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FOR CS EXECUTIVE EXAM PREPARATION

CS Executive 2024 Question Paper · Tax Laws and Practice

EXAM	YEAR	TYPE	SUBJECT
CS Executive	2024	Question Paper	Tax Laws and Practice

DATE

December 2024

NEW SYLLABUS

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Roll No. .....

Time allowed : 3 hours ***Maximum marks : 100***

Total number of questions : 6 ***Total number of printed pages : 16***

NOTE : (1) *Answer **ALL** Questions.*

(2) ***ALL** the references to sections in Part-I of the Question Paper relate to the Income-tax Act, 1961 and relevant Assessment Year 2024-25 unless stated otherwise.*

(3) ***ALL** the references to sections in Part-II of the Question Paper relates to the Provision of GST Laws and the Customs Act, 1962.*

(4) *Wherever necessary, suitable assumptions can be made by the candidate and stated clearly in the answer.*

(5) *Working notes should form part of your answer.*

PART-I

1. G & Co. a partnership firm of medical practitioners in which Dr. Lalit and Dr. Arihant are equal partners, furnishes the following receipt and payment account for the previous year ending 31st March, 2024 :

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Receipts	Amount (₹)	Payments	Amount (₹)
Balance B/f	75,000	Remuneration to Partners	18,00,000
Consultation fee	22,80,000	Assistant Salary	4,65,000
Visiting fee	26,51,000	Municipal Tax paid	50,000
Operation theatre charges	1,60,000	Instalment paid of housing loan (Interest component ₹ 48,000	1,00,000
Rent received from House Property in the name of firm	2,40,000	Interest paid to partners' capital @ 15% p.a.	1,80,000
Income from winning of online games (net after deduction of TDS @ 30%)	70,000	Advance tax paid	60,000
Amount received from buy back of listed equity share	5,00,000	Purchase of medical instruments (date of purchase 1st March, 2024)	3,00,000
Dividend received from the share of Zeta Ltd.	24,000	Administrative Expenses	20,00,000
		Balance C/f	10,45,000
	60,00,000		**60,00,000**

Other relevant informations are as under :

(*i*) Total allowed depreciation u/s 32 of lncome Tax Act, 1961 to Firm (other than new medical instrument purchased on 1st March, 2024) was ₹ 75,000.

(*ii*) Rent received – relates to a property situated at Mysore in name of the firm : Municipal value of such property is ₹ 2,00,000. Municipal tax is ₹ 10,000 per annum. During the year firm paid total municipal tax of ₹ 50,000. (Current year and advance for next 4 years).

Contd. .....

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(*iii*) Salary of ₹ 75,000 per month paid to each partner, both partners are working partners of the firm (as authorized by the deed of partnership).

(*iv*) Interest on capital at 15% per annum (as per the deed of partnership). The amount of capital eligible for interest is ₹ 6,00,000 for each partner.

(*v*) The firm purchased 100 shares of Zeta Ltd. on l2th January, 2023 through recognised stock exchange in India at the rate of ₹ 4,250 per share. Such shares are given to the company under the scheme of buy back u/s 115QA on 15th January, 2024 at the rate of ₹ 5,000 per share.

On the basis of above informations, you are required to give the following answers :

(*a*) Compute the book profit of firm under section 40(b) of the Income Tax Act, 1961.

(*3 marks*)

(*b*) Compute the Permissible remuneration to partners by firm under Section 40(b)(v) of Income Tax Act, l96l.

(*2 marks*)

(*c*) Compute the Income chargeable under the head of house property for G & Co. for the assessment year 2024-25.

(*2 marks*)

(*d*) Compute the Income chargeable under the head of Income from Other Sources for G & Co. for the assessment year 2024-25.

(*2 marks*)

(*e*) Compute the Income chargeable under the head of Profits and Gains from Business & Profession, if firm opts to pay tax under presumptive taxation scheme u/s 44ADA of the Income Tax Act, 1961 for the assessment year 2024-25.

(*2 marks*)

(*f*) What is the due date for filing its return u/s 139(1) in the following cases ?

(*i*) If firm opts to pay tax under presumptive taxation scheme u/s 44ADA.

(*ii*) If firm does not opt to pay tax under presumptive taxation scheme u/s 44ADA.

(*2 marks*)

(*g*) In case G & Co. does not opt for presumptive taxation scheme u/s 44ADA, what are the obligations under the Income Tax Act, 196l ?

(*2 marks*)

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2. (*a*) Mrs. Vijayta aged 31 years working as finance manager of M/s MPK & Co. Pvt. Ltd. registered at Mumbai. She has been in continuous service since 1-8-2018 and received the following salary and perks from the company during the year ending 31-3-2024 :

(*i*) She joined the service in the grade of ₹ 40,000-5,000-60,000-6,000-90,000 on 1-8-2018.

(*ii*) Dearness Allowance 40% of basic pay forming part of retirement benefits.

(*iii*) The Company gifted a Smart Watch costing ₹ 35,000 to Mrs. Vijayta on the occasion of her birthday.

(*iv*) Children education allowance for one child ₹ 2,500 per month.

(*v*) Entertainment Allowance ₹ 2,400 per month.

(*vi*) Motor car (engine cubic capacity below 1.60 liters) owned by employer and provided to employee since 01-08-2023. It is partly used for official and personal purposes by the employee. Expenditure fully met by the employer ₹ 75,100. (Car is self-driven by the employee).

(*vii*) Leave travel facility provided by her employer to Mrs. Vijayta, her husband and one child. Cost of air tickets (economy class) reimbursed by the employer ₹ 35,000 per person. Vijayta is eligible for availing exemption this year to the extent it is permissible in law.

(*viii*) The employer also paid professional tax of ₹ 2,500 for F.Y. 2023-24 on behalf of Mrs. Vijayta to State Govt.

You are required to compute the Taxable lncome under the head of Salary of Mrs. Vijayta for the assessment year 2024-25, assuming that she opts the benefits of the provisions under section 115BAC.

(*5 marks*)

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(*b*) Jackson, a US national came to India for the first time on 11th July, 2023 for business in India, before this he never travelled in India. He declared following incomes during the previous year ending 31st March, 2024 :

S. No.	Particulars	Amount (₹)
(i)	Profit on sale of a building in India but received in USA	2,00,000
(ii)	Technical fees received from an Indian company in USA for advice given by him in respect of a new project situated in China	7,50,000
(iii)	Income from a business in USA, received in USA but business is being controlled from India	6,00,000
(iv)	Past foreign untaxed income brought to India during the previous year	11,00,000
(v)	Rent from property in USA deposited in branch of State Bank of India situated in USA	2,25,000
(vi)	Interest on fixed deposit in a ICICI Bank in India	40,000

You are required to compute Jackson's Taxable Income in India for the assessment year 2024-25.

(*5 marks*)

(*c*) Raghuveer let out a property on rent for ₹ 16,000 per month from 16th February, 2023. Fair rental value of such property is ₹ 60,000 per quarter, whereas Standard rent is ₹ 3,20,000 per annum. During the financial year 2023-24, Raghuveer paid following expenses for such house property :

Municipal taxes for F.Y. 2023-24 - ₹ 30,000 (which is 10% of municipal value);

Lease rent- ₹ 32,800;

Repair charges - ₹ 23,700;

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Fire insurance - ₹ 31,150; and

Interest on capital borrowed for construction - ₹ 72,300.

The construction of the property was completed on 15th February, 2023. The tenant had vacated this house on 29th February, 2024. Such house was vacant for the month of March, 2024.

You are required to calculate the taxable income from the house property of Raghuveer for the assessment year 2024-25, assuming that he does not opt to pay tax under section 115BAC.

(*5 marks*)

3. (*a*) Kartik purchased a house property on 20th June, 1995 for consideration of ₹ 2,25,000. He incurred following expenses for making addition/alternation to the house property :

Particulars	**Amount (₹)**
Cost of construction of first floor in 1997-98	₹ 6,00,000
Cost of construction of second floor in 2011-12	₹ 7,00,000
Reconstruction of whole property in PY 2022-23	₹ 16,55,000
FMV of the property as on 1-4-2001 was	₹ 8,50,000

This House property is sold by Kartik to Jagdish on 10th August, 2023 for ₹ 58,00,000. The valuation determined by the stamp valuation authority was ₹ 65,50,000. Expenses incurred on transfer of house property was ₹ 25,000.

Compute the capital gains arising on sale of the house property by Kartik for the assessment year 2024-25.

Note : [CII : FY 2001-02 : 100; 2011-12: 184; 2022-23: 331; 2023-24: 348)

(*5 marks*)

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(*b*) Mr. Harish is Lawyer by profession and his income from profession for the financial year 2023-24 is ₹ 8,00,000. From the following information given by him :-

S. No.	Particulars	Amount (₹)
(i)	Loss from house property (computed)	2,50,000
(ii)	Loss from Speculation business of Share trading	1,10,000
(iii)	Long-term capital gain from equity shares under section 112A	1,50,000
(iv)	Short term capital loss from equity shares under section 111A	6,25,000
(v)	Income of minor daughter Vernika (professional dancer) from her dance performances	15,00,000
(vi)	Interest from Canara bank received by Vernika on deposit made out of income earned from her dance performances	15,000

You are required to compute his total income for A.Y. 2024-25 and the losses to be carried forward assuming that he files his income tax returns every year before due date u/s 139(l) of Income Tax Act, 1961, assuming that Mr. Harish does not opt for the provisions of section 115BAC and his income before considering clubbing provisions is higher than that of his wife.

(*5 marks*)

(*c*) Particulars of income received by Anuradha for the year ended 31st March, 2024 are as follows :

S. No.	Particulars	Amount (₹)
(i)	Amount received from LIC as a death benefit of her husband's insurance policy	6,25,000
(ii)	Winning from Horse race (gross)	70,000
(iii)	Amount Received from online lotteries (net)	1,05,000
(iv)	Diamond Jewellery received as gift from her father's sister on her 50th Birthday	75,000

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(v)	Family pension received from the Government of Rajasthan (₹ 3,000 per month)	36,000
(vi)	She has taken a house on rent for ₹ 30,000 per month. Half portion of this house was used for own residential purpose and half of this house was sub-let on a monthly rent of ₹ 20,000 per month.	

From the above information, compute income from other sources of Anuradha for the assessment year 2024-25, assuming that she has opted to pay tax under section 115BAC.

(*5 marks*)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (*a*) How far is ownership of a business essential for considering the taxability arising from such business ? In case a business is tainted with illegality, can it be said that such income cannot be taxed, in view of the illegality involved ?

(*b*) Briefly outline the procedural requirements relating to TDS returns which are required to be filed by a taxpayer who has deducted the TDS.

(*c*) "Income of the previous year is assessable as the income of immediately following financial year." State any five exceptions to this rule.

(*5 marks each*)

OR (Alternative question to Q. No. 4)

4A. (*i*) In each of the following independent situations, you are required to examine whether these persons are mandatorily required to file income tax return for A.Y. 2024-25 :

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(*a*) Ashwani, aged 55 years, has only Salary Income of ₹ 2,40,000 during the financial year 2023-24. Further, he withdraws cash of ₹ 35,00,000 from his saving account in Axis Bank out of his accumulated income of earlier years. Ashwani has not filed his income tax return in any of preceding three financial year.

(*3 marks*)

(*b*) Manish, aged 65 years, has retail trader of handicraft goods. His gross receipt during the financial year 2023-24 from such business is ₹ 25,00,000 and net profit from business is ₹ 2,75,000. He has no other income during the current financial year. Manish has regularly filed his income tax return from preceding three financial years.

(*2 marks*)

(*ii*) For the Financial year 2023-24 Gross Total Income of Dhruvan (Age 47) employed in Indian Air Force was ₹ 17,50,000, it includes long term capital gain on sale of house property ₹ 3,16,000. He has made the following payments and investments during the current financial year :

(*i*) Premium paid ₹ 35,000 to Max Life Insurance for the life of his major daughter (policy taken on 1.4.2022) (Sum assured value ₹ 1,70,000).

(*ii*) Five-year post-office time deposit - ₹ 52,000.

(*iii*) Donation to a public charitable institution registered under 80G ₹ 1,35,000 by way of online NEFT.

(*iv*) He contributed ₹ 22,500 to Agniveer Corpus Fund setup by Central Government, his employer also contributed the same amount of ₹ 22,500.

(*v*) Payment of tuition fees paid to Winsome School, Kolkata for education of his son studying in class X – ₹ 75,000.

Compute the total allowed deduction under chapter VI-A of Dhruvan for assessment year 2024-25, assuming that he has not opted for section 115BAC.

(*5 marks*)

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(*iii*) Gajendra is working as a Sales Manager of Bansal Green Pvt. Ltd. He furnishes the following particulars of his remuneration for the previous year 2023-24 :

S.No.	Particulars	Amount (₹)
1.	Basic Salary	65,000 p.m.
2.	Dearness Allowance (40% is part of retirement benefit)	15,000 p.m.
3.	Medical Allowance	5,000 p.m.
4.	Children Education Allowance (for 2 children)	1600 p.m. per child

The company provided him a furnished accommodation in Chennai. The cost of the furniture provided in this house is ₹ 1,50,000 and three air-conditioners, which have been taken on hire by the company, have also been provided in the accommodation. The hire charge of each air conditioner is ₹ 7,500 per annum. The fair rental value of such house is ₹ 15,000 per month. But the company charges him only ₹ 7,000 per month.

Compute the Taxable Value of rent-free accommodation of Gajendra included in Salary for the assessment year 2024-25. Assume that he does not opt to pay tax under section 115BAC.

(*5 marks*)

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PART-II

5. VVIP Global Limited registered supplier of Maharashtra has provided the following details for the supply of one machine :

S. No.	Particulars	Amount (₹)
1	List price of Machine supplied	1,20,000
2	Cost of protective Packing for safe transportation of machine charged separately in the invoice	15,000
3	Maintenance Charges compulsory for first year (not included in above list price)	20,000
4	Installation charges of machinery (not included in above list price)	2,500
5	Third party Inspection charges (these charges are not recorded in the invoice; these charges are directly paid by buyer to third party inspection agency)	4,000
6	Price link subsidy received from Government of Maharashtra in relation to Supply of such machinery (The price of ₹ 1,20,000 above is after considering the subsidy of ₹ 30,000)	30,000
7	Tax Levied by Local Authority on sale of such machine (not included in above list price)	3,500

During the month of March, 2024 VVIP Global Limited supplied three machines in the state of Maharashtra and one machine in the state of Gujarat to the registered dealers.

The aggregate annual turnover of the company during the financial year 2022-23 was ₹ 8 crore. However aggregate annual turnover of current financial year 2023-24 was ₹ 4 crore only.

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VVIP Global Limited also purchased some machines from registered dealer as well as unregistered dealer during the month of March, 2024. The details of inward supplies during the month of March, 2024 were as follows :

S. No.	Particulars	Amount (₹)
1	Two Machines purchased from a Dealer who is registered under Regular Scheme in the state of Uttar Pradesh (each machine value ₹ 75,000)	1,50,000
2	One Machine purchased from a Dealer who is registered under Composition Scheme in the state of Maharashtra	76,000
3	One Machine purchased from Moon Limited registered under Regular Scheme in the state of Gujrat (Invoice is received and payment is made in the month of March, 2024 but Machine is received in the month of April, 2024)	68,000
4	Insurance charges paid to XYZ Insurance Company registered in Pune (Maharashtra) for trucks used for transportation of Machinery for two years (Insurance Premium ₹ 60,000 per year)	1,20,000

Balance available in electronic credit ledger of VVIP Global Limited at the beginning of March, 2024 :

CGST	₹ 15,000
SGST	₹ 10,000
IGST	₹ 5,000

Additional Information :

(1) On 26 March, 2024 Moon Limited transported above mentioned one machine to VVIP Global Limited by road, the distance between registered places of business from Moon Limited to VVIP Global Limited is 375 kilometers.

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(2) Rate of CGST, SGST and IGST to be charged 9%, 9% and 18% respectively.

(3) Both inward and outward supplies given above are exclusive of taxes, wherever applicable.

(4) All the conditions necessary are availing the ITC have been fulfilled except mentioned above.

Based on the above case scenario and information, you are required to answer the following questions with reference to GST Law :

(*a*) Compute the Taxable Value of Supply of each machine for the month of March, 2024 for VVIP Global Limited.

(*4 marks*)

(*b*) Compute the Input Tax Credit available for the month of March, 2024 for VVIP Global Limited.

(*4 marks*)

(*c*) Compute the Output Tax Liability for the month of March, 2024 for VVIP Global Limited.

(*3 marks*)

(*d*) Is e-way bill required to be generated by Moon Limited ? Also calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of one machine from Moon Limited to VVIP Global Limited, if such machine is transported from over dimensional cargo.

(*3 marks*)

(*e*) Whether issue of e-invoice is mandatory in respect of supply made by VVIP Global Limited during the month of March, 2024 ? Also explain the provision relating to requirement of issue e-invoice.

(*3 marks*)

(*f*) VVIP Global Limited wants to opt QRMP scheme for next financial year from 1st April, 2024. Is it possible ? Explain the condition and restrictions of QRMP Scheme.

(*3 marks*)

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Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (*a*) Anupam Singh a trader of Himachal Pradesh, provides the following information for the financial year 2023-24.

Particulars	Amount (₹)
Intra-state outward supplies of Goods taxable under forward charge	22,00,000
Intra-state outward supplies of Service on which tax is payable under reverse charge mechanism	11,00,000
Value of Exports supplies	12,00,000
Intra-state outward supplies which are chargeable to GST at Nil Rate	18,50,000
Inter-state outward supply which are wholly exempt (it includes ₹ 2.5 lakh received as interest on delay payment from customer)	27,50,000

All the above amounts are exclusive of GST.

You are required to find out 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 financial year 2024-25.

(*5 marks*)

(*b*) Preetam, a registered supplier of Kota (Rajasthan), has made the following supplies in the month of July, 2024 :

(*i*) Supply of a laptop bag along with the laptop to a customer of Mumbai for ₹ 1,70,000 (exclusive of GST).

(*ii*) Supply of sweets @ ₹ 500 per KG in a box. Cost of each box is ₹ 20 per box. In order to increase his turnover Preetam did not charge the amount of box from customer. During the month of July, 2024, he sold 140 boxes of 1 KG sweet to local customers in Kota.

(*iii*) Supply of 2,000 kits (at ₹ 75 each) amounting to ₹ 1,50,000 (exclusive of GST) to Kamal Fancy Store in Jodhpur (Rajasthan). Each kit consists of 1 hair oil, 1 beauty soap and 1 hair comb.

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(*iv*) 250 kits are given as free gift to Udaipur customers on the occasion of Preetam's wife birthday. Each kit consists of 1 hair oil and 1 beauty soap. Cost of each kit is ₹ 40, but the open market value of such kit of goods and of goods of like kind and quality is ₹ 50. Input tax credit has not been taken on the goods contained in the kit.

Assume the GST Rate on Laptop is 18%, Laptop bag 28%, Sweet 5%. Empty Box 18%, Hair Oil 18%, Beauty soap 28%, Hair comb 12%.

From the above information, compute the GST liability (CGST or SGST or IGST) of Preetam for the month of July, 2024.

(*5 marks*)

(*c*) From the following information determine the time of supply of Service under CGST Act, 2017, assuming that GST is payable under reverse charge mechanism (RCM) in each case :

S. No.	Date of Invoice issued by supplier	Date of Completion of service	Date of payment entered in books of recipient	Date of payment debited in bank account
1.	23.04.2024	21.04.2024	13.07.2024	15.07.2024
2.	23.04.2024	21.04.2024	24.06.2024	22.06.2024
3.	23.04.2024	21.04.2024	03.06.2024	04.06.2024
4.	23.04.2024	24.04.2024	19.04.2024	18.04.2024
5.	23.04.2024	24.04.2024	Not done	Not done

(5 marks)

(*d*) Kapil Gems Importers imported a machine with accessories from UK. Compute the customs duty payable thereon from the following information :

(*i*) CIF value of machine (inclusive of accessories) UK Pound 25,000.

(*ii*) CIF value of accessories compulsorily supplied along with the machine (not shown separately) UK Pound 1,500.

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(*iii*) Bill of entry filed on 02-06-2024 on this date Rate of BCD is 10%; and currency exchange rate as notified by CBIC ₹ 108 per UK Pound.

(*iv*) Date of entry inward 05-06-2024 on this date Rate of BCD is 12%; and currency exchange rate as notified by CBIC ₹ 110 per UK Pound.

(*v*) Rate of Social Welfare Surcharge (SWS) is 10%.

(*vi*) Integrated tax payable u/s 3(7) of the Customs Tariff Act, 1975 is 18%.

(*vii*) There is no GST compensation cess and other charges.

(*5 marks*)

OR (Alternative question to Q. No. 6)

6A. (*i*) With reference to GST law, determine the place of supply with reasons in the following independent circumstances :

(*a*) TJ Mart is a famous super market, a registered supplier in Hubli, Karnataka. On 18th March, 2024, Kunal, a walk-in-customer not registered under the GST law, has purchased goods and has arranged for transport of these to Maharashtra. The practice of the taxpayer is not to record the full address of walk-in-customers, but to issue cash invoice for the supply.

(*b*) HJ Bank, Trivandrum Branch, Kerala, having core banking services, has issued two demand drafts (DD) to two customers and has collected GST from them : One J, located at Chennai, an existing customer of Chennai branch, and K, a walk-in-customer.

(*5 marks*)

(*ii*) Explain the term ‘‘specified actionable claim, under section 2(102A) of CGST Act, 2017. Whether the activity of ‘‘specified actionable claim" will be treated as a supply under GST Law or not ?

(*5 marks*)

(*iii*) Who is required to be issue Credit Note under GST. List out any three situations in which credit note may be issued under the CGST Act, 2017. What is the maximum time limit available for declaring the credit note in the GST Return ?

(*5 marks*)

(*iv*) Examine whether the supplier of goods is liable to get registered under section 24 of CGST Act, 2017 in the following independent cases :

(*a*) Sunil Kumar of Mumbai is exclusively engaged in intra-State taxable supply of readymade garments. His turnover in the current financial year from Maharashtra showroom is ₹ 25 lakh. He has another showroom in Sikkim with a turnover of ₹ 12 lakh in the current financial year.

(*3 marks*)

(*b*) Keshav Pan Bhandar of Varanasi (Uttar Pradesh) is exclusively engaged in intra-State supply of pan masala. His aggregate turnover in the current financial year is ₹ 39 lakh.

(*2 marks*)

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