

ANSWERS OF MODEL TEST PAPER 3

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

Division A – Multiple Choice Questions

MCQ No.	Sub-part	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(i)	(a)	3.	(a)
	(ii)	(d)	4.	(c)
	(iii)	(b)		
2.	(i)	(b)		
	(ii)	(c)		
	(iii)	(b)		

Division B – Descriptive Questions

1. Computation of total income of Mr. Ayush for A.Y. 2025-26 under the regular provisions of the Act

Particulars		₹	₹	₹
I	Income from business or profession			
	Net profit as per profit and loss account		82,45,000	
	Add: Items of expenditure not allowable while computing business income			
	(i) Interest on loan taken for purchase of plant & machinery [Interest from the date on which capital was borrowed till the date on which asset was first put to use, not allowable as deduction under section 36(1)(iii). Accordingly, interest of ₹ 1,75,000 [₹ 50,00,000 x 10.5% x 4/12] has to be added back, since the same is debited to the profit and loss account]	1,75,000		
	(ii) Purchase of goods at a price higher than the fair market value [The difference between the purchase price (₹ 40 lakhs) and the fair market value	<u>5,00,000</u>		

	(₹ 35 lakhs) has to be added back as per section 40A(2) since the purchase is from a related party, i.e., his brother and at a price higher than the fair market value]		<u>6,75,000</u>	
			89,20,000	
	Less: Items of income to be treated separately under the respective head of income			
	(i) Income-tax refund including interest on refund of ₹ 4,550	15,550		
	(ii) Dividend from Indian companies	15,00,000		
	(iii) Short term capital gains on transfer of listed equity shares	<u>10,00,000</u>	<u>25,15,550</u>	
			64,04,450	
	Less: Depreciation on interest on loan capitalised to plant and machinery			
	₹ 1,75,000, being the amount of interest on loan taken for purchase of plant and machinery from the date on which capital was borrowed till the date on which asset was first put to use, shall be capitalized			
	Normal depreciation @15% x 50% on such interest	13,125		
	Additional depreciation @20% x 50% on such interest	<u>17,500</u>	<u>30,625</u>	
	[Since plant & machinery was put to use for less than 180 days in P.Y. 2024-25, it is eligible for 50% of the rate of depreciation]			
				63,73,825
II	Capital Gains			
	Short term capital gains on transfer of listed equity shares			10,00,000
III	Income from Other Sources			
	Interest on income-tax refund		4,550	
	Dividend from Indian companies		<u>15,00,000</u>	<u>15,04,550</u>
	Gross Total Income			88,78,375
	Less: Deductions under Chapter VI-A			
	- Deduction under section 80C		40,000	
	Life insurance premium for married daughter [Allowable as deduction			

though she is not dependent, since child of an individual whether dependent or not falls within the meaning of term "Person". Accordingly, whole of the amount of ₹ 40,000 is allowable as it does not exceed 10% of the ₹ 5,00,000, being the sum assured]		
- Deduction under section 80D Health insurance premium for self, spouse and children [Allowable as deduction, since it is paid otherwise than by way of cash. However, it is to be restricted to ₹ 25,000]	25,000	65,000
Total Income		88,13,375
Total Income (Rounded off)		88,13,380

**Computation of tax payable by Mr. Ayush for A.Y. 2025-26
under the regular provisions of the Act**

Particulars	₹	₹
Tax on total income of ₹ 88,13,380		
Tax on short term capital gains on transfer of listed equity shares @15% u/s 111A [₹ 10,00,000 x 15%]		1,50,000
Tax on other Income of ₹ 78,13,380		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000 [@5% of ₹ 2.50 lakh]	12,500	
₹ 5,00,001 – ₹ 10,00,000 [@20% of ₹ 5,00,000]	1,00,000	
₹ 10,00,001- ₹ 78,13,380 [@30% of ₹ 68,13,380]	20,44,014	21,56,514
		23,06,514
Add: Surcharge @10%, since total income exceeds ₹ 50,00,000 but does not exceed ₹ 1 crore		2,30,651
		25,37,165
Add: Health and education cess@4%		1,01,487
Total tax liability		26,38,652
Less: TDS u/s 194N @ 2% on ₹ 50 lakhs, being the cash withdrawals exceeding ₹ 1 crore	1,00,000	
Less: Advance tax paid	17,50,000	18,50,000
Tax payable		7,88,652
Tax payable (Rounded off)		7,88,650

2. (a) Miss Geeta is said to be resident if she satisfies any one of the following basic conditions:

(i) Has been in India during the previous year for a total period of 182 days or more

(or)

(ii) Has been in India during the 4 years immediately preceding the previous year for a total period of 365 days or more and has been in India for at least 60 days during the previous year.

Miss Geeta's stay in India during the P.Y.2024-25 is 142 days [30+31+30+31+20] which is less than 182 days. However, her stay in India during the P.Y.2024-25 exceeds 60 days. Since, she left India for the first time, her stay in India during the four previous years prior to P.Y.2024-25 would be more than 365 days. Hence, she is a resident for P.Y.2024-25.

Further, Miss Geeta would be "Resident and ordinarily resident" in India in during the previous year 2024-25, since her stay in India in the last seven previous years prior to P.Y.2024-25 is more than 729 days and she must be resident in the preceding ten years.

Computation of business income and agricultural income of Miss Geeta for A.Y. 2025-26

Particulars		Income	Business Income ₹	Agricultural Income ₹
(i)	Income from sale of centrifuged latex processed from rubber plants grown in Kanyakumari (Apportioned between business and agricultural income in the ratio of 35:65 as per Rule 7A of Income-tax Rules, 1962)	1,50,000	52,500	97,500
(ii)	Income from sale of coffee grown, cured, roasted and grounded in Colombo and received in Chennai [See Note 1 below]	5,00,000	5,00,000	-
(iii)	Income from sale of tea grown and manufactured in West Bengal (Apportioned between business and agricultural income in the ratio of			

	40:60 as per Rule 8 of the Income-tax Rules, 1962)	12,00,000	4,80,000	7,20,000
(iv)	Income from sapling and seedling grown in a nursery at Cochin. Basic operations were not carried out on land [See Note 2 below]	<u>2,00,000</u>	<u>-</u>	<u>2,00,000</u>
		<u>20,50,000</u>	<u>10,32,500</u>	<u>10,17,500</u>

Notes:

- (1) Since Ms. Geeta is resident and ordinarily resident in India for A.Y. 2025-26, her global income is taxable in India. Entire income from sale of coffee grown, cured, roasted and grounded in Colombo is taxable as business income since such income is earned from sale of coffee grown, cured, roasted and grounded outside India i.e., in Colombo.
- (2) As per *Explanation 3* to section 2(1A), income derived from sapling or seedlings grown in a nursery would be deemed to be agricultural income, whether or not the basic operations were carried out on land. Hence, income of ₹ 2,00,000 from sapling and seedling grown in a nursery at Cochin is agricultural income.

(b) TDS implications

(i) On pre-mature withdrawal from EPF

No tax is deductible under section 192A even though the employee, Mr. Vikas, has not completed 5 years of continuous service, since termination of employment is on account of his ill-health. Hence, Rule 8 of Part A of the Fourth Schedule is applicable in this case.

(ii) On payment of service fee to bank

Even though service fee is included in the definition of “interest” under section 2(28A), no tax is deductible at source under section 194A, since the service fee is paid to a banking company, i.e., Indian Bank.

3. (a) Computation of Gross Total Income of Mr. Jain and Mrs. Jain for A.Y. 2025-26

Particulars	Mr. Jain		Mrs. Jain	
	₹	₹	₹	₹
Salary	12,50,000		-	
Less: Standard deduction under section 16(ia)	<u>50,000</u>	12,00,000		

Interest on Fixed Deposit earned by Mrs. Jain	-		14,00,000
Total income (before including remuneration from firm and minor's income)	12,00,000		14,00,000
Remuneration from firm (assumed that the same is fully deductible in the hands of the firm)		2,50,000	
Remuneration of ₹ 2,50,000 received by Mr. Jain has to be included in the total income of Mrs. Jain, since both of them have substantial interest in the concern (i.e., each having 25% share in the firm, in the present case), and her total income of ₹14 lakh exceeds the total income of her spouse excluding this income (i.e., ₹ 12 lakh). It is assumed that such remuneration is fully deductible in the hands of the firm.		<u>2,50,000</u>	5,00,000
Total Income (before including minor's income)	12,00,000		19,00,000
Income of three minor children to be included in Mrs. Jain's income ¹ , since her total income before including minor's income is higher than that of her husband.		-	
- Neeta		15,000	
- Meeta		10,000	
- Seeta		<u>2,000</u>	
		27,000	

¹ It is assumed that the income of the minor children are not on account of their skills.

Less: Exemption of ₹ 1,500 u/s 10(32) in respect of the income each child so included.			<u>4,500</u>	22,500
Gross Total Income		12,00,000		19,22,500

(b) **Computation of Total Income of Mr. Ram for A.Y. 2025-26**

Particulars	Amount ₹	Amount ₹
Salaries		
Basic Salary	3,80,000	
Dearness Allowance	1,20,000	
Employer contribution to NPS = 20% of ₹ 3,80,000	<u>76,000</u>	
	5,76,000	
Less: Standard deduction [₹ 50,000 or ₹ 5,76,000, whichever is lower]	<u>50,000</u>	5,26,000
Profits and gains of business or profession		
Where the amount gifted by Mr. Ram (₹ 6 lakh, in this case) is invested by Mrs. Ram in a business as her capital, proportionate share of profit or loss, as the case may be, computed by taking into account the value of the investment as on 1.4.2024 to the total investment in the business (₹ 10 lakh) would be included in the income of Mr. Ram [loss of ₹ 1,30,000 x 6/10]	<u>(78,000)</u>	
Income from other sources		
All income of the minor son would be included in the income of the parent Mr. Ram, since his income is higher than the income of Mrs. Ram (loss of ₹ 52,000, based on the information given in the question). Accordingly, ₹ 70,000, being amount of gift received by minor son during the P.Y. 2024-25, would be included in the income of Mr. Ram as the amount of gift exceeds ₹ 50,000.	70,000	
Less: Exemption in respect of income of minor child included in Mr. Ram's income	<u>1,500</u>	
	68,500	
Less: Business loss of ₹ 78,000 set-off to the extent of	68,500	

(Balance business loss of ₹ 9,500 to be carried forward to the next year, since the same cannot be set-off against salary income)		<u>Nil</u>
Gross Total Income		5,26,000
Less: Deductions under Chapter VI-A		
Under section 80C – deposit in Sukanya Samridhi Account	70,000	
Under section 80CCC – Contribution to LIC Annuity Plan	40,000	
Under section 80CCD(1) – Employee contribution to NPS (₹ 76,000 – ₹ 50,000 deduction claimed u/s 80CCD(1B)], since it is lower than ₹ 42,800, being 10% of salary (₹ 3,80,000 + ₹ 48,000)	<u>26,000</u>	
Allowable in full, since less than ₹ 1,50,000, being the maximum permissible deduction u/s 80C, 80CCC & 80CCD(1)	1,36,000	
Under section 80CCD(1B) – Employee contribution to NPS	50,000	
Under section 80CCD(2) – Employer contribution to NPS restricted to 14% of basic salary + DA forming part of pay, since employer is Central Government = 14% x (₹ 3,80,000 + ₹ 48,000)	59,920	
Under section 80E – Interest paid on loan taken for higher education	<u>15,000</u>	<u>2,60,920</u>
Total Income		2,65,080

4. (a) First alternative

For the purpose of computation of long-term capital gains chargeable to tax under section 112A, the cost of acquisition in relation to the long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust acquired before 1st February, 2018 shall be the higher of

- (a) cost of acquisition of such asset, i.e., actual cost; and
- (b) lower of
 - (i) the fair market value of such asset as on 31.1.2018; and
 - (ii) the full value of consideration received or accruing as a result of the transfer of the capital asset.
- (i) The fair market value of listed equity shares as on 31.1.2018 is the highest price quoted on the recognized stock exchange as on that date.

Accordingly, long-term capital gain on transfer of STT paid listed equity shares by Mr. Shagun would be determined as follows:

The FMV of shares of A Ltd. would be ₹ 700, being the highest price quoted on National Stock Exchange on 31.1.2018. The cost of acquisition of each equity share in A Ltd. would be ₹ 700, being higher of actual cost i.e., ₹ 400 and ₹ 700 [being the lower of FMV of ₹ 700 as on 31.1.2018 (i.e., the highest trading price) and actual sale consideration of ₹ 1,200]. Thus, the long-term capital gain would be ₹ 1,50,000 i.e., $(₹ 1,200 - ₹ 700) \times 300$ shares. The long-term capital gain of ₹ 25,000 (i.e., the amount in excess of ₹ 1,25,000) would be subject to tax@10% under section 112A (plus cess@4%), without benefit of indexation. The tax on capital gain @10.4% would be ₹ 2,600 $(₹ 25,000 \times 10.4\%)$

- (ii) In the case of units listed on recognised stock exchange on the date of transfer, the FMV as on 31.1.2018 would be the highest trading price on recognised stock exchange as on 31.1.2018 (if units are listed on that date), else, it would be the net asset value as on 31.1.2018 (where units are unlisted on that date).

Accordingly, the FMV of units of Fund A as on 31.1.2018 would be ₹ 750 (being the highest trading price on 31.1.2018, since the units of Fund A are listed on that date).

The cost of acquisition of a unit of Fund A would be ₹ 750, being higher of actual cost i.e., ₹ 550 and ₹ 750 (being the lower of FMV of ₹ 750 as on 31.1.2018 and actual sale consideration of ₹ 900). Thus, the long-term capital gains on sale of units of Fund A would be ₹ 30,000 $(₹ 900 - ₹ 750) \times 200$ units.

Since the long term capital gains on sale of units of Fund A is ₹ 30,000, which is less than ₹ 1,25,000, the said sum is not chargeable to tax under section 112A.

(a) Second alternative

Computation of deduction allowable under section 35

Particulars	Amount (₹ in lakhs)	Section	% of deduction	Amount of deduction (₹ in lakhs)
Payment for scientific research				
AB University, an approved University	15	35(1)(ii)	Nil	Nil
Siya College	17	-	Nil	Nil
IIT Bangalore (under an approved programme for scientific research)	12	35(2AA)	Nil	Nil

In-house research				
Capital expenditure – Purchase of Machinery	25	35(1)(iv) r.w. 35(2)	100%	<u>25</u>
Deduction allowable under section 35				<u>25</u>

Deduction under section 35(1)(ii) and 35(2AA) is not allowable under default tax regime under section 115BAC.

(b) Computation of income under the head “Salaries” of Mr. Sailesh for the A.Y.2025-26

Particulars	₹	₹
Basic Salary [₹ 70,000 x 12 months]		8,40,000
Dearness allowance [40% of ₹8,40,000]		3,36,000
Entertainment allowance		10,000
Interest on housing loan given at concessional rate, would be perquisite, since the amount of loan exceeds ₹ 20,000, For computation, the lending rate of SBI on 1.4.2024 @8% has to be considered. Thus, perquisite value would be determined @ 3.5% (8% - 4.5%) [See Working Note]		49,291
Health insurance premium paid by the employer [tax free perquisite]		Nil
Gift voucher on the occasion of his marriage anniversary [As per Rule 3(7)(iv), the value of any gift or voucher or token in lieu of gift received by the employee or by member of his household exceeding ₹ 5,000 in aggregate during the previous year is fully taxable] (See note below)		10,000
Allotment of sweat equity shares		
Fair market value of 800 sweat equity shares @ ₹ 700 each	5,60,000	
Less: Amount recovered @ ₹ 450 each	<u>3,60,000</u>	2,00,000
Use of furniture by employee		
10% p.a. of the actual cost of ₹ 1,10,000		11,000
Use of Laptop		
Facility of use of laptop is not a taxable perquisite		Nil

Transfer of asset to employee		
Value of furniture transferred to Mr. Sailesh	1,10,000	
Less: Normal wear and tear @10% for each completed year of usage on SLM basis [1,10,000 x 10% x 4 years (from September 2020 to September 2024)]	<u>44,000</u>	<u>66,000</u>
Gross Salary		15,22,291
Less: Standard deduction u/s 16 [Actual salary or ₹ 50,000, whichever is less]		<u>50,000</u>
Net Salary		<u>14,72,291</u>

Working Note:

Computation of perquisite value of loan given at concessional rate

For computation, the lending rate of SBI on 1.4.2024 @8% has to be considered. Thus, perquisite value would be determined @ 3.5% (8% - 4.5%)

Month	Maximum outstanding balance as on last date of month (₹)	Perquisite value at 3.5% for the month (₹)
April, 2024	15,00,000	4,375
May, 2024	15,00,000	4,375
June, 2024	14,50,000	4,229
July, 2024	14,50,000	4,229
August, 2024	14,50,000	4,229
September, 2024	14,00,000	4,083
October, 2024	14,00,000	4,083
November, 2024	14,00,000	4,083
December, 2024	13,50,000	3,937.50
January, 2025	13,50,000	3,937.50
February, 2025	13,50,000	3,937.50
March, 2025	13,00,000	3,792
Total value of this perquisite		49,290.50

Note: An alternate view possible is that only the sum in excess of ₹ 5,000 is taxable. In such a case, the value of perquisite would be ₹ 5,000 and gross salary and net salary would be ₹ 15,17,291 and ₹ 14,67,291, respectively.

ANSWERS OF MODEL TEST PAPER 3
SECTION B – GOODS AND SERVICES TAX
Division A – Multiple Choice Questions (MCQs)

Question No.	Answer
1.	(b) mixed supply; 18%
2.	(b) ₹ 70,000
3.	(a) ₹ 45,000
4.	(c) ₹ 1,50,000
5.	(b) Professional service availed from her son free of cost is considered as a deemed supply.
6.	(d) ₹ 1,60,000
7.	(c) (i) & (iv)
8.	(b) 1st October

Division B - Descriptive Questions

1. (a) **Computation of net GST payable by ABC & Co. for the month of April**

Particulars	Value of supply	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State statutory audit services	1,20,000	10,800	10,800	
Intra-State ITR filing services	1,60,000	14,400	14,400	
Inter-State internal audit services since place of supply is location of recipient, i.e. Mumbai, Maharashtra	1,80,000	-	-	<u>32,400</u>
Total output tax liability		25,200	25,200	32,400
Less: ITC [Refer Working Note] [CGST credit is set off against CGST liability and SGST credit is set off against SGST liability since CGST credit cannot be utilized towards payment of SGST liability and vice versa.]		<u>(21,000)</u>	<u>(21,000)</u>	
Net GST payable		4,200	4,200	32,400

Working Note:**Computation of ITC that can be availed**

Particulars	CGST (₹)	SGST (₹)
Computation of eligible ITC		
Membership fee paid [ITC on membership of a club is blocked except when such services are provided by an employer to its employees under a statutory obligation.]	Nil	Nil
Office rent paid to landlord [No ITC since the supplier did not upload the details of invoice in his GSTR-1 and said details are not being reflected in GSTR-2B of the recipient.]	Nil	Nil
Professional fee paid [ITC on services used in the course/furtherance of the business is allowed.]	18,000	18,000
Air conditioner for office purpose [ITC on goods used in the course/furtherance of the business is allowed.]	<u>3,000</u>	<u>3,000</u>
Total eligible ITC	21,000	21,000

(b) Computation of value of taxable supply and tax liability

Particulars	Amount (₹)
Price of goods (exclusive of tax and discounts)	10,00,000
<i>Add:</i> Subsidy received from Jiva Enterprises Pvt. Ltd. [Subsidy provided by non-Government bodies and which is directly linked to the price, is includible.]	1,10,000
<i>Add:</i> Post-delivery inspection charges [Anything done by the supplier in respect of the supply of goods after the delivery of goods is not includible in value.]	-
<i>Add:</i> Amount directly paid by Y Ltd. to X Ltd. [Liability of the supplier, in relation to the supply being valued, if discharged by the recipient of supply and not included in the price, is includible in the value.]	25,000
<i>Add:</i> Interest [Interest for delayed payment of consideration is includible in the value. Since interest is received in lumpsum, amount is inclusive of GST [₹ 20,000 x 100/112] (rounded off).]	<u>17,857</u>
Value of taxable supply	11,52,857
CGST @ 6% (rounded off)	69,171
SGST @ 6% (rounded off)	69,171

2. (a) Computation of value of taxable supplies of Keshav Ltd.

Particulars	Amount (₹)
Services of transportation of students, faculty and staff to Galgotian College [Not exempt, since transportation services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	2,50,000
Online monthly magazine to students of Pariksha Law College [Services of supply of online educational journals provided to an educational institution providing qualification recognized by law are exempt.]	Nil
Housekeeping services to Career Coaching Institute [Not exempt since such services are provided to a non-educational institute.]	50,000
Security services to Happy Higher Secondary School [Security services provided to an educational institution providing education up to higher secondary school are exempt since such services are performed in the premises of educational institution.]	Nil
Services of providing breakfast, lunch and dinner to students of Ayushmann Medical College [Not exempt, since catering services provided to an educational institution are exempt only if such institution provides pre-school education or education up to higher secondary school or equivalent.]	5,80,000
Value of taxable supplies	8,80,000

- (b) Tax on services supplied by a firm of advocates by way of legal services to any business entity is payable under reverse charge by such firm of advocates. Time of supply of services that are taxable under reverse charge is earliest of the following two dates in terms of section 13(3) of the CGST Act, 2017:

- Date of payment [3rd November]
- 61st day from the date of issue of invoice [19th April]

The date of payment comes subsequent to the 61st day from the issue of invoice by the supplier of service. Therefore, the 61st day from the date of supplier's invoice has to be taken as the time of supply. This fixes 19th April as the time of supply.

- 3. (a) (i)** Where a taxpayer opts to withdraw from the composition scheme, he has to file GSTR-4 for the period for which he has paid tax under the composition scheme. Such return is required to be furnished till 30th day of April following the end of the financial year during

which such withdrawal falls. Therefore, in the given case, Mr. Jagmag is liable to file GSTR-4 for the said F.Y. during which he opted out of composition scheme by 30th April of next F.Y.

- (ii) A registered person is not allowed to furnish a return for a tax period if the return for any of the previous tax periods has not been furnished by him. Therefore, in the given case, Mrs. Gargi cannot file GSTR-3B for July, if she has not filed GSTR-3B for the preceding month, i.e., June.
 - (b) A chartered accountant can become a GST practitioner (GSTP). However, holding a certificate of practice as a chartered accountant and having GST registration does not imply that such chartered accountant is a GST practitioner as well. For becoming a GSTP, even a chartered accountant in practice has to follow the enrolment process of GSTP as provided under the GST law and only upon approval of such enrolment can a chartered accountant represent himself as a GSTP.
4. (a) In case of an event, if the recipient of service is registered, the place of supply of services for organizing the event is the location of such person. However, if the recipient is not registered, the place of supply is the place where event is held.

Since the event is being held in multiple states and a consolidated amount is charged for such services, the place of supply will be deemed to be in each State in proportion to the value for services determined in terms of the contract or agreement entered into in this regard.

In the absence of a contract or agreement between the supplier and recipient of services, the proportionate value of services made in each State (where the event is held) will be computed in accordance with relevant provisions of GST law by the application of generally accepted accounting principles.

Alternative answer

- (a) The term 'charitable activities' mean activities relating to-
- (i) public health by way of-
 - (A) care or counseling of
 - (I) terminally ill persons or persons with severe physical or mental disability;
 - (II) persons afflicted with HIV or AIDS;
 - (III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - (B) public awareness of preventive health, family planning or prevention of HIV infection;
 - (ii) advancement of religion, spirituality or yoga;
 - (iii) advancement of educational programmes/skill development relating to,-

- (A) abandoned, orphaned or homeless children;
- (B) physically or mentally abused and traumatized persons;
- (C) prisoners; or
- (D) persons over the age of 65 years residing in a rural area;
- (iv) preservation of environment including watershed, forests & wildlife.
- (b) (i)** Details of outward supplies which can be furnished using IFF are as follows:
 - (a) invoice wise details of inter-State and intra-State supplies made to the registered persons;
 - (b) debit and credit notes, if any, issued during the month for such invoices issued previously.
- (ii)** Constitution defines the Goods and Services tax (GST) as a tax on supply of goods or services or both, except supply of alcoholic liquor for human consumption. Therefore, alcohol for human consumption is kept out of GST by way of definition of GST in the Constitution.

 Five petroleum products viz. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel have temporarily been kept out of the purview of GST; GST Council shall decide the date from which they shall be included in GST. The erstwhile taxation system (CST/VAT & central excise) still continues in respect of the said commodities.