

Mock Test Paper - Series I: November, 2024

Date of Paper: 25th November, 2024

Time of Paper: 2 P.M. to 5 P.M.

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

ANSWERS

Division A – Multiple Choice Questions

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

Division B – Descriptive Questions

1. Computation of total income of Mr. Amit for A.Y. 2024-25

	Particulars	₹	₹	₹
I	Income from house property			
	Let out portion [First floor]			
	Gross Annual Value [Rent received is taken as GAV, in the absence of other information]		2,28,000	
	Less: Municipal taxes paid by him in the P.Y. 2023-24 pertaining to let out portion [₹ 60,000/2]		30,000	
	Net Annual Value (NAV)		1,98,000	
	Less: Deduction u/s 24			
	(a) 30% of ₹ 1,98,000		59,400	
			1,38,600	
	Self-occupied portion			
	[Ground Floor]			
	Annual Value		Nil	
	[No deduction is allowable in			1,38,600

	respect of municipal taxes paid]		
II	Profits and gains of business or profession		
	Income from SEZ unit		20,00,000
III	Capital Gains		
	On transfer of 60,000 shares (2,00,000 x 30%)		
	Sales consideration [60,000 x ₹ 60 per share]	36,00,000	
	<i>Less:</i> Cost of acquisition, higher of –	<u>30,00,000</u>	
	- Actual cost [60,000 x ₹ 40 per share]	24,00,000	
	- Lower of FMV on 31.1.2018 [60,000 x 50]	30,00,000	
	Actual sales consideration [60,000 x 60]	36,00,000	
	Long-term capital gains u/s 112A (since shares are held for a period of more than 12 months before transfer)		6,00,000
IV	Income from Other Sources		
	Royalty from artistic book	2,88,000	
	<i>Less:</i> Expenses incurred for earning royalty	40,000	
		<u>2,48,000</u>	
	Interest on savings bank deposits	30,000	
			2,78,000
	Gross Total Income		30,16,600
	<i>Less: Deduction u/s 10AA</i> [Not available, since he commenced operation in P.Y. 2021-22]		-
	<i>Less: Deduction under Chapter VI-A</i>		
	Deduction under section 80C		
	Tuition fee paid for maximum of two children is allowable (₹ 14,000 x 2)	28,000	

Insurance premium paid on life insurance policy of son allowable, even though not dependent on Mr. Amit	39,000		
Insurance premium paid on life insurance policy of father not allowable, even though father is dependent on Mr. Amit	-	67,000	
Deduction under section 80QQB		1,90,000	
Royalty [$\text{₹ } 2,88,000 \times 15/18 = \text{₹ } 2,40,000$, restricted to amount brought into India in convertible foreign exchange $\text{₹ } 2,30,000$ minus $\text{₹ } 40,000$ expenses already allowed as deduction while computing royalty income]			
Deduction under section 80TTA		10,000	
Interest on savings bank account, restricted to $\text{₹ } 10,000$			
			2,67,000
Total Income			27,49,600

Computation of tax liability of Mr. Amit for A.Y.2024-25 under the normal provisions of the Act

Particulars	₹	₹
Tax on total income of ₹ 27,49,600		
Tax on LTCG of ₹ 5,00,000, being the sum exceeding ₹ 1 lakh @10%		50,000
Tax on remaining total income of ₹ 21,49,600		
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 ₹ 5,00,000]	1,00,000	
₹ 10,00,001 – ₹ 21,49,600 [@30% of ₹ 11,49,600]	3,44,880	4,57,380
		5,07,380
<i>Add: Health and education cess@4%</i>		20,295
Total tax liability		5,27,675
Tax liability (rounded off)		5,27,680

**Computation of adjusted total income and AMT of Mr. Amit for
A.Y. 2024-25**

Particulars	₹
Computation of adjusted total income	
Total income as per the normal provisions of the Act	27,49,600
Add: Deduction u/s 80QQB	1,90,000
Adjusted Total Income	29,39,600
Alternative Minimum Tax@18.5%	5,43,826
Add: Health and education cess@4%	21,753
AMT liability	5,65,579
AMT liability (rounded off)	5,65,580

Since the regular income-tax payable is less than the alternate minimum tax payable, the adjusted total income shall be deemed to be the total income and tax is leviable @18.5% thereof plus cess@4%. Therefore, liability as per section 115JC is ₹ 5,65,580.

2. (a) An Indian citizen or a person of Indian origin who, being outside India, comes on a visit to India (and whose total income, other than from foreign sources, does not exceed ₹ 15,00,000) would be resident in India only if he or she stays in India for a period of 182 days or more during the previous year. Even if his total income, other than from foreign sources, exceeds ₹ 15,00,000, he would be resident in India if stays in India for 120 days or more during the relevant previous year and 365 days or more during the 4 previous years immediately preceding the relevant previous year.

Since Mrs. Riya is a person of Indian origin who comes on a visit to India only for 60 days in the P.Y.2023-24, she is non-resident for the A.Y. 2024-25.

A non-resident is chargeable to tax in respect of income received or deemed to be received in India and income which accrues or arises or is deemed to accrue or arise to her in India. Accordingly, her total income and tax liability would be determined in the following manner:

**Computation of total income and tax liability of Mrs. Riya for
A.Y. 2024-25**

Particulars	Amt (₹)
Salaries	
Pension received from Russian Government [Not taxable, since it neither accrues or arises in India nor it is received in India]	Nil
Income from House Property	
Annual Value [Rental Income from house 90,000 property in New Delhi is taxable, since it is	

deemed to accrue or arise in India, as it accrues or arises from a property situated in India]		
Less: Deduction u/s 24(a) @ 30%	27,000	63,000
Capital Gains		
Long-term capital gains on sale of land at New Delhi [Taxable, since it is deemed to accrue or arise in India as it is arising from transfer of land situated in India]		3,00,000
Short-term capital gains on sale of shares of Indian listed companies in respect of which STT was paid [Taxable, since it is deemed to accrue or arise in India, as such income arises on transfer of shares of Indian listed companies]		60,000
Gross Total Income		4,23,000
Less: Deduction under Chapter VI-A		
Deduction under section 80C		
Life insurance premium of ₹ 75,000 [Premium paid to Russian Life Insurance Corporation allowable as deduction. However, the same has to be restricted to gross total income excluding LTCG and STCG, as Chapter VI-A deductions are not allowable against such income chargeable to tax u/s 112 and 111A, respectively]		63,000
Total Income		3,60,000

(b) Determination of Advance Tax Liability of Mr. Sameer

Particulars		₹
Estimated tax liability for the financial year 2023-24		80,000
Less: Tax deducted at source		<u>12,000</u>
Tax payable		<u>68,000</u>
Due Date of installment	Amount payable	₹
On or before 15 th June, 2023	Not less than 15% of advance tax liability	10,200
On or before 15 th September, 2023	Not less than 45% of advance tax liability /less amount paid in earlier installment	20,400 (₹ 30,600, being 45% of ₹ 68,000 - ₹ 10,200)
On or before 15 th December, 2023	Not less than 75% of advance tax liability /less amount paid in earlier installment(s)	20,400 (51,000, being 75% of ₹ 68,000 - ₹ 30,600)
On or before 15 th March, 2024	Whole of the advance tax liability /less amount paid in earlier installment(s)	17,000 (68,000, being 100% of ₹ 68,000 - ₹ 51,000)

3. (a) (i) **Computation of depreciation for A.Y.2024-25**

Particulars	₹
W.D.V. of the block as on 1.4.2023	7,70,000
Add: Purchase of second hand plant during the year [in December, 2023]	<u>6,10,000</u>
	13,80,000
Less: Sale consideration of old machinery during the year [in July, 2023]	<u>10,00,000</u>
W.D.V of the block as on 31.03.2024	<u>3,80,000</u>
Depreciation @ 15% but restricted to 50% thereon. ₹ 3,80,000 X 7.5%	28,500
[Since the value of the block as on 31.3.2024 represents part of actual cost of second hand plant purchased in December, 2023, which has been put to use for less than 180 days, depreciation is restricted to 50% of the prescribed percentage of 15% i.e. depreciation is restricted to 7½%. Therefore, the depreciation allowable for the year is ₹ 28,500 being 7½% of ₹ 3,80,000]	

(ii) In the given case, no capital gains would arise, since the block of asset continues to exist, and some of the assets are sold for a price which is lesser than the written down value of the block as increased by the actual cost of asset purchased during the year

(iii) **Computation of deduction allowable under section 35**

Particulars	Amount (₹ in lakhs)	Section	% of weighted deduction	Amount of deduction (₹ in lakhs)
Payment for scientific research				
UV University, an approved University	15	35(1)(ii)	100%	15
Satyawati College [Since it is not mentioned as an approved University]	17	-	NIL	NIL

Net Sale consideration		664.00
Less: Indexed cost of acquisition		
- Cost of vacant land, ₹ 80 lakhs, plus registration and other expenses i.e., ₹ 8 lakhs, being 10% of cost of land [₹ 88 lakhs × 348/113]	271.01	
- Construction cost of residential building (₹ 100 lakhs x 348/122)	<u>285.25</u>	<u>556.26</u>
Long-term capital gains before exemption		107.74
Less: Exemption under section 54EC		50.00
Amount deposited in capital gains bonds of NHAI within six months from the date of transfer (i.e., on or before 09.08.2024) would qualify for exemption, to the maximum extent of ₹ 50 lakhs. Therefore, in the present case, exemption can be availed only to the extent of ₹ 50 lakh out of ₹ 60 lakhs, even if the both the investments are made on or before 09.08.2024 (i.e., within six months from the date of transfer).		
Long Term Capital Gains [Since it was held for more than 24 months]		57.74

4. (a) **Computation of tax liability of Mr. Vijay Prasad for A.Y.2024-25**

Particulars	₹	₹
Salary		
Income by way of salary (computed)		2,75,000
Profits and gains from business and profession		
Business Income- Retail business	1,20,000	
Less: Set-off of business loss of ₹ 1,00,000 from wholesale business	<u>1,00,000</u>	
	20,000	
Less: Set-off of brought forward business loss of ₹ 1,35,000 of A.Y.2021-22 allowable to the extent of ₹ 20,000 by virtue of section 72(1)	<u>20,000</u>	
[Balance brought forward business loss of ₹ 1,15,000 (i.e., ₹ 1,35,000 – ₹ 20,000) to be carry forward to A.Y. 2025-26 for set-off		Nil

against business income of that year]		
Capital Gains		
Long-term capital gain on sale of building	2,00,000	
Less: Set-off of short term capital loss	<u>1,85,000</u>	15,000
Income from Other Sources		
Lottery winnings		45,000
Income of minor daughter from special talent [Not included in Vijay Prasad's income since it is earned from special talent]		-
Gross Total Income		<u>3,35,000</u>
Less: Deduction under section 80C		
Contribution to provident fund and NSC ₹ 1,50,000		<u>150,000</u>
Total Income		<u>1,85,000</u>
Tax on ₹ 1,85,000		
Tax on lottery income of ₹ 45,000 @30% [Unexhausted basic exemption limit can not be reduced from lottery income]	13,500	
Tax on LTCG of ₹ 15,000 @20% [Unexhausted basic exemption limit can not be reduced from LTCG as Mr. Vijay is a non resident]	3,000	
Tax on other income of ₹ 1,25,000 (since it does not exceed basic exemption limit)	-	
		16,500
<i>Add:</i> Health and education cess @4%		<u>660</u>
Tax liability		17,160

(b) [First Alternative]

Consequences for non-filing return of income within the due date 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.

However, no interest u/s 234A shall be charged on self-assessment tax paid by the assessee on or before the due date of filing of return.

Fee under section 234F

Late fee of ₹ 5,000 would be payable under section 234F, if the return of income is not filed 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.

Carry forward and set-off of certain losses not permissible

Following losses would not be allowed to be carried forward, where a return of income is not furnished within the time allowed under section 139(1):

- business loss, speculation business loss, loss from specified business,
- loss under the head “Capital Gains”; and
- loss from the activity of owning and maintaining race horses.

(b) [Second Alternative]

	Transaction	Is quoting of PAN mandatory in related documents?
1.	Payment of life insurance premium of ₹ 40,000 in the F.Y.2023-24 by account payee cheque to LIC for insuring life of self and spouse	No, since the amount paid does not exceed ₹ 50,000 in the F.Y.2023-24.
2.	Payment of ₹ 1,10,000 to RBI for acquiring its bonds	Yes, since the amount paid exceeds ₹ 50,000
3.	Applied to SBI for issue of credit card.	Yes, quoting of PAN is mandatory on making an application to a banking company for issue of credit card.
4.	Payment of ₹ 1,00,000 by account payee cheque to travel agent for travel to Dubai for 3 days to visit	No, since the amount was paid by account payee cheque and not in cash, quoting of PAN is not mandatory even though the payment exceeds ₹ 50,000

SECTION B – GOODS AND SERVICES TAX (50 MARKS)

SUGGESTED ANSWERS

Division A - Multiple Choice Questions

Case Scenario-1

Question No.	Answer	
1.	(a)	Service availed from Insurance Agents
2.	(c)	₹ 23,00,000
3.	(c)	₹ 3,80,000

Case Scenario-2

Question No.	Answer	
4.	(b)	90 days
5.	(d)	30 th June, 2024
6.	(b)	E-way bill can be cancelled within 24 hours of generation
7.	(c)	5 th August
8.	(b)	Credit Note

Division B - Descriptive Questions

1. (a) **Computation of minimum net GST payable in cash by M/s Happy Enterprise for the month of December 2024**

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
<u>GST payable under forward charge</u>				
Intra-State supply of goods to M/s Natural & Sons	7,00,000	17,500 [7,00,000 × 2.5%]	17,500 [7,00,000 × 2.5%]	
Intra-State branch transfer [Such transfer is not a supply as the branch has the same GSTIN as that of the head office and thus, is not a distinct person.]	1,00,000	--	--	
Permanent transfer of old computers to orphanage home without consideration. [Permanent transfer or disposal of business	80,000			--

assets was not treated as supply even if made without consideration in terms of Schedule-I of the CGST Act, 2017, as ITC was not availed on the same.]				
Advance received for future intra-State supply of management consultancy service (In case of supply of service, tax is payable at the time of receipt of advance amount too)	40,000	3,600 [40,000 × 9%]	3,600 [40,000 × 9%]	
Total output tax		21,100	21,100	
Less: ITC utilized		27,200	27,200	
Net GST payable [A]		Nil	Nil	
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 × 9%]	4,500 [50,000 × 9%]	
Minimum net GST payable in cash [A] + [B]		4,500	4,500	

Working Note:

Computation of ITC available

Particulars	Value (₹)	CGST (₹)	SGST (₹)	IGST (₹)
Intra-State purchase of taxable goods	8,00,000	20,000 [8,00,000 × 2.5%]	20,000 [8,00,000 × 2.5%]	
[ITC of goods used in the course/ furtherance				

of business is available.]				
Works contract service for repair of office [ITC is available since the repair amount is debited in the profit & loss account and not capitalized in the books of account.]	30,000	2,700 [30,000 × 9%]	2,700 [30,000 × 9%]	
Legal services availed [ITC of services used in the course/ furtherance of business is available]	50,000	4,500 [50,000 × 9%]	4,500 [50,000 × 9%]	
Total		27,200	27,200	

- (b) ITC to be claimed by Renuka Sales in its GSTR-3B for the month of January to be filed by 20th February will be computed as under-

Invoices	Amount of ITC involved in the invoices (₹)	Amount of ITC that can be availed (₹)
80 invoices furnished in GSTR-1	6 lakh	6 lakh [Refer Note 1]
20 invoices not furnished in GSTR-1	4 lakh	Nil [Refer Note 2]
Total	10 lakh	6 lakh

Notes:

- (1) 100% ITC can be availed on invoices furnished by the suppliers in their GSTR-1.
- (2) Input tax credit in respect of any supply of goods or services or both is available to a registered person only, inter alia, if the details of the invoice/debit note in respect of said supply has been furnished by the supplier in the statement of outward supplies (GSTR-1) and such details have been communicated to the recipient of such invoice/debit note in the manner specified under section 37. Thus, in respect of 20 invoices not furnished in GSTR-1s, no ITC is available.

2. (a)

S. No.	Particulars	Taxability
(i)	Service provided by a private transport operator to Vintage Girls Higher Secondary School by way of transportation of students to and from the school. [Services provided TO an educational institution by	Exempt

	way of transportation of students are exempted from GST]	
(ii)	Services provided by way of vehicle parking to general public in a shopping complex. [Services provided by way of vehicle parking to general public are not exempted from GST. Therefore, it would be taxable.]	Taxable
(iii)	Food supplied by the canteen run by a hospital to the in-patients as advised by the doctors. [Services by way of health care services by a clinical establishment, an authorised medical practitioner or para-medics are exempt from GST. Food supplied to the in-patients by a canteen run by the hospital, as advised by the doctor/nutritionists, is a part of composite supply of healthcare and not separately taxable. Thus, said services are exempt from GST.]	Exempt
(iv)	An RWA in a housing society, registered under GST, collects the maintenance charges of ₹ 6,500 per month per member. [Supply of service by a RWA (unincorporated body or a non-profit entity registered under any law) to its own members by way of reimbursement of charges or share of contribution up to an amount of ₹ 7500 per month per member for providing services and goods for the common use of its members in a housing society/a residential complex are exempt from GST. Hence, in the given case, services provided by the RWA are exempt from GST since the maintenance charges collected per month per member do not exceed ₹ 7500.]	Exempt

- (b) (i)** If services provided by an individual advocate including a senior advocate or firm of advocates by way of legal services, directly or indirectly, then GST is payable on reverse charge basis.

Accordingly, in this case, GST on legal services supplied by an advocate [Mr. Abhishek] to any business entity [M/s. Navya Trading Company] located in the taxable territory is payable on reverse charge basis.

Therefore, in the given case, person liable to pay GST is the recipient of services, i.e., M/s. Navya Trading Company.

- (ii)** The part of director's remuneration which is declared as salaries in the books of a company and subjected to TDS under section 192 of the Income-tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act, 2017.

Further, the part of employee director's remuneration which is declared separately other than salaries in the company's accounts and subjected to TDS under section 194J of the IT Act as fees for professional or technical services are treated as consideration for providing services which are outside the scope of Schedule III and is therefore, taxable. The recipient of the said services i.e. the company, is liable to discharge the applicable GST on it on reverse charge basis.

In lieu of the above provisions, Rs. 1 Lakh sitting fees to Padam Srivastav, an independent director is subjected to TDS under section 192 of the Income-Tax Act (IT Act), is not taxable being consideration for services by an employee to the employer in the course of or in relation to his employment in terms of Schedule III of the CGST Act,2017.

Therefore, recipient of the said services i.e. the One 4th Private Limited, is liable to discharge the applicable GST on it on reverse charge basis.

3. (a) (i) A supplier is liable to be registered in the State/Union territory from where he makes a taxable supply of goods and/or services, if his aggregate turnover in a financial year exceeds the threshold limit. The threshold limit for a person making exclusive intra-State taxable supplies of goods is as under:-

- (a) ₹ 10 lakh for the Special Category States of Mizoram, Tripura, Manipur and Nagaland.
- (b) ₹ 20 lakh for the States, namely, States of Arunachal Pradesh, Meghalaya, Puducherry, Sikkim, Telangana and Uttarakhand.
- (c) ₹ 40 lakh for rest of India except persons engaged in making supplies of ice cream and other edible ice, whether or not containing cocoa, pan masala and tobacco and manufactured tobacco substitutes, fly ash bricks; fly ash aggregates; fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles.

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

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

Aggregate turnover includes the aggregate value of:

1. all taxable supplies,
2. all exempt supplies,
3. exports of goods and/or services and
4. all inter-State supplies of persons having the same PAN.

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

CGST is not leviable on five petroleum products i.e. petroleum crude, motor spirit (petrol), high speed diesel, natural gas and aviation turbine fuel. Exempt supply includes non-taxable supply. Thus, supply of high speed diesel in U.P., being a non-taxable supply, is an exempt supply and is, therefore, includible while computing the aggregate turnover.

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

S. No.	Particulars	Amount (in ₹)
(i)	Supply of machine oils in U.P.	15,00,000
(ii)	Add: Supply of high speed diesel in U.P.	10,00,000
(iii)	Add: Supply of machine oil made by Right Oils from its branch located in Punjab	<u>10,00,000</u>
	Aggregate Turnover	35,00,000

Right Oils is making exclusive supply of goods and hence the threshold limit for registration would be ₹ 40,00,000. Since the aggregate turnover does not exceed ₹ 40,00,000, Right Oils is not liable to be registered till April. However, if in remaining months of the financial year, its turnover exceeds the said limit, then it would be liable to be registered.

- (ii) In case Right Oils makes the supply in capacity of an agent of Center Oils Ltd.:

Section 24 of the CGST Act, 2017 provides that an agent who is engaged in making taxable supplying of goods on behalf of other taxable persons, shall be liable to obtain registration irrespective of the threshold turnover limit. However, in the present case, if Right Oils supply high speed diesel on behalf of Center Oil Ltd. in U.P. as its agent where invoices to customers are issued in name of Right Oils, it shall still not be liable to obtain registration in U.P. since section 24 comes into play only when agent or in other capacity is making taxable supply of goods on behalf of taxable persons (principal) whereas in the given case, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd., who is non-registered.

In case if Center Oils Ltd. is registered entity, then also the answer would remain unchanged as attraction of section 24 of the CGST Act, 2017, inter-alia, requires that there should be taxable supply

by agent and here, Right Oils is supplying non-taxable goods on behalf of Center Oils Ltd.

- (b) (i) A supplier engaged in the manufacture of notified goods during the preceding financial year is not eligible for composition scheme under section 10(1) and 10(2) of the CGST Act, 2017. Ice cream and other edible ice, whether or not containing cocoa, Pan masala, Tobacco and manufactured tobacco substitutes, aerated waters, fly ash bricks, fly ash aggregate, fly ash blocks, bricks of fossil meals or similar siliceous earths, building bricks, earthen or roofing tiles are notified under this category. However, in the given case, since Shyam Enterprises is engaged in trading of pan masala and not manufacture and his turnover does not exceed ₹ 1.5 crore, he is eligible for composition scheme subject to fulfilment of specified conditions.
- (ii) Since supplier of inter-State outward supplies of goods or services is not eligible for composition levy, Sahaj Manufacturers is not eligible for composition levy.

4. (a) section 12 of IGST Act, 2017 deals with the provisions of place of supply of services, where location of supplier of service and the location of the recipient of service is in India.

In accordance with sub-section (13) of section 12 of IGST Act, 2017, The place of supply of insurance services shall:-

- (a) to a registered person, be the location of such person;
- (b) to a person other than a registered person, be the location of the recipient of services on the records of the supplier of services.

So, in the given case, when insurance service is provided to an unregistered person, Mr. Pappan, the location of the recipient of services on the records of the supplier of insurance services is the place of supply. So, Faridabad is the place of supply.

Or

- (a) The statement is not correct. While GST is payable on advance received for supply of services taxable under forward charge, the same is not payable in case of advance received for supply of goods taxable under forward charge.

As per section 13 of the CGST Act, 2017, the time of supply of services taxable under forward charge is –

- Date of issue of invoice or date of receipt of payment, whichever is earlier, if the same is issued within 30 days from the date of supply of service;

OR

- Date of provision of service or date of receipt of payment, whichever is earlier, if the invoice is not issued within 30 days from

the date of supply of service.

Thus, in case of services, if the supplier receives any payment before the provision of service or before the issuance of invoice for such service, the time of supply gets fixed at that point in time and the liability to pay tax on such payment arises. However, the tax can be paid by the due date prescribed with reference to such time of supply.

As regards time of supply of goods taxable under forward charge is concerned, Notification No. 66/2017 CT dated 15.11.2017 provides that a registered person (excluding composition supplier) should pay GST on the outward supply of goods at the time of supply as specified in section 12(2)(a), i.e. date of issue of invoice or the last date on which invoice ought to have been issued in terms of section 31. Therefore, in case of goods, tax is not payable on receipt of advance payment.

- (b)** In accordance with section 37(1) of CGST Act, 2017, GSTR-1 for a particular tax period is filed on or before the 10th day of the immediately succeeding tax period. In other words, GSTR-1 of a month/quarter can be filed any time between 1st and 10th day of the succeeding month/quarter. The due date of filing GSTR-1 may be extended by the Commissioner/ Commissioner of State GST/ Commissioner of UTGST for a class of taxable persons by way of a notification.

So, the statement is partially valid.

A taxpayer cannot file Form GSTR-1 before the end of the current tax period. However, following are the exceptions to this rule:

- a. Casual taxpayers, after the closure of their business.
- b. Cancellation of GSTIN of a normal taxpayer.

A taxpayer who has applied for cancellation of registration will be allowed to file Form GSTR-1 after confirming receipt of the application.