loss from house property of ₹ 2,50,000 and business loss of ₹ 20,000 to be carried forward to subsequent assessment year.
 (b) Total income ₹ 1,60,000 and loss from house property of ₹ 2,30,000 to be carried forward to subsequent assessment year.
 (c) Total income ₹ 1,80,000 and loss from house property of ₹ 2,30,000 and business loss of ₹ 20,000 to be carried forward to subsequent assessment year.
 (d) Total income is Nil and loss from house property of ₹ 70,000 to be carried forward to subsequent assessment year.

(2 Marks)

3. Mr. Ramesh, Mr. Mahesh and Mr. Suresh, jointly owned a flat in Mathura, which was let out to Dr. Rajesh from 01.04.2022. The annual rent paid by Dr. Rajesh for the flat was ₹ 5,40,000, credited equally to each of their account. Mr. Rajesh approached his tax consultant to seek clarity in relation to deduction of tax on payment of the rent. He informed his consultant that he occupied such flat for his personal accommodation and his receipts from his profession during the previous year 2021-22 was ₹ 58 lakhs. As tax consultant, choose the correct answer –
- No tax at source is required to be deducted since the rental payments are towards flat occupied for personal purpose
 - Tax is required to be deducted at source since the rent payment exceeds ₹ 2,40,000 and Dr. Rajesh is an individual having gross receipts from profession exceeding ₹ 50 lakh in the preceding financial year.
 - No tax is required to be deducted at source since the rent credited to each co-owner is less than ₹ 2,40,000
 - No tax is required to be deducted at source since Dr. Rajesh's gross receipts during the preceding financial year were less than ₹ 1 crore **(2 Marks)**
4. Mr. Ashish is an Indian citizen and a member of the crew of an America bound Indian ship engaged in carriage of freight in international traffic departing from Chennai on 25th April, 2022. From the following details for the P.Y. 2022-23, what would be the residential status of Mr. Ashish for A.Y. 2023-24, assuming that his stay in India in the last 4 previous years preceding P.Y. 2022-23 is 365 days and last seven previous years preceding P.Y. 2022-23 is 730 days?
- Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr. Ashish: 25th April, 2022
 - Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr. Ashish: 24th October, 2022
- Mr. Ashish has been filing his income tax return in India as a resident for the preceding 2 previous years.
- Resident and ordinarily resident
 - Resident but not-ordinarily resident
 - Non-resident
 - Deemed resident but not-ordinarily resident **(2 Marks)**
5. Mrs. Asha, aged 60 years and a non-resident in India, has a total income of ₹ 3,20,00,000, comprising long term capital gain taxable under section 112 of ₹ 57,00,000, long term capital gain taxable under section 112A of ₹ 65,00,000 and other income of ₹ 1,98,00,000. What would be her tax liability for A.Y. 2023-24. Assume that she has not opted for the provisions of section 115BAC.
- ₹ 90,08,870
 - ₹ 90,20,830
 - ₹ 90,05,880
 - ₹ 97,92,250 **(2 Marks)**

Division B – Descriptive Questions

Question No. 1 is compulsory

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

1. Mr. Rohit, working as Finance Manager in ABC Ltd., Kanpur, retired from the company on 31.10.2022 at the age of 60. The following amounts were received from the employer from 1st April, 2022 to 31st October, 2022:

Basic Salary	₹ 30,000 p.m.
Dearness Allowance	₹ 20,000 p.m. (40% reckoned for superannuation benefits)
Ex-gratia (lump sum)	₹ 65,000

In addition to the above –

- (i) The company had taken on lease a residential house at Kanpur, paying a lease rent of ₹ 9,000 p.m. Mr. Rohit, who was paying to the company ₹ 6,000 p.m. towards aforesaid rent, vacated the said premises on 31.10.2022.
- (ii) The company had also provided to Mr. Rohit a cooking range and micro-wave oven owned by it. The original cost of these assets was ₹ 40,000 and the written down value as on 1.4.2022 was ₹ 22,000.
- (iii) Mr. Rohit has two sons. His second son was studying in a school run by the employer-company throughout the financial year 2022-23. The education facility was provided free of cost. The cost of such education in a similar school is ₹ 1,800 p.m.
- (iv) The employer-company was contributing ₹ 7,000 p.m. to Central Government Pension Scheme. Mr. Rohit contributed an equal amount.
- (v) Professional tax paid by the employer ₹ 2,400.
- (vi) Subsequent to his retirement, Mr. Rohit started his own business on 15-11-2022. The results of the said business from 15.11.2022 to 31.3.2023 were:
- | | |
|---|----------|
| A. Business loss (excluding current depreciation) | ₹ 90,000 |
| B. Current year's depreciation | ₹ 60,000 |
- (vii) Mr. Rohit won a prize in a TV game show. He received a sum of ₹ 2,10,000 after deduction of tax at source to the tune of ₹ 90,000.
- (viii) Mr. Rohit furnishes the under-mentioned data relating to savings, investments and out-goings:
- | |
|--|
| A. Life insurance premium, with a private insurance company ₹ 30,000 for his son and ₹ 20,000 for his married daughter. |
| B. Medical insurance premium of ₹ 22,000 for himself and ₹ 26,000 for his mother (aged 82), paid by credit card. His mother is however not dependent on him. |

You are required to compute the total income of Mr. Rohit (showing clearly the computation under various heads of income) and tax payable by him for the assessment year 2023-24. Assume Mr. Rohit does not opt for the provisions of under section 115BAC. **(14 Marks)**

2. (a) The following are the incomes of Suresh, a citizen of India, for the previous year 2022-23:
- (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 2021-22 of a business in England which was brought in India on 3rd March, 2023.
- (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 and received there.
- (vi) Rent of ₹ 73,000 from house property in Dubai, which was deposited in bank at Dubai.

Compute Gross Total Income of Suresh for the A.Y. 2023-24, if he is -

- (1) A Resident and ordinarily resident; and
- (2) A Resident but not ordinarily resident **(6 Marks)**

(b) Examine & explain the TDS implications in the following cases along with reasons thereof, assuming that the deductees are residents and having a PAN which they have duly furnished to the respective deductors.

- (i) Mr. Kunal received a sum of ₹ 10,20,000 on 28.02.2023 as pre-mature withdrawal from Employees Provident Fund Scheme before continuous service of 5 years on account of termination of employment due to ill-health.
- (ii) Indian Bank sanctioned and disbursed a loan of ₹ 12 crores to B Ltd. on 31-12-2022. B Ltd. paid a sum of ₹ 1,20,000 as service fee to Indian Bank for processing the loan application.
- (iii) Mr. Agam, working in a private company, is on deputation for 5 months (from October, 2022 to February, 2023) at Mumbai where he pays a monthly house rent of ₹ 32,000 for those five months, totalling to ₹ 1,60,000. Rent is paid by him on the first day of the relevant month.
- (iv) Ms. Sarla received a sum of ₹ 92,000 on 30th September 2022 towards maturity proceeds of LIC taken on 1st October 2016 for which sum assured was ₹ 80,000 and annual premium was ₹ 10,000. **(8 Marks)**

3. (a) Mr. Mishra is a finance manager in XYZ (P) 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 2022-23.

	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 XYZ (P) Limited	Let-out to Ms. Asha

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

During the previous year 2022-23, Mr. Mishra purchased a rural agricultural land for ₹ 2,50,000. Stamp valuation of such property is ₹ 3,00,000.

Determine the taxable income of Mr. Mishra for the A.Y. 2023-24 assuming that he does opt for the provisions of section 115BAC. All workings should form part of your answer. **(7 Marks)**

- (b) Mr. Riyaan owned a residential house in Noida. It was acquired on 09.09.2013 for ₹ 30,00,000. He sold it for ₹ 1,57,00,000 on 07.01.2020.

Mr. Riyaan utilized the sale proceeds of the above property to acquire a residential house in Panchkula for ₹ 2,05,00,000 on 20.07.2020. The said house property was sold on 31.10.2022 and he purchased another residential house in Delhi for ₹ 2,57,00,000 on 02.03.2023. The property at Panchkula was sold for ₹ 3,25,00,000.

Calculate capital gains chargeable to tax for the assessment year 2020-21 and 2023-24. All workings should form part of your answer: Cost inflation index for various financial years are as under:

2013-14 - 220

2019-20 - 289

2020-21 - 301

2022-23 - 331

(7 Marks)

4. (a) Mr. Manoj, a bhajan singer of Rajasthan and his wife Mrs. Daya furnish the following information relating to the A.Y. 2023-24.

		₹
1	Income of Mr. Manoj - Professional bhajan singer (computed)	5,65,000
2	Salary income of Mrs. Daya (Computed)	3,80,000
3	Loan received by Mrs. Daya from Ramu & Jay (P) Ltd. (Mrs. Daya holds 35% shares of the Co. The Co. has incurred losses since its inception 2 years back)	2,50,000
4	Income of their minor son Ganesh from winning singing reality show on T.V.	2,50,000
5	Cash gift received by Ganesh from friend of Mr. Manoj on winning the show	21,000
6	Interest income received by minor married daughter Gudia from deposit with Ramu & Jay Pvt Ltd.	40,000

Compute total taxable income of Mr. Manoj & Mrs. Daya for the A.Y. 2023-24 if they opt for the provisions of section 115BAC. **(5 Marks)**

- (b) Following are the details of incomes/losses of Mr. Rishi for the F.Y. 2022-23:

(Figures in brackets represents losses)	₹
Taxable salary income (computed)	3,60,000
Taxable income from house property (computed)	
- from rented house property X	1,20,000
- from rented house property Y	(3,40,000)

Taxable profit from business (computed)	
- business P	2,30,000
- business Q	(12,000)
- business R (speculative business)	15,000
- business T (speculative business)	(25,000)
Taxable Income from other sources :	
- from card games	16,000
- from owning & maintenance of race horses	(7,000)
- interest on securities	5,000

You are required to determine the Gross total income of Mr. Rishi for A.Y. 2023-24. **(5 Marks)**

- (c) Briefly mention the provisions of Income-tax Act, 1961 with regard to quoting Aadhar Number under section 139AA of the Act. **(4 Marks)**

SECTION B - INDIRECT TAXES (40 MARKS)

QUESTIONS

- (i) Working Notes should form part of the answers. However, in answers 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.
- (iii) All questions should be answered on the basis of position of the GST law as amended by the Finance Act, 2022, including significant notifications and circulars issued, up to 30th April 2023.

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

Ms. Chanchala, is a doctor, registered person under GST as a monthly return filer, having in-patient facility in her hospital.

She availed interior decoration services from her spouse without any consideration being paid. She also availed IT related services from her sister-in-law without any consideration. Both services were for the purpose of her profession.

Ms. Chanchala provided treatment of various diseases in her hospital and apart from that she also provided the following services in her hospital-

- (a) Plastic surgery to enhance the beauty of the face
- (b) Ambulance service for transportation of patients
- (c) Renting of space to run medical store in hospital premises

She is also a consultant in other hospitals and received ₹ 40,00,000 as consultancy fee from the other hospitals.

Further, she also provides canteen facility and received ₹ 55,000 from in-patients, ₹ 35,000 from patients who are not admitted and ₹ 25,000 from visitors for the same facility.

She filed GSTR-3B for the month of June with some errors. She filed the Annual return for the said financial year on 31st October of the next financial year, whereas due date for the said Annual return is 31st December of the next financial year.

Proper Officer of the department had cancelled the registration certificate of Ms. Chanchala suo-motu on 31st July. Order of cancellation was served on 5th August. However, she applied for revocation of the same and got her registration restored back.

All the amounts given above are exclusive of taxes, wherever applicable. All the supplies referred above are intra-State unless specified otherwise.

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

1 Which of the following is a correct statement as per the provisions of CGST Act, 2017?

- (i) Service availed from her Spouse is a deemed supply
- (ii) Service availed from her Sister-in-Law is a deemed supply
- (iii) Service availed from her Spouse is not a deemed supply
- (iv) Service availed from her Sister-in-Law is not a deemed supply
- (a) (i) and (iv)

- (b) (iii) and (iv)
 - (c) (ii) and (iii)
 - (d) (i) and (ii)
- 2 Compute the taxable value of supply of canteen service provided by Ms. Chanchala?
- (a) ₹ 25,000
 - (b) ₹ 35,000
 - (c) ₹ 60,000
 - (d) ₹ 80,000
- 3 By which date Ms. Chanchala should have applied for revocation of cancellation of registration certificate, in case no extension is granted?
- (a) 5th August
 - (b) 20th August
 - (c) 30th August
 - (d) 4th September
- 4 Maximum time permissible for rectification of error committed in monthly return of June is _____
- (a) 30th November of the next year
 - (b) 20th October of the next year
 - (c) 31st October of the next year
 - (d) 31st December of the next year
- 5 Determine which of the following services provided by Ms. Chanchala and her hospital is exempt from GST?
- (i) Plastic surgery to enhance the beauty of the face
 - (ii) Ambulance service for transportation of patients
 - (iii) Renting of space to run medical store in hospital premises
 - (iv) Consultancy service by Ms. Chanchala in other hospitals
- (a) (i), (ii) & (iv)
 - (b) (i), (ii)
 - (c) (ii) & (iv)
 - (d) (i) & (iii)
- (5 x 2 Marks = 10 Marks)**
6. An exempt supply includes-
- (i) Supply of goods or services or both which attracts Nil rate of tax
 - (ii) Non-taxable supply
 - (iii) Supply of goods or services or both which are wholly exempt from tax under section 11 of the CGST Act or under section 6 of IGST Act
- (a) (i)
 - (b) (i) and (ii)

(c) (ii) and (iii)

(d) (i), (ii) and (iii)

(1 Mark)

7. _____ provides that no tax shall be levied or collected except by authority of law.

(a) Article 269

(b) Article 245

(c) Article 265

(d) Article 246

(1 Marks)

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks: 28 Marks

1. XT Pvt. Ltd., a supplier of goods, pays GST under regular scheme. It has made the following outward taxable supplies in a tax period:

Particulars	Amount (₹)
Intra-State supply of goods	8,00,000
Inter-State supply of goods	3,00,000

It has also furnished the following information in respect of purchases made by it in that tax period:

Particulars	Amount (₹)
Intra-State purchases of goods	2,00,000
Inter-State purchases of goods	50,000

The company has following opening balance of ITCs for the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	70,000

Note:

(i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

Compute the minimum GST, payable in cash, by XT Pvt. Ltd. for the tax period. Make suitable assumptions as required. (8 Marks)

2. (a) Shri Krishna Pvt. Ltd., a registered supplier, furnishes the following information relating to goods sold by it to Shri Balram Pvt. Ltd. -

S. No.	Particulars	Amount (₹)
(i)	Price of the goods [excluding taxes and other charges mentioned at S. Nos. (iii), (v) and (vi)]	1,00,000
(ii)	Municipal tax	2,000

(iii)	Inspection charges	15,000
(iv)	Subsidy received from Shri Ram Trust [Subsidy is directly linked to the goods supplied]	50,000
(v)	Late fees for delayed payment inclusive of GST [Shri Balram Pvt. Ltd. paid the late fees. However, these charges were ultimately waived by Shri Krishna Pvt. Ltd. and the amount was refunded to Shri Balram Pvt. Ltd. during the same month]	1,000
(vi)	Weighment charges [Such charges were paid by Shri Balram Pvt. Ltd. to Radhe Pvt. Ltd. on behalf of Shri Krishna Pvt. Ltd.]	2,000

Note: Price of the goods is net of the subsidy received.

Determine the value of taxable supply made by Shri Krishna Pvt. Ltd. to Shri Balram Pvt. Ltd.

(6 Marks)

- (b) Determine whether the suppliers in the following cases are eligible for composition levy, under section 10(1) & 10(2) of the CGST Act, 2017, provided their turnover in preceding year does not exceed ₹ 1.5 crore:
- (i) Mohan Enterprises is engaged only in trading of pan masala in Rajasthan and is registered in the same State.
- (ii) Sugam Manufacturers has registered offices in Punjab and Haryana and sells goods manufactured by it in the neighbouring States. **(4 Marks)**
3. (a) Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same. **(6 Marks)**
- (b) Mr. X, a registered person has caused movement of goods of consignment value exceeding ₹ 50,000 in relation to a supply and thus, generated e-way bill. However, after generation of e-way bill, he found a mistake in the e-way bill and wants to edit it. You are required to advise Mr. X whether he can do so with the help of relevant provisions? **(4 Marks)**
4. (a) GST is payable on advance received for supply of goods and services taxable under forward charge.
Do you agree with the statement? Support your answer with legal provisions. **(5 Marks)**
- (b) If a return has been filed, how can it be revised if some changes are required to be made? **(5 Marks)**