Mock Test Paper - Series I: March, 2026

Date of Paper: 20th March, 2026

Time of Paper: 10 A.M. to 1 P.M.

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

Time Allowed – 3 Hours | **Maximum Marks – 100**

SECTION – A: INCOME TAX LAW (50 MARKS)

Working Notes should form part of the answer. Wherever necessary, suitable assumptions may be made by the candidates and disclosed by way of a note. However, in answers to Questions in Division A, working notes are not required.

The relevant assessment year is A.Y.2026-27.

Division A – Multiple Choice Questions

Write the most appropriate answer to each of the following multiple choice questions by choosing one of the four options given. All questions are compulsory.

1. Mr. Nikhil, a resident aged 42 years, is employed in an MNC in Gurugram since 2013. He submitted his resignation on 31st July, 2025 for starting his own business and gave a notice period of one month to the employer. He received the following emoluments from his employer for the period from 1st April, 2025 to 31st August, 2025:

Basic pay	₹ 45,000 p.m.
Dearness Allowance (Forming part of retirement benefits)	10% of Basic pay
Medical allowance	₹ 5,000 p.m.
Entertainment allowance	₹ 2,500 p.m.
Commission	₹ 10,000 p.m.
Employee's contribution to RPF	₹ 7,500 p.m.
Employer's contributed the same amount to the RPF	
Interest accrued in the RPF@13%	₹ 14,300

In October, 2025, he started the business of manufacturing of footwear under the brand name "COMFORT". He withdrew the entire amount from his RPF account in September, 2025 to invest in his business. He has employed 75 regular employees on 1.11.2025 at a salary of ₹ 23,000 p.m. and they participate in recognized provident fund. For the

P.Y. 2025-26, the profits and gains derived from such business is ₹ 51 lakhs (computed) and the turnover is ₹ 7 crores. Mr. Nikhil received 12% of the sales in cash.

On 1st December, 2025, he has purchased a house property for ₹ 90 lakhs for self-occupation by taking a loan of ₹ 45 lakhs@10% p.a. on the same day. He has paid stamp duty of ₹ 6,25,000 on purchase of such house property. Mr. Nikhil is paying tax under default tax regime.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

(i) What is the amount of salary chargeable under the head "Salaries" to Mr. Nikhil for A.Y. 2026-27?

(a) ₹ 2,71,650

(b) ₹ 2,99,300

(c) ₹ 2,96,650

(d) ₹ 2,84,150

(ii) What is the amount of deduction available to Mr. Nikhil under Chapter VI-A for A.Y. 2026-27?

(a) ₹ 27,37,500

(b) ₹ 26,25,000

(c) ₹ 25,87,500

(d) Nil

(iii) What is the total income of Mr. Nikhil for A.Y. 2026-27?

(a) ₹ 25,09,150

(b) ₹ 27,84,150

(c) ₹ 24,61,800

(d) ₹ 25,59,150 **(3 x 2 = 6 Marks)**

2. Mr. Deepak gifted ₹ 15 lakhs to his wife, Natasha, on her birthday on 22nd January, 2025. Natasha lent ₹ 6,00,000 out of the gifted amount to Deepika on 1st April, 2025 for six months on which she received interest of ₹ 40,000. The said sum of ₹ 40,000 was invested in shares of a listed company on 12th November, 2025, which were sold for ₹ 76,000 on 25th March, 2026. Securities transactions tax was paid on purchase and sale of such shares. The balance amount of gift was invested on 1st April 2025, as capital by Natahsa in her new business. She suffered loss of ₹ 50,000 in the business in

F.Y. 2025-26. Natahsa is working with a private company as sales executive at a salary of ₹ 62,000 p.m. She paid ₹ 3,500 p.m. towards tuition fees for her daughter Dhanvi studying in St. Thomas School, Mumbai.

Deepak is working with an MNC on a monthly salary of ₹ 64,000. He has gifted ₹ 1,25,000 to Dhanvi on her 13th Birthday. This amount is deposited as 2 years term deposits with SBI bank in her name on which interest of ₹ 11,500 is earned during the previous year 2025-26. Both Mr. Deepak and Mrs. Natasha opted out of the default tax regime.

Based on the facts of the case scenario given above, choose the most appropriate answer to the following questions:

(i) In whose hands, the interest income received from Deepika and interest on fixed deposits in the name of Dhanvi would be included.

(a) both interest income to be included in the hands of Mr. Deepak

(b) both interest income to be included in the hands of Mrs. Natasha

(c) interest income from Deepika to be included in the hands of Mrs. Natasha and interest on two years term deposits to be included in the hands of Mr. Deepak.

(d) interest income from Deepika to be included in the hands of Mr. Deepak and interest on two years term deposits to be included in the hands of Mrs. Natasha.

(ii) In whose hand, loss from business and capital gains would be included in Assessment Year 2026-27. Assume that capital invested in the business was entirely out of the funds gifted by her husband.

(a) Both loss from business and capital gains would be included in the hands of Mr. Deepak

(b) Both loss from business and capital gains would be included in the hands of Mrs. Natasha

(c) Loss from business included in the hands of Mr. Deepak and capital gains included in the hands of Mrs. Natasha

(d) Loss from business included in the hands of Mrs. Natasha and capital gains included in the hands of Mr. Deepak

(iii) What would be the total income of Mrs. Natasha for the previous year 2025-26?

(a) ₹ 7,28,000

(b) ₹ 7,38,000

(c) ₹ 6,98,000

(d) ₹ 6,88,000 **(3 x 2 = 6 Marks)**

3. Who among the following will qualify as resident for the P.Y. 2025-26?

- Mr. Pop, an Italian singer, came on visit to India to explore Indian classic singing on 15.09.2025 and left on 01.12.2025. For past four years, he visited India for singing competition and stayed in India for 120 days each year.
- Mr. Abhishek born and settled in Canada, visits India each year for 100 days to meet his parents and grandparents, born in India in 1946, living in Delhi. His Indian income is ₹ 15,20,000.
- Mr. Joseph, an American scientist, left India to his home country for fixed employment there. He stayed in India for study and research in medicines from 01.01.2020 till 01.07.2025.

Choose the correct answer

(a) Mr. Pop and Mr. Joseph

(b) Mr. Abhishek

(c) Mr. Pop, Mr. Abhishek and Mr. Joseph

(d) None of the three **(2 Marks)**

4. A firm pays salary and interest on capital to its resident partners. The salary and interest paid fall within the limits specified in section 40(b). Which of the following statements is true?

(a) Tax has to be deducted u/s 192 on salary and u/s 194A on interest

(b) Tax has to be deducted u/s 192 on salary but no tax needs to be deducted on interest

(c) No tax has to be deducted on salary but tax has to be deducted u/s 194A on interest

(d) Tax has to be deducted u/s 194T on salary and interest **(1 Mark)**

Division B – Descriptive Questions

*Question No. **1** is compulsory*

*Attempt any **two** questions from the remaining **three** questions*

1. Mr. Ayush, a resident individual, aged 62 years, is a qualified medical practitioner. He runs his own clinic. Income & Expenditure A/c of Mr. Ayush for the year ending 31.3.2026 is as under:

Expenditure	₹	Income	₹
To Salary to Staff	7,20,000	By Consultation Fees	74,28,000
To Administrative Exp.	11,64,000	By Salary received from True Care Hospitals (P) Ltd.	10,80,000
To Rent of clinic	5,76,000	By Rental Income from House Property	2,40,000
To Conveyance Expenses	1,44,000	By Dividend from Foreign Companies (gross)	60,000
To Power & Fuel	1,44,000		
To Interest on Housing Loan	2,20,000		
To Interest on Education Loan for son	1,56,000		
To Amount paid to scientific research association approved & notified under section 35	1,50,000		
To net profit	55,34,000		
Total	**88,08,000**	**Total**	**88,08,000**

(i) He is working part-time with True Care Hospitals (P) Ltd. His salary details are as under:

Basic Pay	₹ 85,000 p.m.
Transport Allowance	₹ 5,000 p.m.
Total	₹ 90,000 p.m.

Further, during P.Y. 2025-26, his son had undergone a medical treatment in True Care Hospitals (P) Ltd. free of cost. The hospital would have charged a sum of ₹ 1,60,000 for a similar treatment to unrelated patients.

(ii) He owns a residential house. The reconstruction of the house was started on 01.04.2025 and was completed on 30.09.2025. After reconstruction, ground floor of the house is self-occupied by him while first floor has been rented out since 1.10.2025. Both the floors are of equal area. The monthly rent is ₹ 40,000. The tenant also pays ₹ 3,000 p.m. as power back-up charges. He took a housing loan of ₹ 25 lakhs for reconstruction on 01.04.2025. Interest on housing loan for the period 01.04.2025 to 30.09.2025 was ₹ 1,20,000 and for the period 01.10.2025 to 31.03.2026 was ₹ 1,00,000. During the year, he also paid municipal taxes for the F.Y. 2024-25: ₹ 5,000 and for F.Y. 2025-26: ₹ 5,000.

Other information:

(a) Conveyance expenses include a sum of ₹ 48,000 incurred for conveyance from house to True Care Hospitals (P) Ltd. and *vice versa* in relation to his employment.

(b) Power & fuel expenses include a sum of ₹ 10,000 incurred for generator fuel for providing power back-up to the tenant.

(c) Administrative expenses include a sum of ₹ 10,000 paid as Municipal Taxes for his house.

(d) Clinic equipment's details are:

Opening W.D.V. of clinic equipment as on 01-04-2025 was ₹ 5,00,000 and fresh purchase made on 28-08-2025 is ₹ 75,000 which was paid in cash.

(e) He also paid tuition fee of ₹ 40,000 for his grand-daughter, which has been debited to his Capital A/c.

(f) He availed a loan of ₹ 25,00,000 from bank for higher education of his son. He repaid principal of ₹ 3,00,000 and interest of ₹ 1,56,000 during P.Y. 2025-26.

You are required to compute the total income of Mr. Ayush for the A.Y. 2026-27 under both the regimes. **(15 Marks)**

2. (a) Mr. Dhruv, an Indian citizen aged 32 years, a Central Government officer serving in the Ministry of Corporate Affairs, left India for the first time on 31.03.2025 due to transfer to High Commission of UK. He did not visit India any time during the previous year 2025-26. He received the following income for the previous year 2025-26:

(i)	Salaries received for services rendered in London (computed)	20,00,000
(ii)	Foreign Allowances	10,00,000
(iii)	Interest on saving bank deposit in State Bank of India	1,00,000

(iv) Short term capital gains on sale of shares of an Indian Company received in London — 2,00,000

(v) Dividend from PP Ltd., an Indian company, paid in London — 50,000

(vi) Rent from property in London deposited in a bank in London, later on remitted to India through approved banking channels — 1,80,000

Compute the Total Income of Mr. Dhruv for the Assessment Year 2026-27 under optional tax regime. **(6 Marks)**

(b) Examine the applicability of Tax Deduction at Sources (TDS) or Tax Collection at Source (TCS) as per the Income-tax Act, 1961 for the assessment year 2026-27 in the following independent situations.

(i) XYZ Limited paid rent of ₹ 75,000+18% GST per month to Mr. Raja for the office premises from 01.04.2025 to 31.03.2026. Mr. Raja has furnished his PAN and also filed his return of income before due date regularly.

(ii) ABC Pvt. Ltd sells two cars to Mrs. Shilpa costing ₹ 4,00,000 and ₹ 12,00,000 respectively on 01.05.2025 and 25.12 2025. Mrs. Shilpa has furnished her PAN and filed her return of income regularly before the due date. **(4 Marks)**

3. (a) Mr. Shivam is the proprietor of Star Stores having 2 units. On 1.4.2025, he transferred Unit 2, which he started in 2014-15, by way of slump sale for a total consideration of ₹ 18 lakhs. The professional fees & brokerage paid for this transfer are ₹ 78,000. His Balance Sheet as on 31-03-2025 is as under:

Liabilities	₹	Assets	Unit 1 ₹	Unit 2 ₹	Total
Own Capital	20,50,000	Land	12,75,000	7,50,000	20,25,000
Revaluation reserve	2,50,000	Furniture	2,00,000	5,00,000	7,00,000
Bank Loan (70% for Unit 1)	8,50,000	Debtors	2,00,000	3,50,000	5,50,000
Trade Creditors (20% for Unit 2)	4,50,000	Patents	-	7,25,000	7,25,000
Unsecured Loan (30% for Unit 2)	4,00,000				
	40,00,000		**16,75,000**	**23,25,000**	**40,00,000**

Other Information:

1. Land of Unit 2 was purchased at ₹ 5,00,000 in the year 2014 and revalued at ₹ 7,50,000 as on 31.3.2025.
2. No individual value of any asset is considered in the transfer deed.
3. Patents were acquired on 01.12.2023 on which no depreciation has been provided.
4. Furniture of Unit 2 of ₹ 5,00,000 were purchased on 01.12.2024 on which no depreciation has been provided.
5. Fair market value of capital asset transferred by way of slump sale of Unit 2 is ₹ 18,10,000.

Compute the capital gain for A.Y. 2026-27. **(6 Marks)**

(b) From the following, calculate the taxable amount under the proper head of income for the Financial Year 2025-26 of Mr. Lalit, who is resident and 56 years old. He is paying tax under default tax regime. The reasons should form part of your answer:

(i) Dividend of ₹ 45,000 (Net) received in April 2025 from LMN Ltd.

(ii) Advance forfeited amounting to ₹ 1,00,000 on 01.05.2025 as the negotiation for transfer of capital asset did not result in transfer of Capital Asset.

(iii) Cash gift received from non-relative on the occasion of marriage of son ₹ 51,000.

(iv) He received ₹ 99,000 as pension from employer of deceased wife.

(4 Marks)

4. (a) Mr. Shashank (aged 67 years) is retired from a Public Sector Undertaking. He resides in Ujjain. He provides you the following particulars of his income and certain payments/investments for the previous year 2025-26:

- Pension income of ₹ 7,80,000
- Interest from fixed deposits of ₹ 2,35,000 (Gross)
- Life insurance premium paid by cheque ₹ 25,500 for insurance of his life. The insurance policy was taken on 08-09-2020 and the sum assured is ₹ 2,50,000.

- Premium of ₹ 36,000 paid by cheque for health insurance of self and his wife, who is also a senior citizen.
- ₹ 3,500 paid in cash for his health check-up and ₹ 4,500 paid through cheque for preventive health check-up of his mother aged 90 years.
- Paid interest of ₹ 9,500 on loan taken from bank for MBA course pursued by his daughter.
- A sum of ₹ 95,000 donated by cheque to an institution approved for the purpose of section 80G for promoting family planning.
- ₹ 20,000 contributed towards PM CARES Fund by cheque.

Compute the total income of Mr. Shashank for the assessment year 2026-27 under optional tax regime. **(6 Marks)**

(b) In each of the following independent situations, you are required to examine whether these persons are required to file their return of income or loss for A.Y.2026-27 if their total income for the P.Y. 2025-26 do not exceed the basic exemption limit:

(i) Mr. Dilip has savings bank account in SBI and HDFC and a current account in Axis Bank with opening balance of ₹ 20 lakhs, ₹ 10 lakhs and ₹ 30 lakhs, respectively. He deposited ₹ 40 lakhs in SBI account, ₹ 25 lakhs in HDFC account and ₹ 75 lakhs in Axis account during the P.Y. 2025-26.

(ii) Mr. Kumar, aged 50 years, has withdrawn cash of ₹ 1,15,00,000 during the P.Y. 2025-26 from his saving account in HDFC Bank. Mr. Kumar regularly filed his return of income till A.Y. 2025-26. **(4 Marks)**

OR

(b) Mr. Vineet exercised the option of shifting out of the default tax regime provided under section 115BAC(1A) and submits his return of income under the optional tax regime (i.e., the normal provisions of the Act) on 12.07.2026 for A.Y. 2026-27 consisting of income under the head "Salaries", "Income from house property" and bank interest. On 21.12.2026, he realized that he had not claimed deduction under section 80TTA in respect of his interest income on the Savings Bank Account. He wants to revise his return of income. Can he do so? Examine. Would your answer be different if he discovered this omission on 21.03.2027? **(4 Marks)**

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

QUESTIONS

(i) *Working Notes should form part of the answers. However, in answers to Questions in Division A, working notes are not required.*

(ii) *Wherever necessary, suitable assumptions may be made by the candidates, and disclosed by way of notes.*

(iii) *All questions should be answered on the basis of the provisions of the CGST Act, 2017 and the IGST Act, 2017 as amended by the Finance Act, 2025 including significant notifications and circulars issued and other legislative amendments made, which have become effective up to 31.10.2025.*

Division A - Multiple Choice Questions (MCQs)

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All questions are compulsory.

Total Marks: 15 Marks

Case Scenario

Mr. Vyansh started interior designing practice from the month of January. His turnover up to the month of March was ₹ 12,50,000. On 30^{th} June, his turnover exceeded ₹ 20,00,000 & reached to ₹ 20,05,000. Mr. Vyansh applied for GST registration (as regular taxpayer) on 15^{th} July and registration certificate was issued to him on 25^{th} July.

On 16^{th} July, he entered into a contract for designing the flat of Mr. Yuvan. The service was completed on 22^{nd} July and Mr. Vyansh issued invoice on the same day for ₹ 6,00,000. On 5^{th} July, Mr. Vyansh purchased capital goods amounting to ₹ 4,50,000 and from 25^{th} July to 31^{st} July, he availed input services amounting to ₹ 1,75,000 in relation to an output service to be provided in the month of August.

On 1^{st} August, Mr. Vyansh got another contract for interior designing from Mr. Vedant, which he accepted on 2^{nd} August. The service was completed on 6^{th} August and invoice was issued on 7^{th} August for ₹ 5,00,000. Payment was received on 29^{th} August.

All values are excluding taxes, unless specifically mentioned. Mr. Vyansh makes only intra-State outward supplies and all purchases are also intra-State. Rates of tax are CGST - 9% and SGST – 9%.

Based on the facts of the case scenario given above, choose the most appropriate answer to Q. Nos. 1 to 5 below:

1. The effective date of registration for Mr. Vyansh is -

   (a) 30^{th} June

(b) 15th July

(c) 25th July

(d) 16th July **(2 Marks)**

2. Mr. Vyansh can issue a revised tax invoice till-

   (a) 23rd October

   (b) 8th September

   (c) 25th September

   (d) 25th August **(2 Marks)**

3. Eligible input tax credit that can be availed by Mr. Vyansh for the month of July is -

   (a) CGST ₹ 40,500 & SGST ₹ 40,500

   (b) CGST ₹ 15,750 & SGST ₹ 15,750

   (c) CGST ₹ 56,250 & SGST ₹ 56,250

   (d) CGST ₹ 36,000 & SGST ₹ 36,000 **(2 Marks)**

4. The time of supply of services provided by Mr. Vyansh to Mr. Vedant is -

   (a) 7th August

   (b) 1st August

   (c) 29th August

   (d) 6th August **(2 Marks)**

5. What will be the tax liability of July month if Mr. Vyansh is paying tax under section 10(2A) of the CGST Act, 2017?

   (a) CGST Nil and SGST Nil

   (b) CGST ₹ 54,000 & SGST ₹ 54,000

   (c) CGST ₹ 18,000 & SGST ₹ 18,000

   (d) CGST ₹ 78,150 & SGST ₹ 78,150 **(2 Marks)**

6. Kamna Enterprises issued invoices pertaining to two independent outward supplies, where in one invoice value of supply was understated by ₹ 75,000 and in another invoice, value was overstated by ₹ 45,000. Which of the following is correct in respect of document to be issued by the firm for understatement and overstatement of invoice value?

   (i) Debit note is to be issued for ₹ 75,000.

(ii) Credit note is to be issued for ₹ 75,000.

(iii) Debit note is to be issued for ₹ 45,000.

(iv) Credit note is to be issued for ₹ 45,000.

(a) (i) & (iii)

(b) (ii) & (iii)

(c) (i) & (iv)

(d) (ii) & (iv) **(2 Marks)**

7. Mangla Electronics, registered in Ahmedabad, Gujarat under GST, deals in electronic items like TV, cooler, mobile phones etc. Due to the festival season, Mangla Electronics took a godown for a period of 6 months near its shop on rent from Mr. Moti (unregistered person) for storing electronic items. The rent amounted to ₹ 15,000 per month.

   What should be the GST treatment for rented godown?

   (a) Exempt because rent amount is less than ₹ 20,000 per person per month and taken for minimum continuous period of 90 days.

   (b) This transaction will be taxable under reverse charge hence Mangla Electronics need to pay tax under RCM.

   (c) Mr. Moti, owner of the godown has to pay GST under forward charge and take registration for the same as he is supplying renting services.

   (d) This transaction will be exempt from GST because it falls under the forward charge mechanism and the supplier (Mr. Moti) is an unregistered person. **(2 Marks)**

8. 'Vidya' Ltd. has its registered office, under the Companies Act, 2013, in the State of Maharashtra from where it ordinarily carries on its business of taxable goods. It also has a warehouse in the State of Telangana for storing said goods. What will be the place of business of 'Vidya' Ltd. under the GST law?

   (a) Telangana

   (b) Maharashtra

   (c) Both (a) and (b)

   (d) Neither (a) nor (b) **(1 Mark)**

Division B - Descriptive Questions

Question No. 1 is compulsory.

Attempt any two questions out of remaining three questions.

Total Marks:35 Marks

1. (a) Varnika Pvt. Ltd., a registered supplier of goods and services at Kolkata has furnished the following information for the month of February:

S. No.	Particulars	Amount (₹)
(i)	Intra-State supply of taxable goods including ₹ 1,00,000 received as advance in January, the invoice for the entire sale value is issued on 15th February	4,00,000
(ii)	Purchase of goods from a composition dealer, registered in Kolkata	5,50,000
(iii)	Services provided by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex (It is an intra-State transaction)	1,00,000
(iv)	Membership of a club availed for employees working in the factory (It is an intra-State transaction)	1,75,000
(v)	Goods transport services received from a GTA. GTA has exercised option to pay tax @18% (It is an inter-State transaction)	2,00,000
(vi)	Inter-State services provided by way of training in sports	10,000
(vii)	Inter-State security services provided to Arjun higher secondary school for their annual day function organised in Galib Auditorium outside the School campus	15,000
(vii)	Inputs to be received in 4 lots, out of which 2nd lot was received during the month	40,000

The company has following ITCs with it at the beginning of the tax period:

Particulars	Amount (₹)
CGST	57,000
SGST	Nil
IGST	50,000

Note:

(i) Rates of CGST, SGST and IGST are 9%, 9% and 18% respectively.

(ii) Both inward and outward supplies are exclusive of taxes, wherever applicable.

(iii) All the conditions necessary for availing the ITC have been fulfilled.

(iv) The turnover of Varnika Pvt. Ltd. was ₹ 2.5 crore in the previous financial year.

Compute the minimum GST, payable in cash, by Varnika Pvt. Ltd. for the month of February. Make suitable assumptions as required. **(10 Marks)**

(b) "Royal Studio", a photography firm, has commenced providing photoshoot services in Delhi from the beginning of current financial year 2025-26. It has provided the following details of turnover for the various quarters till December, 2025:

S. No.	Quarter	Amount (₹ in lakh)
1	April, 2025 - June, 2025	20
2	July, 2025 - September, 2025	30
3	October, 2025 - December, 2025	40

You may assume the applicable tax rate as 18%. Royal Studio wishes to pay tax at a lower rate and opts for the composition scheme. You are required to advise whether it can do so and calculate the amount of tax payable for each quarter?

(5 Marks)

2. (a) As per the CGST Act 2017, Prakash Limited was not mandatorily required to get registered, however it opted for voluntary registration and applied for registration on 12th October 2025. Registration certificate has been granted by the Department on 24th October 2025, Prakash Limited is not engaged in making inter-State outward taxable supplies. The CGST and SGST liability for the month of October, 2025 is ₹ 31,000 each. Prakash Limited provides the following information of goods held in stock on 23rd October 2025:

Sr. No.	Particulars	Amount (₹)
1.	Capital goods procured on 5th October 2025, (Rate of CGST and SGST @ 9% each) being intra State supply.	2,00,000
2.	Input "A" contained in finished goods stock held were procured on 13th October 2024 (Rate of IGST @18%) being inter-State supply.	3,00,000

3.	Value of Input "B" received on 10th June, 2025 contained in semi–finished goods held in stock (Rate of CGST and SGST @ 9% each) being intra-State supply.	2,50,000
4.	Inputs "C" procured on 1st October 2025 lying in stock of semi -finished goods (Rate of CGST and SGST @ 2.5 % each) being intra-State supply.	1,50,000
5.	Inputs "D" procured on 8th October 2025 lying in stock of finished goods. (Rate of IGST @ 18%) being inter-State supply.	60,000

The amounts mentioned above are exclusive of GST. You are required to determine the eligible ITC available and amount of net minimum GST to be paid in cash by Prakash Limited for the month of October 2025. **(5 Marks)**

(b) Determine the place of supply in the following independent cases:

(i) Mohan (New Delhi) boards the New Delhi-Kota train at New Delhi. He sells the goods taken on board by him (at New Delhi), in the train, at Jaipur during the journey.

(ii) PC Industries (Mumbai, Maharashtra) gives a contract to Chugwani Ltd. (Ranchi, Jharkhand) to supply a machine which is required to be assembled in a power plant in its refinery located in Kutch, Gujarat.

(5 Marks)

3. (a) Mr. Mayank, a trader registered under GST in Delhi is engaged in wholesale business of toys for kids. Mr. Rihaan registered under GST in Patiala, a regular return filer supplies toys in bulk to Mr. Mayank for selling to end consumers.

Mr. Mayank paying tax in regular scheme in Delhi, has not filed GSTR-3B for last 2 months. Mr. Rihaan wants to generate e-way bill for toys amounting to ₹ 5,00,000 to be supplied to Mr. Mayank. Also Mr. Manoj from Jammu approached Mr. Mayank for purchasing toys amounting to ₹ 75,000 for the purpose of return gift on his son's first birthday party. Mayank wants to generate an e-way bill in respect of an outward supply of goods to Mr. Manoj.

Examine with reference to the provisions under GST law, whether Mr. Rihaan and Mr. Mayank can generate e-way bill? **(5 Marks)**

(b) M/s TMT & Co. have defaulted in filing the return under Section 39 of CGST Act, 2017 i.e. GSTR-3B for the month of March within the specified due date. Reason for such delay is attributable to delay in closure of books for March, which have been finalised during May. The GST Common portal prompted for payment of late fees payable under Section 47 of CGST Act, 2017 for a sum of ₹ 2,000 under CGST and SGST each. Accountant, of M/s TMT & Co., sought your confirmation for payment of such late fees through the balance available in Electronic Credit Ledger Give your guidance in this regard **(5 Marks)**

4. (a) State the person liable to pay GST in the following independent cases provided recipient is located in the taxable territory:

   (i) Sponsorship services provided by a company to an individual.

   (ii) Renting of immovable property service provided by the Central Government to a registered business entity. **(5 Marks)**

Or

(a) Services provided by an entity registered under section 12AB of the Income-tax Act, 1961 are exempt from GST if such services are provided by way of charitable activities. Elaborate the term ‘charitable activities’. **(5 Marks)**

(b) Does cancellation of registration impose any tax obligations on the person whose registration is so cancelled? **(5 Marks)**

Mock Test Paper - Series I: March, 2026

Date of Paper: 20th March, 2026

Time of Paper: 10 A.M. to 1 P.M.

INTERMEDIATE COURSE: GROUP-I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

SOLUTIONS

Division A – Multiple Choice Questions

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

MCQ No.	Most Appropriate Answer
3.	(a)
4.	(d)

Division B – Descriptive Questions

1. Computation of total income of Mr. Ayush for A.Y. 2026-27 under default tax regime

	Particulars	₹	₹	₹
I	**Income from Salaries**			
	Basic Pay (₹ 85,000 x 12)		10,20,000	
	Transport Allowance (₹ 5,000 x 12) [Fully taxable]		60,000	
	Cost of treatment for son in True Care Hospitals (P) Ltd. [Exempt, since value of medical treatment provided to an employee's family member in any hospital maintained by the employer is excluded from the definition of perquisite]		Nil	
	Gross Salary		**10,80,000**	

	Less: Standard deduction u/s 16 [Actual salary or ₹ 75,000, whichever is less]		75,000	
				10,05,000
II	**Income from House Property**			
	Let out portion [First floor]			
	Gross Annual Value [Rent received is taken as GAV = ₹ 40,000 p.m. x 6 months]		2,40,000	
	Less: Municipal taxes paid by him in the P.Y.2025-26 pertaining to let out portion [(₹ 5,000 + ₹ 5,000)/2], allowable since it is paid during the year, even if it relates to earlier years		5,000	
	Net Annual Value (NAV)		2,35,000	
	Less: Deduction u/s 24			
	(a) 30% of ₹ 2,35,000	70,500		
	(b) Interest on housing loan [(₹ 1,20,000 (+) ₹ 1,00,000)/2]	1,10,000	1,80,500	
			54,500	
	Self-occupied portion [Ground Floor]			
	Annual Value	Nil		
	Less: Deduction u/s 24			
	Interest on housing loan for reconstruction [Not allowed under default tax regime]	Nil	Nil	
				54,500
III	**Profits and gains of business or profession**			
	Net profit as per Income and Expenditure account		55,34,000	

	***Less*: Items of income to be treated separately under the respective head of income**			
	(i) Salary received from True Care Hospitals (P) Ltd.	10,80,000		
	(ii) Rent from house property	2,40,000		
	(iii) Dividend from foreign companies (gross)	60,000		
			13,80,000	
			41,54,000	
	***Less*: Allowable expenditure**			
	• Depreciation on Clinic equipment			
	On Opening WDV ₹ 5,00,000 @15%	75,000		
	On additions during the year ₹ 75,000, no depreciation is allowable, since payment was made in cash and hence, it will not form part of actual cost.	Nil	75,000	
			40,79,000	
	***Add*: Items of expenditure not allowable while computing business income**			
	(i) Interest on housing loan for reconstruction of residential house	2,20,000		
	(ii) Interest on education loan for son	1,56,000		
	(iii) Amount paid to scientific research association approved & notified under section 35, not allowed under default tax regime	1,50,000		
	(iii) Conveyance expenses in relation to his employment with True Care Hospitals debited to Income and Expenditure A/c, not allowed	48,000		
	(iv) Power and fuel expenses incurred for providing power back up to tenant not deductible	10,000		

	(v) Municipal tax paid relating to residential house included in administrative expenses, not deductible	10,000	5,94,000	46,73,000
IV	**Income from Other Sources**			
	Power back up charges from tenant (₹ 3,000 p.m. x 6 months)	18,000		
	Less: Actual expenditure incurred for providing power back up	10,000	8,000	
	Dividend from foreign companies		60,000	68,000
	Gross Total Income			**58,00,500**
	Less: Deduction under Chapter VI-A			
	Deduction under section 80C [Not allowed under default tax regime]		Nil	
	Deduction under section 80E [Not allowed under default tax regime]		Nil	Nil
	Total income			**58,00,500**

Computation of total income of Mr. Ayush for A.Y. 2026-27 under optional tax regime

Particulars	₹
Gross Total Income under default tax regime	**58,00,500**
Add: Difference in standard deduction under section 16	25,000
	58,25,500
Less: Interest on housing loan for reconstruction of house [Self occupied portion], restricted to	30,000
Less: Amount paid to scientific research association approved & notified under section 35	1,50,000
Gross Total Income as per optional tax regime	**56,45,500**
Less: Deduction under Chapter VI-A	
Deduction under section 80C – Tuition fee paid for grand child is not allowable	Nil
Deduction under section 80E - Interest on loan taken for higher education of his son is deductible [principal repayment is not deductible]	1,56,000
Total Income as per optional tax regime	**54,89,500**

2. **(a)** Mr. Dhruv is a non-resident for the A.Y. 2026-27, since he was not present in India at any time during the previous year 2025-26.

A non-resident is chargeable to tax in India only in respect of following incomes:

(i) Income received or deemed to be received in India; and

(ii) Income accruing or arising or deemed to accrue or arise in India.

Computation of total income of Mr. Dhruv, a non-resident, for the A.Y. 2026-27

Particulars	₹
Salaries received for services rendered in London (computed) [Taxable, since the income from 'Salaries' payable by the Government to a citizen of India for services rendered outside India is deemed to accrue or arise in India as per section 9(1)(iii)]	20,00,000
Foreign allowances [Allowances or perquisites paid or allowed as such outside India by the Government to a citizen of India for rendering service outside India is exempt under section 10(7)]	-
Interest on saving bank deposit in State Bank of India [Since interest income is from a source (i.e., bank deposit) in India, it is deemed to accrue or arise in India]	1,00,000
Short term capital gains on sale of shares of an Indian company received in London [Since income arises from transfer of a capital asset situated in India, it is taxable in the hands of a non-resident]	2,00,000
Dividend from PP Ltd., an Indian company, paid in London [Since the dividend paid by an Indian company outside India is deemed to accrue or arise in India, it is taxable in the hands of non-resident]	50,000
Rent from property in London deposited in a bank in London, later on remitted to India through approved banking channels [Not taxable, since neither the property is situated in India nor rent is received in India]	-
Gross Total Income	**23,50,000**
Less: **Deduction under section 80TTA**	
Interest on saving bank account subject to a maximum of ₹ 10,000	10,000
Total Income	**23,40,000**

(b) (i) XYZ Limited is required to deduct tax at source under section 194-I @10% on rent of ₹ 75,000 per month exclusive of GST component, since the rent exceeds ₹ 50,000 per month.

Tax has to be deducted at the time of payment or credit, whichever is earlier.

(ii) ABC Pvt. Ltd. is not required to collect tax at source on sale of car of ₹ 4,00,000 to Mrs. Shilpa since its value does not exceed ₹ 10 lakhs.

However, it is required to collect tax at source u/s 206C(1F) @1% on the sale consideration of ₹ 12 lakhs since the value of this car exceeds ₹ 10 lakhs.

Tax has to be collected at the time of receipt of ₹ 12 lakhs.

3. **(a)** As per section 50B, any profits and gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of capital assets and shall be deemed to be the income of the previous year in which the transfer took place.

If the assessee owned and held the undertaking transferred under slump sale for more than 36 months before slump sale, the capital gain shall be deemed to be long-term capital gain. Indexation benefit is not available.

Computation of capital gain on slump sale of Unit 2

Particulars	**₹**
Full value of consideration for slump sale of Unit 2 [Fair market value of capital asset transferred by way of slump sale (i.e., ₹ 18,10,000) or fair market value of the consideration received (value of the monetary consideration received i.e., ₹ 18,00,000) whichever is higher]	18,10,000
Less: Expenses on sale [professional fees & brokerage]	78,000
Net full value of consideration	17,32,000
Less: Cost of acquisition, being the net worth of Unit 2 **(Note 1)**	13,35,781
Long term capital gains arising on slump sale	**3,96,219**
(The capital gains is long-term as the Unit 2 is held for more than 36 months)	

Notes

1. Computation of net worth of Unit 2

Particulars		**₹**
(1) Book value of non-depreciable assets		
(i) Land (Revaluation not to be considered)		5,00,000
(ii) Debtors		3,50,000
(2) Written down value of depreciable assets under section 43(6)		
(i) Furniture ***(See Note 2)***		4,75,000
(ii) Patents ***(See Note 3)***		4,75,781
Aggregate value of total assets		18,00,781
Less: Current liabilities of Unit 2		
Bank Loan [₹ 8,50,000 x 30%]	2,55,000	
Trade Creditors [₹ 4,50,000 x 20%]	90,000	
Unsecured Loan [₹ 4,00,000 x 30%]	1,20,000	4,65,000
Net worth of unit 2		**13,35,781**

2. Written down value of furniture as on 1.4.2025

Value of patents	**₹**
Cost as on 1.12.2024	5,00,000
Less: Depreciation @ 10% x 50% for Financial Year 2024-25	25,000
WDV as on 1.4.2025	**4,75,000**

3. Written down value of patents as on 1.4.2025

Value of patents	**₹**
Cost as on 1.12.2023	7,25,000
Less: Depreciation @ 25% x 50% for F.Y. 2023-24	90,625
WDV as on 1.4.2024	6,34,375
Less: Depreciation@25% for F.Y. 2024-25	1,58,594
WDV as on 1.4.2025	**4,75,781**

(b) Computation of taxable amount of Mr. Lalit for the A.Y.2026-27

Particulars		₹
(i)	**Dividend from LMN Ltd.** – Dividend would be chargeable to tax under the head "Income from Other Sources". [₹ 45,000/90%]	50,000
(ii)	**Advance of ₹ 1,00,000 forfeited on 1.5.2025 -** The advance received and forfeited on or after 1.4.2014 would be subject to tax under section 56(2)(ix) under the head "Income from Other Sources".	1,00,000
(iii)	**Cash gifts from non-relative on marriage of son of ₹ 51,000 –** Since gift is received by Mr. Lalit from a non-relative on the occasion of marriage of his son, it would be taxable in his hands under section 56(2)(x) under the head "Income from Other Sources".	51,000
(iv)	**Pension from employer of deceased wife of ₹ 99,000 -** Pension after deducting lower of ₹ 33,000 i.e., 1/3 of such income or ₹ 25,000, is chargeable to tax under the head "Income from Other Sources". [₹ 99,000 – ₹ 25,000]	74,000
Taxable amount		**2,75,000**

4. (a) Computation of total income of Mr. Shashank for A.Y.2026-27

Particulars	₹	₹	₹
Income under the head "Salaries"			
Pension		7,80,000	
Less: Standard deduction u/s 16(ia)			
Lower of ₹ 50,000 or actual salary/pension		50,000	7,30,000
Income from Other Sources			
Interest from bank on fixed deposit (Gross)			2,35,000
Gross Total Income			**9,65,000**
Less: Deduction under Chapter VI-A			
Deduction under section 80C			
LIC premium of ₹ 25,500 (restricted to 10% of ₹ 2,50,000, being the sum assured, as the policy is taken after 31.3.2012)		25,000	
Deduction under section 80D			
Premium for health insurance for self and	36,000		

his wife paid by cheque, allowed upto ₹ 50,000 since Mr. Shashank is a senior citizen			
Preventive health check-up for self, ₹ 3,500, and for his mother, ₹ 4,500, restricted to ₹ 5,000 (deduction allowed even if the same is paid in cash)	5,000		
		41,000	
Deduction under section 80E			
Interest on loan taken from bank for MBA course pursued by his daughter		9,500	
Deduction under section 80G			
Donation to PM CARES Fund – 100% allowable		20,000	
Donation to an approved institution for promoting family planning – 100% allowable subject to qualifying limit of ₹ 83,950 i.e., 10% of ₹ 8,39,500 being the adjusted total income		83,950	
Deduction under section 80TTB			
Interest on fixed deposit with bank allowable as deduction upto ₹ 50,000, since Mr. Shashank is a senior citizen		50,000	2,29,450
Total Income			**7,35,550**

(b) (i) Even though the total income of an individual does not exceed the basic exemption limit, he would be required to file his return of income if

- he has deposited an amount or aggregate of the amounts exceeding ₹ 1 crore in one or more current accounts maintained with a banking company or a co-operative bank during the previous year or
- the deposit in one or more savings bank account of the person, in aggregate, is ₹ 50 lakhs or more during the previous year

In this case, he has deposited only ₹ 75 lakhs in current account in Axis account during the P.Y. 2025-26 but has deposited ₹ 65 lakhs in savings bank account (₹ 40 lakhs in SBI and ₹ 25 lakhs in HDFC) during the P.Y. 2025-26, hence, he is required to file a return of income for A.Y. 2026-27 on or before the due date under section 139(1).

(ii) If an individual has aggregate TDS and TCS credit of ₹ 25,000 or more during the previous year, he would be required to file a return of income, even if his total income does not exceed the basic exemption limit.

In this cash, TDS of ₹ 30,000 i.e., @2% on ₹ 15 lakhs, would have been deducted by HDFC Bank under section 194N on cash exceeding ₹ 1 crore withdrawn by Mr. Kumar during the P.Y. 2025-26. Hence, he is required to file his return of income for A.Y. 2026-27 on or before the due date under section 139(1).

OR

(b) Since Mr. Vineet has income only under the heads "Salaries", "Income from house property" and "Income from other sources", he does not fall under the category of a person whose accounts are required to be audited under the Income-tax Act, 1961 or any other law in force. Therefore, the due date of filing return for A.Y.2026-27 under section 139(1), in his case, is 31st July, 2026. Since Mr. Vineet had filed his return under optional regime on 12.7.2026, the said return is within the time provided under section 139(1).

As per section 139(5), a return furnished under section 139(1) can be revised. Therefore, Mr. Vineet can revise the return of income filed by him under section 139(1) in December 2026, to claim deduction under section 80TTA, since the time limit for filing a revised return is three months prior to the end of the relevant assessment year, which is 31.12.2026.

However, he cannot revise return had he discovered this omission only on 21.03.2027, since it is beyond 31.12.2026.

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

SUGGESTED ANSWERS

Division A - Multiple Choice Questions

Question No.	Answer	
1	**(a)**	30th June
2	**(d)**	25th August
3	**(c)**	CGST ₹ 56,250 & SGST ₹ 56,250
4	**(a)**	7th August
5	**(c)**	CGST ₹ 18,000 & SGST ₹ 18,000
6	**(c)**	(i) & (iv)
7	**(b)**	This transaction will be taxable under reverse charge hence Mangla Electronics need to pay tax under RCM.
8	**(c)**	Both (a) and (b)

Division B - Descriptive Questions

1. (a) Computation of GST payable on outward supplies

S. No.	Particulars	CGST @ 9% (₹)	SGST @ 9% (₹)	IGST @ 18% (₹)
(i)	Intra-State supply of goods for ₹ 4,00,000 [Note-1]	36,000	36,000	Nil
(ii)	Services rendered by way of labour contracts for repairing a single residential unit otherwise than as a part of residential complex [Note-2]	9,000	9,000	Nil
(iii)	Services provided by way of training in recreational activities relating to sports [Note-3]	Nil	Nil	1,800
(iv)	Inter-State security services provided to Arjun higher secondary school for their annual day function to be held in Galib Auditorium. [Note-4]	Nil	Nil	2,700
	Total GST payable	**45,000**	**45,000**	**4,500**

Notes

1. A registered person (excluding composition supplier and registered persons making supply of specified actionable claims) has to pay GST on the outward supply of goods at the time of supply as specified in section 12 of the CGST Act, 2017, i.e. date of issue of invoice or the last date on which invoice ought to have been issued. Thus, liability to pay tax on the advance received in January will also arise in the month of February, when the invoice for the supply is issued.
2. Services by way of pure labour contracts of construction, erection, commissioning, or installation of original works pertaining to a single residential unit otherwise than as a part of a residential complex are exempt. Labour contracts for repairing are thus, taxable.
3. Services by way of training in sports is exempt under GST, only if provided by charitable entities registered under section 12AA or section 12AB of the Income-tax Act,1961. Thus, in the given case, said service is taxable.
4. Security services provided to Arjun higher secondary School for Annual Day function organised outside the school campus will be taxable as only the security services performed within the premises of the higher secondary school are exempt.

Computation of total ITC

Particulars	**CGST @ 9% (₹)**	**SGST @ 9% (₹)**	**IGST @ 18% (₹)**
Opening ITC	57,000	Nil	50,000
Add: Purchase of goods from a composition dealer [ITC is not available in case of supply of goods where tax has been paid under composition scheme]	Nil	Nil	Nil
Add: Membership of a club [Blocked credit]	Nil	Nil	Nil
Add: Goods transport services received from GTA [Input tax credit is available for the services received from GTA as the same are used in the course or furtherance of business.]	Nil	Nil	36,000

Add: Inputs to be received in 4 lots, out of which 2nd lot was received during the month [In case of goods received in lots, ITC can be taken only upon receipt of the last lot]	Nil	Nil	Nil
Total ITC	**57,000**	**Nil**	**86,000**

Computation of minimum GST payable from electronic cash ledger

Particulars	**CGST @ 9% (₹)**	**SGST @ 9% (₹)**	**IGST @ 18% (₹)**
GST payable	45,000	45,000	4,500
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]	(36,500) IGST (3)	(45,000) IGST (2)	(4,500) IGST (1)
Less: ITC of CGST to be used against CGST	(8,500) CGST		
Minimum GST payable in cash	**Nil**	**Nil**	**Nil**

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 first been used to pay SGST (after paying IGST liability) and then CGST to minimize cash outflow.

(b) Section 10(2A) of the CGST Act, 2017 provides the turnover limit of ₹ 50 lakh in the preceding financial year for becoming eligible for composition levy for services. Royal Studio has started the supply of services in the current financial year (FY), thus, it's aggregate turnover in the preceding FY is Nil. Consequently, in the current FY, Royal Studio is eligible for composition scheme for services. A registered person opting for composition levy for services shall pay tax @ 3% [Effective rate 6% (CGST + SGST/UTGST)] of the turnover of supplies of goods and services in the State.

Further, Royal Studio becomes eligible for the registration when the aggregate turnover exceeds ₹ 20 lakh (the threshold limit of obtaining registration). While registering under GST, Royal Studio can opt for composition scheme for services.

The option of a registered person to avail composition scheme for services shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of ₹ 50 lakh.

However, for the purposes of determining the tax payable under composition scheme, the expression "turnover in State" shall not include the value of supplies from the first day of April of a FY up to the date when such person becomes liable for registration under the CGST Act.

Thus, for determining the turnover of the State for payment of tax under composition scheme for services, turnover of April, 2025 – June, 2025 quarter [₹ 20 lakh] shall be excluded. On next ₹ 30 lakh [turnover of July, 2025 – September, 2025 quarter], it shall pay tax @ 6% [3% CGST and 3% SGST].

For the purposes of computing aggregate turnover of a registered person for determining his eligibility to pay tax under this section, aggregate turnover includes value of supplies from the 1st April of a FY up to the date of his becoming liable for registration.

Thus, while computing aggregate turnover for determining Royal Studio's eligibility to pay tax under composition scheme, value of supplies from the first day of April of a financial year up to the date when it becomes liable for registration under this Act (i.e. turnover of April, 2025 – June, 2025 quarter), are included.

By the end of July, 2025 – September, 2025 quarter, the aggregate turnover reaches ₹ 50 lakh. Consequently, the option to avail composition scheme for services shall lapse by the end of July, 2025 – September, 2025 quarter and thereafter, it is required to pay tax at the normal rate of 18%.

Considering the above provisions, the tax payable for each quarter is as under:

S. No.	**Quarter**	**GST rate [CGST + SGST]**	**Turnover (₹ in lakh)**	**GST payable (₹ in lakh)**
1	April, 2025 – June, 2025	-	20	-
2	July, 2025 – September, 2025	6%	30	1.8
3	October, 2025 – December, 2025	18%	40	7.2

2. (a) **Computation of minimum net GST to be paid in cash by Prakash Limited for the month of October 2025**

Particulars	**CGST (₹)**	**SGST (₹)**
Output tax liability for the month	31,000	31,000
Less: Input tax credit (ITC) [Refer note below] IGST credit is utilized first for payment of CGST and SGST liability in equal proportion. CGST credit is utilized for payment of CGST liability and SGST credit is utilized for payment of SGST liability.	5,400 (IGST) 25,600 (CGST)	5,400 (IGST) 25,600 (SGST)
Net GST payable (in cash)	Nil	Nil

Note: Person taking voluntary registration can avail ITC on inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date of grant of registration, i.e. on 23.10.2025, only within 1 year from date of issue of tax invoice by supplier.

Computation of eligible ITC available

Particulars	**CGST (₹)**	**SGST (₹)**	**IGST (₹)**
Capital goods [Person taking voluntary registration cannot avail ITC on capital goods held on the day immediately preceding the date of grant of registration.]	Nil	Nil	Nil
Input "A" procured on 13th October 2024	Nil	Nil	Nil
Inputs "B" procured on 10th June 2025	22,500	22,500	Nil
Input "C" procured on 1st October 2025	3,750	3,750	Nil
Input "D" procured on 8th October 2025	Nil	Nil	10,800
Total ITC	**26,250**	**26,250**	**10,800**

Note: *In the above answer, minimum net GST to be paid in cash has been computed by setting off the IGST liability in equal proportion so as to minimize the amount of CGST and SGST payable in cash. Resultantly, Net GST payable (in cash) is Nil each under CGST and SGST.*

However, since IGST credit can be set off against CGST and SGST liability in any order and in any proportion, the same can be set off against CGST and/or SGST liabilities in other possible ways as well.

(b) **(i)** The place of supply of goods supplied on a board a conveyance like aircraft, train, vessel, motor vehicle is the location where such goods have been taken on board.

Place of supply of goods supplied on board a conveyance is determined under this provision even if the supply has been made by any of the passenger on board the conveyance and not by the carrier of the conveyance.

Thus, in the given case, the place of supply of goods is the location at which the goods are taken on board, i.e. New Delhi and not Jaipur where they have been sold.

(ii) If the supply involves goods which are to be installed or assembled at site, the place of supply is the place of such installation or assembly.

This is a case of composite supply of goods wherein two supplies are involved, supply of goods and ancillary supply of installation/assembling service. The principal supply is supply of goods which are being installed.

Thus, the place of supply is the site of assembly of machine, i.e. Kutch even though PC Industries is located in Maharashtra.

3. **(a)** A user will not be able to generate e-way bill for a GSTIN if the said GSTIN is not eligible for e-way bill generation.

The blocking of GSTIN for e-way bill generation is only for the defaulting supplier GSTIN and not for the defaulting Recipient or Transporter GSTIN.

A person paying tax under regular scheme who has not furnished the returns for a consecutive period of 2 tax periods is considered as a defaulting person.

Suspended GSTIN cannot generate e-way bill as supplier. However, the suspended GSTIN can get the e-way bill generated as recipient or as transporter.

In other words, e-way bill generation facility is blocked only in respect of any outward movement of goods of the registered person who is not eligible for e-way bill generation. E-way bills can be generated in respect of inward supplies of said registered person.

Thus, applying the above provisions, there will be no restriction in generating e-way Bill by Mr. Rihaan as Mr. Rihaan who is making outward movement of goods is a regular return filer.

E-way bill generation is blocked in case of movement of goods made by Mr. Mayank to Mr. Manoj as it's an outward movement of goods of Mr. Mayank who has not filed GSTR-3B for past 2 months.

(b) Section 49(3) of the CGST Act, 2017 provides that the amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made there under in prescribed manner.

Further, section 49(4) provides that the amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in prescribed manner.

Accordingly, as per the combined reading of the above provisions, late fees shall be paid only through electronic cash ledger and payment of the same is not possible through electronic credit ledger. Thus, contention of the accountant of M/s TMT & Co., is not correct and the amount of late fee shown on the common portal has to be deposited in Electronic Cash Ledger under appropriate minor head, through any of the specified modes.

4. (a) (i) GST on sponsorship services provided by any person other than body corporate to any body corporate or partnership firm located in the taxable territory is payable under reverse charge. Since in the given case, services have been provided by a body corporate to an individual, reverse charge provisions will not be attracted. GST is payable under forward charge by the supplier – company.

(ii) GST on services supplied by Central Government excluding the Ministry of Railways (Indian Railways), State Government, Union territory or local authority by way of renting of immovable property to a person registered under CGST Act, 2017 is payable under reverse charge. Therefore, in the given case, GST is payable under reverse charge by the recipient – registered business entity.

Or

(a) The term 'charitable activities' mean activities relating to-

(i) public health by way of-

(A) care or counseling of

(I) terminally ill persons or persons with severe physical or mental disability;

(II) persons afflicted with HIV or AIDS;

(III) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or

(B) public awareness of preventive health, family planning or prevention of HIV infection;

(ii) advancement of religion, spirituality or yoga;

(iii) advancement of educational programmes/skill development relating to,-

(A) abandoned, orphaned or homeless children;

(B) physically or mentally abused and traumatized persons;

(C) prisoners; or

(D) persons over the age of 65 years residing in a rural area;

(iv) preservation of environment including watershed, forests & wildlife.

(b) Yes, as per section 29(3) of the CGST Act, 2017, the cancellation of registration under this section shall not affect the liability of the person to pay tax and other dues under this Act or to discharge any obligation under this Act or the rules made thereunder for any period prior to the date of cancellation whether or not such tax and other dues are determined before or after the date of cancellation.

Further, every registered taxable person whose registration is cancelled shall pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher, calculated in prescribed manner.