

**MOCK TEST PAPER 1**  
**INTERMEDIATE (NEW) COURSE**  
**PAPER – 4: TAXATION**  
**SECTION – A: INCOME TAX LAW**  
**SOLUTIONS**

**Division A – Multiple Choice Questions**

MCQ No.	Sub-part	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(i)	(c)	2.	(c)
	(ii)	(a)	3.	(a)
	(iii)	(d)	4.	(b)
	(iv)	(c)	5.	(d)
	(v)	(b)		

**Division B – Descriptive Questions**

**1. Computation of total income and tax liability of Mr. Alok for A.Y. 2021-22**

Particulars	Rs.	Rs.	Rs.
<b>Income from house property</b>			
Gross annual value <sup>1</sup> (Rs. 35,000 x 12)		4,20,000	
Less: Municipal taxes paid by Mr. Alok		<u>8,200</u>	
Net annual value		4,11,800	
Less: Deductions under section 24			
(a) 30% of Net Annual Value		1,23,540	
(b) Interest on house borrowing (allowed in full in case of let out property)		<u>2,01,500</u>	
			86,760
<b>Profits and gains of business or profession</b>			
<b>Income from profession</b>			
Fees from legal services		49,60,000	
Less: Expenses allowable as deduction			
- Staff salary and bonus	17,50,000		
- Other general and administrative expenses	22,00,000		
- Office rent	1,48,000		
- Motor car maintenance (Rs. 72,000 x 2/3)	48,000		
- Car loan interest – not allowable, since Mr. Alok follows cash system of accounting and no interest is paid during the previous year)	-		
		<u>41,46,000</u>	
		8,14,000	
Less: Depreciation u/s 32			
- Motor car Rs. 9,50,000 x 15% x 50% x 2/3, being put to	47,500		

<sup>1</sup> Rent receivable has been taken as the gross annual value in the absence of other information

use for less than 180 days			
- Books being annual publications [Rs. 80,000 x 40%]	32,000		
- Computer @40% of Rs. 52,000 x 50%, since the same is put to use for less than 180 days	<u>10,400</u>	<u>89,900</u>	
		7,24,100	
For the P.Y. 2020-21, the gross receipts of Mr. Alok is Rs. 49,60,000. Since, it does not exceed Rs. 50,00,000, he is eligible to opt for presumptive tax scheme under section 44ADA			
In such case, his professional income would be Rs. 24,80,000, being 50% of Rs. 49,60,000			
It is more beneficial for Mr. Alok to declare profit of Rs. 7,24,100 as per books of accounts which is lower than the profits computed on presumptive basis under section 44ADA. However, for declaring lower profits, he has to maintain books of account under section 44AA and get the same audited under section 44AB			
<b>Income from share speculation business</b>	1,20,000		
Less: Loss from commodity speculation business set off against income from share speculation business. Balance loss of Rs. 60,000 from commodity speculation business to be carried forward to A.Y. 2022-23	<u>1,20,000</u>	<u>Nil</u>	7,24,100
<b>Capital Gains</b>			
Long-term capital gains on sale of 5800 listed shares			
Sale consideration		5,95,000	
Less: Cost of acquisition is higher of		<u>4,35,000</u>	1,60,000
- Cost of acquisition	1,21,800		
- Lower of Rs. 4,35,000 (Rs. 75 x 5800), being fair market value as on 31.1.2018 and Rs. 5,95,000, being full value of consideration on transfer	4,35,000		
<b>Income from other sources</b>			
Cash Gift of Rs. 84,000 i.e., Rs. 21,000 x 4, received from his four friends is taxable u/s 56(2)(x), since aggregate amount of cash gifts exceeds Rs. 50,000			<u>84,000</u>
<b>Gross Total Income</b>			<b>10,54,860</b>
<b>Less: Deductions under Chapter VI-A</b>			
<b>Section 80C</b>			
Life insurance premium	49,000		
Repayment of housing loan	1,80,000		
PPF subscription	<u>1,50,000</u>		
	3,79,000		
Restricted to Rs. 1,50,000		1,50,000	
<b>Section 80G</b>			
Contribution to PM Cares Fund (100% of Rs. 1,21,000) by way of bank draft		1,21,000	
<b>Section 80GGC</b>			
Donation to registered political party made by way of cheque		<u>3,50,000</u>	
			<u>6,21,000</u>
<b>Total Income</b>			<b><u>4,33,860</u></b>

<b>Tax liability</b>			
Tax @10% under section 112A on long-term capital gains exceeding Rs. 1,00,000 i.e.,Rs. 60,000			6,000
Tax @5% on Rs. 23,860 [Rs. 2,73,860 (total income excluding LTCG u/s 112A) - Rs. 2,50,000, being basic exemption limit]			<u>1,193</u>
			7,193
Less: Rebate u/s 87A [Since the total income does not exceed Rs. 5 lakhs. Rebate u/s 87A is not available on tax on LTCG taxable u/s 112A]			<u>1,193</u>
			6,000
Add: Health and Education cess@4%			<u>240</u>
<b>Tax liability</b>			<b><u>6,240</u></b>

## 2. (a) Determination of residential status

Mr. Raghu would be a resident in India in P.Y. 2020-21, if he satisfies any one of the following conditions:

- (i) He has been in India during the previous year for a total period of 182 days or more, or
- (ii) He has been in India during the 4 years immediately preceding the previous year for a total period of 365 days or more and has been in India for at least 60 days in the previous year.

If he satisfies any one of the conditions mentioned above, he is a resident. If both the above conditions are not satisfied, he would be a non-resident.

During the P.Y. 2020-21 Mr. Raghu stayed in India for 179 days i.e., 365 days – 186 days [78 days + 34 days + 74 days] and 380 days i.e., more than 365 days during the 4 preceding previous years. He satisfies the second basic condition for being a resident. Hence, he is a resident in India for A.Y.2021-22.

A person would be “Not ordinarily Resident” in India in any previous year, if such person, *inter alia*,:

- (a) has been a non-resident in 9 out of 10 previous years preceding the relevant previous year; or
- (b) has during the 7 previous years immediately preceding the relevant previous year been in India for 729 days or less.

For the previous year 2020-21, Mr. Raghu would be “Resident but not ordinarily resident” since he stayed for less than 729 days during the 7 previous years immediately preceding P.Y. 2020-21.

### Computation of total income of Mr. Raghu for A.Y.2021-22

Particulars		Amount (Rs.)
(1)	Salary from Indian company received in a bank account in India	15,00,000
	Less: Standard deduction u/s 16(ia)	50,000
		<u>14,50,000</u>
(2)	Dividend of Rs. 48,000 received from Singapore based company transferred to his bank account in Singapore is not taxable in the hands of the resident but not ordinarily resident since the income has neither accrued or arisen in India nor has it been received in India.	Nil

(3)	Interest on fixed deposit with PNB credited to his savings bank account is taxable in the hands of Mr. Raghu as Income from other sources, since it has accrued and arisen in India and is also received in India.	10,500
<b>Gross Total Income</b>		<b>14,60,500</b>
Less: Deduction u/s 80TTB		10,500
<b>Total Income</b>		<b>14,50,000</b>

**(b) Computation of Advance Tax Payable for the A.Y 2021-22**

Particulars	Rs.
Tax Payable	5,50,000
Less: TDS (deductible but not deducted), cannot be reduced for computing advance tax liability	Nil
Less: TCS	<u>20,000</u>
<b>Net Tax Payable</b>	<b>5,30,000</b>

**Due dates for payment of advance tax**

Due date of installment	Amount payable
On or before 15 <sup>th</sup> June, 2020	<b>Rs. 79,500</b> [15% of Rs. 5,30,000]
On or before 15 <sup>th</sup> September, 2020	<b>Rs. 1,59,000</b> [Rs. 2,38,500 (45% of Rs. 5,30,000) less Rs. 79,500, (amount paid in earlier installment)]
On or before 15 <sup>th</sup> December, 2020	<b>Rs. 1,59,000</b> [Rs. 3,97,500 (75% of Rs. 5,30,000) Less Rs. 2,38,500 (amount paid in earlier installment or installments)]
On or before 15 <sup>th</sup> March, 2021	<b>Rs. 1,32,500,</b> [Rs. 5,30,000 (whole amount of advance tax liability) less Rs. 3,97,500 (amount paid in earlier installment or installments)]

(c) If any person fails to furnish a return within the time allowed to him under section 139(1), he may furnish the belated return for any previous year at any time -

(i) before the end of the relevant assessment year; or

(ii) before the completion of the assessment,

whichever is earlier.

The last date for filing return of income for A.Y.2021-22, therefore, is 31<sup>st</sup> March 2022.

Thereafter, Mr. Praveen cannot furnish a belated return after this date.

**Consequences for non-filing return of Income within the due date under section 139(1)**

**Carry forward and set-off of certain losses:** Business loss, speculation business loss, loss from specified business under section 35AD, loss under the head "Capital Gains"; and loss from the activity of owning and maintaining race horses, would not be allowed to be carried forward for set-off against income of subsequent years, where a return of income is not furnished within the time allowed under section 139(1).

**Interest under section 234A:** Interest under section 234A@1% per month or part of the month for the period commencing from the date immediately following the due date under section 139(1)

till the date of furnishing of return of income is payable, where the return of income is furnished after the due date.

**Fee under section 234F:** Fee of Rs. 5,000 would be payable under section 234F, if the return of income is not filed on or before the due date specified in section 139(1) but filed on or before 31<sup>st</sup> December of the assessment year and Rs. 10,000 would be the fee payable under section 234F where the return is furnished after 31<sup>st</sup> December of the assessment year. However, such fee cannot exceed Rs. 1,000, if the total income does not exceed Rs. 5,00,000.

3. (a) **Computation of income from house property of Mr. Naveen for A.Y. 2021-22**

Particulars	Rs.	Rs.
Annual value is nil (since house is self occupied)		Nil
Less: Deduction under section 24(b)		
Interest paid on borrowed capital Rs.15,00,000 @ 12%	1,80,000	
Pre-construction interest Rs.3,60,000/5	<u>72,000</u>	
	2,52,000	
As per second proviso to section 24(b), interest deduction restricted to		<u>2,00,000</u>
Loss under the head "Income from house property" of Mr. Naveen		<u>(2,00,000)</u>

**Computation of income from house property of Mr. Vikas for A.Y. 2021-22**

Particulars	Ground floor Self occupied)	First floor
Gross annual value (See Note below)	Nil	60,000
Less: Municipal taxes (for first floor)		<u>4,000</u>
Net annual value(A)	Nil	56,000
Less: Deduction under section 24		
(a) 30% of net annual value		16,800
(b) interest on borrowed capital		
Current year interest		
Rs.10,00,000 x 10% = Rs.1,00,000	50,000	50,000
Pre-construction interest		
Rs.10,00,000 x 10% x 21/12 = Rs.1,75,000		
Rs.1,75,000 allowed in 5 equal installments		
Rs.1,75,000/5 = Rs.35,000 per annum	<u>17,500</u>	<u>17,500</u>
Total deduction under section 24	<u>67,500</u>	<u>84,300</u>
Income from house property (A)-(B)	<u>(67,500)</u>	<u>(28,300)</u>
Loss under the head "Income from house property" of Mr. Vikas (both ground floor and first floor)	(95,800)	

**Note:** Computation of Gross Annual Value (GAV) of first floor of Vikas's house

If a single unit of property (in this case the first floor of Vikas's house) is let out for some months and self-occupied for the other months, then the Expected Rent of the property shall be taken into account for determining the annual value. The Expected Rent shall be compared with the actual rent and whichever is higher shall be adopted as the annual value. In this case, the actual rent shall be the rent for the period for which the property was let out during the previous year.

The Expected Rent is the higher of fair rent and municipal value. This should be considered for 6 months since the construction of property was completed only on 30.9.2020.

Expected rent = Rs.50,000 being higher of -  
 Fair rent =  $1,00,000 \times 6 / 12 = \text{Rs.}50,000$   
 Municipal value =  $72,000 \times 6 / 12 = \text{Rs.}36,000$   
 Actual rent = Rs.60,000 (Rs.20,000 p.m. for 3 months from October to December, 2020)

Gross Annual Value = Rs.60,000 (being higher of Expected Rent of Rs.50,000 and actual rent of Rs.60,000)

**(b) Computation of income under the head "Salaries" of Mr. Samaksh for the A.Y.2021-22**

Particulars	Rs.	Rs.
Basic Salary [Rs.70,000 x 12 months]		8,40,000
Dearness allowance [40% of Rs.8,40,000]		3,36,000
Entertainment allowance		10,000
Interest on housing loan given at concessional rate, would be perquisite, since the amount of loan exceeds Rs. 20,000, For computation, the lending rate of SBI on 1.4.2020 @8% has to be considered. Thus, perquisite value would be determined @ 3.5% (8% - 4.5%) [ <b>See Working Note</b> ]		49,291
Health insurance premium paid by the employer [tax free perquisite]		Nil
Gift voucher on the occasion of his marriage anniversary [As per Rule 3(7)(iv), the value of any gift or voucher or token in lieu of gift received by the employee or by member of his household exceeding Rs. 5,000 in aggregate during the previous year is fully taxable] ( <b>See note below</b> )		10,000
<b>Allotment of sweat equity shares</b>		
Fair market value of 800 sweat equity shares @ Rs. 700 each	5,60,000	
Less: Amount recovered @ Rs. 450 each	<u>3,60,000</u>	2,00,000
<b>Use of furniture by employee</b>		
10% p.a. of the actual cost of Rs. 1,10,000		11,000
<b>Use of Laptop</b>		
Facility of use of laptop is not a taxable perquisite		Nil
<b>Transfer of asset to employee</b>		
Value of furniture transferred to Mr. Samaksh	1,10,000	
Less: Normal wear and tear @10% for each completed year of usage on SLM basis [ $1,10,000 \times 10\% \times 4$ years (from September 2016 to September 2020)]	<u>44,000</u>	<u>66,000</u>
<b>Gross Salary</b>		<b>15,22,291</b>
Less: Standard deduction u/s 16 [Actual salary or Rs. 50,000, whichever is less]		<u>50,000</u>
<b>Net Salary</b>		<b><u>14,72,291</u></b>

**Working Note:****Computation of perquisite value of loan given at concessional rate**

For computation, the lending rate of SBI on 1.4.2020 @8% has to be considered. Thus, perquisite value would be determined @ 3.5% (8% - 4.5%)

Month	Maximum outstanding balance as on last date of month (Rs.)	Perquisite value at 3.5% for the month (Rs.)
April, 2020	15,00,000	4,375
May, 2020	15,00,000	4,375
June, 2020	14,50,000	4,229
July, 2020	14,50,000	4,229
August, 2020	14,50,000	4,229
September, 2020	14,00,000	4,083
October, 2020	14,00,000	4,083
November, 2020	14,00,000	4,083
December, 2020	13,50,000	3,937.50
January, 2021	13,50,000	3,937.50
February, 2021	13,50,000	3,937.50
March, 2021	13,00,000	3,792
<b>Total value of this perquisite</b>		<b>49,290.50</b>

**Note:** An alternate view possible is that only the sum in excess of Rs. 5,000 is taxable. In such a case, the value of perquisite would be Rs. 5,000 and gross salary and net salary would be Rs. 15,17,291 and Rs. 14,67,291, respectively.

**4. (a) Computation of Gross total income of Mr. Farhan for the A.Y.2021-22**

Particulars	Rs.	Rs.
<b>Salaries</b>		
Income from Salary	4,18,000	
<b>Less:</b> Loss from house property set-off against salary [As per section 71(3A), loss from house property to the extent of Rs. 2,00,000 can be set-off against any other head of income.]	<u>(2,00,000)</u>	2,18,000
<b>Profits and gains of business or profession</b>		
Income from trading business	2,80,000	
<b>Less:</b> Brought forward loss from trading business of A.Y. 2015-16 can be set off against current year income from trading business as per section 72(1), since the eight-year time limit as specified under section 72(3), within which set-off is permitted, has not expired.	(12,000)	
<b>Less:</b> Unabsorbed depreciation	<u>(1,00,000)</u>	1,68,000
<b>Income from speculative business BPO</b>	25,000	
<b>Less:</b> Loss from speculative business MNO set-off as per section 73(1)	(12,000)	
Loss from speculative business MNO brought forward from A.Y.		

2017-18 as per section 73(2), can be set off to the extent of Rs. 13,000. Balance loss will be lapsed, since four years his expired	(13,000)	-
<b>Capital Gains</b>		
Long term capital gain on sale of urban land	2,05,000	
<b>Less:</b> Long term capital loss on sale of shares (STT not paid) set-off as per section 71(3)	(85,000)	
<b>Less:</b> Long-term capital loss on sale of listed equity shares on which STT is paid can also be set-off as per section 71(3), since long-term capital arising on sale of such shares is taxable under section 112A	(1,10,000)	
<b>Less:</b> Short-term capital loss under section 111A as per section 71(2)	(10,000)	-
<b>Gross Total Income</b>		<b>3,86,000</b>

**Items eligible for carried forward to A.Y.2022-23**

Particulars	Rs.
<b><u>Loss from house property</u></b> As per section 71B, balance loss not set-off can be carried forward to the next year for set-off against income from house property of that year. It can be carried forward for a maximum of eight assessment years i.e., upto A.Y. 2029-30, in this case.	20,000
<b><u>Loss from specified business under section 35AD</u></b> Loss from specified business under section 35AD can be set-off only against profits of any other specified business. If loss cannot be so set-off, the same has to be carried forward to the subsequent year for set off against income from specified business, if any, in that year. As per section 73A(2), such loss can be carried forward indefinitely for set-off against profits of any specified business .	45,000
<b><u>Short-term capital loss under section 111A</u></b> Short-term capital loss under section 111A can be set-off against long term or short term capital gains. If it cannot be so set-off, it has to be carried forward to the next year for set-off against capital gains, if any, in that year. It can be carried forward for a maximum of eight assessment years, i.e., upto A.Y.2029-30, in this case, as specified under section 74(1).	75,000

**(b) Deduction available to Mr. Dhyanchand under Chapter VI-A for A.Y.2021-22**

Section	Particulars	Rs.	Rs.
80C	Deposit in public provident fund	1,50,000	
	Life insurance premium paid Rs. 62,000 (deduction restricted to Rs. 40,000, being 10% of Rs. 4,00,000, which is the sum assured, since the policy was taken on or after 01.04.2012)	40,000	
	Five year term deposit with bank	45,000	
		2,35,000	
80CCD(1)	Restricted to Contribution to NPS of the Central Government, Rs. 1,60,000 [Rs. 2,10,000 – Rs. 50,000, being deduction under section 80CCD(1B)], restricted to 10% of salary [Rs. 2,10,000 x 10/15] [ <b>See Note 1</b> ]		1,50,000



			1,40,000
			2,90,000
80CCE	Aggregate deduction under section 80C and 80CCD(1), Rs. 2,90,000, but restricted to		1,50,000
80CCD(1B)	Rs. 50,000 would be eligible for deduction in respect of contribution to NPS of the Central Government		50,000
80CCD(2)	Employer contribution to NPS, restricted to 10% of salary <b>[See Note 2]</b>		1,40,000
80D	(i) (a) Medical insurance premium for self and his wife, deduction would be equal to Rs. 47,000 (Rs. 27,000 + Rs. 20,000), being 1/4 <sup>th</sup> of lumpsum premium, since policies would be in force for four previous years.  (b) Preventive health check up Rs. 6,000 for wife restricted to Rs. 3,000 (Rs. 50,000 - Rs. 47,000, since maximum allowable deduction is Rs. 50,000 in case assessee or one of the family member is senior citizen)	47,000	
			<u>3,000</u>
			<b>50,000</b>
	(ii) Medical Expenditure for his father would be fully allowed as deduction, since no insurance policy is taken on his name		<b>46,000</b>
	<b>Total of (i) and (ii)</b>		<b>96,000</b>
80DD	Deduction of Rs. 1,25,000 in respect of expenditure on medical treatment of his mother, being a person with severe disability would be allowed irrespective of the fact that amount of expenditure incurred is Rs. 90,000		1,25,000
80TTB	Interest on fixed deposits with bank of Rs. 75,000, deduction restricted to		50,000
<b>Deduction under Chapter VI-A</b>			<b>6,11,000</b>

**Notes:**

- (1) The deduction under section 80CCD(1B) would not be subject to overall limit of Rs. 1.50 lakh under section 80CCE. Therefore, it is more beneficial for Mr. Dhyanchand to claim deduction under section 80CCD(1B) first in respect of contribution to NPS. Thereafter, the remaining amount of Rs. 1,60,000 can be claimed as deduction under section 80CCD(1), subject to a maximum limit of 10% of salary i.e. Rs. 1,40,000.
- (2) The entire employer's contribution to notified pension scheme has to be first included under the head "Salaries" while computing gross total income and thereafter, deduction under section 80CCD(2) would be allowed, subject to a maximum of 10% of salary. Deduction under section 80CCD(2) is also not subject to the overall limit of Rs. 1,50,000 under section 80CCE.

**SECTION B - INDIRECT TAXES (40 MARKS)**

**SUGGESTED ANSWERS**

**Division A - Multiple Choice Questions Answer**

**Answer Key**

Question No.	Answer
1.1	(c) i & iii
1.2	(c) i & iii
1.3	(d) 1 <sup>st</sup> October
1.4	(b) Explore Logistics is liable to pay GST
1.5	(d) i, iii and iv
2.	(c) Rs. 150

**Division B - Descriptive Answer**

**1. Computation of GST payable on outward supplies**

S. No.	Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)
(i)	Intra-State supply of goods for Rs. 11,20,000	1,00,800	1,00,800		2,01,600
(ii)	Inter-State supply of goods for Rs. 4,20,000			75,600	75,600
	<b>Total GST payable</b>				<b>2,77,200</b>

**Computation of total ITC**

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)
Opening ITC	79,800	Nil	98,000
Add: ITC on Intra-State purchases of goods valuing Rs. 2,80,000	25,200	25,200	Nil
Add: ITC on Inter-State purchases of goods valuing Rs. 70,000	Nil	Nil	12,600
<b>Total ITC</b>	<b>1,05,000</b>	<b>25,200</b>	<b>1,10,600</b>

**Computation of minimum GST payable from electronic cash ledger**

Particulars	CGST @ 9% (Rs.)	SGST @ 9% (Rs.)	IGST @ 18% (Rs.)	Total (Rs.)
GST payable	1,00,800	1,00,800	75,600	2,77,200
Less: ITC [First ITC of IGST should be utilized in full - first against IGST liability and then against CGST and SGST liabilities in a manner to minimize cash outflow]	(Nil) IGST	(35,000) IGST	(75,600) IGST	1,10,600

	(1,00,800) CGST	(25,200) SGST		1,26,000
<b>Minimum GST payable in cash</b>	<b>Nil</b>	<b>40,600</b>	<b>Nil</b>	<b>40,600</b>

**Note :** Since sufficient balance of ITC of CGST is available for paying CGST liability and cross utilization of ITC of CGST and SGST is not allowed, ITC of IGST has been used to pay SGST (after paying IGST liability) to minimize cash outflow.

2. (a) **Computation of total value of taxable supplies made by Hangover Ltd. during the month of March**

Particulars	Amount (Rs.)
List price of the goods	24,00,000
Subsidy amounting to Rs.3,36,000 received from the Central Government [Since the subsidy is received from the Government, the same is not includible in the value in terms of section 15]	NIL
Subsidy received from NGO [Since the subsidy is received from a non-Government body and directly linked to the supply, the same is includible in the value in terms of section 15]	80,000
Tax levied by the Municipal Authority [Includible in the value as per section 15]	32,000
Packing charges [Being incidental expenses, the same are includible in the value as per section 15]	24,000
Late fees paid by recipient of supply for delayed payment [Includible in the value as per section 15 - As the amount of interest received is a lump sum amount, the same has to be taken as inclusive of GST] [Rs.9,600 x 100/118] rounded off	<u>8,136</u>
<b>Total value of taxable supplies</b>	<b>25,44,136</b>

(b) (i) Tax on services supplied by a recovery agent to, *inter alia*, a non- banking financial company (NBFC) is payable under reverse charge by such non-banking financial company.

Therefore, in the given case, person liable to pay GST is the NBFC - Neelkanth Credits Ltd.

(ii) As per section 13(3) of the CGST Act, the time of supply of service on which GST is payable under reverse charge is earlier of the following:-

- Date of payment as entered in the books of account of the recipient (18<sup>th</sup> April) or the date on which the payment is debited in his bank account (20<sup>th</sup> April), whichever is earlier;
- Date immediately following 60 days since issue of invoice by the supplier, i.e. 9<sup>th</sup> April.

Thus, time of supply of service is 9<sup>th</sup> April.

3. (a) As per section 22 read with *Notification No. 10/2019 CT dated 07.03.2019*, a supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

(a) Rs. 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.

- (b) Rs. 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) Rs. 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, Pan masala and Tobacco and manufactured tobacco substitutes.

The threshold limit for a person making exclusive taxable supply of services or supply of both goods and services is as under:-

- (a) Rs. 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) Rs. 20 lakh for the rest of India.

As per section 2(6), aggregate turnover includes the aggregate value of:

- (i) all taxable supplies,
- (ii) all exempt supplies,
- (iii) exports of goods and/or services and
- (iv) all inter-State supplies of persons having the same PAN.

The above is computed on all India basis. Further, the aggregate turnover excludes central tax, State tax, Union territory tax, integrated tax and cess. Moreover, the value of inward supplies on which tax is payable under reverse charge is not taken into account for calculation of 'aggregate turnover'.

Section 9(2) provides that CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. As per section 2(47), exempt supply includes non-taxable supply. Thus, supply of high speed diesel in Delhi, being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

In the backdrop of the above-mentioned discussion, the aggregate turnover of Fair Oils for the month of April is computed as under:

S. No.	Particulars	Amount (in Rs.)
(i)	Supply of machine oils in Delhi	9,00,000
(ii)	Add: Supply of high speed diesel in Delhi	18,00,000
(iii)	Add: Supply of machine oil made by Fair Oils from its branch located in Punjab	<u>12,00,000</u>
	<b>Aggregate Turnover</b>	<b>39,00,000</b>

Fair Oils is making exclusive supply of goods and hence the threshold limit for registration would be Rs. 40,00,000. Since the aggregate turnover does not exceed Rs. 40,00,000, Fair Oils is not liable to be registered.

- (b) Narayan Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Shelly. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment. Therefore, in case

subsequently no services are supplied by Narayan Singh, and no tax invoice is issued in pursuance thereof, Narayan Singh may issue a refund voucher against such payment to Shelly

4. (a) Petroleum crude, diesel, petrol, ATF and natural gas are presently not leviable to GST. GST will be levied on these products from a date to be notified on the recommendations of the GST Council. Till such date, central excise duty continues to be levied on manufacture/production of petroleum crude, diesel, petrol, ATF and natural gas and inter-State/intra-State sale of the same is subject to CST/ VAT respectively.
- (b) In GST since the returns are built from details of individual transactions, there is no requirement for having a revised return. Any need to revise a return may arise due to the need to change a set of invoices or debit/ credit notes. Instead of revising the return already submitted, the system allows changing the details of those transactions (invoices or debit/credit notes) that are required to be amended. They can be amended in any of the future GSTR- 1 in the tables specifically provided for the purposes of amending previously declared details.

As per section 39(9), omission or incorrect particulars discovered in the returns filed u/s 39 can be rectified in the return to be filed for the month during which such omission or incorrect particulars are noticed. Any tax payable as a result of such error or omission will be required to be paid along with interest. The rectification of errors/omissions is carried out by entering appropriate particulars in "Amendment Tables" contained in GSTR-1.