

ISBN: 978-93-5586-516-8

# Scanner Appendix

**CMA Inter Group - I  
(2022 Syllabus)  
Solutions of June - 2024**

**Paper - 7 : Direct and Indirect Taxation**

## **Chapter - 1B : Residential Status and Scope of Total Income**

**2024 - June [2] (a)**

<b>Residential status of Vijay:</b>	
During the financial year 2024-25, Vijay remained in India for more than 182 days or more.	
His stay in India during 4 previous years preceding the previous year 2024-25 was 142 days. He does not satisfy the second basic condition.	
He was non-resident in F.Y.2021-22, F.Y.2022-23 and F.Y.2023-24 and does not satisfy the status of being non-resident in 9 out of 10 previous years preceding the previous year 2024-25.	
Also, his stay in India was not less than 729 days in 7 previous years preceding the previous year 2024-25.	
He satisfies both the additional conditions.	
Therefore, his residential status is 'resident and ordinarily resident'.	
<b>Total Income</b>	<b>17,50,000</b>

**Chapter - 2A : Salaries****2024 - June [2] (b)****Income from salary chargeable in the hands of Mrs. Simran**

Basic salary $\{(70,000 \times 4) + (75,000 \times 8)\}$	8,80,000
Dearness allowance $(8,80,000 \times 25\%)$	2,20,000
Bonus $(70,000 \times 1.25)$	87,500
Employer's contribution to RPF (Out of 15%, 12% is exempt)	26,400
Perquisite of motor car $(2,400 \times 3)$	7,200
Hostel expenses allowance for 2 children $(300 \times 12 \times 2 = 7,200)$ exempt	2,800
Education facility for 2 children in a school maintained by employer	48,000
Gross salary	12,71,900
Less: Standard deduction under section 16(i.a)	50,000
Total taxable salary	<b>12,21,900</b>

**Chapter - 2B : Income from House Property****2024 - June [3] (a)****In the given case there are three options:**

1. Take H1 and H3 as self-occupied and H2 as Deemed to be Let Out.
2. Take H2 and H3 as self-occupied and H1 as Deemed to be Let Out.
3. Take H1 and H2 as self-occupied and H3 as Deemed to be Let Out.

**Income under the head house property of Shri Aradhya:**

Particulars	H1 and H3 (S/O)	H2 (DLO)	H2 and H3 (S/O)	H1 (DLO)	H1 and H2 (S/O)	H3 (DLO)
Gross Annual Value	Nil	3,00,000	Nil	2,50,000	Nil	6,50,000

Less: Municipal Tax	Nil	52,500	Nil	37,500	Nil	1,12,500
Net Annual Value	Nil	2,47,500	Nil	2,12,500	Nil	5,37,500
Less: Deductions u/s						
24(a) Standard Deductions (30% of NAV)	Nil	74,250	Nil	63,750	Nil	1,61,250
24(b) interest on loan	2,00,000	1,50,000	2,00,000	70,000	30,000	2,50,000
Total Deduction	2,00,000	2,24,250	2,00,000	1,33,750	30,000	4,11,250
Income from house property	(2,00,000)	23,250	(2,00,000)	78,750	(30,000)	1,26,250
Total income from house property		<b>(1,76,750)</b>		<b>(1,21,250)</b>		<b>96,250</b>
Total income under the head income from house property as per Option I is: -1,76,750, Shri Aradhya should consider H2 as DLO property and H1 and H3 as S/O.						

**Chapter - 2C : Profits and Gains of Business or Profession****2024 - June [3] (b)**

(i)	Under Section 44AD, for eligible business, where the amount or aggregate turnover of the amounts received during the previous year, in cash, does not exceed 5% of the total turnover or gross receipts, a threshold limit of ₹ 3,00,00,000 will apply.
	Since his cash receipts during the previous year does not exceed 5% of the total turnover i.e., 4.52% and His total turnover for the financial year 2024-2025 is below ₹ 3,00,00,000, i.e., ₹ 2,99,00,000, he is eligible for presumptive taxation scheme under section 44AD in respect of his retail trade business.
(ii)	Realized by cash ₹ 13,50,000 during the previous year @ 8%
	₹ 1,08,000

	Realized balance ₹ 2,85,50,000 through prescribed electronic modes on or before the due date for filing the return specified in section 139(1) @ 6%	₹ 17,13,000
	Income from retail trade, applying the presumptive tax provisions under section 44AD	₹ 18,21,000

**Chapter - 2D : Capital Gains****2024 - June [4] (a)**

<b>Capital gain in the hands of Kavita for the Asst. Year 2025-26</b>		
<b>Sale of urban vacant land:</b>		
Sale consideration	75,00,000	
Value of land for stamp duty purposes	80,00,000	
Since the difference between the sale consideration and value for stamp duty purposes is less than 10%.	75,00,000	
Actual sale consideration to be adopted as deemed sale consideration.		
<i>Less:</i> Indexed cost of acquisition	41,76,000	
		33,24,000
<b>Sale of agricultural land:</b>		
Since the land is located within 6 kms. from the local limits of municipality and the population as per the preceding census is more than ₹ 1 lakh but less than ₹ 10 lakhs, it is a capital asset liable for capital gain		

(loss) upon transfer.		
Sale consideration	40,00,000	
Less: Indexed cost of acquisition	26,10,000	
		13,90,000
		47,14,000
Less: Deduction under Section 54 EC		
As the investment was made on 12.06.2024 which is more than 6 months from the date of transfer in respect of urban vacant land, no deduction would be considered against such long-term capital gain.		
However, the agricultural land sold in June, 2024 is eligible for the exemption limited to the capital gain. Thus, the deposit of ₹ 30 lakhs would however entitle the taxpayer to claim only ₹ 13.90 lakhs as deduction.		13,90,000
Long-term capital gain		33,24,000

### Chapter - 2E : Income from Other Sources

2024 - June [4] (b)

#### Income from Other Sources of Mrs. Bharti for the A.Y. 2025-2026

(i)	Dividend received from co-operative society		15,000
(ii)	Winning from game show 'Kaun Banega Punji-Pati' (Net of taxes)		1,25,000
(iii)	Family pension received from employer of deceased husband	60,000	
	Less: Standard deduction under Section 57	15,000	45,000

(iv)	She purchased a painting for ₹ 65,000, although fair market value (FMV) was ₹ 80,000 Difference does not exceed ₹ 50,000, hence not taxable		Nil
(v)	Rent of factory building along with plant and machinery i.e., composite rent  Less: Repairs Insurance Depreciation on factory building Depreciation on plant & machinery	95,000  2,000 2,500 5,000 3,500	    82,000
(vi)	Rent received from a vacant plot of land		80,000
(vii)	Interest received on loan given to relative		7,500
Income taxable under the head Income from other sources			3,54,500

**Chapter - 3B : Set Off and Carry Forward of Losses**

2024 - June [5] (a)

**Total Income of Mr. Anupreet for the A.Y. 2025 - 26**

Particulars	Amount (₹)	Amount (₹)
Salary income	5,00,000	
Less: Loss from other sources	3,00,000	
Less: Loss from house property	2,00,000	Nil
Profit from speculation business	6,00,000	
Less: C/f loss of speculation business	3,50,000	
Less: Loss from non-speculation business	2,50,000	Nil
Profit form STCG	4,0,000	
Less: Loss from non-speculation business	40,000	Nil
Total taxable income		Nil

List of items to be c/f:		
1.	Unabsorbed depreciation (P.Y. 2016 -17)	1,65,000
2.	Loss from non-speculation business	10,000
3.	Loss from LTCG	1,50,000
4.	Loss from house property	20,000

**Chapter - 3D : Taxation of Individual  
2024 - June [5] (b)**

**Total income of Mr. Pawan for the A.Y.2025-2026**

		Regular provision	Section 115 BAC
(i)	Income from House Property	42,000	42,000
(ii)	Income from Business	5,36,000	5,40,000
(iii)	Income from other sources	1,60,000	1,61,000
	Gross total income	7,38,000	7,43,000
	<i>Less: Deductions under Chapter VI-A</i>	55,000	Not eligible
	Deduction under Section 80G	20,000	Not eligible
	Total Taxable Income	6,63,000	7,43,000
	Tax liability	45,100	24,300
	<i>Add: Health &amp; Education cess @ 4%</i>	1,804	972
	Tax and cess payable	46,904	25,272

In the instant case, tax liability under default tax regime under Section 115BAC is lower, hence, it is advisable to must opt for default tax regime under Section 115BAC.

#### **Chapter - 4 : Concept of Indirect Taxes**

**2024 - June [6] (a)**

##### **Difficulties and limitations in pre-GST regime:**

- (i) In Pre-GST regime, Indian indirect tax was highly fragmented. Centre and States were separately taxing the goods and services. There were many taxes like excise duty, service tax, VAT CST, purchase tax, entertainment tax, octroi.
- (ii) In addition, there was multiplicity of rates, laws and procedures. This caused heavy compliance burden.
- (iii) Imposition of tax on tax was another serious problem. For example, VAT was levied on value that included excise duty.
- (iv) Input tax credit chain broke as goods moved from one State to another, resulting in hidden cost for their business.
- (v) Further, pre-GST, there were tax nakas at every *inter-state* border creating bottlenecks in *inter-state* transport of goods.
- (vi) As a result, logistics sector remained inefficient and it adversely affected the businesses.
- (vii) Every State was effectively a distinct market for the industry as well as consumer.
- (viii) Industry's choice of locating factories or warehouses was heavily influenced by the prevailing tax regime than pure business consideration.

To curb all these, Goods and Services Tax (GST) was introduced in the system with the idea of One Nation One Tax.

#### **Chapter - 5A : Introduction to GST Law**

**2024 - June [6] (b)**

##### **GST Network (GSTN)**



A common platform is needed which could act as a clearing house and verify the claims and inform the respective government to transfer the funds. This is possible with the help of a strong IT infrastructure. Accordingly, government has established common GST electronic portal, a website managed by goods and services Network GSTN for the tax payer and common IT infrastructure for central and states.

GSTN (a non-profit government owned organisation) is a special purpose Vehicle. The functions of the GSTN. Would *Inter Alia* include:

1. Facilitating registration
2. Forwarding the returns to central and state authorities
3. Competition and settlement of IGST
4. Matching of tax payment details with banking network
5. Providing various NIS reports to the central and the state governments based on the tax sphere written information
6. Providing analysis of tax payers' profile
7. Running the matching engine for matching reversal and reclaim of input tax credit

#### **Salient features of GST**

1. Incorporated in March, 2013 as Section 25 -100 percent government owned company with paid up capital of 10,00,00,000
2. Two function as a common pass through portal for tax payers
  - (a) Submit registration application
  - (b) File returns
  - (c) Make tax payments
3. To develop back end modules for states
4. Infosys Ltd. appointed as managed service provider
5. Appointed more than 70 GST Suvudha providers.

#### **Chapter - 5B : Levy and Collection of CGST and IGST**

##### **2024 - June [7] (a)**

- (i) A registered person, whose aggregate turnover in the preceding financial year does not exceed ` 150 lakh, will be eligible to opt for payment of tax under the composition scheme.

However, a registered person of Uttarakhand whose aggregate turnover in the preceding financial year does not exceed ₹ 75 lakh, will be eligible to opt for payment of tax under the composition scheme.

Mrs. Pooja is not eligible to opt for composition levy for current financial year since her aggregate turnover exceed ₹ 75 lakh i.e. ₹ 95 lakh (₹ 50 lakh + ₹ 45 lakh) in preceding financial year.

- (ii) If a business is ineligible to opt for composition scheme, then all other business registered under the same PAN shall automatically ineligible for the composition scheme.

Therefore, Mrs. Pooja is not eligible for composition scheme only for fancy store and normal scheme for foot wear show room.

- (iii) Restaurant services and fancy store are eligible for the composition scheme.

Hence, Mrs. Pooja is eligible for composition scheme, since, her aggregate turnover does not exceed ₹ 75 lakh i.e. ₹ 65 lakh (₹ 30 lakh + ₹ 35 lakh) in preceding financial year.

### Chapter - 5C : Basic Concepts of Time and Value of Supply 2024 - June [7] (b)

#### Time of supply for goods

Time of supply for goods will be earlier of:

- (a) Date of issue of invoice by the supplier or
- (b) The last date on which he is required to issue the invoice

**In present case:**

	For advance.	For balance.
--	--------------	--------------

Date of issue of invoice.	20 <sup>th</sup> June.	20 <sup>th</sup> June.
---------------------------	------------------------	------------------------

The last date on which he is

Required to issue invoice.	16 <sup>th</sup> May.	16 <sup>th</sup> May.
----------------------------	-----------------------	-----------------------

Advance on goods is not taxable at the time of receipt. So accordingly for the whole invoice amount of ₹ 75,000 the time of supply will be 16 May.

**Time of supply of services:**

If in above case if it would have been supply of service, the time of supply will be In present case, advance for Service will be taxable on receipt of advance as advance of ₹ 25,000 received on 7<sup>th</sup> May time of supply for ₹ 25,000 will be 7<sup>th</sup> May.

As the invoice is not issued within the period prescribed under section 31 that is within 30 days the time of supply for balance ₹ 50,000 will be earlier of:

Date of provision of service                      16<sup>th</sup> May

Date of receipt of payment                      20<sup>th</sup> June

Show time of supply for ₹ 50,000 will be 16<sup>th</sup> May.

**Chapter - 5E : Registration****2024 - June [8] (a)**

- (i) Every supplier becomes liable to registration if his turnover exceeds the applicable threshold limit i.e. ₹ 40 lakh in a financial year. Since in the given case, the turnover of Parwati Utensil Trader exceeded ₹ 40 lakh on 1<sup>st</sup> October, 2024, it becomes liable to registration on said date.

Further, since the application for registration has been submitted within 30 days from such date, the registration shall be effective from the date on which the person becomes liable to registration.

Therefore, the effective date of registration is 1<sup>st</sup> October, 2024.

- (ii) Since in the given case, the turnover of Hardik Service exceeds the applicable threshold limit i.e. ₹ 20 lakh on 25<sup>th</sup> September, 2024, it becomes liable to registration on said date.

Further, since the application for registration has been submitted after 30 days from the date such person becomes liable to registration, the registration shall be effective from the date of grant of registration.

Therefore, the effective date of registration is 10<sup>th</sup> November, 2024.

**Chapter - 6C : Valuation Rules and Computation of Assessable Value and Duties****2024 - June [8] (b)****Assessable value of machine imported by Shyam Trade Company**

FOB value of the Machine	US \$ 25,000
<i>Add:</i> - Licence fee relating to imported goods, the buyer was required to pay in USA	US \$ 500
Customs FOB value	US \$ 25,500
Value in rupees	₹ 19,12,500
<i>Add:</i> - Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	₹ 2,25,000
<i>Add:</i> - Insurance charges paid to the insurer in India (Actual insurance charges paid are includible in the assessable value)	₹ 8,000
Assessable value	21,45,500

**Chapter - 7 : Objective Questions****2024 - June [1] {C} Multiple Choices Question (Compulsory)**

- (i) (c)
- (ii) (c)
- (iii) (b)
- (iv) (d)
- (v) (a)
- (vi) (d)
- (vii) (b)
- (viii) (d)
- (ix) (c)
- (x) (b)
- (xi) (a)

- (xii) (b)
- (xiii) (b)
- (xiv) (c)
- (xv) (b)

**Shuchita Prakashan (P) Ltd.**  
B-45/141, Street No. 5,  
Guru Nanak Pura Laxmi Nagar  
Delhi - 110092  
*Visit us : [www.scanneradda.com](http://www.scanneradda.com)*

