

**INTERMEDIATE EXAMINATION****SET 1****MODEL ANSWERS****TERM – DECEMBER 2024****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION****Time Allowed: 3 Hours****Full Marks: 100**

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

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

SECTION-A (Compulsory)**1. Choose the correct option:****[15x2=30]**

- (i) Interest on company deposit in Canada amounted to ₹ 30,000, out of which 1/3rd received in India. Find out the income which is liable to be taxed in India in case of a non-resident for A.Y. 2024-25.
- (a) ₹ 10,000
(b) ₹ 30,000
(c) ₹ 20,000
(d) None of the above
- (ii) Mr. Laloo Singh, received hostel allowance of ₹ 1,000 p.m. He has three children. None of his children are studying. The taxable hostel allowance if he opts for old regime will be:
- (a) ₹ 8,400
(b) ₹ 12,000
(c) ₹ 4,800
(d) Nil
- (iii) Share of Profit of Mr. A who is Partner in M/s AB & Co. is-
- (a) Exempt from tax
(b) Taxable as his Business Income
(c) Taxable as his Salary
(d) Taxable as Income from Other Sources
- (iv) Mr. X incurred a loss of ₹ 90,000 for owning and maintaining race-horses and received rent from land for ₹ 1,30,000. His income from other sources will be:
- (a) ₹40,000
(b) ₹1,30,000
(c) (₹ 90,000)
(d) None of the above.



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- (v) Under old regime, the maximum amount which can be donated in cash for claiming deduction under section 80G for the P.Y. 2023-24 is –
- (a) ₹ 5,000
 - (b) ₹ 10,000
 - (c) ₹ 10,000
 - (d) ₹ 2,000
- (vi) Mothi has won a state government lottery of ₹ 1,00,000 on 11-10-2023. The state government should deduct tax on such winning amounting to –
- (a) ₹ 30,900
 - (b) ₹ 33,000
 - (c) ₹ 29,070
 - (d) ₹ 30,000
- (vii) As per Union List (List I), Central Government has power of legislation on Duties of customs including export duties i.e., Customs Act under Entry _____
- (a) 82
 - (b) 83
 - (c) 84
 - (d) 86
- (viii) X & Co., a supplier registered under GST in Meghalaya, wants to opt for composition levy. The aggregate turnover limit for composition levy is-
- (a) ₹ 50 lakh
 - (b) ₹ 75 lakh
 - (c) ₹ 1.5 crore
 - (d) None of the above
- (ix) Which of the following activities is neither a supply of goods nor a supply of services?
- (a) works contract
 - (b) Construction of a complex
 - (c) Services of funeral, burial, crematorium or mortuary
 - (d) Renting of immovable property
- (x) Under GST, fees charged for yoga camp conducted by a charitable trust, will be:
- (a) Taxable



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- (b) Exempted
- (c) Exempted up to ₹5,000
- (d) None of the above.
- (xi) Which of the following categories of persons shall be required to be registered, irrespective of size of their turnover?
- (a) Persons who are required to pay tax under reverse charge
- (b) Non-resident taxable persons making taxable supply
- (c) Input service distributors
- (d) All of the above.
- (xii) Invoice shall be prepared in _____ in case of taxable supply of goods and in _____ in case of taxable supply of services.
- (a) Triplicate, Duplicate
- (b) Duplicate, Triplicate
- (c) Duplicate, Duplicate
- (d) Triplicate, Triplicate
- (xiii) _____ mean goods, other than imported goods, transported in a vessel from one port in India to another.
- (a) Prohibited goods
- (b) Coastal goods
- (c) Transit of goods
- (d) Transshipment of goods
- (xiv) C Ltd., an importer, has imported a machine from USA at FOB value as per customs of \$ 10,000. Rate of exchange as announced by RBI was: ₹ 74.70 = 1 US \$ and rate of exchange as announced by CBIC: ₹ 75.60 = 1 US \$. The FOB value in Indian Rupee will be:
- (a) ₹7,56,000
- (b) ₹7,47,000
- (c) 7,51,500
- (d) None of the above
- (xv) If the goods are received in lots/instalment _____.
- (a) 50% ITC can be taken on receipts of 1st lot and balance 50% on receipt of last lot.
- (b) ITC can be availed upon receipt of last lot.

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- (c) 100% ITC can be taken on receipt of 1st lot.
(d) Proportionate ITC can be availed on receipt of each lot/instalment.

Answer:

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	(xii)	(xiii)	(xiv)	(xv)
a	c	a	b	d	d	b	b	c	b	d	a	b	a	b

SECTION-B

(Answer any five questions out of seven questions given. Each question carries 14 Marks.)

[5x14=70]

2. (a) Briefly analyze assessment year with the help of an example. Discuss the exceptions to the general rule that income of a Previous Year is taxed in its Assessment Year. [7]
- (b) Mrs. X is working with ABC Ltd. since last 30 years 9 months. Her salary structure is as under:
Basic ₹ 5,000 p.m. Dearness allowance ₹ 3,000 p.m.
On 15/12/2023, she died. Discuss the treatment of gratuity in following cases:
Case 1: Mrs. X retired on 10/12/2023 & gratuity ₹ 4,00,000 received by her husband (legal heir) as on 18/12/2023.
Case 2: Husband of Mrs. X received gratuity on 18/12/2023 falling due after death of Mrs. X. Mrs. X is covered by the Payment of Gratuity Act. [7]

Answer:

- (a) Assessment Year: Assessment Year means the period of 12 months commencing on the 1st day of April every year. It is the year (just after the previous year) in which income earned in the previous year is charged to tax. E.g., A.Y.2024-25 is a year, which commences on April 1, 2024 and ends on March 31, 2025. Income of an assessee earned in the previous year 2023-24 is assessed in the A.Y. 2024-25.

The exceptions to the general rule that income of a Previous Year is taxed in its Assessment Year: This is the general rule that income of the previous year of an assessee is charged to tax in the immediately following assessment year. However, in the following cases, income of the previous year is assessed in the same year in order to ensure smooth collection of income tax from the taxpayer who may not be traceable, if assessment is postponed till the commencement of the Assessment Year:

1. Income of a non-resident assessee from shipping business (Sec. 172)
2. Income of a person who is leaving India either permanently or for a long period (Sec. 174)
3. Income of bodies, formed for a short duration (Sec. 174A)

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4. Income of a person who is likely to transfer property to avoid tax (Sec. 175)
5. Income of a discontinued business (Sec. 176). In this case, the Assessing Officer has the discretionary power i.e. he may assess the income in the same previous year or may wait till the Assessment year.

- (b) In Case 1, Computation of taxable gratuity in hands of Mrs. X for the A.Y. 2024-25

Particulars	Details (₹)	Amount (₹)
Total Gratuity received		4,00,000
Less : Minimum of the following is exempted as per Sec 10(10)(ii):		
a) Actual gratuity received	4,00,000	
b) Statutory Amount	20,00,000	
c) $15/26 \times$ completed year of service \times salary p.m. [$15/26 \times 31 \times ₹ 8,000$]	1,43,077	1,43,077
Taxable Gratuity		2,56,923

In Case 2, Since gratuity falls due after the death of Mrs. X hence the same is not taxable in hands of Mrs. X. The said gratuity is not taxable even in hands of husband of Mrs. X.

3. (a) Mr. Ajnabi has a house property in Cochin. The house property has two equal dimension residential units. Unit 1 is self-occupied throughout the year and unit 2 is let out for 9 months for ₹ 10,000 p.m. and for remaining 3 months it was self-occupied. Compute his taxable income from the following details assume that he has opted for old regime:

Municipal value - ₹ 2,00,000, Fair Rent - ₹ 1,60,000, Standard rent - ₹ 3,00,000, Municipal tax - 10% (60% paid by assessee), Interest on loan - ₹ 40,000, Expenditure on repairs - ₹ 20,000.

[7]

- (b) X Co., a firm, is engaged in the business of trading of cloth (turnover of 2023-24 being ₹ 1,57,80,000, out of which ₹ 25,00,000 has been received in account payee cheque). It wants to claim the following deductions:

Particulars	Amount (₹)
Salary and interest to partners [as permitted by sec. 40(b)]	60,000
Salary to employees	4,90,000
Depreciation	2,70,000
Cost of materials used	1,20,90,000
Other expenses	13,45,000
Total	1,42,55,000
Net profit (₹ 1,57,80,000 – ₹ 1,42,55,000)	15,25,000



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Determine the net income of X & Co. for the assessment year 2024-25 assuming that (i) taxable interest income is ₹ 90,000; (ii) Long term capital gain is ₹ 1,40,000; and (iii) the firm is eligible for a deduction of ₹ 15,000 under sec. 80G. [7]

Answer:

(a) Computation of income from house property of Mr. Ajnabi for the A.Y. 2024-25

Particulars	Working	Unit 1		Unit 2	
		Details (₹)	Amount (₹)	Details (₹)	Amount (₹)
Gross Annual Value	1		Nil		1,00,000
Less : Municipal Tax	2		Nil		6,000
Net Annual Value			Nil		94,000
Less : Deduction u/s:					
24(a) Standard Deduction		Nil		28200	
24(b) Interest on loan	3	20,000	20,000	20000	48,200
Income from house property			(-) 20,000		45,800

Conclusion: Income under the head Income from house property is ₹ 25,800 (being ₹ 45,800 – ₹ 20,000).

Workings:

1. Computation of Gross Annual Value (GAV):

Particulars	Working	Unit 1 (₹)	Unit 2 (₹)
Municipal Value (MV)	1:1	1,00,000	1,00,000
Fair Rent (FR)	1:1	80,000	80,000
Standard Rent (SR)	1:1	1,50,000	1,50,000
Reasonable Expected Rent (RER)	Higher of MV & FR (RER cannot exceed SR)	Nil	1,00,000
Actual Rent Receivable	₹ 10,000 × 9	-	90,000
Gross Annual Value	Higher of Step 1 & 2	Nil	1,00,000

2. Municipal tax = 10% of ₹ 2,00,000 = ₹ 20,000 being divided in the ratio 1:1 between Unit 1 and Unit 2. Out of such Municipal tax only 60% is paid, therefore, Municipal tax allowed as deduction in case of Unit 2 is only ₹ 6,000 [i.e. ₹ 20,000 * ½ * 60%].

3. Interest on loan is divided in unit A and unit B in 1:1 as both units are of equal dimension.

(b) Since turnover from business does not exceed ₹ 2 crore, hence sec. 44AD is applicable. However, income computed as per provision other than provision of sec. 44AD is less than estimated income, hence, the firm may be assessed for such lesser income provided following conditions are satisfied–

1. Maintain books of account as prescribed u/s 44AA; and
2. Get accounts audited u/s 44AB.

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Where it maintains accounts and gets it audited -

Computation of total income of X & Co. for the A.Y. 2024-25:

Particulars	Amount (₹)
Profits and gains of business or profession: Income from cloth business	15,25,000
Capital gains: Long term capital gain	1,40,000
Income from Other Sources: Interest Income	90,000
Gross Total Income	17,55,000
Less: Deduction u/s 80G	15,000
Total Income	17,40,000

It is assumed that all the expenditures are allowed.

Where it does not maintain account or fails to get accounts audited -

Computation of total income of X & Co. for the A.Y.2024-25:

Particulars	Details (₹)	Amount (₹)
Profits and gains of business or profession		
Income from cloth business (being 6% of ₹ 25,00,000)	1,50,000	
Income from cloth business (being 8% of ₹ 1,32,80,000)	10,62,400	12,12,400
Capital gains: Long term capital gain		1,40,000
Income from Other Sources: Interest Income		90,000
Gross Total Income		14,42,400
Less: Deduction u/s 80G		15,000
Total Income		14,27,400

4. (a) Sunil has a house property acquired on 7/07/1995 for ₹ 3,00,000. He incurred improvement expenditure on such property ₹ 70,000 on 16/08/2000 and ₹ 50,000 on 17/07/2010. Market value of such property as on 1/04/2001 is ₹ 4,50,000. On 16/08/2013, such property is compulsorily acquired by the Government and compensation decided at ₹ 11,50,000. 20% of the compensation received on 31/03/2024 and balance on 2/06/2024.

On further appeal, on 16/08/2024 enhanced compensation is declared by the Government ₹ 2,00,000. Expenditure incurred to get enhanced compensation is ₹ 11,000. Such compensation received on 18/08/2025. Compute income under the head Capital Gains of Sunil for the assessment year 2024-25, 2025-26 and 2026-27. [7]

- (b) Compute taxable income under the head Income from other sources of Mrs. X from the following data for A.Y. 2024-25:

Particulars	Amount (₹)
Private tuition fee received	10,000
Winning from lottery	2,000
Award from KBC (a TV show) [Gross]	3,20,000
Pension from employer of deceased husband	25,000
Interest on bank deposit	25,000

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Directors fee (Gross)	5,000
Letting out of vacant land	25,000

[7]

Answer:

(a) Computation of capital gains of Sunil for the A.Y. 2024-25:

Particulars	Working	Details (₹)	Amount (₹)
Sale consideration			11,50,000 ¹
Less: Expenses on transfer			Nil
Net sale consideration			11,50,000
Less: i) Indexed cost of acquisition	₹ 4,50,000 ² * 220 ⁴ /100	9,90,000	
ii) Indexed cost of improvement ³	₹ 50,000 * 220 ⁴ /167	65,868	10,55,868
Long Term Capital Gain			94,132
1. The initial compensation (i.e. ₹ 11,50,000) decided by the Government shall be treated as sale consideration.			
2. Cost of acquisition is the original cost of acquisition (i.e. ₹ 3,00,000) or Fair market value as on 1/04/2001 (i.e. ₹ 4,50,000) whichever is higher.			
3. Cost of improvement incurred before 1/04/2001 is to be completely ignored.			
4. Though the property was compulsorily acquired by the Government in the P.Y 2013-14 but the compensation was received in the P.Y.2023-24, therefore the amount shall be taxable in the P.Y. 2023-24, however indexation benefit shall be available till the previous year 2013-14.			

Computation of capital gains of Mr. Sunil for the A.Y. 2025-26: As the assessee has not received enhanced compensation during the P.Y.2024-25, hence nothing is taxable in the A.Y. 2025-26.

Computation of capital gains of Mr. Sunil for the A.Y. 2026-27:

Particulars	Working	Details (₹)	Amount (₹)
Sale Consideration	Enhanced compensation		2,00,000
Less: Expenses on transfer			11,000
Net Sale Consideration			1,89,000
Less: i) Indexed cost of acquisition		Nil	
ii) Indexed cost of improvement		Nil	Nil
Long Term Capital Gain			1,89,000

In case of enhanced compensation, the cost of acquisition shall be taken as nil and the nature of capital gain shall be same as that of initial compensation.

(b) Computation of income of Mrs. X under the head Income from other source for the A.Y. 2024-25:

Particulars	Details (₹)	Amount (₹)
Private tuition fee received		10,000
Casual income:		
Winning from lottery		2,000
Award from KBC (a TV show) [Gross]		3,20,000
Pension:	25,000	
Less: Standard deduction		
1) 1/3rd of amount received (i.e. ₹ 8,333)		

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2) ₹ 15,000	8,333	16,667
Interest on bank deposit		25,000
Director's fee		5,000
Letting out of vacant land		25,000
Income from Other Source		4,03,667

5. (a) Mr. Bhola has furnished you the following data –

Income from house property	(₹ 1,30,000)
Salaries (Net)	₹ 80,000
Income from other sources	(₹ 90,000)
Income from lotteries	₹ 3,50,000

Examine and advise Mr. Bhola regarding set off and carry-forward. [7]

- (b) Compute total income of Sri Bajaj of Delhi from the following data, if he opts for old regime:

Particulars	Amount (₹)
Profits & gains of business or profession	8,00,000
Income from house property (let-out and situated at Kolkata)	40,000
Income from other sources	10,000
Rent paid for office	8,000
Rent paid for residential house	1,20,000

[7]

Answer:

- (a) Statement showing computation of Gross Total Income & Losses to be carried forward:

Particulars	Amount (₹)
Salaries	80,000
Income from house property	(1,30,000)
Income from other sources:	
Winning from lotteries	3,50,000
Other income	(90,000)
Gross total income	3,50,000
Note: Casual income shall be fully taxable as no loss can be set off against such income.	3,50,000
Losses to be carried forward:	
1) Loss under the head "Income from house property"	(1,30,000)
2) Loss under the head "Income from other sources", as such loss cannot be carried forward.	Nil
Income under the head 'Salaries' is first adjusted with the loss under the head 'Income from other sources' as the same cannot be carried forward. Though loss under the head 'Income from other sources' is ₹ 90,000 and such loss could be adjusted with income under the head 'Salaries' only to the extent of ₹ 80,000 still the remaining loss of ₹ 10,000 cannot be carried forward.	

- (b) Calculation of total income of Sri Bajaj for the A.Y. 2024-25

Particulars	Amount (₹)
Profits & gains of business or profession	8,00,000



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Income from house property	40,000		
Income from other sources	10,000		
Gross Total Income	8,50,000		
Less: Deduction u/s 80GG (Note 1)	35,000		
Total Income	8,15,000		
Note 1: Computation of deduction u/s 80GG —			
Particulars	Working	Details (₹)	Amount (₹)
Least of the following shall be deductible:			
1. ₹ 5,000 per month	₹ 5,000 × 12	60,000	
2. 25% of Adjusted Gross total income	25% of ₹ 8,50,000 (Note 2)	2,12,500	
3. Excess of rent paid over 10% of Adj. GTI	₹ 1,20,000 – [10% of ₹ 8,50,000 (Note 2)]	35,000	35,000
Note 2: Adjusted GTI = Gross total income – Long term capital gain – Short term capital gain covered u/s 111A - All deduction under 80's other than section 80GG – Income u/s 115A, etc. = ₹ 8,50,000			
Note: Rent paid for office is irrelevant for the purpose of Sec. 80GG.			

6. (a) **Make a comparison between Direct Tax and Indirect Tax.** [7]
- (b) **Discuss the benefits of GST in respect to business and industry, Central and State Governments and the Consumers.** [7]

Answer:

- (a) Comparison between Direct Tax and Indirect Tax:

Basis	Direct Tax	Indirect Tax
Meaning	Direct tax is referred to as the tax, levied on person's income and wealth and is paid directly to the government.	Indirect Tax is referred to as the tax, levied on a person who consumes the goods and services and is paid indirectly to the government.
Nature	Progressive in nature i.e., higher tax is levied on a person earning higher income and vice versa.	Regressive in nature i.e., all persons will bear equal wrath of tax on goods or service consumed by them irrespective of their ability.
Incidence and Impact	Falls on the same person. Assessee, himself bears such taxes. Thus, it pinches the taxpayer.	Falls on different person. Tax is recovered from the assessee, who passes such burden to another person. Thus, it does not pinch the taxpayer.
Evasion	Tax evasion is possible.	Tax evasion is hardly possible because it is included in the price of the goods and services.
Inflation	Direct tax helps in reducing the inflation.	Cost of goods and services increases due to levy of indirect tax thus indirect taxes promote inflation.



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		However, sometimes it is useful tool to promote social welfare by checking the consumption of harmful goods or sin goods through higher rate of tax.
Imposition and collection	Imposed on and collected from the same person.	Imposed on and collected from consumers of goods and services but paid and deposited by the assessee.
Burden	Cannot be shifted.	Can be shifted.

(b) The benefits of GST can be summarized as under :

A. For business and industry —

- Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax-payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.
- Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.
- Removal of cascading effect: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.
- Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.
- Gain to manufacturers and exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

B. For Central and State Governments —

- Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.
- Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an inbuilt mechanism in the design of GST that would incentivize tax compliance by traders.
- Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.
- Boost to 'Make in India' initiative: GST will give major boost to the 'Make in India' initiative of government of India by making goods and services produced in India competitive in the national as well as international market.

C. For the consumer —

- Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.



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- Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

7. (a) Discuss with reason, the person liable to pay GST in the following cases, assuming the recipient is located at taxable territory:

(i) Rental income received by West Bengal State Government from renting of an immovable property to ABC Pvt. Ltd. The turnover of ABC Pvt. Ltd. was ₹39 lakhs in the preceding financial year).

(ii) Legal fees received by Mr. A, an advocate, from M/s. XYZ Trading Company having turnover of ₹49 lakhs in the preceding financial year.

(iii) Mr. X receives advance payment for providing specific service in future.

(iv) P & Co., a partnership firm provides security services to RT Ltd. registered under GST.

[7]

(b) Certain goods are sent by Mr. X on sale on approval or return basis to Mr. Y on 22nd April 2023. The supply gets confirmed and invoice is issued on:

Case 1: 20th August 2023

Case 2: 22nd November 2023

Payment in each of the cases is made on 23rd November 2023.

Determine the time of supply.

[7]

Answer:

(a) (i) According to Entry 5A of the Notification No. 13/2017-CT (Rate), in case of services supplied by the Central Government, State Government, Union Territory or local authority by way of renting of an immovable property to a person registered under the CGST Act, 2017, the recipient registered under the CGST Act, 2017 will be liable to pay GST. In this case, ABC Pvt. Ltd. will be liable to pay GST under reverse charge mechanism.

(ii) Services provided by an advocate by way of legal services, directly or indirectly to any business entity located in the taxable territory, reverse charge mechanism is applicable and the business entity is liable to pay GST. Hence, M/s. XYZ Trading Company will be liable to pay GST.

(iii) Mr. X is required to pay GST at the time of receipt of advance money as here he agrees to provide services in future.

(iv) Security services (services provided by way of supply of security personnel) provided by any person other than a body corporate to a registered person is liable to be taxed under reverse charge mechanism. Here, RT Ltd. registered under GST shall be liable to pay GST on the same.

(b) Date of receipt of payment is immaterial for the purpose of calculating time of supply u/s 12 of the CGST Act 2017. Therefore, 23rd November 2023 should be ignored altogether. The time of supply should be earlier of the date of issuance of invoice or the last date of issuance of invoice. The last



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date of issuance of invoice will be the earlier of the confirmation of supply or 6 months from the date of removal.

In case 1, the confirmation of supply occurred before 6 months from the date of removal. Thus, the last date of issuance of invoice was 20th August 2023. On this date, the invoice was issued. Hence, the time of supply will be 20th August 2023.

In case 2, the confirmation of supply happened after 6 months from the date of removal. The period of 6 months expired on 21st October 2023. Hence, the invoice was required to be issued by this date. Since the invoice was issued on 22nd November 2023, the actual date of issue of invoice will be considered as falling after the last date of issuance of invoice. The time of supply will be the last date of issuance of invoice i.e., 21st October 2023.

8. (a) **Discuss briefly the due dates and applicability of GSTR-1, GSTR-3B and GSTR-4.** [7]

(b) **A commodity is imported into India from a country covered by a notification issue by the Central Government u/s 9A of the Customs Tariff Act, 1975. Following particulars are made available:**

Assessable Value for levying Basic Customs Duty: ₹ 12,62,500

Quantity imported: 500 kgs.

Basic customs duty: 10%

IGST: 18%

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$ 50 per kg (Exchange Rate is 1 USD = INR 70) and the landed value of the commodity as imported.

Appraise the liability on account of normal duties and the anti-dumping duty. [7]

Answer:

(a) (i) **GSTR-1: Statement for furnishing details of outward supplies.**

- **Due date:** To be filed by either of the following persons on or before the below given dates:
 - Registered person, who are not under QRMP Scheme - 11th of the next month
 - Registered persons, who have opted for QRMP Scheme - 13th of the subsequent quarter.

However, such persons can furnish details of outward supplies using IFF for the first 2 months of the quarter as under:

- 1st month of the quarter – on or before 13th of the subsequent month (max value = ₹ 50 Lakhs)

- 2nd month of the quarter - on or before 13th of the subsequent month (max value = ₹ 50 Lakhs)

- Invoices furnished using the said facility in the first two months are not required to be furnished again in Form GSTR-1.
- **Applicability:** Applicable to Normal / regular taxpayer.



DIRECT AND INDIRECT TAXATION

(ii) GSTR-3B: Monthly/ Quarterly summary return.

- Due date: To be filed as under:
 - Registered persons, who are not under QRMP Scheme – 20th of the next month.
 - Registered persons, who have opted for QRMP Scheme -
 - A. Aggregate turnover up to ₹ 5 Cr. in the previous financial year and registered in category 1 States (States of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union Territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep) – 22nd of the next month following the quarter.
 - B. Aggregate turnover up to ₹ 5 Cr. in the previous financial year and registered in category 2 States (States of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi) – 24th of the next month following the quarter.
 - pay the tax due in each of the first two months of the quarter by depositing the due amount in Form GST PMT-06, by 25th day of the month succeeding such month under the head “Monthly payment for quarterly taxpayer”.
- Applicability: Applicable to All registered persons other than:
 1. Input service distributor (ISD),
 2. Non-resident taxable person,
 3. Person paying tax u/s:
 - A. 10 – Composition levy
 - B. 51 – Tax deduction at source
 - C. 52 - Collection of tax at source

(iii) GSTR-4: Return by composition tax payers.

- Due date: To be filed as under:
 - CMP-08 by 18th of the month succeeding the quarter.
 - GSTR-4 Annually by 30th April following the end of a financial year.
- Applicability: Applicable to Composition taxpayer.

(b) Computation of Customs Duty, SWS, anti-dumping duty and IGST:

Particulars	Details	₹
Assessable Value		12,62,500
Basic Customs Duty @ 10% on ₹ 12,62,500 [A]		1,26,250
Add: SWS @ 10% [B]		12,625
Landed value of imported goods [C]		14,01,375
Rate of commodity as per Anti-Dumping Notification per kg.	US\$ 50	
Quantity Imported	500 Kg	
Value as per notification (500 x 50)	US\$ 25,000	
Exchange rate 1US\$	₹ 70	

**INTERMEDIATE EXAMINATION****SET 1****MODEL ANSWERS****TERM – DECEMBER 2024****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION**

Market Value in ₹ [D]	17,50,000	
Add: Anti-dumping Duty [E = D - C]		3,48,625
Value for levying IGST [F]		17,50,000
Add: IGST @ 18% of [F]		3,15,000
Total Customs Duty Payable [A + B + E + F]		8,02,500