Mock Test Paper - Series II: August, 2026

Date of Paper: 12th August, 2026

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

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

SECTION – A: INCOME TAX LAW

SOLUTIONS

Division A – Multiple Choice Questions

MCQ No.	Most Appropriate Answer	MCQ No.	Most Appropriate Answer
1.	(c)	7.	(c)
2.	(c)	8.	(d)
3.	(b)		
4.	(a)		
5.	(a)		
6.	(d)		

Division B – Descriptive Questions

1. Computation of total income of Mr. Sumit as per section 115BAC for A.Y. 2026-27

Particulars	₹
Net profit as per profit and loss account	50,85,000
Less: Income-tax refund credited in the profit and loss account, out of which interest on such refund is only taxable, which is to be considered separately under the head "Income from other sources"	30,000
	50,55,000
Add: Expenses either not allowable or to be considered separately but charged in the profit & loss account	
- Salary paid to brother disallowed to the extent considered unreasonable [Section 40A(2)]	5,000
- Advertisement in the souvenir of political party not allowable as per section 37(2B)	2,500

	- Payment made to political party by cheque not an expenditure incurred wholly and exclusively for business purpose and hence not allowable under section 37(1).		1,00,000
	- Penalty levied by the Goods and Services tax department for delayed filing of returns not allowable as being paid for infraction of law. However, interest of ₹ 12,750 paid on the delayed deposit of goods and services tax is for breach of contract and hence, is allowable as deduction.		5,300
	- Depreciation as per books		1,07,250
	- 30% of interest paid on loan paid to Mr. Mohit, a resident, without deduction of tax at source not allowable as per section 40(a)(ia)		24,000
			52,99,050
Less:	Depreciation allowable as per Income-tax Act, 1961	65,000	
	Depreciation on building [₹ 20 lakhs x 10%] is allowable. However, deduction under section 35AD is not allowable under default tax regime.	2,00,000	2,65,000
Profits and gains from business or profession			**50,34,050**
Income from Other Sources			
Interest on income-tax refund			4,570
Gross Total Income			**50,38,620**
Less:	Deduction under section 80GGC [Contribution to Political Party not allowable under default tax regime]		Nil
Total Income			**50,38,620**

Computation of tax liability as per section 115BAC

Particulars	₹	₹
Tax on total income of ₹ 50,38,620		
Upto ₹ 4,00,000	Nil	
₹ 4,00,001 – ₹ 8,00,000 [@5% of ₹ 4 lakhs]	20,000	
₹ 8,00,001 – ₹ 12,00,000 [@10% of ₹ 4 lakhs]	40,000	
₹ 12,00,001 – ₹ 16,00,000 [@15% of ₹ 4 lakhs]	60,000	
₹ 16,00,001 – ₹ 20,00,000 [@20% of ₹ 4 lakhs]	80,000	

₹ 20,00,001 – ₹ 24,00,000 [@25% of ₹ 4 lakhs]	1,00,000	
₹ 24,00,001 – ₹ 50,38,620 [@30% of ₹ 26,38,620]	7,91,586	
		10,91,586
Add: Surcharge @10% [Since, the total income exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore]		1,09,159
		12,00,745
Less: Marginal relief **(See computation below)**		82,125
		11,18,620
Add: Health and education cess@4%		44,745
Total tax liability		**11,63,365**
Total tax liability (Rounded off)		**11,63,370**

Computation of marginal relief

	Particulars	₹
(A)	Tax payable including surcharge on total income of ₹ 50,38,620 as per section 115BAC	12,00,745
(B)	Tax payable on total income of ₹ 50 lakhs as per section 115BAC	10,80,000
(C)	Excess tax payable (A-B)	1,20,745
(D)	Marginal relief (₹ 1,20,745 – ₹ 38,620, being the amount of income in excess of ₹ 50 lakhs)	82,125

Note - An individual paying tax u/s 115BAC is not liable to alternate minimum tax u/s 115JC.

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

Particulars	₹	₹
Gross Total Income as per default tax regime under section 115BAC		50,38,620
Add: Depreciation on building [₹ 20 lakhs x 10%]		2,00,000
		52,38,620
Less: Warehousing charges		22,50,000
Gross Total Income excluding profits and gains from specified business under section 35AD		29,88,620

Profits and gains from specified business u/s 35AD		
Warehousing charges	22,50,000	
Less: Deduction @100% of the capital expenditure is available under section 35AD in respect of specified business of setting up and operating a warehouse facility for storage of agricultural produce	20,00,000	2,50,000
Gross Total Income as per normal provisions of the Act		32,38,620
Less: Deduction under section 80GGC for contribution to Political Party is allowable since the payment is made by way of a cheque.		1,00,000
Total Income as per regular provisions of the Act		**31,38,620**

Computation of tax liability of Mr. Sumit for A.Y. 2026-27 under optional tax regime

Particulars	₹	₹
Tax on total income of ₹ 31,38,620		
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- ₹ 31,38,620 [@30% of ₹ 21,38,620]	6,41,586	7,54,086
Add: Health and education cess@4%		30,163
Total tax liability		**7,84,249**
Total tax liability (rounded off)		**7,84,250**

Computation of adjusted total income and AMT of Mr. Sumit for A.Y. 2026-27

Particulars	₹	₹
Total Income (computed above as per regular provisions of income tax)		**31,38,620**
Add: Deduction under section 35AD	20,00,000	
Less: Depreciation under section 32 on building [₹ 20 lakhs x 10%]	(2,00,000)	**18,00,000**
Adjusted Total Income		**49,38,620**
Alternative Minimum Tax@18.5%		9,13,645

Add: Health and education cess@4%		36,546
Total tax liability		**9,50,191**
Total tax liability (rounded off)		**9,50,190**

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 Rs. 9,50,190.

Since the tax liability of Mr. Sumit under section 115JC is lower than the tax liability as computed u/s 115BAC, it would be beneficial for him to opt out of the default tax regime under section 115BAC for A.Y. 2026-27 and pays tax under optional tax regime. Moreover, benefit of alternate minimum tax credit is also available to the extent of tax paid in excess of regular tax.

AMT credit to be carried forward under section 115JEE

Particulars	₹
Tax liability under section 115JC	9,50,190
Less: Tax liability under the regular provisions of the Income-tax Act, 1961	7,84,250
	1,65,940

2. **(a)** (i) Any person responsible for paying any sum i.e. ₹ 30,000 in a single payment or ₹ 1,00,000 in the aggregate during a financial year to a resident contractor for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and the contractee, tax has to be deducted at source u/s 194C at the time of payment of such sum or at the time of credit of such sum to the account of the contractor, whichever is earlier.

In the present case, XYZ Ltd. has entered into separate contracts with Meta Pvt. Ltd. for arranging road transport and providing catering services, for ₹ 25,000 and ₹ 90,000, respectively. Both 'carriage of passengers' and 'catering' are expressly covered as "work" under section 194C. Even though the services are different, the aggregate payment to the contractor during the financial year is considered for the threshold limit.

Hence, TDS@2% is applicable on ₹ 1,15,000, being the aggregate amount paid to Meta Pvt. Ltd. The amount of tax to be deducted by XYZ Ltd. would be ₹ 2,300.

(ii) The payment by TPAs was made on behalf of insurance companies to hospitals for settlement of medical/insurance claims etc. under cashless claims which was on account of services rendered by hospitals to various patients. These services are primarily medical services and are liable to deduct tax at source under section 194J on all such payments to hospitals etc. as clarified by CBDT through Circular No. 8/2009 dated 24.11.2009.

In the present case, Suresh Health Solutions Ltd. is required to deduct tax u/s 194J @10% on payment of ₹ 12 lakhs. The amount of tax to be deducted by Suresh Health Solutions Ltd. would be ₹ 1,20,000.

(b) Computation of total income of Mr. Anshuman for A.Y. 2026-27

	Particulars	₹	₹
I	**Salaries**		
	Salary from Paschim Ltd. [₹ 90,000 x 12]	10,80,000	
	Less: Deduction under section 16 - Standard deduction upto ₹ 75,000	75,000	10,05,000
II	**Capital Gains**		
	On buy back of equity shares of Beta Ltd.		
	Consideration received on buy back of shares	Nil	
	Less: Cost of acquisition	20,00,000	
	Higher of		
	- Actual cost of acquisition of ₹ 20 lakhs [10,000 shares @ ₹ 200 per share]		
	- Lower of FMV as on 31.1.2018 i.e., ₹ 19 lakhs and full value of consideration i.e., Nil		
	Long term capital loss on buy back of shares	(20,00,000)	
	On sale of plot		
	Sale consideration	70,00,000	
	Less: Brokerage @1%	70,000	
	Net sale consideration	69,30,000	
	Less: Cost of acquisition [Indexation benefit is not available on transfer which took place on or after 23.7.2024]	22,00,000	
		47,30,000	
	Less: Exemption under section 54F	27,30,159	
	Amount invested for acquiring residential house within 2 years would qualify for		

	exemption against long term capital gain arising from transfer of plot. Since the amount invested is less than the net consideration, proportionate capital gains is exempt [₹ 47,30,000 x ₹ 40,00,000/₹ 69,30,000]		
	Long term capital gain on transfer of plot	19,99,841	
	Less: Set off of long term capital loss on buy back of original shares against long term capital gain on transfer of plot to the extent of	19,99,841	Nil
	Balance long term capital loss of ₹ 159 on buy back of original shares is to be carried forward to subsequent year.		
III	**Income from Other Sources**		
	Dividend on buy back of shares [10,000 x 250]		25,00,000
Total Income			**35,05,000**

3. (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. Supriya is a person of Indian origin who comes on a visit to India only for 60 days in the P.Y.2025-26, she is non-resident for the A.Y. 2026-27.

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. Supriya for A.Y. 2026-27

Particulars	Amount (₹)
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 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]	90,000	
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 [Not available under default tax regime]		Nil
Total Income		**4,23,000**

(b) **(i)** **The statement is correct.** The deduction under section 80E is available to an individual in respect of interest on loan taken for his higher education or for the higher education of his relative only if he exercises the option of shifting out of the default tax regime provided under section 115BAC(1A). For this purpose, relative means, *inter alia,* spouse and children of the individual. Therefore, Mr. Nimit will get the deduction under section 80E in respect of interest on loan availed by him for his son's higher education, if he exercises the option of shifting out of the default tax regime provided under section 115BAC(1A). It is immaterial that his son is already employed in a firm. This would not affect Mr. Nimit's eligibility for deduction under section 80E.

(ii) **The statement is correct.** Under section 80C(2) subscription to such bonds issued by NABARD (as the Central Government may notify in the Official Gazette) would qualify for deduction under section 80C, if the assessee has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A).

(iii) **The statement is <u>not</u> correct.** There is no stipulation under section 80C that the investment, subscription, etc. should be made from out of income chargeable to tax.

(iv) **The statement is <u>not</u> correct.** The proviso to section 80CCD(3) provides that the amount received by the nominee, on closure of NPS account on the death of the assessee, shall not be deemed to be the income of the nominee. Hence, amount received by Mrs. Lila would not be deemed to be her income for A.Y. 2026-27.

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

	Particulars	Amount (₹)	Amount (₹)
I	**Salaries**		
	Basic Salary (₹ 60,000 x 9 + ₹ 61,800 x 3)		7,25,400
	Dearness Allowance (40% of ₹ 7,25,400)		2,90,160
	Telephone allowance (₹ 500 x 12)		6,000
	Employer's contribution to RPF (15% of ₹ 7,25,400)	1,08,810	
	Less: Exempt [12% of salary i.e., 12% x 8,99,496 (7,25,400 + 60% of 2,90,160)	1,07,940	870
	Interest accrued in the RPF@12%	25,800	
	Less: Exempt 9.5% p.a.	20,425	5,375
	Value of Rent Free accommodation		
	10% of salary in respect of the period of occupation (-) rent recovered from employee		90,550
	10% (7,25,400 + 60% of 2,90,160 +6000)		
	Reimbursement of salary of domestic servant [₹ 2,500 x 12]		30,000
	Perquisite value of motor car		
	Running and maintenance costs incurred by employer	50,000	
	Less: Specified as per Rule 3 [₹ 2,400 x 12]	28,800	21,200
	Professional tax paid by employer		1,500
	Gross Salary		**11,71,055**

	Less: Deduction under section 16 Standard deduction Professional tax paid	 50,000 2,500	 52,500
	Taxable Salary		**11,18,555**
II	**Profit and gains from business or profession**		
	Where the amount of Mr. Sohan (₹ 6 lakh, in this case) is invested by Mrs. Sohan in a business as her capital, proportionate share of profit or loss, as the case may be, computing taking into account the value of the investment as on 1.4.2025 to the total investment in the business (₹ 10 lakhs) would be included in the income of Mr. Sohan [loss of ₹ 1,20,000 x 6/10]	(72,000)	-
	[Business loss of ₹ 72,000 cannot be set off against salary income. It has to be carried forward to next year]		
	Gross Total Income		**11,18,555**

(b) **(i)** **Incorrect -** The return of income of LLP should be verified by a designated partner. Any other partner can verify the Return of Income of LLP only in the following cases:

(I) where for any unavoidable reason such designated partner is not able to verify the return, or,

(II) where there is no designated partner.

(ii) **Incorrect -** In case Mr. Naresh offers his business income as per the presumptive taxation provisions of section 44AD (₹ 11.60 lakhs or more), then, the due date under section 139(1) for filing of return of income for the year ended 31.03.2026, shall be 31st July 2026.

In case, Mr. Naresh wants to declare business income lower than ₹ 11.60 lakhs, he has to get his accounts audited under section 44AB, since his turnover exceeds ₹ 1 crore, in which case, the due date for filing return would be 31st October 2026.

OR

(b) Where a person, who has been allotted PAN and is required to intimate his Aadhaar number, has failed to intimate the same on or before the 31.3.2022, the PAN of such person shall become inoperative.

Consequences of failure to intimate Aadhar Number

A person, whose PAN has become inoperative, would be liable for further consequences for the period commencing from the date specified by the Board i.e., 1.7.2023 till the date it becomes operative, namely –

(i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made;

(ii) interest shall not be payable on such refund for the period, beginning with the date specified and ending with the date on which it becomes operative;

(iii) where tax is deductible at source at a higher rate, in accordance with provisions of section 206AA;

(iv) where tax is collectible at source at a higher rate, in accordance with provisions of section 206CC.

If Mr. Abhay wants to intimate his Aadhaar number to the prescribed authority on 1.9.2025, he would be liable to pay a fee of ₹ 1,000 as specified under section 234H. His PAN would become operative within 30 days from the date of intimation of Aadhaar number and would not be liable for the above consequences once his PAN becomes operative.

INTERMEDIATE COURSE: GROUP - I

PAPER – 3: TAXATION

SECTION – B: GOODS AND SERVICES TAX

SOLUTIONS

Division A – Multiple Choice Questions

Case Scenario

Question No.	Answer	
9.	**(d)**	₹ 68,00,000
10.	**(a)**	The amount of ITC related to such procurement of goods is not available to SLPL.
11.	**(c)**	15th October
12.	**(b)**	excluded from transaction value as it is not directly linked to price of supply
13.	**(c)**	The restriction of 180 days for payment of consideration is not applicable in the present case.
14.	**(b)**	blocked since ITC on motor vehicles for transportation of persons with seating capacity upto 13 persons (including the driver) is blocked.
15.	**(b)**	qualifies as supply under Para 2 of Schedule I of the CGST Act, 2017 as restaurant and liquor shop are establishments of distinct persons.
16.	**(d)**	1st July

Division B – Descriptive Questions

5. (a) Computation of minimum net GST payable in cash by Swagat Pvt. Ltd. for the month of September

Particulars		**Value of supply (₹)**	**CGST @ 9% (₹)**	**SGST @ 9% (₹)**	**IGST @ 18% (₹)**
Output tax payable					
Intra-State supply of goods to Shreya Enterprises [Since arranging	Place of supply is location where movement of goods terminates	18,50,000	1,66,500	1,66,500	Nil

freight is the liability of supplier, it is a composite supply and thus, freight charges are added to the value of principal supply.]					
Inter-State supply to Supreme Ltd. [Municipal tax is includible in value since it is a tax levied under a law other than GST law and is charged separately.]		35,60,000	Nil	Nil	6,40,800
Intra-State supply to Bhuwan Ltd. [Place of supply is location of recipient. Discount given at the time of supply is deductible from the value since duly recorded in the invoice.]		5,70,000	51,300	51,300	Nil
Inter-State supply to Guru Enterprise [Place of supply in case of bill to ship model is principal place of business of a third person at whose instructions the goods are delivered by supplier to recipient. Thus, it is considered as Inter State supply.]		2,00,000	Nil	Nil	36,000
Total output tax			**2,17,800**	**2,17,800**	**6,76,800**
Less: ITC available [Refer note below]			Nil	Nil	(4,17,000)

[IGST credit to be utilized first towards payment of IGST.]				
CGST credit utilized for payment of CGST		(1,55,000)	Nil	
SGST credit utilized for payment of SGST		Nil	(1,85,000)	
Minimum net GST payable in cash		**62,800**	**32,800**	**2,59,800**

Working Note:

Computation of ITC available

Particulars		**Value (₹)**	**CGST (₹)**	**SGST (₹)**	**IGST (₹)**
Opening balance			20,000	50,000	75,000
Inter-State purchase of raw material [ITC is not available on goods worth ₹ 1,00,000 since not received during the month.]	Place of supply is location where movement of goods terminates.	19,00,000	Nil	Nil	3,42,000 [19,00,000 × 18%]
Purchase of machinery [ITC is not available since depreciation has been claimed on the GST component.]		2,00,000	Nil	Nil	Nil
Intra-State purchase of truck [ITC on motor vehicles used for transportation of goods is available.]		15,00,000	1,35,000 [15,00,000 × 9%]	1,35,000 [15,00,000 × 9%]	Nil
Purchase of car [ITC on motor vehicles for		10,00,000	Nil	Nil	Nil

transportation of persons with seating capacity up to 13 persons (including driver), is blocked, except when used for specified purposes.]					
Purchase of goods for construction of an additional floor [ITC on goods used in construction of immovable property (other than plant or machinery) on one's own account is blocked if capitalized in the books.]		5,00,000	Nil	Nil	Nil
Total			**1,55,000**	**1,85,000**	**4,17,000**

Note – In above answer, where location of supplier and place of supply are in two different States, it is an inter-State supply and where location of supplier and place of supply are in same State, it is an intra-State supply.

(b) Computation of value of taxable supply made by XYZ Pvt. Ltd.

Particulars	Amount (₹)
List price of the goods (exclusive of taxes and discounts)	50,000
Tax levied by Municipal Authority on the sale of such goods [Taxes other than GST, if charged separately, are includible in the value of supply.]	6,000
Packing charges [Being incidental expenses, same are includible in the value of supply.]	2,500
Subsidy received from NGO [Since subsidy is received from a non-Government body and directly linked to the price, the same is includible in the value of supply.]	Nil

Payment made by ABC Pvt. Ltd. in relation to service provided by vendor to XYZ Pvt Ltd. [Amount that supplier is liable to pay, but incurred by the recipient, is includible in the value of supply.]	2,000
Interest for delayed payment (rounded off) [Includible in the value of supply]	4,237 [5,000 × 100/118]
Value of taxable supply	**64,737**

6. **(a)** If the recipient is registered, the location of such person is the place of supply. However, if the recipient is not registered, the place of supply is the place where the goods are handed over for transportation. [Section 12(8)].

Accordingly, place of supply in given cases is as follows:

(i) Since Sunrise Textiles Pvt. Ltd. is a registered person, the place of supply is the location of the recipient, i.e., Chennai.

(ii) Since Mr. Arvind is not registered, the place of supply is the location where the goods are handed over for transportation, i.e., Bengaluru, Karnataka.

(b) Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, are exempt from GST, if the consideration charged for such performance is not more than ₹ 1,50,000. However, such exemption is not available in respect of service provided by such artist as a brand ambassador.

Since Ms. Priya Kapoor is the brand ambassador of 'Buxur' soap manufactured by Sabhyata Pvt. Ltd., the services rendered by her by way of a classical dance performance in the concert organized by Sabhyata Pvt. Ltd. to promote its brand will not be eligible for the above-mentioned exemption and thus, be liable to GST. The fact that the proceeds of the concert will be donated to a charitable organization by Ms. Priya will not have any bearing on the eligibility or otherwise to the above-mentioned exemption.

7. **(a)** **(i)** E-invoicing is mandatory for all registered businesses (except specified class of persons) with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹ 5 crore, in respect of B2B supplies (supply of goods or services or both to a registered person) or for exports. Thus, the advice given by tax consultant of Fashion Queen Ltd. for issuance of e-invoices mandatorily in the current financial year is valid in law as the aggregate turnover of Fashion Queen Ltd. has exceeded the threshold limit i.e. ₹ 5 crore in the preceding financial year.

(ii) Following entities are exempt from the mandatory requirement of e-invoicing:

- Special Economic Zone units
- Insurer or banking company or financial institution including NBFC
- GTA supplying services in relation to transportation of goods by road in a goods carriage
- Supplier of passenger transportation service
- Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- Government Department and a local authority

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds ₹ 5 crore in the preceding financial year from 2017-18 onwards.

Thus, Public Works Department (PWD), Government of Uttar Pradesh, being a Government Department is not required to issue e-invoices in the current financial year even if it's aggregate turnover has exceeded ₹ 5 crore.

(b) The proper officer may cancel the registration of a person from such date, including any retrospective date, as he may deem fit, where, inter alia, -any person who has taken voluntary registration has not commenced business within six months from the date of registration.

Thus, *suo-motu* cancellation of registration of Mr. X by proper officer is valid in law since Mr. X, a voluntarily registered person, has not commenced his business within 6 months from the date of registration.

Further, where the registration of a person is cancelled *suo-motu* by the proper officer, such registered person may apply for revocation of the cancellation to such proper officer, within 90 days from the date of service of the order of cancellation of registration.

However, said period of 90 days may, on sufficient cause being shown and for reasons to be recorded in writing, be extended by the Commissioner or an officer authorised by him in this behalf, not below the rank of Additional Commissioner/Joint Commissioner, as the case may be, for a further period not exceeding 180 days

Thus, considering the above provisions, the contention of Department is not valid in law as extension can be sought in the prescribed time limit for revocation of cancellation of registration. The contention raised by Mr. X is valid in law as extension in time limit is allowed on sufficient cause being shown and for reasons to be recorded in writing.

8. **(a)** Composite supply means a supply made by a taxable person to a recipient and:

- comprises two or more taxable supplies of goods or services or both, or any combination thereof.
- which are naturally bundled and supplied in conjunction with each other, in the ordinary course of business
- one of which is a principal supply.

This means that in a composite supply, goods or services or both are bundled owing to natural necessities. The elements in a composite supply are dependent on the 'principal supply'. Principal supply means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary.

(b) A supplier who has opted for composition scheme is not required to maintain records relating to;

(a) **Stock of goods:** Accounts of stock in respect of goods received and supplied by him, and such accounts shall contain particulars of the opening balance, receipt, supply, goods lost stolen, destroyed, written off or disposed of by way of gift or free sample and the balance of stock including raw materials, finished goods, scrap and wastage thereof.

(b) **Details of tax:** Account, containing the details of tax payable (including tax payable under reverse charge), tax collected and paid, input tax, input tax credit claimed, together with a register of tax invoice, credit notes, debit notes, delivery challan issued or received during any tax period.

Thus, Mr. Sky is not required to maintain above mentioned records.