



**INTERMEDIATE EXAMINATION**  
**MODEL QUESTION PAPER**  
**PAPER - 7**  
**DIRECT AND INDIRECT TAXATION**

**SET 1**  
**TERM - JUNE 2023**

**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 : (Direct Taxation)**

Answer Question No. 1 and any three from Question No. 2, 3, 4 and 5.

**1. (a) Choose the correct alternative: [1 × 6 = 6]**

- (i) A person is said to be of Indian origin if
- He or either of his parents were born in undivided India
  - He or either of his siblings were born in undivided India
  - He or either of his parents or either of his grandparents were born in undivided India
  - He was born in India
- (ii) In case of an assessee engaged in the business of manufacturing of tea, his agricultural income is –
- 60% of total receipt of the business
  - 60% of income of the business
  - Nil
  - 40% of income of the business
- (iii) Net Annual Value of a self-occupied property treated as such is:
- Fair Rent
  - Nil
  - Reasonable Expected Rent as reduced by municipal tax paid during the previous year.
  - None of the Above
- (iv) In case of loss, a partnership firm may claim deduction in respect of remuneration to partner to the extent of:
- ₹ 1,50,000/-
  - ₹ 1,50,000/- or actual remuneration, whichever is lower
  - ₹ 1,50,000/- or 90% of book profit, whichever is lower
  - Nil



- (v) TDS is not required to be deducted u/s 194A if the amount of interest on loan does not exceed:
- ₹ 5,000
  - ₹ 2,500
  - ₹ 7,500
  - ₹ 20,000
- (vi) Where assessment has not been completed, belated income tax return for the assessment year 2023-24 can be filed upto:
- 31.12.2023
  - 31.01.2024
  - 31.03.2024
  - 31.12.2024

**(b) State True or False****[1 × 4 = 4]**

- Any allowance or perquisite allowed outside India by the Government to an Indian citizen for rendering services outside India is wholly exempt from tax.
- Notice u/s 143(2) can be issued within 3 months from the end of the relevant previous year.
- Income arising from the accretion of transferred property shall not be clubbed.
- Long Term capital loss can be adjusted with Short term capital gain but short term capital loss cannot be adjusted with Long term capital gain.

**(c) Fill in the blanks****[1 × 4 = 4]**

- A partnership firm will be treated as non-resident, only if the \_\_\_\_\_ of the control and management of its affairs is situate outside India.
- Amount received under Keyman Insurance Policy including bonus thereon is \_\_\_\_\_ (income/exempted income) under the Income-tax Act, 1961.
- Maximum amount of deduction u/s 80C is ₹ \_\_\_\_\_
- The Alternate Minimum Rate u/s 115JC shall be \_\_\_\_\_% of adjusted total income [Basic rate excluding surcharge, cess, etc.]

2. (a) Sri Sen went to England from India for higher education on 1<sup>st</sup> December, 2019. So long he was in England, he had a residence in India. In winter vacations, he came twice to India. First time he came on 1<sup>st</sup> January, 2021 and stayed for 20 days, and second time he came on 15<sup>th</sup> December, 2021 and stayed for 25 days. After completing the education, he came back to India forever on 30<sup>th</sup> December, 2022. Determine the residential status of Sri Sen for the A.Y. 2023-24.



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- (b) Compute income under the head 'Income from house property' of Sri from the following information:

Particulars	H1	H2	H3	H4
Used for	Self occupied	Self occupied	Self occupied	Own Business
Situated at	Mumbai	Abu	Kolkata	Hyderabad
Gross Municipal Value	3,00,000	2,00,000	7,00,000	3,00,000
Fair Rent	2,00,000	2,00,000	6,00,000	1,20,000
Standard Rent	3,00,000	2,40,000	7,00,000	2,00,000
Municipal Tax	15%	15%	15%	15%
Repairs	13,000	4,000	8,000	8,000
Ground Rent	20,000	Nil	Nil	6,000
Land Revenue	Nil	10,000	Nil	Nil
Interest on Loan	40,000	10,000	2,10,000	20,000
Loan taken on	1998-99	1998-99	2019-20	1999-00

[4 + 8 = 12]

3. (a) Miss Stuti has the following salary structure:

	₹
(a) Basic salary	15,000 p.m.
(b) Dearness Allowance	5,000 p.m. (not forming part of retirement benefit)
(c) Hostel Allowance	1,000 p.m. (does not have any child)
(d) Tiffin Allowance	500 p.m.
(e) Transport Allowance	200 p.m.
(f) Bonus	20,000 p.a.
(g) Commission	15,000 p.a.
(h) Free refreshment in office worth	5,000 p.a.
(i) Mobile phone facility by employer	900 p.m.
(j) Computer facility worth	10,000 p.a.

She has been provided a Rent-free Accommodation (owned by employer) in Kolkata. The house was allotted to her with effect from 1/5/2022 but she could occupy the same only from 1/6/2022. Determine her gross taxable salary alongwith suitable workings.

- (b) Mr. Roy is a self-employed person. During the previous year 2022-23, his gross total income was ₹ 1,80,000. He lives in a rented house in Kolkata for which he pays ₹ 2,500 p.m. as rent. During the same period, he donates ₹ 5,000 to the Chief Minister's Relief Fund. You are required to compute the deduction in respect of rent paid for the A.Y. 2023-24. [8 + 4 = 12]
4. (a) Mr. Tony had estates in Rubber, Tea and Coffee. He derives income from them. He has also a nursery wherein he grows plants and sells. For the previous year ending



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31.3.2023, he furnishes the following particulars of his sources of income from estates and sale of plants. Compute taxable income:

- (i) Manufacture of Rubber ₹ 5,00,000.
- (ii) Manufacture of Coffee grown and cured ₹ 3,50,000.
- (iii) Manufacture of Tea ₹ 7,00,000.
- (iv) Sale of plants from nursery ₹ 1,00,000.

(b) Write a brief note for deduction u/s 54F. [6 + 6 = 12]

5. (a) Mr. Singh is a trader. Particulars of his income and those of the members of his family are given below. These incomes relate to the previous year ended 31st March, 2023:

Particulars	Amount (Rs.)
Income from business (Mr. Singh's)	90,000
Salary derived from an educational institution by Mrs. Singh. She is the principal of the institution	50,000
Interest on company deposits derived by Master Deep Singh (minor son). These deposits were made in the name of Deep Singh by his father's father about 6 years ago.	12,000
Receipts from sale of paintings and drawings made by minor Dipali Singh (minor daughter of Mr. & Mrs. Singh and noted child artist)	60,000
Income by way of lottery earnings by Master Dipindar Singh (minor son of Mr. Singh)	6,000

Discuss whether the above will form part of the assessable income of any individual and also analyze the same in terms of provisions of income tax law.

- (b) From the following details for the previous year 2022-23, compute depreciation and/or capital gain (or loss) for the relevant assessment year:

	₹
W.D.V. of the block of plant and machinery on 01.04.2022 (consisting of plants X and Y-depreciation rate 15%)	2,00,000
Cost of plant Z acquired on 19.11.22 (depreciation 15%)	1,00,000
Case (i): All plants are sold for ₹ 2,80,000	
Case (ii): Plant X and Y are sold for ₹ 2,80,000	

[6 + 6 = 12]



**SECTION – B : (Indirect Taxation)**

Answer Question No. 6 and any three from Question No. 7, 8, 9 and 10.

6. (a) Choose the correct alternative [1 × 6 = 6]
- (i) Who is empowered to make law for matters containing in List I of Schedule VII of the Constitution of India
- State Government
  - Central Government
  - Both Central and State Government
  - None of the above
- (ii) Power to make laws with respect to goods and services tax has been given by the Constitution wide Article
- 279A
  - 246A
  - 246
  - 365
- (iii) If the goods are received in installment then ITC can be availed.
- Proportionately on receipt of each installment
  - 100% ITC can be taken on receipt of first installment
  - ITC can be taken on receipt of last installment
  - 50% ITC can be taken on receipt of first installment and balance 50% on receipt of last
- (iv) The time of supply of goods, where supplier is liable to pay tax under forward charge shall be:
- The date of actual issue of invoice by the supplier
  - The last date on which he is required u/s 31(1) to issue the invoice with respect to the supply
  - The date on which the supplier receives the payment with respect to the supply
  - (a) or (b), whichever is earlier
- (v) Which of the following activities or transactions shall be treated neither as supply of goods nor a supply of services?
- Sale of land and building
  - Lease of land
  - Rent of building
  - All of the above



- (vi) Goods, as per sec. 2(22) of the Customs Act, includes
- stores
  - baggage
  - aircraft
  - all of the above

**(b) State True or False.**

[1 × 4 = 4]

- Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or 6 months from the date of removal, whichever is earlier.
- A supply of a package consisting of canned foods, sweets, chocolates, cakes, dry fruits, aerated drinks and fruit juices when supplied for a single price is a composite supply.
- Imposition of tax on tax was serious problem in the pre-GST regime
- Export of goods is complete when they cross the territorial waters

**(c) Fill in the blanks.**

[1 × 4 = 4]

- In order to protect the interests of any industry established in India, Central Government may impose \_\_\_\_\_ on any goods imported into India
- Monthly GSTR 3B shall be filed within \_\_\_\_\_ by a registered person whose turnover exceeds ₹ 5 crore
- No input tax credit shall be availed by a registered person in respect of invoices, etc. the details of which are not available in Form GSTR \_\_\_\_\_
- Buying commission shall \_\_\_\_\_, while computing assessable value

7. (a) State the features of indirect tax.

(b) Examine the registration requirements under GST law in the following independent cases:

- Mr. Khan of West Bengal engaged in the business of supplying tobacco based Pan Masala with an aggregate turnover of ₹ 24 lacs.
- Mr. Tipati of Mizoram is engaged in the supply of papers with an aggregate turnover of ₹ 13 lacs. Will your answer be different if Mr. Tipati is located in Meghalaya?

[4 + (4 + 4) = 12]



8. (a) RG Pvt. Ltd. provides the following particulars relating to goods sold by it to GK Pvt. Ltd.:

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discounts)	10,00,000
Tax levied by Municipal Authority in the sale of such goods	1,00,000
CGST and SGST chargeable on the goods	2,00,880
Packing charges (not included in price above)	20,000

RG Pvt. Ltd. received ₹ 40,000 as a subsidy from a NGO on sale of such goods. The price of ₹ 10,00,000 of the goods is after considering such subsidy. RG Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Analyze with the provisions of law the value of the taxable supply made by RG Pvt. Ltd and inspect whether the subsidy received from NGO on sale of goods can be taken in value of taxable supply or not.

- (b) Mr. Ritesh of Assam, provides the following information for the preceding financial year 2021-22. You are required to find out the aggregate turnover for the purpose of eligibility of composition levy scheme and advise whether he is eligible for composition levy scheme or not, for the F.Y. 2022-23.

Particulars	₹ in lakh
Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state transactions)	75.00
Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances)	70.00
Value of inward supplies on which he is liable to pay tax under reverse charge	15.00
Value of exports	7.00

All the amounts are exclusive of GST. Further, he assured that in F.Y. 2022-23, no inter-State supply will be executed by him. [8 + 4 = 12]

9. (a) (i) Define who is a "Pure agent" as per GST Law.  
(ii) Mr. Kedar provides consultancy services to Mr. Nath worth ₹ 50,000.

08.04.2022	An advance of ₹ 10,000 is received from Mr. Nath
10.04.2022	The consultancy services are provided
16.05.2022	Mr. Kedar receives balance payment of ₹ 40,000 and records it in his books.



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Calculate the time of supply assuming Mr. Kedar issues the invoice on:

Situation 1 - 15.04.2022

Situation 2 – 15.05.2022

- (b) BA Pvt. Ltd. purchased machinery worth ₹ 10,00,000 (excluding GST) on 20-07-2022 on which it paid GST @ 18% and availed the ITC. On 05-03-2023, it sold the machinery for ₹ 8,00,000 (excluding GST) to HA Pvt. Ltd. The GST rate on sale is 18%.

Compute available ITC in respect of such purchase. [2 + 2 + 8 = 12]

10. (a) Informatics Ltd., imported a photography printer by air from Best Inc., of USA, as per following details.

Particulars	US \$
CIF Value	4,500
Air Freight Paid	1,000
Insurance Cost	250
Rate of exchange notified by CBIC	₹ 64.50 per USD
Inter Bank Selling Rate	₹ 65 per USD.
Basic Customs Duty	10% ad valorem.
IGST	18%

You are required to compute the Assessable Value and Import Duty payable by Informatics Ltd.

- (b) Mr. X started his business on 10.04.22 and in the month of August 2022, his turnover exceeds the threshold limit for obtaining registration. In the month of August 2022, he registered himself with GST. After registration, he is selling goods to Mr. Y. He seeks your advice regarding preparation of tax invoice in respect of his transaction with Mr. Y after registration. [8 + 4 = 12]