



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

**SET 1**  
**TERM – JUNE 2024**  
**SYLLABUS 2022**

**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) An individual has loss under the head 'house property' ₹ 2,50,000 for the assessment year 2024-25 and income under the head 'Salaries' ₹ 14,00,000. What is his total income, if he is paying tax u/s 115BAC(1A)?
- (a) ₹ 11,50,000  
(b) ₹ 12,00,000  
(c) ₹ 14,00,000  
(d) None of the above
- (ii) An assessee has incurred preliminary expenses of ₹ 20,000/- in the month of April 2023. His business started in the month of May 2023. What is the amount of deduction allowable to him u/s 35D for the assessment year 2024-25?
- (a) ₹ 4,000  
(b) ₹ 5,000  
(c) ₹ 10,000  
(d) ₹ 20,000
- (iii) Ram (age 64) has earned interest on fixed deposit ₹ 55,000. What is the amount of deduction available to him under chapter VIA, if he has exercised the option available u/s 115BAC(6)?
- (a) ₹ 50,000 u/s 80TTB  
(b) ₹ 10,000 u/s 80TTA  
(c) ₹ 25,000 u/s 80TTB  
(d) Nil
- (iv) Miss Monica, a foreign national, comes India every year for 100 days since 2007-08. What would be her residential status for the previous year 2023-24?



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- (a) Non-Resident  
(b) Resident and Ordinarily resident  
(c) Resident but not ordinarily resident  
(d) Deemed Resident
- (v) Mr. Amit has retired from his job on 31/3/2023. From 1/4/2023, he was entitled to a pension of ₹ 12,500 p.m. What would be his income under the head “Salaries” for the A.Y. 2024-25, if he has not exercised the option available u/s 115BAC(6)?
- (a) ₹ 1,00,000  
(b) ₹ 1,50,000  
(c) ₹ 50,000  
(d) Nil
- (vi) Pallavi engaged in manufacturing of rubber in India and earns a profit of ₹ 12,00,000. What is her agricultural income for computation of total income?
- (a) 65% of profit  
(b) 35% of profit  
(c) 100% of profit  
(d) Nil
- (vii) As per provision of sec. 2(107) of the Central Goods and Services Tax Act, taxable person means:
- (a) a person who is registered  
(b) a person who is liable to be registered u/s 22 or u/s 24  
(c) Both (a) and (b)  
(d) None of the above
- (viii) Which of the following services are exempted under GST?
- (a) Services by an artist by way of a performance in folk or classical art form of music where consideration charged for such performance is not more than ₹ 2,00,000  
(b) Services by way of collection of contribution under the Atal Pension Yojana  
(c) Services to the Reserve Bank of India  
(d) None of the above
- (ix) Levy of indirect tax on goods and services may leads to:



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- (a) Inflation  
(b) Deflation  
(c) Reflection  
(d) None of the above
- (x) Supply of service by a music composer to the music company is covered under:  
(a) Forward charge mechanism  
(b) Reverse charge  
(c) Negative list  
(d) None of the above
- (xi) A registered person paid ₹ 11,800 (inclusive of GST @ 18%) as motor car insurance charges:  
(a) Supplier can claim ITC  
(b) Supplier cannot claim ITC  
(c) Recipient can claim ITC  
(d) None of the above
- (xii) Aggregate turnover of Shri Krishnan, a trader from Tamilnadu, in the financial year 2022-23 was ₹ 90 lakhs. Hence, he has opted to pay GST u/s 10 for financial year 2023-24. During the financial year 2023-24, his taxable turnover is ₹ 1,10,0000 comprising of supply of goods ₹ 1 crore [Regular rate of GST is 5%] and balance of supply of services [Regular rate of GST is 18%]. What would be his gross GST liability for the financial year 2023-24?  
(a) ₹ 1,10,000  
(b) ₹ 1,60,000  
(c) ₹ 1,00,000  
(d) None of the above
- (xiii) Input tax credit shall not be availed by a registered person in respect of invoice unless the details thereof have been communicated to the registered person in:  
(a) Form GSTR 1  
(b) Form GSTR 9  
(c) Form GSTR 2B  
(d) None of the above



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(xiv) For determining the assessable value for customs duty, insurance charges, where the same is not ascertainable, to be taken is:

- (a) 1.125% of FOB Value
- (b) 1.125% of (FOB value + Transportation Charges)
- (c) 1.25% of FOB Value
- (d) 1.25% of (FOB value + Transportation Charges)

(xv) Social Welfare Surcharge shall be payable @:

- (a) 10% of assessable value
- (b) 10% of FOB Value
- (c) 10% of basic customs duty
- (d) None of the above

## SECTION-B

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

[5x14=70]

2. (a) Mr. Rupankar Roy, an Indian Citizen, left India for the purpose of employment in USA for the first time on 1<sup>st</sup> October, 2023. He came back to India on 30<sup>th</sup> March, 2024 for visit and returned back to USA after staying 20 days in India. During the previous year 2023–24, he earned the following Income:

- (i) Salary earned in USA ₹ 5,00,000 and credited in USA.
- (ii) Interest received in India out of Fixed Deposit in Bank ₹ 1,20,000.

Determine his residential status and Tax Incidence in India for the A.Y. 2024-25.

[7]

(b) Mr. R. Singh is the employee of BPL India Ltd. He furnished the under-noted particulars of his income for the previous year 2023-24. Compute his income from salary for the assessment year 2024-25

- 1. Basic salary ₹ 60,000 p.m.
- 2. Dearness Allowance ₹ 20,000 p.m. (forming part of Salary)
- 3. Medical allowance paid ₹ 2,000 p.m.
- 4. He and his employer each contributed 14% of Salary to a Recognized Provident Fund (RPF)
- 5. Interest credited to the fund @ 11% is ₹ 12,100 during the year.
- 6. His personal electric bill amounted to ₹ 20,000 p.a. out of which he paid ₹ 5,000 and balance paid by his employer.
- 7. He is provided with a small car with a driver both for private and official use. All expenses are met by his employer.
- 8. He took a new life insurance policy of LIC during the year and premium was paid by his employer ₹ 40,000.
- 9. Professional tax was paid by his employer ₹ 2,400.

[7]



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3. (a) Mrinal Thakur owns two houses. The particulars of the houses are as follows:

	<b>House I (₹)</b>	<b>House II (₹)</b>
	Let out	Self-Occupied
Municipal Valuation	8,00,000	15,00,000
Fair Rent	18,00,000	22,50,000
Standard Rent	15,00,000	18,00,000
Annual Rent Received	12,00,000	—
Municipal tax paid	1,20,000	1,50,000
Fire Insurance Premium		
i. Paid	80,000	1,20,000
ii. Due	—	—
Interest on loan (Taken for the purpose of constructions)	75,000	
Repairs	Nil	1,50,000

Mr. Thakur borrowed ₹ 10,00,000 @ 12% p.a. for the purpose of construction of House II. The amount was borrowed on 1.6.2013 and repaid on 17.9.2024. Construction of the house were completed on 1.4.2022. Construction of House I was completed in the year of 1996.

You are required to compute income from house property of Mr. Thakur for the Assessment Year 2024–25, if he has not opted for option given u/s 115BAC(6). [7]

- (b) Rahul engaged in manufacture of chemicals and furnishes the following particulars relating to manufacturing unit at Morbi for the year ended on 31.03.2024:

	<b>₹</b>
WDV of machinery on 01.04.2023	10,00,000
New machinery purchased on 01.08.2023	10,00,000
New machinery purchased on 01.01.2024	4,00,000
Machinery sold on 15.01.2024	1,00,000

All assets were put to use immediately. Rate of depreciation on machinery is 15%.

Compute the depreciation allowable to him, if he has opted for option given u/s 115BAC(6). [7]



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4. (a) During the previous year 2023-24, Mr. Madhusudhan sold the following capital assets:

Asset	Sale Proceeds (₹)	Cost of acquisition (₹)	Date of acquisition (₹)	Fair Market value as on 01.04.2001
Debentures	6,48,000	1,85,000	30.06.2005	1,68,000
Gold	18,22,000	8,42,400	25.08.2005	8,10,000
Building	25,11,900	9,00,000	10.05.2008	9,86,400

Assuming that his business income is ₹ 3,47,500, determine his income for the A.Y. 2024-25.

Cost Inflation Index: F.Y. 2001-02:100, F.Y. 2005-06: 117, F.Y. 2008-09: 137, F.Y. 2023-24: 348

[7]

- (b) During the year 2023-24, Mr. Ratnam received following:

- Dividends from Sun Pharma Ltd. (Indian Company) ₹ 11,00,000. He has invested in the shares by taking loan. During the year he is liable to pay interest of ₹ 3,00,000 on such loan. Further, he has incurred collection charges ₹ 50,000.
- Family pension received of ₹ 14,000 per month
- Rent received from Sub-letting a house ₹ 35,000, rent payable by Sabana for the above house ₹ 20,000, other expenses incurred in connection with the house amounted ₹ 7,500.
- Lottery income received ₹ 35,000

Compute income from other sources of Mr. Ratnam.

[7]

5. (a) Following are the details of incomes/losses of Mr. Raghu for the financial year 2023-24:

	Amount ₹
Income from Salaries	6,00,000
Income from House Property:	
—from let-out House A	1,50,000
—from let-out House B	(3,75,000)
Profits and Gains of Business or Profession:	
—Business I	3,00,000
—Business II	(50,000)
—Business III (Speculative business)	10,000
—Business IV (Speculative business)	(20,000)
Income from other sources:	

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—Interest on fixed deposit account	5,000
—Winning from lottery (Gross)	15,000
—Owning and maintaining race horses	(10,000)
(Figures in brackets represent losses)	

You are required to determine the Gross Total Income and losses to be carried forward by Mr. Raghu for the A.Y. 2024-25, if he has opted for option given u/s 115BAC(6). [7]

- (b) Miss Hema (aged 32 years) submits the following particulars for the assessment year 2024-25:

	₹
Income from House Property	50,400
Income from Business	72,600
Long-term capital gains on sale of building	21,840
Interest from fixed deposit with a bank	18,000
Donations made to:	
- Approved University of national eminence	3,600
- Prime Minister's Drought Relief Fund (in kind)	1,800
- Prime Minister's National Relief Fund	4,500
- Prime Minister's Drought Relief Fund (paid by cheque)	2,500
- Approved charitable Institution (paid by cheque)	16,200
- Approved Political Party	10,000
Payment of medical insurance premium on his own health to GICI by cheque	31,600

Compute her total income if she has opted for option given u/s 115BAC(6). [7]

6. (a) State any seven benefits of GST. [7]

- (b) Enumerate the provision relating to constitution and functioning of GST Council. [7]

7. (a) Mr. Lama of Manipur, provides the following information for the preceding financial year 2022-23. You are required to calculate the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2023-24.

Particulars	₹ in lakh
Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state transactions)	75.00

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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. 2023-24, no inter-State supply will be executed by him. [7]

- (b) Ras Ltd. provides the following particulars relating to goods sold by it to Khan Ltd.:

Particulars	Amount in (₹)
List price of the goods (exclusive of taxes and discounts)	20,00,000
Tax levied by Municipal Authority in the sale of such goods	2,00,000
CGST and SGST chargeable on the goods	4,01,760
Packing charges (not included in price above)	20,000

Ras Ltd. received ₹ 80,000 as a subsidy from a NGO on sale of such goods. The price of ₹ 20,00,000 of the goods is after considering such subsidy. Ras Ltd. offers 2% discount on the list price of the goods which is recorded in the invoice for the goods.

Determine the value of the taxable supply made by Ras Ltd. [7]

8. (a) M/s VM & Associates (VMA), a registered taxable person under regular scheme provides following information in respect of supplies made by it during the month of April, 2023:

	₹
Inter-state supply of goods	2,00,000
Intra-state supply of 1000 packets of detergent @ ₹ 400 each along with a plastic bucket worth ₹ 100 each with each packet (Rate of GST on detergent is 18% and on plastic bucket is 28%)	
Supply of online educational journals to M/s XYZ, a private coaching center providing tuitions to students of Class X-XII, being intra-state supply	1,00,000
M/s VMA has also received the following inward supplies:	



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- Inter-state supply of goods (out of which invoice for goods worth ₹ 40,000 is missing and no other tax paying document is available)	1,40,000
- Repairing of bus with seating capacity of 20 passengers used to transport its employees from their residence, being intra-state supply	1,00,000
Details of opening balances of ITC as on 1-4-2023 are as follows:	
- CGST	10,000
- SGST	10,000
- IGST	80,000

Following additional information is provided:

1. Rate of GST in respect of all inward and outward supplies except item (ii) above is 18%. i.e. CGST and SGST @ 9% and IGST @ 18%.
2. All figures mentioned above are exclusive of taxes.
3. All the conditions for availing the ITC have been fulfilled except specifically given and M/s. VMA is not eligible for any threshold exemption.

Compute the minimum net GST payable in cash by M/s. VMA for the month of April, 2023. [7]

- (b) MS Pvt 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 MS Pvt. Ltd. [7]