



INTERMEDIATE EXAMINATION

SET 1

MODEL ANSWERS

TERM – JUNE 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) 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?
- (a) Non-Resident
(b) Resident and Ordinarily resident
(c) Resident but not ordinarily resident
(d) Deemed Resident



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- (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:
- (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



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- (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
- (xiv) For determining the assessable value for customs duty, insurance charges, where the same in 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

Answer:

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



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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 1st October, 2023. He came back to India on 30th 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]

Answer:

- (a) During the previous year, Mr. Roy was in India as under

P.Y.	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
23-24	30	31	30	31	31	30	1	-	-	-	-	2	186

Since, Mr. Roy resided in India for 186 days (as shown above) in the previous year 2023-24, hence he satisfies condition of sec. 6(1)(a). He is, therefore, a resident in India for the A.Y. 2024-25.

Further, he is leaving India for the first time, hence he is also satisfying both the conditions mentioned u/s 6(6). Thus, his residential status for the year is resident and ordinarily resident. Accordingly, tax incidence are as follow:

Particulars	Amount (₹)
Salary earned in USA	5,00,000

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Interest of fixed deposit in bank	1,20,000
Income liable to be taxed in India	6,20,000

(b)

Computation of Taxable Salary of Mr. R Singh for the A.Y. 2024-25

Particulars	Workings	Details (₹)	Amount (₹)	Amount (₹)
Basic	₹ 60,000 x 12			7,20,000
<u>Allowances:</u>				
Dearness allowance	₹ 20,000 x 12		2,40,000	
Medical allowance	₹ 2,000 x 12		24,000	2,64,000
<u>Perquisites u/s 17(2):</u>				
Electric Bill	₹ 20,000 - ₹ 5,000		15,000	
Car Facility	(₹ 1,800 + ₹ 900) x 12		32,400	
LIC premium paid			40,000	
Professional Tax			2,400	89,800
Contribution to RPF	14% of salary	1,34,400		
Less: Exempted	12% of salary	1,15,200	19,200	
Interest on RPF @ 11%		12,100		
Less: Exempted upto 9.5%		10,450	1,650	20,850
Gross Taxable Salary				10,94,650
<u>Less: Deduction u/s</u>				
16(ia) Standard Deduction			50,000	
16(iii) Professional tax	Not available in Default tax regime		NA	50,000
Taxable Salary				10,44,650

1. Salary for the purpose of:

Particulars	RPF (₹)
Basic	7,20,000
DA	2,40,000
Total	9,60,000

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

	House I (₹)	House II (₹)
	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

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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:

	₹
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]

Answer:

- (a)

Computation of total income of Mr. Mrinal Thakur for the A.Y. 2024-25

Particulars	Details (₹)	Details (₹)	Amount (₹)
Income from House Property			
House I: Let out u/s 23(1)			
Gross Annual Value (Working)		15,00,000	
Less: Municipal Tax		1,20,000	
Net Annual Value		13,80,000	
Less: Deduction u/s			
24(a) Standard Deduction	4,14,000		
24(b) Interest on loan	75,000	4,89,000	8,91,000
House II: Self occupied u/s 23(2)(a)			
Net Annual Value		Nil	
Less: Deduction u/s			
24(b) Interest on loan		NA	Nil
Income from House Property			8,91,000

Working: Computation of GAV

Particulars	Explanation	House I (₹)
Municipal value (MV)		8,00,000

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Fair rent (FR)		18,00,000
Standard rent (SR)		15,00,000
Reasonable Expected Rent [a]	Higher of MV & FR (subject to SR)	15,00,000
Annual Rent [b]		12,00,000
Gross Annual Value (GAV)	Higher of (a) and (b)	15,00,000

(b) Computation of Depreciation

Particulars	Amount (₹)
Opening W.D.V.	10,00,000
Add: Purchase during the year	14,00,000
	24,00,000
Less: Sale proceeds during the year	1,00,000
Closing W.D.V. (before depreciation)	23,00,000
Depreciation [₹ 19,00,000 * 15% + 4,00,000 * 15% * ½]	3,15,000
Additional Depreciation [₹ 10,00,000 * 20% + 4,00,000 * 20% * ½]	2,40,000
Total Depreciation	5,55,000

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:

1. 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.
2. Family pension received of ₹ 14,000 per month
3. 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.
4. Lottery income received ₹ 35,000

Compute income from other sources of Mr. Ratnam.

[7]

Answer:

(a)

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Computation of total income of Mr. Madhusudhan for the A.Y. 2024-25

Particulars	Amount (₹)
Profits and Gains of Business or Profession	3,47,500
Capital Gains (Working)	5,169
Total Income	3,52,669

Working: Computation of Capital Gains of Mr. Madhusudhan for the A.Y.2023-24

Particulars	Debenture (₹)	Gold (₹)	Building (₹)
Sale Proceeds	6,48,000	18,22,000	25,11,900
Less: Expenses on transfer	Nil	Nil	Nil
Net sale consideration	6,48,000	18,22,000	25,11,900
Less: Cost of acquisition (Index benefit is not available)	1,85,000		
Less: Indexed Cost of acquisition [(₹8,42,400 * 348)/117]		25,05,600	
Less: Indexed Cost of acquisition [(₹9,00,000 * 348)/137]			22,86,131
Long Term Capital Gain	4,63,000	(6,83,600)	2,25,769

(b)

Computation of income from other sources of Mr. Ratnam for the A.Y. 2024-25

Particulars	(₹)	Details (₹)	Amount (₹)	Amount (₹)
Dividend			11,00,000	
Less: Interest Expenditure being lower of the following				
Actual Interest Expenses	3,00,000			
20% of dividend	2,20,000	2,20,000		
Less: Collection Charges		Nil	2,20,000	8,80,000
Family pension			1,68,000	
Less: Standard Deduction (Being lower of the following)				
- 1/3 rd of Pension		56,000		
- ₹ 15,000		15,000	15,000	1,53,000
Sub-letting of House			35,000	
Less: Expenses				
- Payment of Rent		20,000		
- Other Expenses		7,500	27,500	7,500
Lottery income [₹ 35,000 / 70%]				50,000
Income from Other Sources				10,90,500

Apart from interest (upto 20% of dividend), other expenditure like collection charges, bank charges, etc. shall not be allowed.

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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:	
—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]

Answer:

(a)

Computation of Total Income of Mr. Raghu for the A.Y. 2024-25

Particulars	Details (₹)	Amount (₹)
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Salaries		6,00,000
Income from House Property		
Income from House A	1,50,000	
Less: Loss from House B	(3,75,000)	(2,00,000)
Loss to be c/f	(25,000)	
Profits and Gains of Business or Profession		
Income from Business I	3,00,000	
Loss from Business II	(50,000)	2,50,000
Income from Business III (speculative)	10,000	
Loss from Business IV (speculative)	(20,000)	-
Loss to be c/f	(10,000)	
Income from Other Sources		
Interest on FD	5,000	
Winning from Lottery	15,000	20,000
Loss from owning and maintaining of race horses (loss to be c/f)	(10,000)	
Gross Total Income		6,70,000
Losses to be carried forward:		
Loss from Owning and Maintaining Race Horses		10,000
Loss from House Property		25,000
Speculation Loss		10,000

(b)

Computation of Total Income of Miss Hema for the A.Y. 2024-25

Particulars	Details (₹)	Amount (₹)
Income from House Property		50,400
Profits & gains of business or profession		72,600
Capital gains: Long term capital gains		21,840
Income from Other Sources		18,000
Gross Total Income		1,62,840
Less: Deduction under chapter VIA		
Sec. 80D (Medical Insurance) (Max Limit)	25,000	
Sec. 80GFC (Donation to political party)	10,000	
Sec. 80G (Donation)	14,650 [§]	49,650
Total Income		1,13,190

[§] Statement showing amount of deduction u/s 80G:

Donation made to	Amount (₹)	Rate	Deduction (₹)
Approved University of national eminence	3,600	100%	3,600
Prime Minister's Drought Relief Fund (in kind)	1,800	-	-
Prime Minister's National Relief Fund	4,500	100%	4,500
Prime Minister's Drought Relief Fund (paid by cheque)	2,500	50%	1,250

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Approved charitable Institution (paid by cheque)	10,600*	50%	5,300
Total amount of donation u/s 80G			14,650

* Calculation of Deduction for donation on which limit is applicable:

Computation of limit		
Adjusted GTI	GTI – LTCG – Deductions other than deduction u/s 80G	₹1,62,840 – ₹21,840 – ₹25,000 - ₹10,000 = ₹1,06,000
Limit	10% of Adjusted GTI	10% of ₹1,06,000 = ₹10,600

6. (a) State any seven benefits of GST. [7]
- (b) Enumerate the provision relating to constitution and functioning of GST Council. [7]

Answer:

- (a) Benefits of GST:

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: 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



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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.
- 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.

(b) Constitution of Goods and Services Tax Council [Article 279A]:

1. The GST Council, constituted by the President of India, which will be a joint forum of the Centre and the States, shall consist of the following members: -

a.	Union Finance Minister	Chairperson
b.	The Union Minister of State, in-charge of Revenue of finance	Member
c.	The Minister In-charge of finance or taxation or any other Minister nominated by each State Government	Members

2. The Members of the Goods and Services Tax Council referred to in clause 1(c) above shall choose one amongst themselves to be the Vice-Chairperson of the Council for such period as they may decide
3. The Goods and Services Tax Council shall make recommendations to the Union and the States on—
- a. the taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in the goods and services tax;
 - b. the goods and services that may be subjected to, or exempted from the goods and services tax;
 - c. model Goods and Services Tax Laws, principles of levy, apportionment of Goods and Services Tax levied on supplies in the course of inter-State trade or commerce under article 269A and the principles that govern the place of supply;
 - d. the threshold limit of turnover below which goods and services may be exempted from goods and services tax;

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- e. the rates including floor rates with bands of goods and services tax;
 - f. any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster;
 - g. special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand; and
 - h. any other matter relating to the goods and services tax, as the Council may decide.
4. The Goods and Services Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.
 5. One-half of the total number of Members of the Goods and Services Tax Council shall constitute the quorum at its meetings.
 6. Every decision of the Goods and Services Tax Council shall be taken at a meeting, by a majority of not less than three-fourths of the weighted votes of the members present and voting, in accordance with the following principles, namely:—
 - a. the vote of the Central Government shall have a weightage of one third of the total votes cast, and
 - b. the votes of all the State Governments taken together shall have a weightage of two-thirds of the total votes cast, in that meeting.
 7. The Goods and Services Tax Council shall establish a mechanism to adjudicate any dispute—
 - a. between the Government of India and one or more States; or
 - b. between the Government of India and any State or States on one side and one or more other States on the other side; or
 - c. between two or more States,arising out of the recommendations of the Council or implementation thereof.

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
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

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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]

Answer:

- (a) Computation of aggregate turnover of Mr. Lama for F.Y. 2022-23 for the purpose of eligibility of composition levy scheme:

Particulars	₹ in lakh
Value of taxable outward supplies [All taxable supplies including inter-State supplies]	75
Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount]	40
Value of inward supplies on which Mr. Lama is liable to pay tax under reverse charge	Nil
Value of exports	7
Aggregate turnover for determining eligibility for composition scheme	122

A registered person of Manipur is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 75 lakhs in the preceding financial year. Therefore, in the given case, Mr. Lama is not eligible to opt for composition levy for F.Y. 2023-24.

- (b) Computation of value of taxable supply:

Particulars	₹	₹
List price of the goods (exclusive of taxes and discounts)		20,00,000
<i>Add:</i>		
i. Tax levied by Municipal Authority on the sale of such goods [Includible in the value as per section 15(2)(a)]	2,00,000	
ii. CGST and SGST chargeable on the goods [Not includible in the value as per section 15(2)(a)]	-	
iii. Packing charges [Includible in the value as per section 15(2)(c)]	20,000	
iv. Subsidy received from a non-Government body [Since subsidy is received from a non-Government body, the same is included in the value in terms of section 15(2)(e)]	80,000	3,00,000
Total		23,00,000
<i>Less:</i> Discount @ 2% on ₹ 20,00,000		40,000
Value of taxable supply		22,60,000

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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:	
- 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]

Answer:

- (a) Computation of available ITC



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Particulars	IGST (₹)	CGST (₹)	SGST (₹)
Opening balance	80,000	10,000	10,000
ITC on Inter-state purchase of goods (excluding missing invoice) [₹ 1,00,000 x 18%]	18,000	-	-
ITC on Repairing of bus [₹ 1,00,000 x 9%]	-	9,000	9,000
Available ITC	98,000	19,000	19,000

Computation of tax payable on outward supplies

S.N.	Particulars	Taxable Value (₹)	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
(i)	Inter-State supply of goods	2,00,000	-	-	36,000
(ii)	Intra-state mixed supply	4,00,000	56,000	56,000	-
(ii)	Intra-State supply of services	1,00,000	9,000	9,000	-
	Total		65,000	65,000	36,000

Computation of GST payable in cash

Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
Total GST payable	65,000	65,000	36,000
Less: ITC-IGST	(31,000)	(31,000)	(36,000)
Less: ITC-CGST / SGST	(19,000)	(19,000)	-
GST payable in cash	15,000	15,000	-

Note: Balance credit of IGST may be first utilized in the discharging CGST of ₹ 46,000. In that case, SGST of ₹ 30,000 would be payable.

(b)

Computation of assessable value and customs duty

Particulars	Amount in \$
CIF Value	4,500
Less: Air Freight	1,000
Less: Insurance	250
FOB Value	3,250
Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered (3,250 x 20% = 650)]	650
Add: Insurance	250
Assessable Value (in US \$)	4,150
Assessable Value in ₹ [US \$ 4,150 x ₹ 64.50]	₹ 2,67,675

Computation of customs duty

Particulars	Details (₹)	Amount (₹)
Assessable Value	2,67,675	
Add: Basic Customs Duty @ 10%	26,768	26,768
Add: Social Welfare Surcharge @ 10% on BCD	2,677	2,677



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Total [A]	2,97,120	
<i>Add:</i> IGST @ 18% [A x 18%]	53,482	53,482
Total duty payable		82,927