

ANSWERS OF MODEL TEST PAPER 7

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) | (c) | 3. | (a) |
| | (ii) | (d) | 4. | (b) |
| | (iii) | (a) | | |
| 2. | (i) | (b) | | |
| | (ii) | (b) | | |
| | (iii) | (b) | | |

Division B – Descriptive Questions

1. Computation of total income and tax liability of Mr. Sahil for A.Y. 2025-26

| | Particulars | ₹ | ₹ |
|-----------|--|------------|---|
| I | <u>Income from house property</u> | | |
| | Annual value of self-occupied property | Nil | |
| | Less: Deduction under section 24(b) | | |
| | Interest on housing loan of ₹ 2,60,000 restricted to ₹ 2,00,000 | 2,00,000 | |
| | | (2,00,000) | |
| II | <u>Profits and gains of business or profession</u> | | |
| | Net Profit | 94,92,000 | |
| | Add: Expenses debited to Profit and loss A/c but not allowable as deduction or to be considered under other head | | |
| | - Commission paid to brother [Commission paid to a related person/relative to the extent it is excessive to market rate is disallowed under section 40A(2)] | 10,000 | |
| | - Cash payment to a Transport Carrier [Not disallowed under section 40A(3) since the limit for one time cash payment is ₹ 35,000 in respect of payment to transport operators] | Nil | |

| | | | |
|-----|---|------------------|------------------|
| | - Interest to bank on term loan [Interest paid to bank after the due date of filing of return under section 139(1) is disallowed as per section 43B] | 2,80,000 | |
| | - Contribution to Prime Minister's Relief Fund [Not allowable since the same is not incurred wholly and exclusively for business purpose] | 10,000 | |
| | - SGST Penalty paid [SGST penalty paid is not compensatory in nature and therefore, not allowable] | 49,000 | |
| | - Loss on sale of shares | 1,40,000 | |
| | - Depreciation as per books of account | <u>14,00,000</u> | |
| | | 1,13,81,000 | |
| | Less: Incomes credited to profit and loss account but not taxable as business income | | |
| | - Dividend from Domestic Companies | 1,05,000 | |
| | - Winnings from lotteries | 73,500 | |
| | - Profit on sale of shares | <u>3,15,000</u> | |
| | | 1,08,87,500 | |
| | Less: Depreciation allowable as per Income-tax Rules, 1962 | | |
| | - On Plant & Machinery [@15% on ₹ 98,00,000, being opening WDV of ₹ 84 lakhs and additions put to use for more than 180 days of ₹ 14 lakhs + @7.5% on ₹ 14,00,000, being additions put to use for less than 180 days] | <u>15,75,000</u> | |
| | Business Income | 93,12,500 | |
| | Less: Set off of loss from house property as per section 71(3A) | <u>2,00,000</u> | |
| | | | 91,12,500 |
| III | <u>Capital Gains</u> | | |
| | Long term capital gains taxable u/s 112A [Since shares are held for 2 years and STT has been paid] | 3,15,000 | |
| | Less: Set off of short term capital loss as per section 70(2) | <u>1,40,000</u> | 1,75,000 |
| IV | <u>Income from Other Sources</u> | | |
| | Dividend from Domestic Companies | 1,05,000 | |
| | Winning from lotteries (₹ 31,500 + ₹ 73,500) | <u>1,05,000</u> | |
| | | | 2,10,000 |
| | Gross Total Income | | <u>94,97,500</u> |

| | | |
|---|------------------|------------------|
| Less: Deduction under Chapter VI-A | | |
| <u>Deduction under section 80C</u> | | |
| Principal repayment of housing loan | 50,000 | |
| <u>Deduction under section 80EE</u> | | |
| Interest on housing loan of ₹ 60,000 [₹ 2,60,000 – ₹ 2,00,000, allowed u/s 24(b)] allowable under section 80EEA | 60,000 | |
| <u>Deduction under section 80G</u> | | |
| Contribution to Prime Minister's Relief Fund | <u>10,000</u> | <u>1,20,000</u> |
| Total Income | | <u>93,77,500</u> |
| Tax Liability | | |
| Tax on LTCG of ₹ 50,000 exceeding ₹ 1.25 lakhs] u/s 112A @12.5% | | 6,250 |
| Tax on winning from lotteries of ₹ 1,05,000 @30% | | 31,500 |
| Tax on balance income of ₹ 90,97,500 at slab rate | | |
| Upto ₹ 2,50,000 | Nil | |
| From ₹ 2,50,001 to ₹ 5,00,000 @5% | 12,500 | |
| From ₹ 5,00,001 to ₹ 10,00,000 @20% | 1,00,000 | |
| From ₹ 10,00,001 to ₹ 90,97,500 @30% | <u>24,29,250</u> | <u>25,41,750</u> |
| | | 25,79,500 |
| Add: Surcharge @10% since total income exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore | | <u>2,57,950</u> |
| | | 28,37,450 |
| Add: Health and education cess @4% | | <u>1,13,498</u> |
| Tax Liability | | <u>29,50,948</u> |
| Tax liability (Rounded off) | | <u>29,50,950</u> |

2. (a) Computation of total income of Mr. Tilak for the A.Y. 2025-26
(if he is Resident and Ordinarily Resident - ROR)

| | Particulars | ₹ |
|-------|---|----------|
| (i) | FTS for services rendered in Malaysia Global income is taxable in case of a ROR. | 50,000 |
| (ii) | Profit from business in England controlled from Bombay Global income is taxable in case of a ROR. | 3,00,000 |
| (iii) | Past untaxed profits earned in Singapore and brought to India in current year | Nil |

| | | |
|------|--|------------------------|
| (iv) | Capital gain on sale of land in India but received in Malaysia Deemed to accrue or arises in India, since the property is situated in India. | 2,00,000 |
| (v) | Income from agricultural land in Nepal, received there Global income is taxable in case of a ROR | 18,000 |
| (vi) | Interest on saving bank deposit in SBI Taxable since it is deemed to accrue or arises in India. | <u>12,000</u> |
| | Gross Total Income | 5,80,000 |
| | Less: Deduction under Chapter VI-A | |
| | Deduction under section 80C - For repayment of housing loan | 50,000 |
| | Deduction under section 80TTA - Interest on savings bank account subject to a maximum of ₹ 10,000 | <u>10,000</u> |
| | Total Income | <u>5,20,000</u> |

**Computation of total income of Mr. Tilak for the A.Y. 2025-26
(if he is Resident but Not Ordinarily Resident - RNOR)**

| | Particulars | ₹ |
|-----|---|---------------|
| (a) | FTS for services rendered in Malaysia to a non-resident In case of RNOR, FTS would not be taxable in India since neither services are utilised for business in India nor FTS received in India. | Nil |
| (b) | Profit from business in England controlled from Bombay In case of RNOR, whole profits of ₹ 3,00,000 from business in England is taxable since business is controlled from India. | 3,00,000 |
| (c) | Past untaxed profits earned in Singapore and brought to India in current year | Nil |
| (d) | Capital gain on sale of land in India but received in Malaysia Deemed to accrue or arises in India, since the property is situated in India. | 2,00,000 |
| (e) | Income from agricultural land in Nepal, received there In case of RNOR, it would not be taxable in India, since neither it is deemed to accrue or arise in India nor received in India. | Nil |
| (f) | Interest on saving bank deposit in SBI Taxable since it is deemed to accrue or arises in India. | <u>12,000</u> |

| | |
|---|------------------------|
| Gross Total Income | 5,12,000 |
| Less: Deduction under Chapter VI-A | |
| Deduction under section 80C - For repayment of housing loan | 50,000 |
| Deduction under section 80TTA - Interest on savings bank account subject to a maximum of ₹ 10,000 | <u>10,000</u> |
| Total Income | <u>4,52,000</u> |

- (b) (i) ABC Limited is required to deduct tax at source under section 194-I @10% on rent of ₹ 75,000 per month exclusive of GST component, since the aggregate rent of ₹ 9,00,000 during the financial year exceeds the threshold limit of ₹ 2,40,000.

Tax has to be deducted at the time of payment or credit, whichever is earlier.

- (ii) XYZ Pvt. Ltd. is not required to collect tax at source on sale of car of ₹ 4,00,000 to Mrs. Anju since its value does not exceed ₹ 10 lakhs.

However, it is required to collect tax at source u/s 206C(1F) @1% on the total sale consideration of ₹ 12 lakhs since the value of this car exceeds ₹ 10 lakhs.

Tax has to be collected at the time of receipt of ₹ 12 lakhs.

3. (a) (i) In the present case, the amount of advance of ₹ 2,00,000 received by Mr. Ravi from closely held manufacturing company would be deemed as dividend to the extent of accumulated profit of ₹ 1,00,000, since Mr. Ravi holds 22% shareholding in the company which is not less than 10% of the voting power in the company.

Accordingly, deemed dividend of ₹ 1,00,000 would be taxable in the hands of Mr. Ravi under the head "Income from Other Sources" for the A.Y. 2025-26.

- (ii) **Computation of deduction allowable u/s 35 for the A.Y. 2025-26**

| | Particulars | ₹ |
|-------|---|----------|
| (i) | Revenue expenditure on scientific research allowable as deduction u/s 35(1)(i), assuming such expenditure is related to his business. | 1,00,000 |
| (ii) | Capital expenditure allowable as deduction u/s 35(1)(iv), assuming such expenditure is incurred for his business. | 3,00,000 |
| (iii) | Contribution to notified approved research association for scientific research – 100% of the amount paid is allowed as deduction u/s 35(1)(ii). | 1,50,000 |

| | | |
|----------------------------------|--|------------------|
| (iv) | Amount paid to H Ltd., an Indian company approved by the prescribed authority - 100% of the amount paid is allowed as deduction u/s 35(1)(ia) | 2,50,000 |
| (v) | Expenditure towards purchase of land – not allowed as deduction | Nil |
| (vi) | Revenue expenditure towards salary of research staff incurred in the F.Y. 2023-24 – allowed as deduction u/s 35(1)(i) in the P.Y. 2024-25 as it was expended within the 3 years immediately preceding the commencement of business | 2,00,000 |
| Total deduction allowable | | 10,00,000 |

(b)

Computation of Taxable Capital Gains for A.Y.2025-26

| Particulars | ₹ |
|---|------------------------|
| Full Value of Consideration | 85,00,000 |
| Less: Expenditure in connection with transfer | <u>50,000</u> |
| Net Sales Consideration | 84,50,000 |
| Less: Indexed cost of acquisition [₹ 13,00,000 (higher of actual cost to the previous owner of ₹ 10 lakhs and Fair market value as on 1.4.2001 of ₹ 13 lakhs) x 363/100] | 47,19,000 |
| Less: Indexed cost of improvements [₹ 10 lakhs x 363/220] | <u>16,50,000</u> |
| | 20,81,000 |
| Less: Exemption u/s 54 – in respect of residential house purchased on 20.12.2024 | <u>12,00,000</u> |
| Taxable Long Term Capital Gains | <u>8,81,000</u> |

Note – The above answer is on the basis of the view expressed by *Bombay High Court in CIT v. Manjula J. Shah 16 Taxman 42*, wherein it was held that Indexed cost of acquisition in case of gifted asset has to be computed with reference to the year in which the previous owner first held the asset and not the year in which the assessee became the owner of the asset.

Alternative answer is possible on basis of the plain reading of the provisions of section 48 wherein the indexed cost of acquisition would be determined by taking the Cost Inflation Index (CII) for the year in which the asset is first held by the assessee i.e. F.Y.2009-10. In such a case, the Indexed cost of acquisition would ₹ 31,88,514 (₹ 13,00,000 x 363/148) and taxable long term capital gains would be ₹ 24,11,486.

4. (a) **Computation of total income of Mr. Joshi for the A.Y.2025-26**

| Particulars | ₹ | |
|---|-----------------|-----------------|
| Income from house property | 2,00,000 | |
| Less: Set-off of brought forward loss from house property of A.Y. 2022-23 is allowed, since 8 years period not yet lapsed | <u>2,00,000</u> | Nil |
| Profits and gains from business or profession | | |
| Income from proprietary business | 3,00,000 | |
| Less: Set off of brought forward business loss of A.Y. 2014-15 not allowable as 8 years' time has already lapsed in the A.Y. 2022-23 | Nil | |
| Less: Set off of unabsorbed depreciation of A.Y. 2014-15 | <u>1,00,000</u> | 2,00,000 |
| [Note – Unabsorbed depreciation can be set-off against short-term capital gains] | | |
| Capital Gains | | |
| Short-term capital gain on sale of land | 2,00,000 | |
| Less: Set-off of short-term capital loss on sale of listed equity shares | <u>75,000</u> | 1,25,000 |
| Brought forward long-term capital loss is not allowed to be carried forward and set-off, since return of income for the A.Y. 2019-20 was filed after the due date of filing return of income. | | |
| Income from Other Sources | | |
| Interest on fixed deposit not includible in the hands of Mr. Joshi since his son is major | | <u>Nil</u> |
| Gross Total Income | | 3,25,000 |
| Less: Deduction under Chapter VI-A | | Nil |
| Total Income | | 3,25,000 |

| Items eligible for carried forward | |
|------------------------------------|--|
| (i) | Loss from speculation business of ₹ 40,000 can be set-off against income from speculation business only. Hence, such loss would be carried forward to subsequent assessment year. |
| (ii) | Loss from owning and maintenance of race horses ₹ 50,000, can be set-off against income from income from owning and maintenance of race horses only. Thus, such loss would be carried forward to subsequent assessment year. |
| (iii) | Brought forward loss from house property can be set off only against income of house property. Hence, remaining loss of |

| | |
|--|---|
| | ₹ 50,000 has to be carried forward to subsequent assessment year. |
|--|---|

(b) [First Alternative]

- (i) In this case, Mr. Aneesh is not required to file return of income, since his total income does not exceed ₹ 3,00,000, being the basic exemption limit as per the default tax regime u/s 115BAC, assuming Mr. Aneesh has not claimed any deduction u/s 54/54D/54EC or 54F and deduction allowable under Chapter VI-A.
- (ii) In the present case, since Smt. Patel, a senior citizen has a TDS credit of ₹ 55,000, which exceeds the threshold limit of ₹ 50,000, she is required to file her return of income even if her total income does not exceed the basic exemption limit.
- (iii) In this case, since Mr. Ajit's gross receipts from the profession of architect was ₹ 12,00,000 for the P.Y. 2024-25, which is in excess of ₹ 10 lakhs, hence, he is required to file his return of income though his total income is ₹ 2,25,000 which does not exceed the basic exemption limit.

(b) [Second Alternative]

The CBDT has, vide Notification No. 37/2022 dated 21.4.2022, inserted Rule 12AB to provide that a person, other than a company or a firm, who is not required to furnish a return under section 139(1), and who fulfils any of the following conditions during the previous year has to file their return of income on or before the due date in the prescribed form and manner –

- (i) if his total sales, turnover or gross receipts, as the case may be, in the business > ₹ 60 lakhs during the previous year; or
- (ii) if his total gross receipts in profession > ₹ 10 lakhs during the previous year; or
- (iii) if the aggregate of TDS and TCS during the previous year, in the case of the person, is ₹ 25,000 or more; or

However, a resident individual who is of the age of 60 years or more, at any time during the relevant previous year (or senior citizen) would be required to file return of income only, if the aggregate of TDS and TCS during the previous year, in his case, is ₹ 50,000 or more

- (iv) the deposit in one or more savings bank account of the person, in aggregate, is ₹ 50 lakhs or more during the previous year.

ANSWERS OF MODEL TEST PAPER 7
SECTION B – GOODS AND SERVICES TAX (50 MARKS)
ANSWERS

Division A - Multiple Choice Questions

| Question No. | Answer | |
|--------------|--------|--|
| 1. | (c) | i & iii |
| 2. | (c) | i & iii |
| 3. | (d) | 1st April |
| 4. | (c) | ₹ 60,000 |
| 5. | (b) | 31 st October of the next year |
| 6. | (c) | (ii) & (iv) |
| 7. | (c) | (ii) and (iii) |
| 8. | (c) | Mint Ltd. is required to issue bill of supply in the given case. |

Division B - Descriptive Questions

1. (a) **Computation of minimum net GST payable in cash by Evershine Pvt. Ltd. for the month of September 2024**

| Particulars | | Value of supply (₹) | CGST @ 9% (₹) | SGST @ 9% (₹) | IGST @ 18% (₹) |
|---|--|---------------------|---------------|---------------|----------------|
| Output tax payable | | | | | |
| Intra-State supply of goods to Vaidehi Enterprises [Since arranging freight is the liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply.] | Place of supply is location where movement of goods terminates | 18,50,000 | 1,66,500 | 1,66,500 | Nil |
| Inter-State supply to Calc. Exim | | 35,60,000 | Nil | Nil | 6,40,800 |

| | | | | | |
|--|----------|------------|-------------------|-----------------|--|
| [Municipal tax is includible in value since it is a tax levied under a law other than GST law and is charged separately.] | | | | | |
| Intra-State supply to Sunshine Ltd. [Place of supply is location of recipient. Discount given at the time of supply is deductible from the value since duly recorded in the invoice.] | 5,70,000 | 51,300 | 51,300 | Nil | |
| Inter-State supply to Raghu Enterprise [Place of supply in case of bill to ship model is principal place of business of a third person at whose instructions the goods are delivered by supplier to recipient. Thus, it is considered as Inter State supply.] | 2,00,000 | Nil | Nil | 36,000 | |
| Total output tax | | 2,17,800 | 2,17,800 | 6,76,800 | |
| Less: ITC available [Refer note below] [IGST credit to be utilized first towards payment of IGST.] | | Nil | Nil | (4,17,000) | |
| CGST credit utilized for payment of CGST and IGST in that order | | (2,17,800) | Nil | (12,200) | |
| SGST credit utilized for payment of SGST and IGST in that order | | Nil | <u>(2,17,800)</u> | <u>(42,200)</u> | |
| Minimum net GST payable in cash | | Nil | Nil | 2,05,400 | |

Working Note:

Computation of ITC available

| Particulars | Value (₹) | CGST (₹) | SGST (₹) | IGST (₹) |
|-----------------|-----------|----------|----------|----------|
| Opening balance | | 20,000 | 50,000 | 75,000 |

| | | | | | |
|---|---|-----------|----------------------------------|----------------------------------|----------------------------------|
| Inter-State purchase of raw material [ITC is not available on goods worth ₹ 1,00,000 since not received during the month.] | Place of supply is location where movement of goods terminates. | 19,00,000 | Nil | Nil | 3,42,000 [19,00,000 × 18%] |
| Purchase of machinery [ITC is not available since depreciation has been claimed on the GST component.] | | 2,00,000 | Nil | Nil | Nil |
| Intra-State purchase of truck [ITC on motor vehicles used for transportation of goods is available.] | | 15,00,000 | 2,10,000 [15,00,000 × 14%] | 2,10,000 [15,00,000 × 14%] | Nil |
| Purchase of car [ITC on motor vehicles for transportation of persons with seating capacity up to 13 persons (including driver), is blocked, except when used for specified purposes.] | | 10,00,000 | Nil | Nil | Nil |
| Purchase of goods for construction of an additional floor [ITC on goods used in construction of immovable property (other | | 5,00,000 | Nil | Nil | Nil |

| | | | | | |
|---|--|--|----------|----------|----------|
| than plant or machinery) on one's own account is blocked if capitalized in the books.] | | | | | |
| Total | | | 2,30,000 | 2,60,000 | 4,17,000 |
| Note – In above answer, where location of supplier and place of supply are in two different States, it is an inter-State supply and where location of supplier and place of supply are in same State, it is an intra-State supply. | | | | | |

(b) Computation of taxable value of supply on which GST is to be paid by Mr. Ravindra

| Particulars | Amount (₹) |
|--|-----------------|
| Remuneration received as a chief selector of hockey team. [Taxable since services provided to a recognised sports body by an individual only as a player, referee, umpire, coach or team manager are exempt.] | 5,00,000 |
| Service of pure labour contract for construction of independent residential unit [Services of pure labour contracts of construction of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt.] | NIL |
| Rental income from warehousing of sugarcane [Warehousing of sugarcane being an agricultural produce is exempt.] | NIL |
| Pure Services to Municipal Corporation of Bhopal for slum improvement and upgradation [Services provided to a Local Authority by way of slum improvement and upgradation are exempt.] | NIL |
| Consideration received against western music dance performance in an event [Taxable, since the amount received for western music dance performance but the exemption is available for performance in folk or classical art forms of music or dance. if the consideration charged for such performance is not more than ₹ 1,50,000.] | 1,25,000 |
| Value of taxable supply on which GST is to be paid by Mr. Ravindra | 6,25,000 |

2. (a) **Computation of minimum net GST to be paid in cash by Vishnu Limited for the month of February 2024**

| Particulars | CGST (₹) | SGST (₹) |
|--|----------------------|----------------------|
| Output tax liability for the month | 31,000 | 31,000 |
| Less: Input tax credit (ITC) [Refer note below] | 5,400 (IGST) | 5,400 (IGST) |
| IGST credit is utilized first for payment of CGST and SGST liability in equal proportion. CGST credit is utilized for payment of CGST liability and SGST credit is utilized for payment of SGST liability. | <u>25,600 (CGST)</u> | <u>25,600 (SGST)</u> |
| Net GST payable (in cash) | Nil | Nil |

Note: Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, i.e. on 23.02.2024, only within 1 year from date of issue of tax invoice by supplier.

Computation of eligible ITC available

| Particulars | CGST (₹) | SGST (₹) | IGST (₹) |
|--|---------------|---------------|---------------|
| Capital goods [Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration.] | Nil | Nil | Nil |
| Inputs procured on 13 th February 2023 | Nil | Nil | Nil |
| Inputs procured on 10 th October 2023 | 15,000 | 15,000 | Nil |
| Inputs procured on 1 st February 2024 | 11,250 | 11,250 | Nil |
| Inputs procured on 8 th February 2024 | <u>Nil</u> | <u>Nil</u> | <u>10,800</u> |
| Total ITC | 26,250 | 26,250 | 10,800 |

Note: In the above answer, minimum net GST to be paid in cash has been computed by setting off the IGST liability in equal proportion so as to minimize the amount of CGST and SGST payable in cash. Resultantly, Net GST payable (in cash) is Nil each under CGST and SGST.

However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in other possible ways as well.

- (b) (1) The place of supply of services by way of transportation of goods by courier provided to an unregistered person is the location at which such goods are handed over for their transportation.

Therefore, the place of supply, in the given case is Kolkata, West Bengal.

- (2) The place of supply of passenger transportation service to an unregistered person is place where the passenger embarks on the conveyance for a continuous journey wherein the return journey is treated as a separate journey, even if the tickets for onward and return journey is issued at the same time.

Therefore, the place of supply for the outward and return journey are the locations where Mr. Nitin embarked on the conveyance for the continuous journey, i.e. Prayagraj, Uttar Pradesh for outward journey and Jaipur, Rajasthan, for return journey.

- (3) If the supply involves goods which are to be installed at site, the place of supply is the place of such installation.

Therefore, the place of supply, in the given case is Haridwar, Uttarakhand.

- 3. (a)** Interest is payable in case of delayed payment of tax @ 18% per annum from the date following the due date of payment to the actual date of payment of tax.

Above interest is payable on the net tax liability paid in cash only if return in Form GSTR-3B for a tax period has been filed after the due date to furnish such return. Otherwise, interest is payable on gross tax liability.

- (i) Since Avisha Limited has furnished Form GSTR-3B for the month within the prescribed due date, interest is payable on the gross tax liability deposited with a delay of 29 days [21.02.2024 - 20.03.2024 (both inclusive)] as under:

$$= ₹ 16,000 \times 18\% \times 29/366 = ₹ 228 \text{ (rounded off)}$$

- (ii) If Avisha Limited has filed Form GSTR-3B for the month after the due date, i.e. on 20.03.2024, interest is payable on the net tax liability paid through Electronic Cash Ledger only, for a delay of 29 days, as under:

$$= ₹ 12,000 \times 18\% \times 29/366 = ₹ 171 \text{ (rounded off)}$$

- (b)** Every Electronic Commerce Operator (ECO), not being an agent, is liable to collect tax at source (TCS).

Such ECO is required to submit a registration application in prescribed form through the common portal. The proper officer shall, after due verification, grant registration within 3 working days from the date of the application. On a request or upon an enquiry or pursuant to any other proceeding under GST law, if the proper officer is satisfied that a person is no longer liable to collect the tax at source, he may cancel his registration.

Such ECO shall furnish a monthly statement in prescribed form containing the details of the outward supplies of goods and/ or

services effected through it, including supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of each month in which tax has been collected at source.

They also required to file annual statement¹ on or before 31st December following the end of the financial year.

The TCS amount collected by the ECO has to be deposited by 10th of the month succeeding the month in which TCS has been collected.

4. (a) Conditions to be satisfied for availing deduction of post supply discounts from the value of supply as per the provisions of section 15(3) of the CGST Act, 2017 are as follows:

- (i) Discount is in terms of an agreement entered into
- (ii) at or before the time of supply.
- (iii) Discount can be specifically linked to relevant invoices.
- (iv) Input tax credit as is attributable to the discount on the basis of document issued by supplier is reversed by the recipient of the supply.

(a) Alternative

Donations received by the charitable institutions from individual donors are treated as consideration only if there exists, quid pro quo, i.e., there is an obligation on part of recipient of the donation or gift to do anything.

If the name of the donor is displayed in charitable institution's premises as an expression of gratitude and public recognition of his act of philanthropy and is not aimed at advertising or promotion of his business, there is no supply for the payment in the form of donation.

(b) A registered person shall issue an invoice in respect of goods and/or services received by him provided:

- (i) he is liable to pay tax under reverse charge [under section 9(3) or 9(4) of the CGST Act, 2017] on such supplies, and
- (ii) supplies are received from the supplier who is not registered on the date of receipt of goods and/or services.

In the given case, tax on services received from advocate Sameer by Mohan Enterprise is payable under reverse charge.

However, Mohan Enterprises is not required to issue an invoice with respect to said supply as supplier Sameer is registered.

Further, tax on labour services received from unregistered person-Shekar is not payable under reverse charge.

Therefore, Mohan Enterprises is not required to issue an invoice with respect to said supply.

¹ It may be noted that the annual statement (Form GSTR-9B) is yet to be notified.