

Mock Test Paper - Series I: November, 2025

Date of Paper: 22<sup>nd</sup> November, 2025

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	MCQ No.	Most Appropriate Answer
1.	(i)	(d)	3.	(d)
	(ii)	(b)	4.	(b)
	(iii)	(d)		
2.	(i)	(d)		
	(ii)	(d)		
	(iii)	(a)		

**Division B – Descriptive Questions**

**1. Computation of total income of Mr. Vishwas for A.Y. 2025-26**

	Particulars	₹	₹	₹
I	<b>Income from business or profession</b>			
	Excess of income over expenditure		51,43,000	
	Add: Items debited but not allowable while computing business income			
	- Family planning expenditure incurred for employees [Not allowable as deduction since expenditure on family planning for employees is allowed only to a company assessee / not allowed in case of individuals.]	20,000		
	- Salary payment to sister-in-law in excess of market rate [Any expenditure incurred for which	Nil		

	<p>payment is made to a relative, to the extent it is considered unreasonable is disallowed. However, sister-in-law is not included in the definition of "relative" for the purpose of section 40A(2). Therefore, no adjustment is required for excess salary paid to Mr. Vishwas's sister-in-law]</p> <ul style="list-style-type: none"> <li>- Medical expenses for the treatment of father [Not allowed as deduction since it is a personal expenditure/ not an expenditure incurred for the purpose of business of Mr. Vishwas.]</li> <li>- Commission to Ms. Anjaleen without deduction of tax at source [Mr. Vishwas would be liable to deduct tax at source on commission since his gross receipts from profession exceeded ₹ 50 lakhs during F.Y.2023-24. Since commission has been paid without deduction of tax at source, 30% of ₹ 25,000, being commission paid without deducting tax at source, would be disallowed under section 40(a)(ia) while computing the business income of A.Y.2025-26]</li> <li>- Depreciation as per books of account</li> <li>- Purchase of Furniture [not allowable, since it is a capital expenditure]</li> </ul>	<p>80,000</p> <p>7,500</p> <p>90,000</p> <p>48,000</p>	<p></p> <p></p> <p></p> <p>2,45,500</p>	
	<p>Add: Employees' Contribution to EPF [Sum received by the assessee</p>		<p>53,88,500</p> <p>10,000</p>	

	<p>from his employees as contribution to EPF is income of the employer. Since the amount is not credited to Income and Expenditure Account, the same has to be added for computing business income. Deduction in respect of such sum is allowed only if such amount is credited to the employee's account on or before due date under the relevant Act. Since, the employees' contribution to EPF for February 2025 is deposited after the due date under the relevant Act, no deduction would be available]</p>			
			53,98,500	
	Less: Depreciation as per Income-tax Rules, 1962			
	- On Professional Books [₹ 90,000 x 40%]	36,000		
	- On Computers [₹ 35,000 x 40%]	14,000		
	- On Furniture [₹ 19,000 x 10%, since it has been put to use for more than 180 days during the year] [Any expenditure for acquisition of any asset in respect of which payment or aggregate of payment made to a person, otherwise than by an A/c payee cheque/ bank draft or use of ECS or through prescribed electronic mode, exceeds ₹ 10,000 in a day, such expenditure would not form part of actual cost of such asset. Hence, ₹ 29,000 paid on 31.8.2024 in cash would not be included in the actual cost of furniture]	1,900		
	- On Car [₹ 3,35,000 x 15%] [Actual cost of car would be the	50,250	1,02,150	

II	purchase price of the car to Mr. Vishwas, i.e., ₹ 3,35,000]			
	Less: Items of income credited but not taxable or taxable under any other head of income		52,96,350	
	- Interest on Public Provident Fund [Exempt]	60,000		
	- Interest on savings bank account [Taxable under the head "Income from other sources"]	20,000		
	- Interest on National Savings Certificates VIII Issue (3 <sup>rd</sup> Year) [Taxable under the head "Income from other sources"]	21,000	1,01,000	
	<b>Income from Other Sources</b>			51,95,350
	Interest on savings bank account		20,000	
	Interest on National Savings Certificates VIII Issue (3 <sup>rd</sup> Year)		21,000	41,000
	Gross Total Income			52,36,350
	Less: Deduction under Chapter VI-A			
	<u>Deduction under section 80C</u>			
	Contribution to PPF	1,00,000		
	Interest on NSC (3 <sup>rd</sup> Year) (Reinvested)	21,000	1,21,000	
	<u>Deduction under section 80D</u>			
	Medical expenses for the treatment of father [Since Mr. Vishwas's father is a senior citizen and not covered by any health insurance policy, payment for medical expenditure by a mode other than cash would be allowed as deduction to the extent of ₹ 50,000]		50,000	
	<u>Deduction under section 80TTA</u>			
	Interest on savings bank account to the extent of ₹ 10,000		10,000	1,81,000
	<b>Total Income</b>			<b>50,55,350</b>

**Computation of tax liability of Mr. Vishwas for A.Y.2025-26**

Particulars	₹	₹
<b>Tax on total income of ₹ 50,55,350</b>		
Upto ₹ 2,50,000	Nil	
₹ 2,50,001 – ₹ 5,00,000[@5% of ₹ 2.50 lakh]	12,500	
₹ 5,00,001 – ₹ 10,00,000[@20% of ₹ 5 lakh]	1,00,000	
₹ 10,00,001- ₹ 50,55,350 [@30% of ₹ 40,55,350]	12,16,605	
		13,29,105
Add: Surcharge @10% [Since total income exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore]		1,32,911
		14,62,016
Less: Marginal relief (Refer Note below)		94,166
		13,67,850
Add: Health and education cess@4%		54,714
Tax liability		14,22,564
<b>Tax liability (rounded off)</b>		<b>14,22,560</b>

**Note: Computation of Marginal Relief**

Particulars	₹
Tax on total income of ₹ 50,55,350 (A)	14,62,016
Tax on total income of ₹ 50 lakhs (B)	13,12,500
Total income less ₹ 50 lakhs (C)	55,350
Tax on total income of ₹ 50 lakhs plus the excess of total income over ₹ 50 lakhs (D = B + C)	13,67,850
Marginal Relief (A – D)	94,166

2. (a) I. Mr. Nikhil is an Indian citizen living in Dubai since 2005 who never came to India for a single day. He would not be a resident in India for the P.Y. 2024-25 on the basis of number of days of his stay in India as per section 6(1).
- However, he would be deemed resident in India for the P.Y. 2024-25 by virtue of section 6(1A) if he is
- having total income (excluding income from foreign sources) exceeds ₹ 15 lakhs during the previous year; and
  - not liable to tax in Dubai.

**Computation of Total Income (excluding income from foreign sources)  
for A.Y.2025-26**

	Particulars	₹
(i)	Income accrued and arisen in Dubai (not considered)	-
(ii)	Income accrued and arisen in India (Considered)	5,00,000
(iii)	Income deemed to accrue or arise in India (Considered)	8,00,000
(iv)	Income arising in Dubai from a profession set up in India (Considered)	10,00,000
<b>Total income (excluding income from foreign sources)</b>		<b>23,00,000</b>

Since Mr. Nikhil fulfills the above condition, he is a deemed resident under section 6(1A). A deemed resident is always a resident but not ordinarily resident in India (RNOR). His taxable income will be ₹ 23 lakhs as calculated above.

- II. If income arising in Dubai from a profession set up in India is ₹ 2 lakhs instead of ₹ 10 lakhs, his total income (excluding income from foreign sources) would be only ₹ 15 lakhs. Since the same does not exceed the threshold limit of ₹ 15 lakhs, he would not be deemed resident.

Accordingly, he would be non-resident in India for the P.Y. 2024-25 and hence, his total income would be only ₹ 13 lakhs (aggregate of ₹ 5 lakhs + ₹ 8 lakhs).

- III. If Mr. Nikhil is not an Indian citizen and his parents were born in undivided India, he would be person of Indian origin. In such case, the provisions relating to deemed resident would not apply to him.

Accordingly, he would be non-resident in India during the P.Y. 2024-25 and his total income would be ₹ 13 lakhs.

- (b) (i) Mira & Co has withdrawn aggregate cash of ₹ 1.30 crores during the previous year 2024-25. Since aggregate amount of cash withdrawals exceed ₹ 1 crore, bank is required deducted tax at source @2% on the amount exceeding ₹ 1 crore i.e., ₹ 30 lakhs.

TDS = 2% of ₹ 30 lakhs = ₹ 60,000

- (ii) Tax @10% under section 193 is to be deducted on interest on 8% Savings (Taxable) Bonds, 2003 and 7.75% Savings (Taxable) Bonds, 2018, since the interest payable on the bonds held by Mr. Anil exceeds ₹ 10,000.

Interest on 8% Savings (Taxable) Bonds, 2003 = ₹ 2,50,000 x 8% = ₹ 20,000

Interest on 7.75% Savings (Taxable) Bonds, 2018 = ₹ 3,50,000 x 7.75% = ₹ 27,125

Tax to be deducted at source = ₹ 47,125 x 10% = ₹ 4,713.

3. (a) Since Mr. Sarthak does not own more than 10 vehicles at any time during the previous year 2024-25, he is eligible to opt for presumptive taxation scheme under section 44AE. As per section 44AE, ₹ 1,000 per ton of gross vehicle weight or unladen weight, as the case may be, per month or part of the month for each heavy goods vehicle and ₹ 7,500 per month or part of month for each goods carriage other than heavy goods vehicle, owned by him would be deemed as his profits and gains from such goods carriage.

Heavy goods vehicle means any goods carriage, the gross vehicle weight of which exceeds 12,000 kg.

**Calculation of presumptive income as per section 44AE**

Type of carriage	No. of months the vehicle is owned by Mr. Prakash	Rate per ton per month	Ton	Amount ₹
(1)	(2)	(3)	(4)	(5) [(2) x (3) x (4)]
<b>Heavy goods vehicle</b>				
Vehicle B (15,000 kgs) held throughout the year	12	₹ 1,000	15 (15,000/1,000)	1,80,000
Vehicle E (14,000 kgs) purchased on 15.5.2024	11	₹ 1,000	14 (14,000/1,000)	1,54,000

<u>Goods vehicles other than heavy goods vehicle</u>		<u>Rate per month</u>		
Vehicle A held throughout the year	12	₹ 7,500	-	90,000
Vehicle C held throughout the year	12	₹ 7,500	-	90,000
Vehicle D purchased on 20.4.2024	12	₹ 7,500	-	90,000
<b>Total</b>				<b>6,04,000</b>

The “put to use” date of the vehicle is not relevant for the purpose of computation of presumptive income under section 44AE, since the presumptive income has to be calculated per month or part of the month for which the vehicle is owned by Mr. Sarthak

(b)

<b>I</b>	<b><u>Tax consequences in the hands of Mr. Arjun</u></b>
	<p>As per section 50C, where the actual sale consideration is less than the value adopted by the Stamp Valuation Authority for the purpose of charging stamp duty, and such stamp duty value exceeds 110% of the actual sale consideration, then, the value adopted by the Stamp Valuation Authority shall be taken to be the full value of consideration.</p> <p>In a case where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided the whole or part of the consideration is received by way of account payee cheque/bank draft or by way of ECS through bank account or through such other electronic mode as may be prescribed, on or before the date of agreement.</p> <p>In this case, since ₹ 15 lakhs is received through account payee cheque on the date of agreement, stamp duty value on the date of agreement would be considered for determining the full value of consideration.</p> <p>Accordingly, in this case, capital gains would be computed in the hands of Mr. Arjun, for A.Y.2025-26, taking the actual consideration of ₹ 45 lakh of plot as the full value of consideration arising on</p>



	transfer of such plot, since the stamp duty value on the date of agreement does not exceed 110% of the actual consideration.								
<b>II</b>	<b><u>Tax consequences in the hands of Mr. Siddharth</u></b>								
	<p>In case immovable property is received for inadequate consideration, the difference between the stamp duty value and actual consideration would be taxable under section 56(2)(x) in the hands of the recipient, if such difference exceeds the higher of ₹ 50,000 and 10% of actual sales consideration.</p> <p>In a case where the date of agreement is different from the date of registration, stamp duty value on the date of agreement can be considered provided the whole or part of the consideration is paid by way of account payee cheque/bank draft or by way of ECS through bank account or through such other electronic mode as may be prescribed, on or before the date of agreement.</p> <p>In this case, since ₹ 15 lakhs is paid through account payee cheque on the date of agreement, stamp duty value on the date of agreement would be considered.</p> <p>Therefore, nothing would be taxable in the hands of Mr. Siddharth under the head "Income from Other Sources" in A.Y.2025-26 since the difference between stamp duty value on the date of agreement and actual consideration does not exceed ₹ 4,50,000, being the higher of ₹ 50,000 and 10% of consideration.</p> <p>At the time of subsequent sale of property by Mr. Siddharth to Ms. Nisha (on 21.3.2025), short-term capital gains would arise in the hands of Mr. Siddharth in A.Y.2025-26, since the property is held by him for less than 24 months.</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>₹</th></tr> </thead> <tbody> <tr> <td>Full value of consideration (Since actual consideration of ₹ 55 lakh is higher than stamp duty value of ₹ 54 lakh)</td><td>55 lakhs</td></tr> <tr> <td>Less: Cost of acquisition</td><td>45 lakhs</td></tr> <tr> <td>Short-term capital gains</td><td>10 lakhs</td></tr> </tbody> </table>	Particulars	₹	Full value of consideration (Since actual consideration of ₹ 55 lakh is higher than stamp duty value of ₹ 54 lakh)	55 lakhs	Less: Cost of acquisition	45 lakhs	Short-term capital gains	10 lakhs
Particulars	₹								
Full value of consideration (Since actual consideration of ₹ 55 lakh is higher than stamp duty value of ₹ 54 lakh)	55 lakhs								
Less: Cost of acquisition	45 lakhs								
Short-term capital gains	10 lakhs								

4. (a) **Computation of Gross total income of Mr. Neeraj for the A.Y.2025-26 under normal provisions of the Act**

Particulars	₹	₹
<b>Salaries</b>		
Income from Salary	4,18,000	
<b>Less:</b> Set off of loss from house property against salary to the extent of ₹ 2 lakhs	<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. 2020-21 can be set off against current year income from trading business, 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 XYZ</b>	25,000	
<b>Less:</b> Set off of loss from speculative business PQR	<u>(12,000)</u>	
	13,000	
<b>Less:</b> Brought forward loss from speculative business PQR from A.Y. 2021-22 can be set off to the extent of ₹ 13,000. Balance loss will be lapsed since four years has expired.	<u>(13,000)</u>	-
<b>Capital Gains</b>		
Long term capital gain on sale of urban land	2,05,000	
<b>Less:</b> Set off of Long term capital loss on sale of shares (STT not paid)	(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, since long-term capital arising on sale of such shares is taxable under section 112A	(1,10,000)	
<b>Less:</b> Set off of Short-term capital loss under section 111A	<u>(10,000)</u>	-
<b>Gross Total Income</b>		<b>3,86,000</b>

**Items eligible for carried forward to A.Y.2026-27**

Particulars	₹
<b><u>Loss from house property</u></b>	20,000
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. 2033-34, in this case.	

<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. 2033-34, in this case, as specified under section 74(1).	75,000

- (b) (1) 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 three months prior to 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.2025-26, therefore, is 31<sup>st</sup> December 2025. Mr. Rajiv cannot furnish a belated return after this date.

- (2) **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 in case the assessee exercises the option of shifting out of the default tax regime provided under section 115BAC(1A), 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 ₹ 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). However, such fee cannot exceed ₹ 1,000, if the total income does not exceed ₹ 5,00,000

OR

(b)

	Transaction	Is quoting of PAN mandatory in related documents?
1.	Payment of ₹ 95,000 was made during the F.Y. 2024–25 towards the acquisition of equity shares of BCD Ltd., an unlisted company.	No, quoting of PAN is not mandatory in this case, since the payment of ₹ 95,000 for acquiring equity shares of the unlisted company does not exceed the prescribed threshold limit of ₹ 1,00,000.
2.	A sum of ₹ 1,10,000 was paid to SJB Co. for the acquisition of its mutual fund units.	Yes, since the amount paid exceeds ₹ 50,000.
3.	An application was submitted to Punjab National Bank (PNB) for the issuance of a credit card.	Yes, quoting of PAN is mandatory on making an application to a banking company for issue of credit card.
4.	Payment of ₹ 1,50,000 in cash was made to a travel agent for the purchase of foreign currency amounting to USD 1,500.	Yes, since the amount paid exceeds ₹ 50,000.

## SECTION B – GOODS AND SERVICES TAX (50 MARKS)

### SUGGESTED ANSWERS

#### Division A - Multiple Choice Questions

Question No.	Answer	
1.	(a)	5,000
2.	(b)	₹ 1,00,000
3.	(b)	24-06-2025
4.	(b)	16 <sup>th</sup> August
5.	(d)	24 <sup>th</sup> September
6.	(b)	₹ 1,657
7.	(d)	required to file Final Return on or before 14 <sup>th</sup> December
8.	(b)	Credit Note

#### Division B - Descriptive Questions

1. (a) **Computation of minimum net GST payable in cash by M/s. Bright Consultancy Services for the month of November**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<b><u>GST payable under forward charge</u></b>				
Consultancy services to Alpha Ltd. (U.P.)	5,00,000	45,000 [5,00,000 x 9%]	45,000 [5,00,000 x 9%]	
Consultancy services to Beta Ltd. (Delhi)	3,00,000	-	-	54,000 [3,00,000 x 9%]
Sale of office equipment to Kanpur dealer (U.P.)	7,50,000	67,500 [3,00,000 x 9%]	67,500 [3,00,000 x 9%]	-
Advance received for consultancy services (intra-state, tax payable on advance for services)	50,000	4,500 [50,000 x 9%]	4,500 [50,000 x 9%]	-
Total output tax		1,17,000	1,17,000	54,000

Less: ITC utilized		1,81,500	1,81,500	36,000
<b>Net GST payable [A]</b>		Nil	Nil	18,000
Legal services availed [B] [Tax on legal services availed by a business entity from an advocate is payable under reverse charge. Further, tax payable under reverse charge cannot be set off against ITC and thus, reverse charge has to be paid in cash since the tax payable under reverse charge is not an output tax.]	50,000	4,500 [50,000 x 9%]	4,500 [50,000 x 9%]	-
<b>Minimum net GST payable in cash [A] + [B]</b>		<b>4,500</b>	<b>4,500</b>	<b>18,000</b>

**Working Note:**

**Computation of ITC available**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Purchase of computers (Delhi) [ITC of goods used in the course/furtherance of business is available. Further, it is a inter-state supply, so IGST will be applicable]	2,00,000	-	-	36,000 [2,00,000 x 18%]
Club membership fee [ITC is not available, since it is blocked under the CGST Act, 2017.]	60,000	Nil	Nil	-
Office Rent [ITC of services used in the course/ furtherance of business is available]	1,00,000	9,000 [1,00,000 x 9%]	9,000 [1,00,000 x 9%]	-

Purchase Car [ITC for purchase of motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons is blocked under CGST Act, 2017.]	10,00,000	Nil	Nil	-
Purchase of Delivery van [ITC will be available, since the van is used in in the course/ furtherance of business]	12,00,000	1,68,000 [12,00,000 x 14%]	1,68,000 [12,00,000 x 14%]	-
Legal Services Availed from Mr. Pranay [ITC of services used in the course/ furtherance of business is available]	50,000	4,500 [50,000 x 9%]	4,500 [50,000 x 9%]	-
<b>Total</b>		<b>1,81,500</b>	<b>1,81,500</b>	<b>36,000</b>

- (b) (i) Supply includes import of services for a consideration, even if it is not in the course or furtherance of business.

Thus, although the import of service for consideration by Miss. Sushma Pathak is not in course or furtherance of business [as the interior decoration services have been availed in respect of residence], it would amount to supply.

- (ii) Import of services by a taxable person from a related person located outside India, without consideration is treated as supply only if it is provided in the course or furtherance of business. The persons shall be deemed to be “related persons” if they are members of the same family. Family means,—

- (i) the spouse and children of the person, and
- (ii) the parents, grand-parents, brothers and sisters of the person if they are wholly or mainly dependent on the said person.

In the given case, Miss Sushma Pathak has received interior decoration services from her brother. Thus, Miss Sushma and her brother shall be

considered to be related as Miss Sushma's brother is wholly dependent on her.

However, Miss Sushma Pathak has taken interior decoration services for her residence and not in course or furtherance of business. Consequently, services provided by Miss Sushma Pathak's brother to her would not be treated as supply.

- (iii) In the above case, if Miss Sushma has taken interior decoration services with regard to her business premises, services provided by Miss Sushma's brother to her would be treated as supply under section 7 of the CGST Act, 2017 read with Schedule I, as the same are provided in course or furtherance of business.

- 2. (a) The view taken by the accountant of Shrinivas & Sons is not valid in law. A registered person with an aggregate turnover in a preceding financial year up to ₹ 1.5 crore is eligible for composition levy in Delhi. Further, such person must not be engaged in making any supply of goods or services which are not leviable to tax under this Act and must not be engaged in making any inter-State outward supplies of goods or services, for being eligible to pay tax under said scheme.

In the given case, the aggregate turnover of Shrinivas & Sons does not exceed ₹ 1.5 crore. Further, it is engaged in making only intra-State supply of goods and Product X supplied by it is taxable and Product Y supplied by it is leviable to tax, though exempted by way of notification. Therefore, it is eligible for composition levy in the current year.

- (b) (i) In case of postpaid mobile connections, the place of supply shall be the billing address of the recipient of services as per the records of the supplier. Since the billing address of Mr. Ramesh on the records of XYZ Telecom Ltd. is Kolkata (West Bengal), the place of supply will be West Bengal.
- (ii) In case of prepaid mobile connections supplied through a distributor, the place of supply shall be the address of the distributor as per the records of the supplier of services. Here, PQR Distributors is located in Bengaluru (Karnataka) as per the supplier's records. Accordingly, the place of supply will be Karnataka, even though the vouchers are sold in Tamil Nadu.
- (iii) Section 10(1)(d) of the IGST Act, 2017 provides that 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.

Thus, the place of supply is the site of assembly of machine, i.e. Tamilnadu.



3. (a) Sher Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Sukhram. 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 Sher Singh, and no tax invoice is issued in pursuance thereof, Sher Singh may issue a refund voucher against such payment to Sukhram.

- (b) Yes, the cancellation of registration 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.

4. (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.

**Or**

- (a)** Time of supply of service taxable under reverse charge is the earlier of the following dates:

- Date of payment
- 61<sup>st</sup> day from the date of issue of invoice, in cases where invoice is required to be issued by the supplier
- Date of issue of invoice by the recipient, in cases where invoice is to be issued by the recipient.

In case invoice is to be issued by the recipient, he is required to issue the said invoice within a period of 30 days from the date of receipt of the said supply of goods and/or services, as the case may be.

- (b)** The given statement is invalid. An electronic statement has to be filed by the Electronic Commerce Operator (ECO) containing details of the outward supplies of goods and/ or services effected through it, including the supplies returned through it and the amount collected by it as TCS during the month within 10 days after the end of the each month in which supplies are made.

Additionally, the ECO is also mandated to file an Annual Statement on or before 31<sup>st</sup> day of December following the end of the financial year.

The Commissioner has been empowered to extend the due date for furnishing of monthly and annual statement by the person collecting tax at source.