

# CBSE | DEPARTMENT OF SKILL EDUCATION

## TAXATION (SUBJECT CODE 822)

### CLASS XII (SESSION 2021-2022) MARKING SCHEME FOR TERM - II

Max. Time Allowed: 1 ½ Hours (90 min)

Max. Marks: 30

#### General Instructions:

1. Please read the instructions carefully
2. This Question Paper is divided into 03 sections, viz., Section A, Section B and Section C.
3. Section A is of 05 marks and has 06 questions on Employability Skills.
  - a) Questions numbers 1 to 4 are one mark questions. Attempt any three questions.
  - b) Questions numbers 05 and 06 are two marks questions. Attempt any one question.
4. Section B is of 17 marks and has 16 questions on Subject specific Skills.
  - a) Questions numbers 7 to 13 are one mark questions. Attempt any five questions.
  - b) Questions numbers 14 to 18 are two marks questions. Attempt any three questions.
5. Section C is of 08 marks and has 03 competency-based questions.
  - a) Questions numbers 19 to 21 are four marks questions. Attempt any two questions.
6. Do as per the instructions given in the respective sections.
7. Marks allotted are mentioned against each section/question.

#### SECTION A

(3 + 2 = 5 marks)

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|--|--|------------------|
| <b>Answer any 03 questions out of the given 04 questions</b> |  | <b>1 x 3 = 3</b> |
| <b>Q.1</b>   | <b>What do you mean by Entrepreneurial Capacity?</b><br>Entrepreneurial capacity is the existence of people with entrepreneurship qualities, willingness and motivation to initiate new ventures.  | <b>1</b>         |
| <b>Q.2</b>   | <b>Why a Successful Entrepreneur should be Effective Strategist?</b><br>A successful entrepreneur should possess the ability to formulate relevant strategies, aimed at safeguarding or promoting the organization's interests and goals.                                      | <b>1</b>         |
| <b>Q.3</b>   | <b>What is the role of Environmental Education Teacher?</b><br>A teacher who takes up the role of sensitizing young minds and creates acceptance amongst them to contribute in protecting environment.   | <b>1</b>         |
| <b>Q.4</b>   | <b>Who are "Energy Auditors" and what is their role?</b><br>Energy Auditors inspect the buildings and measure heat, cooling, electrical and gas usage and find energy leakages in a structure and advise for corrective measures.  | <b>1</b>         |
| <b>Answer any 01 question out of the given 02 questions</b>  |  | <b>1 x 2 = 2</b> |
| <b>Q.5</b>   | <b>Briefly explain any two competencies required for being a successful Entrepreneur?</b><br>(i) Persistence: An entrepreneur should never be disheartened by failures and keeps trying, adapting and iterating to overcome obstacles that come in the way of achieving goals. | <b>2</b>         |

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|            | (ii) Commitment: Entrepreneurs exhibit high level of commitment towards their work and decisions, they have to stay committed to their venture and their goal for being a Successful Entrepreneur.   |          |
| <b>Q.6</b> | <p><b>Briefly explain the role to be performed as (i) Urban Growers (ii) Clean Car Engineers?</b></p> <p>(i) Urban Growers: They manage terrace top gardens to grow fruits and vegetables in urban areas.</p> <p>(ii) Clean Car Engineers: These people explore ways and means in which the cars don't emit poisonous gases and keep the air clean to breathe. Their job is to design future transport that will be sustainable.</p> | <b>2</b> |

### SECTION B

**(5 + 6 + 6 = 17 marks)**

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| <b>Answer any 05 questions out of the given 07 questions</b> |   | <b>1 x 5 = 5</b> |
| <b>Q.7</b>   | <p><b>How "Alternate Minimum tax" would be computed?</b></p> <p>"Alternate minimum tax" shall be the amount of tax computed on adjusted total income at a rate of 18.5%.</p>  | <b>1</b>         |
| <b>Q.8</b>   | <p><b>What would be income of a person, on which the provisions of Alternate Minimum Tax are not applicable?</b></p> <p>The provisions of AMT under Chapter XII-BA shall not apply to Individual; or HUF or AOP or a BOI (whether incorporated or not) or An artificial juridical person referred to in section 2(31)(vii), If the adjusted total income of such person does not exceed Rs. 20,00,000</p>   | <b>1</b>         |
| <b>Q.9</b>   | <p><b>Who is liable to pay Advance Tax, as per Income Tax Act?</b></p> <p>As per Income Tax Act, every person whose estimated tax liability for the year is Rs. 10,000 or more , shall pay his tax in advance, in the form of "Advance Tax"</p>   | <b>1</b>         |
| <b>Q.10</b>  | <p><b>By what date a Corporate Tax payer should pay 15% of Advance Tax payable?</b></p> <p>A corporate tax payer must pay 15% of the advance tax due by 15<sup>th</sup> June of the previous year.</p>  | <b>1</b>         |
| <b>Q.11</b>  | <p><b>What type of tax is GST?</b></p> <p>GST is a destination based indirect tax on consumption of goods and services.</p>   | <b>1</b>         |
| <b>Q.12</b>  | <p><b>Write the period of invoices on which Input Tax Credit can not be availed?</b></p> <p>Input Tax Credit cannot be availed on invoices more than one year old.</p>  | <b>1</b>         |
| <b>Q.13</b>  | <p><b>What would be the exemption limit of turnover, on which GST will be payable?</b></p> <p>GST will be payable by a taxable person only when his turnover crosses the threshold exemption limit of Rs. 20 lacs (except for Northern East States, Sikkim, Uttarakhand &amp; Himachal Pradesh)</p>   | <b>1</b>         |
| <b>Answer any 03 questions out of the given 05 questions</b> |   | <b>2 x 3 = 6</b> |
| <b>Q.14</b>  | <p><b>Briefly Explain the provisions regarding issue of Certificate of Tax Deducted in accordance with Section 203 of the Income Tax Act?</b></p> <p>The person who deducts tax has to issue a certificate in the prescribed form to the person from whose payments deduction has been made, showing therein the particulars of payment, the date of tax deducted at source and the date of its credit to the Central Government. It is on the basis of this certificate that the payee can claim credit for tax paid on his behalf and can claim refund, if any, due to him on the basis of tax liability for the relevant year. a) Form No. 16 in case of salary and b) Form No. 16A in cases other than salary</p> | <b>2</b>         |
| <b>Q.15</b>  | <p><b>Explain the liability of assessee in case of Non-payment of Advance Tax?</b></p> <p>If an assessee, who is liable to pay advance tax, under Section 208 has failed to pay such tax or where the advance tax paid under Section 210 is less than 90% of the assessed tax, he shall be liable to pay interest @ 1% for every month or part of the month</p>   | <b>2</b>         |

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| Q.16   | <b>What are the Due Dates for Payment of Advance Tax for Corporates and amount payable on each due date ?</b>  |                              |  | 2                |
|  | By 15th June   | Upto 15% of advance tax due  |  |                  |
|  | By 15th September  | Upto 45% of advance tax due  |  |                  |
|  | By 15th December   | Upto 75% of advance tax due  |  |                  |
|  | By 15th March  | Upto 100% of advance tax due |  |                  |
| Q.17   | <b>What do you mean by GST?</b><br>GST is a destination based indirect tax on consumption of goods and services, i.e., the tax would accrue to the taxing authority (State/Union Territory) which has jurisdiction over the place of consumption, which is termed as place of supply. Under the GST scheme, both goods and services attract the GST  |                              |  | 2                |
| Q.18   | <b>What is Composition Scheme under GST?</b><br>A taxpayer with an aggregate turnover in a financial year up to Rs. One crore may register under composition scheme. (75 lakhs in case of seven special category states). A dealer registered under composition scheme is not required to maintain detailed records as in the case of a normal taxpayer and shall pay tax as a percentage of his turnover during the year without the benefit of ITC (Input Tax Credit). Such a dealer cannot issue a tax invoice as well. A buyer from composition dealer will not be able to claim input tax on such goods. A Composition dealer shall not collect any tax from his customers. Tax payers making inter- state supplies or paying tax on reverse charge basis shall not be eligible for composition scheme.   |                              |  | 2                |
| <b>Answer any 02 questions out of the given 04 questions</b> |  |                              |  | <b>3 x 2 = 6</b> |
| Q.19   | <b>Briefly explain the Rights of Tax Payer ?</b><br>1. Credit of TDS : The person from whose income (payment) the tax has been deducted i.e. Payee or assessee shall not be asked upon to pay the tax himself to the extent tax has been deducted (Sec.205). Such tax deducted at source shall be treated as payment of tax on behalf of the payee (assessee).<br>2. TDS Certificate : U/s 203 payee (tax payer) is entitled to obtain a certificate from the payer (tax deductor) in Form 16-A specifying the amount of tax deducted and other prescribed particulars.<br>3. Form 26 AS : As per section 203AA the prescribed income tax authority or the person authorized by such authority will be required to deliver to the person from whose income the tax has been deducted/ paid, a statement of deduction of tax in the prescribed form (Form no.26AS) by the 31st July following the financial year during which the taxes were deducted/ paid |                              |  | 3                |
| Q.20   | <b>Mr. Ramesh is a Lawyer. His estimated tax liability for the financial year 2021-22 amounted to Rs. 3,00,000. By which dates he should pay advance tax and how much?</b><br>The payment of Advance tax would be as per following schedule:   |                              |  | 3                |
|  | Installments   | Due date                     | Amount due to be paid  |                  |
|  | First installment  | 15th September, 2021         | Upto 30% of the advance tax payable  |                  |
|  | Second installment   | 15th December, 2021          | Upto 60% of the advance tax payable as reduced by amount paid in earlier installments, i.e., Rs. 1,80,000 – Rs. 90,000 |                  |

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|             | Third installment  | 15th March, 2022 | Upto 100% of the advance tax payable as reduced by amount paid in earlier installments | <b>Rs. 1,20,000</b> |          |
| <b>Q.21</b> | <p><b>Which persons are not liable to pay Advance Tax?</b><br/>         Following persons are not liable to pay advance tax even if their tax liability is Rs. 10,000 or more:</p> <ol style="list-style-type: none"> <li>1. A resident assessee, 60 years or more, not having any income from business or profession, need not pay advance tax and are allowed to discharge their tax liability (other than TDS) by payment of self-assessment tax,</li> <li>2. An assessee who has opted for the Presumptive Taxation Scheme under section 44AD on at the rate of 8 per cent of turnover, shall be exempted from payment of advance tax related to such business .</li> </ol>  |                  |  |                     | <b>3</b> |
| <b>Q.22</b> | <p><b>Explain the hierarchy and rules of utilization of Input Tax Credit (ITC)?</b></p> <ol style="list-style-type: none"> <li>a. Accounts would be settled periodically between the Centre and the States to ensure that the credit of SGST used for discharge of IGST is transferred to the consumer state.</li> <li>b. The IGST used for payment of SGST would be transferred by the Centre to the Importing State. Further the SGST portion of IGST collected on B2C supplies would also be transferred by the Centre to the destination State.</li> <li>c. The transfer of funds would be carried out on the basis of information contained in the Returns filed by the taxpayers.</li> <li>d. ITC cannot be availed on invoices more than one year old.</li> <li>e. The ITC of tax paid on goods and/or services used for making taxable supplies by a taxable person (receiver) will be allowed subject to four conditions:             <ol style="list-style-type: none"> <li>i. He is in possession of tax invoice.</li> <li>ii. He has received the goods or services.</li> <li>iii. Tax has been actually paid by supplier to Government.</li> <li>iv. The valid return is filed under section 39.</li> </ol> </li> </ol> |                  |  |                     | <b>3</b> |

**SECTION C  
(COMPETENCY BASED QUESTIONS)**

**(2 x 4 = 8 marks)**

**Answer any 02 questions out of the given 03 questions**

Mr. Rajinder Nath is running business of spices from last 20 years in New Delhi. Till now, his Income from business was not so high that he was required to appoint/ take the help of a Chartered Accountant/Tax Consultant. His accountant was maintaining books of accounts and taking care of matters related to account as well as Tax. His business is now boosting up and he has started earning good profits, but due to sudden demise of his accountant, now Mr. Rajinder Nath had to look into these matters. Since he was not aware of aware of tax related matters, so he approached his friend Rajan for help, who advised him to take the guidance of a professional for handling these matters. During meeting with the Chartered Accountant Rahul, they had a discussion about abolition of old Indirect Taxes and Introduction of Goods & Service Tax. Mr. Rajinder Nath was of the view that old taxation system was far better. However, Chartered Accountant Rahul was having different view. He told him about the benefits of Introducing Goods & Service Tax to the Government as well as Traders & Manufacturers. .During discussion, he also guided him about Tax levy system under new GST, Tax Credit for Alternate Minimum Tax ,Advance Payment of Tax and Powers of Assessing officer, in case on Non-payment of Advance Tax..Mr. Rajinder Nath was quite satisfied with the discussion, Since handling GST related matters was altogether new for him, so he decided to take the help of professional. He requested the Chartered Accountant to take care of his Tax related matters on monthly

retainership basis, to which C.A Rahul agreed. Mr. Rajinder Nath is quite relaxed now and he is also trying to update himself on regular basis regarding new GST provisions. .

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| <p><b>Q.23</b></p> | <p><b>Explain the provisions related to Tax credit for Alternate Minimum Tax?</b></p> <p>Section 115JD provides the credit for tax (tax credit) paid by a person on account of Alternate Minimum Tax shall be allowed to the extent of the excess of the AMT paid over the regular income tax. This tax credit shall be allowed to be carried forward up to the tenth assessment year immediately succeeding the assessment year for which such credit becomes allowable. It shall be allowed to be set off for an assessment year in which the regular income tax exceeds the AMT to the extent of the excess of the regular income tax over the AMT. No interest shall be payable on tax credit allowed under section 115JD.</p> <p>With a view to enable an assessee who has paid AMT in any earlier previous year to claim credit of the same, in any subsequent year, section 115JEE (3) provides that the credit for tax paid under section 115JC shall be allowed in accordance with the provisions of section 115JD, notwithstanding the conditions mentioned in section 115JEE (1) or (2)</p>  | <p><b>4</b></p> |
| <p><b>Q.24</b></p> | <p><b>Explain the Role of Assessing Officer in Relation to Advance Payment of Tax?</b></p> <p>1. An Assessing Officer (AO) can order payment of advance tax if following conditions are satisfied:</p> <ol style="list-style-type: none"> <li>a) The assessee has already been assessed by way of regular assessment in respect of total income of any previous year.</li> <li>b) The assessee has failed to pay such tax.</li> <li>c) The AO is of the opinion that such person is liable to pay advance tax on current year's income.</li> <li>d) The order should be in writing and must specify the amount of advance tax and installments in which advance tax has to be paid.</li> <li>f) Such order may be passed during the previous year but not later than last day of February.</li> </ol> <p>2. The assessee can pay advance tax at a rate lower than assessment made by the AO, after submitting his own estimate of income in Form No. 28A. However, for higher estimate made by the assessee, Form 28A is not required to be furnished.</p> <p>3. The AO will find out the current income of the assessee on the following basis:</p> <ol style="list-style-type: none"> <li>a) Total income of the latest previous year in respect of which the assessee has been assessed by way of regular assessment.</li> <li>b) The total income returned by the assessee for any previous year subsequent to the previous year for which regular assessment is made, whichever is higher.</li> </ol> <p>4. Section 210(4) provides that AO can revise his order issued to the taxpayer to pay advance tax ,if subsequent to the passing of an order to pay advance tax, but before 1st March of the relevant financial year,</p> <ol style="list-style-type: none"> <li>(i) a return of income in respect of any later year has been furnished by the taxpayer or</li> <li>(ii) any assessment for any later year has been completed, at a higher figure.</li> </ol> <p>On receipt of such order, the same procedure has to be followed by the taxpayer .</p> | <p><b>4</b></p> |
| <p><b>Q.25</b></p> | <p><b>Briefly explain the two advantages of introducing Goods &amp; Service Tax (GST) for each (i) For Government &amp; Economy (ii) For Traders and manufacturers?</b></p> <p><b>(i) For Government and Economy</b></p> <p>1. Effective Administration of Taxation: GST will simplify and harmonise the indirect tax regime in the country.</p>  | <p><b>4</b></p> |

2. Broaden Tax Base :GST will broaden the tax base, and result in better tax compliance due to a robust IT and online infrastructure, seamless transfer of input tax credit from one stage to another in the entire supply chain of value addition and decline in number of tax on goods and services.

**(B) FOR TRADERS AND MANUFACTURERS:**

1. Uniformity of Tax Rates and Structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business.

2. Removal of Cascading: A system of seamless tax-credits throughout the entire supply chain, and across boundaries of States, would ensure that there is no cascading of taxes. This would reduce hidden costs of doing business.