



INTERMEDIATE EXAMINATION
PRACTICE TEST PAPER
PAPER – 7
DIRECT AND INDIRECT TAXATION

TERM – JUNE 2026
SYLLABUS 2022

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option:

[15 × 2 = 30]

- (i) Mrs. D, a resident individual, has a total income of ₹4,95,000. This includes ₹1,00,000 as long-term capital gains taxable under Section 112A. Her total tax liability is: Tax on normal income: ₹8,000, Tax on LTCG under Section 112A: ₹10,000. What rebate amount under Section 87A can she claim?
- ₹18,000
 - ₹12,500
 - ₹8,000
 - Nil
- (ii) If the total income of a person is ₹ 4,67,888.34, it shall be rounded off to:
- ₹ 4,67,888/-
 - ₹ 4,67,890/-
 - ₹ 4,67,880/-
 - None of the Above
- (iii) Deduction u/s 24(a) is not available when:
- Net annual value is zero
 - Net annual value is positive
 - Net annual value is zero or negative
 - None of the above
- (iv) Capital gain on slump sale is:
- Always short-term capital gain
 - Always long-term capital gain
 - Depends on the period of holding of the capital asset being the undertaking transferred
 - Not taxable
- (v) The preliminary expenses that can be amortized under the Income Tax Act, 1961 has to be restricted to _____ of the cost of project.
- 3%
 - 5%
 - 8%
 - 20%



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- (vi) 80GGA available for donations made to
- a. Charitable Institutions
 - b. Educational Institutions
 - c. Research Associations
 - d. Religion organizations
- (vii) According to the administrative hierarchy, which body is responsible for the levy and collection of Central Indirect Taxes?
- a. CBDT
 - b. Finance Commission
 - c. CBIC
 - d. Village Panchayats
- (viii) Mr. A transfers his business assets (on which he had NOT availed Input Tax Credit) to his friend Mr. B without consideration. This transaction is:
- a. A Supply of Goods.
 - b. A Deemed Supply under Schedule I.
 - c. A Mixed Supply.
 - d. Not a Supply.
- (ix) A State Government authorises a lottery with the following details:
- Face value per ticket = ₹1000
 - Notified price in Official Gazette = ₹600
- As per the provisions of the CGST Act, 2017, the deemed value of supply of the lottery shall be:
- a. ₹714.29
 - b. ₹428.57
 - c. ₹1000
 - d. ₹600
- (x) A hotel in Goa provides accommodation to a guest from Delhi. The POS is:
- a. Delhi
 - b. Goa
 - c. Maharashtra (Nearest Hub)
 - d. Union Territory
- (xi) ITC is not available for goods lost, stolen, destroyed, or written off. This restriction is provided under:
- a. Section 16(2)
 - b. Section 17(5)(h)
 - c. Section 19
 - d. Rule 42



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- (xii) Which of the following numbers is granted to a person who is not liable to obtain registration but is required to make a payment (e.g., penalty) under the Act?
- Temporary Reference Number (TRN)
 - Unique Identity Number (UIN)
 - Temporary Identification Number
 - GSTIN
- (xiii) A registered person required to deduct tax at source (TDS) under Section 51 must file which return and by when?
- GSTR-7 by the 10th of the next month.
 - GSTR-8 by the 10th of the next month.
 - GSTR-3B by the 20th of the next month
 - GSTR-6 by the 13th of the next month.
- (xiv) In the First Schedule to the Customs Tariff Act, 1975, the 8-digit code is specifically referred to as:
- Heading
 - Sub-heading
 - Tariff Item
 - Chapter Note
- (xv) What is the formula for the 'Margin of Dumping' used to calculate Anti-Dumping Duty?
- Export Price minus Normal Value
 - Normal Value minus Export Price
 - Landed Value minus Export Price
 - Normal Value minus Cost of Production

Answer:

i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv	xv
c	b	c	c	b	c	c	d	a	b	b	c	a	c	b



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Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 × 14 = 70]

2. (a) Ram provides the following details of income, calculate the income which is liable to be taxed in India for the A.Y. 2026-27 assuming that –
- (i) He is an ordinarily resident
 - (ii) He is not an ordinarily resident
 - (iii) He is a non-resident.

Particulars	(₹)
Salary received in India from a former employer of UK	1,40,000
Income from tea business in Nepal being controlled from India	10,000
Interest on company deposit in Canada (1/3rd received in India)	30,000
Profit from a business in Mumbai controlled from UK	1,00,000
Profit for the year 2023-24 from a business in Tokyo remitted to India	2,00,000
Income from a property in India but received in USA	45,000
Income from a property in London but received in Delhi	1,50,000
Income from a property in London but received in Canada	2,50,000
Income from a business in Jambia but controlled from Turkey	10,000

[7]

- (b) Miss Stuti has the following salary structure:

	₹
a) Basic salary	15,000 p.m.
b) Dearness Allowance	5,000 p.m. (not forming part of retirement benefit)
c) Hostel Allowance	1,000 p.m. (does not have any child)
d) Tiffin Allowance	500 p.m.
e) Transport Allowance	200 p.m.
f) Bonus	20,000 p.a.
g) Commission	15,000 p.a.
h) Free refreshment in office worth	5,000 p.a.
i) Mobile phone facility by employer	900 p.m.
j) Computer facility worth	10,000 p.a.

She has been provided a Rent-free Accommodation (owned by employer) in Kolkata. The house was allotted to her with effect from 1/5/2025 but she could occupy the same only from 1/6/2025. Calculate her gross taxable salary.

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Answer:

(a)

Calculation of income liable to be taxed in India of Ram for the A.Y. 2026-27			
Particulars	Resident & Ordinarily resident	Resident but not ordinarily resident	Non-resident
Salary received in India from a former employer of UK	1,40,000	1,40,000	1,40,000
Income from tea business in Nepal being controlled from India	10,000	10,000	Nil
Interest on company deposit in Canada -	10,000	10,000	10,000
- 1/3rd received in India			
- 2/3rd received outside India	20,000	Nil	Nil
Profit from a business in Mumbai controlled from UK	1,00,000	1,00,000	1,00,000
Past Profit from a business in Tokyo remitted to India	Nil	Nil	Nil
Income from a property in India but received in USA	45,000	45,000	45,000
Income from a property in London but received in Delhi	1,50,000	1,50,000	1,50,000
Income from a property in London but received in Canada	2,50,000	Nil	Nil
Income from a business in Jambia but controlled from Turkey	10,000	Nil	Nil
Income liable to tax in India	7,35,000	4,55,000	4,45,000

(b)

Computation of gross taxable salary of Miss Stuti for the A.Y. 2026-27:

Particulars	Details	Amount	Amount
Basic Salary			1,80,000
Bonus			20,000
Commission			15,000
Allowances:			
Dearness Allowance		60,000	
Hostel Allowance (Fully taxable as she has no child)		12,000	
Tiffin Allowance		6,000	
Transport Allowance		2,400	80,400
Perquisite u/s 17(2):			
Free Refreshment (not taxable)		Nil	
Mobile or telephone facility		Nil	
Computer facility		Nil	
Rent Free Accommodation	Working	19,617	19,617
Gross Salary			3,15,017



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Working: Salary for the purpose of rent-free accommodation:

Basic Salary	1,80,000
Bonus	20,000
Commission	15,000
Allowances	
Dearness allowance	Nil
Hostel Allowance	12,000
Tiffin Allowance	6,000
Transport Allowance	2,400
Total	2,35,400
Value of Rent-Free Accommodation (being $10\% \times ₹ 2,35,400 \times 10/12$)	19,617

3. (a) Mr Aaradhya provided the following information in respect of his various house properties:

Particular	H1	H2	H3
Used For	Self Occupied	Self Occupied	Self Occupied
Situated at	Delhi	Indore	Mumbai
Gross Municipal Value (₹)	2,50,000	3,50,000	7,50,000
Fair Rent (₹)	2,00,000	3,00,000	7,00,000
Standard Rent(₹)	3,00,000	3,00,000	6,50,000
Municipal Tax	15%	15%	15%
Repairs	12,000	8,000	10,000
Interest on Loan (₹)	70,000	1,50,000	2,50,000
Loan Taken on	2000-2001	2000-2001	2021-22

He does not opt to be taxed under section 115BAC of the Income Tax Act, 1961. Prepare a statement to determine the income from house property chargeable in the hands of Mr Aaradhya for the assessment year 2026-27. [7]

(b) Mr. Ratan, a resident individual aged 40 years, is engaged in the business of hiring and plying goods vehicle. He gives the following details of his vehicle fleet:

Opening stock of vehicles as on 01/04/2025 as under:		
Vehicle No.	Gross weight (in kg)	Date of Sale
1	8,500	-
2	13,000	-
3	15,000	24/04/2025
4	10,000	-
He bought the following vehicles during the Financial Year 2025-26:		
Vehicle No	Gross weight (in kg)	Date of purchase and put to use
5	7,500	01/05/2025
6	8.500	01/06/2025



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During the Financial Year 2025-26, he received ₹ 45 lakhs from the hiring and plying of these vehicles. Since he did not maintain proper books of account so he wants to opt presumptive Income scheme under Section 44AE of the Income Tax Act, 1961.

Required:

Analyse the situation and calculate Mr. Ratan's income chargeable to tax under the head "Profit and Gains from Business or Profession" for the Assessment Year 2026-27 by briefly discussing the relevant provisions of the Act.

Assume: Mr. Ratan did not opt out from default tax regime under Section 115BAC of the Income Tax Act, 1961. [7]

Answer:

(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	(1,76,750)		(1,21,250)		96,250	
Total income under the head income from house property as per Option 1 is: -1,76,750, Shri Aradhya should consider H2 as DLO property and H1 and H3 as S/O.						

(b) Computation of Income from business in the hands of Ratan for AY 2026-27

Since Mr. Ratan did not own more than 10 vehicles at any time during the financial year 2025-26, he is eligible to opt for presumptive taxation scheme under section 44AE.

Accordingly, the presumptive income shall be ₹ 1,000 per ton of gross vehicle weight or unladen weight, as the case may be, for every month or part of a month in respect of a heavy goods vehicle, and ₹7,500 per month or part of a month in respect of a light goods vehicle.



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

Vehicle No.	No of months of ownership	Gross weight (in kgs)	Presumptive Income per month	Total Presumptive income for the year	
			₹	₹	
1	12	8,500	7,500	$7,500 \times 12 =$	90,000
2	12	13,000	13,000	$13,000 \times 12 =$	1,56,000
3	1	15,000	15,000	$15,000 \times 1 =$	15,000
4	12	10,000	7,500	$7,500 \times 12 =$	90,000
5	11	7,500	7,500	$7,500 \times 11 =$	82,500
6	10	8,500	7,500	$7,500 \times 10 =$	75,000
Total presumptive income as per section 44AE				5,08,500	

4. (a) Raj Ltd. has an industrial undertaking operating in an urban area. During the year 2025-26, it sold its two machineries for ₹ 2,00,000 and ₹ 3,80,000 in course of shifting its industrial undertaking from urban area to rural area. The written down value of the block (consists of 4 machineries) as on 1/04/2025 was ₹ 3,50,000.

The company incurred ₹ 20,000 expenses on other purposes as specified in a scheme framed by the Central Government for the purposes of this section. Calculate its taxable capital gain, if the company acquired new machinery for industrial purpose for ₹ 50,000 as on –

Case A) 28/03/2026;

Case B) 12/04/2026

[7]

- (b) Mr. Ajit, a resident Indian aged 55 years, a Cost and Management Accountant (CMA), shares the following information about his income during the financial year 2025-26:

- Amount received from evaluation of answer books of professional examinations: ₹70,000. Expenses incurred for earning this income like cost of stationery etc. ₹ 1,200.
- Income tax refund relating to A.Y. 2025-26: ₹45,000 including interest amounting to ₹7,000.
- Cash gift received from his friend on his marriage anniversary: ₹ 76,000.
- Gift received from his son, Mr. Abhijit: ₹1,30,000 in cash.
- Amount received from letting out of residential house property: ₹ 50,000 p.m.
- Dividend received (gross) from listed Indian companies: ₹65,000
- Interest expenses on loan taken to buy the shares on which dividend is received: ₹ 15,000

Calculate the income chargeable under the head 'Income from other sources' in the hands of Mr. Ajit for the Assessment Year 2026-27 by briefly giving reasons wherever applicable, assuming he has opted for default tax regime under section 115BAC of the Income Tax Act, 1961. [7]



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Answer:

(a)

Computation of capital gain in the hands of Raj Ltd. for the A.Y. 2026-27		
Particulars	Case A	Case B
Written Down Value as on 1/04/2025	3,50,000	3,50,000
Add: Acquisition of new asset during the year	50,000	Nil
	4,00,000	3,50,000
Less: Sale value of assets	5,80,000	5,80,000
Short Term Capital gain	1,80,000	2,30,000
Less: Exemption u/s 54G – for new machinery purchased	50,000	50,000
- for expenditure incurred	20,000	20,000
Taxable Short Term Capital Gain	1,10,000	1,60,000

(b)

Computation of income from other sources in the hands of Mr. Ajit for the AY 2026-27		
Particulars	₹	₹
Amount received from evaluation of answer books of professional examinations	70,000	
Less: Expenses	1,200	
Net income		68,800
Interest on income-tax refund		7,000
Cash gift received from his friend on his marriage anniversary Gift received on marriage is exempt but on anniversary is taxable since it is more than Rs 50,000, entire amount is taxable		76,000
Amount received from his son, Mr. Abhijit		Nil
Amount received from letting out of residential house property		Nil
Dividend received (gross) from listed Indian companies	65,000	
Less: Interest maximum allowed is 20% of dividend amount	13,000	
		52,000
Income from other sources		2,03,800

5. (a) Mr Anupreet provides the following information of income/losses for the previous year 2025-26:

S. No	Particulars	Amount (₹)
(i)	Salary income	5,00,000
(ii)	Loss under the head house property	2,20,000
(iii)	Profit from speculation business	6,00,000
(iv)	Loss from non-speculation business	3,00,000
(v)	Loss from other sources	3,00,000
(vi)	Loss from LTCG	1,50,000

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S. No	Particulars	Amount (₹)
(vii)	Profit from STCG	40,000
(viii)	Carried forward loss of speculation business(P.Y. 2021-22)	3,50,000
(ix)	Unabsorbed depreciation of shut down business (P.Y. 2017-18)	1,65,000

You are required to calculate the total income of Mr Anupreet for the assessment year 2026-27 showing clearly the manner of set off and the items eligible for carried forward with reasons.

He filed his Income Tax Return on time every year. He does not opt to be taxed under section 115BAC of the Income Tax Act, 1961. [7]

- (b) Mrs. Kajal, a resident individual aged 45 years, an employee in a private company furnishes the following particulars of her income for the previous year 2025-26:

S. No	Particulars	Amount (₹)
(i)	Income from salary before standard deduction	9,20,000
(ii)	Interest from Government securities	5,000

She made the following payments:

- (I) Deposited ₹ 2,00,000 in her Public Provident Fund (PPF) account by cheque.
(II) Medical insurance premium on own health ₹ 20,000 and on the health of spouse ₹ 10,000 paid by cheque.
(III) Donation towards Prime Minister's Drought Relief Fund ₹ 10,000 paid by cheque.

You are required to calculate total taxable income and tax liability of Mrs. Kajal for the Assessment Year 2026-27 under the default tax regime under Section 115BAC of the Income Tax Act, 1961 and optional tax regime as per the Regular provisions (old regime) of the Income Tax Act, 1961.

Required:

Compare and discuss whether Mrs. Kajal should pay tax under default tax regime under Section 115BAC of the Income Tax Act, 1961 or Regular provisions (old regime) of the Income Tax Act, 1961.

Note: No need to give detailed reason (explanations) for your answer. [7]

Answer:

- (a) Total Income of Mr. Anupreet for the A. Y. 2026– 27

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 from STCG	40,000	
Less: Loss from non-speculation business	40,000	Nil
Total taxable income		NIL



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List of items to be c/f :		
1.	Unabsorbed depreciation (P.Y. 2017-18)	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

(b)

Computation of total income of Mrs Kajal for the Assessment Year 2026-27

	Regular (old scheme) provision (₹)	Default regime under section 115BAC (₹)
Income from salary		
Income from salary before standard deduction	9,20,000	9,20,000
Less: - Standard deduction	50,000	75,000
	8,70,000	8,45,000
Income from other sources		
Interest from Government securities	5,000	5,000
Gross total income	8,75,000	8,50,000
Less: - Deductions under Chapter VI-A		
Deduction under section 80C		
Deposit in Public Provident Fund (restricted to ₹1,50,000)	1,50,000	Not eligible
Deduction under section 80D		
Medical insurance premium (₹ 20,000 + spouse ₹10,000 = ₹ 30,000 (maximum deduction ₹ 25,000))	25,000	Not eligible
Deduction under section 80G		
Donation towards Prime Minister's Drought Relief Fund (50% of ₹ 10,000)	5,000	Not eligible
Total deductions under Chapter VIA	1,80,000	Nil
Total income	6,95,000	8,50,000
Tax liability		
Tax on total income of ₹ 6,95,000 (₹12,500+₹ 39,000)	51,500	
Tax on total taxable income of ₹ 8,50,000 (₹ 20,000 + ₹15,000)		35,000
Add: Health & Education cess @ 4%	2,060	1,400
Total tax liability	53,560	36,400
In the instant case, tax liability under default tax regime under section 115BAC is lower, hence it is advisable to opt for provision of section 115BAC.		

6. (a) Discuss the difficulties/limitations in the pre-GST regime in the context of indirect taxes, which were removed with the introduction of GST. [7]
- (b) Prepare a list of the five Centre and five State taxes that were subsumed in the GST regime and also prepare a list of any four taxes that were not subsumed in the GST regime. [7]



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Answer:

(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.

(b) Taxes subsumed or not subsumed in the GST regime

1. Following are the Centre taxes that were subsumed in the GST regime: -
 - a. Central Excise duty
 - b. Duties of Excise (Medicinal and Toilet Preparations)
 - c. Additional Duties of Excise (Goods of Special Importance)
 - d. Additional Duties of Customs (commonly known as CVD)
 - e. Special Additional Duty of Customs (SAD)
2. Following are the State taxes that were subsumed in the GST regime: -
 - a. State VAT
 - b. Central Sales Tax
 - c. Luxury Tax
 - d. Entry Tax (all forms)
 - e. Entertainment Tax (except when levied by the local bodies)
3. Following are the taxes that were not subsumed in the GST regime: -
 - a. Basic Customs Duty
 - b. Research and Development Cess
 - c. Export duty
 - d. Anti-Dumping Duty



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7. (a) M/s. Bharat & Sons, a partnership firm based in Lucknow, Uttar Pradesh, is a registered trader of electronic goods. Their aggregate turnover for F.Y. 2024-25 was ₹ 1.20 Crores. For the F.Y. 2025-26, they provide the following details of their outward supplies:

- (i) Intra-state supplies of taxable goods: ₹ 80,00,000
- (ii) Intra-state supplies of goods through an E-commerce Operator (ECO): ₹ 15,00,000
- (iii) Intra-state supplies of exempt goods: ₹ 5,00,000
- (iv) Interest received on bank deposits: ₹ 2,00,000

Additionally, they made an inward supply (purchase) of ₹ 2,00,000 from an unregistered person on which GST is payable under Reverse Charge Mechanism (RCM) at 18%.

Required:

1. Discuss the eligibility of M/s. Bharat & Sons for the Composition Scheme for F.Y. 2025-26.
2. Calculate the total GST liability for F.Y. 2025-26, assuming they opted for the scheme. [7]

(b) M/s. PQR Heavy Engineering (Mumbai) supplied a machine to ABC Ltd. (Pune) on 10-Jan-2026.

- List Price of Machine: ₹ 15,00,000 (Exclusive of taxes and discounts).
- Additional Charges:
 1. Municipal Tax levied on the machine: ₹ 25,000.
 2. Packing Charges (Special crate): ₹ 12,000.
 3. Design & Engineering Charges (Pre-delivery): ₹ 40,000.
 4. TCS collected under Income Tax Act: ₹ 15,000.
 5. GST charged on the invoice: ₹ 2,70,000.

Calculate the Value of Taxable Supply. [7]

Answer:

(a) 1. Determination of Eligibility

Threshold Limit: Since Uttar Pradesh is not a “Special Category State” for GST thresholds, the limit for a trader is ₹ 1.5 Crores.

Preceding Year Turnover: The turnover of ₹1.20 Crores is within the limit.

E-commerce Nuance: Under Notification No. 36/2023-CT, a composition dealer can now make intra-state supply of goods through an ECO.

Interest Exclusion: Interest received on deposits is excluded from “Aggregate Turnover” for eligibility purposes.

Status: Eligible to opt for the Composition Scheme u/s 10(1).

2. Computation of GST Liability (F.Y. 2025-26)

Particulars	Value (₹)	Rate	CGST (₹)	SGST (₹)
Taxable Goods (Normal)	80,00,000	1%	40,000	40,000
Goods supplied through ECO	15,00,000	1%	7,500	7,500
Exempt Goods (Traders pay on taxable turnover only)	5,00,000	0%	Nil	Nil
Interest on Deposits (Excluded)	2,00,000	-	--	
Total Outward Tax Liability			47,500	47,500

**INTERMEDIATE EXAMINATION****PRACTICE TEST PAPER****TERM – JUNE 2026****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION**

Particulars	Value (₹)	Rate	CGST (₹)	SGST (₹)
Add: Tax on RCM Inward Supplies	2,00,000	18%	18,000	18,000
Total GST Liability to be paid in Cash			65,500	65,500

(b)**Computation of Taxable Value**

Particulars	Treatment [Sec 15(2)]	Amount (₹)
List Price	Base Value	15,00,000
Add: Municipal Tax	Include (Tax other than GST)	25,000
Add: Packing Charges	Include (Incidental expense)	12,000
Add: Design Charges	Include (Anything done before delivery)	40,000
Add: TCS (Income Tax)	Exclude (Interim levy, not tax on supply)	Nil
Add: GST	Exclude (Tax under GST Act)	Nil
Value of Taxable Supply		15,77,000

8. (a) Examine the provisions relating to the issue of Registration Certificate under Rule 10 of the CGST Rules, 2017. [7]

(b) Shyam Trade Company of Kolkata has imported one machine by Air from USA. Shyam Trade Company has given the following particulars related to this transaction:

Sl. No	Particulars	Amount
(i)	FOB value of the machine	US \$ 25,000
(ii)	Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	US \$ 3,000
(iii)	Licence fee relating to imported goods, the buyer was required to pay in USA as a condition of sale	US \$ 500
(iv)	Design and engineering charges paid to consultancy firm in Mumbai	₹ 10,000
(v)	Buying commission paid in India	15,000
(vi)	Insurance charges paid to the insurer in India	₹ 8,000
(vii)	Demurrage charges for delay in clearing the machine from Airport paid by importer	₹ 12,000

Date of Bill of entry	30-07-2025 exchange rate as notified by CBIC = 75 per US \$, Rate notified by RBI = 76 per US \$)
Date of arrival of aircraft	10-08-2025 exchange rate as notified by CBIC = ₹77 per US \$, Rate notified by RBI = 78 per US \$)

You are required to calculate the assessable value of machine imported by Shyam Trade Company under the Customs Act, 1962. Show workings with explanations. [7]



INTERMEDIATE EXAMINATION

PRACTICE TEST PAPER

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DIRECT AND INDIRECT TAXATION

TERM – JUNE 2026

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Answer:

- (a) 1. Where the application for grant of registration has been approved under rule 9 / rule 14A, a certificate of registration in Form GST REG-06 showing the principal place of business and additional place or places of business shall be made available to the applicant on the common portal and a Goods and Services Tax Identification Number shall be assigned subject to the following characters:
- 2 characters for the State code;
 - 10 characters for the PAN or the TAN;
 - 2 characters for the entity code; and
 - 1 checksum character.
2. The registration shall be effective from the date on which the person becomes liable to registration where the application for registration has been submitted within a period of 30 days from such date.
3. Where an application for registration has been submitted by the applicant after the expiry of 30 days from the date of his becoming liable to registration, the effective date of registration shall be the date of the grant of registration.
4. Every certificate of registration shall be duly signed or verified through electronic verification code by the proper officer under the Act.
5. Where the registration has been granted, the applicant shall be communicated the registration number, and the certificate of registration, duly signed or verified through electronic verification code, shall be made available to him on the common portal, within a period of 3 days after the expiry of the period specified in rule 9(5).

(b)

Assessable value of machine imported by Shyam Trade Company

FOB value of the Machine	US \$ 25,000
Add: 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
Add: - Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	₹ 2,25,000
Add: - 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