

INTERMEDIATE EXAMINATION

June 2014

I-P10(AIT)

Syllabus-2008

Applied Indirect Tax

Time Allowed: 3 Hours

Full Marks: 100

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

Answer Question No. 1 which is compulsory and any five from the rest.

Wherever required, the candidate may make suitable assumptions and state them clearly in the answers.

All questions relate to the assessment year 2013-14 unless stated otherwise in the question.

1. (a) Fill up the blanks : 1×15=15
- (i) Input credit _____ be available on input purchased outside the State.
 - (ii) Mandatory inspection charges _____ part of assessable value under Central Excise.
 - (iii) A refund claim under Section 11B of the Central Excise Act, has to be filed within _____ from relevant date.
 - (iv) Assessee availing SSI concession is required to file _____ return.
 - (v) National Calamity and Contingent Duty is charges @ _____ % on mobile phone.
 - (vi) Anti dumping duty ceases on the expiry of _____ from the date of imposition.
 - (vii) _____ form is required to submit for declaration of exports.
 - (viii) In case of delay in payment of Service tax, interest @ _____ % per annum is payable for delayed period.
 - (ix) The Constitution of India states that no tax shall be levied or collected except by authority of law under Article _____.
 - (x) Under the CST Act, one declaration in Form C can cover all the transactions of purchase in one _____, irrespective of the total value of the transactions during the said period.
 - (xi) A certificate of CST registration issued by the concerned authority shall be in Form _____.
 - (xii) The VAT rate applicable for a product in West Bengal is 1%. When the same is sold from West Bengal to a dealer in Orissa, the CST rate applicable is _____.
 - (xiii) Assessee paying duty of ₹ _____ annum through PLA are required to submit Annual Financial Information Statement for each financial year by 30th November of succeeding year in prescribed form ER-4.
 - (xiv) General rate of duty on import of baggage is _____.
 - (xv) _____ means goods declared under Section 14 to be of special importance in inter-state trade or commerce.
- (b) State with reasons, whether the following are True or False: 2×5=10
- (i) Levy and collection in the contest of Central Excise are synonymous.
 - (ii) Glass mirror cannot be classified as glass or glass wave.
 - (iii) Sales includes mortgage or hypothecation or a charge or pledge on goods.
 - (iv) Refund of Anti-Dumping duty is not permissible.
 - (v) Penalty under Section 76 & 78 of the Finance Act, 1994 can be imposable simultaneously.

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2. (a) The price of a machine removed from factory at Mumbai on 28/09/2013 to a buyer there was ₹ 4 Lakhs (Exclusive of excise duty and taxes). Suddenly the buyer refused to take delivery of the machine. From 1st October, 2013, the company increased the price of machinery to ₹ 4.20 Lakhs with immediate effect. The machinery manufacturer then sold the machine to another buyer directly on 12th November, 2013 at increased price of ₹ 4.20 Lakhs. What is the excise duty payable? (Rate of Excise Duty is 12%) 4
- (b) Explain the maxime - "Latter the Better". 3
- (c) Material supplied by the service receiver whose fair Market value is 1 lakh and the service receiver, instead of supplying the material free, has charged the service provider ₹ 60,000 plus ₹ 3,000 as VAT, what amount to is to be deducted and included in this case? 4
- (d) There is no difference between "Zero rated Sales" and "Exempted Sales"—Explain. 4
3. (a) Mr. BADRI is a registered dealer in the state of TAMIL NADU purchased inputs (Raw Materials) for ₹ 90,000 on which VAT paid @ 4%. Capital goods purchased for manufacturing of finished goods in the month of January 2013 for ₹ 1,30,000 (VAT @ 13.50%). He manufactured finished goods from these inputs. Finished goods have been sold during the month of January, 2013 are given below :
- (i) 13.5% VAT sales within the state, for ₹ 1,30,000.
- (ii) Goods sent on stock transfer within the State of Tamil Nadu which is subsequently sold for ₹ 20,000 (VAT @ 13.5% on account of sale).
- (iii) Goods sold to registered buyer within the state of Tamil Nadu for ₹ 90,000 which are exempt from VAT. VAT on capital goods allowed up to 50% in the last 1st year of purchased and the balance in the subsequent two years. There was no opening or closing stock of inputs. Calculate net VAT liability? 6
- (b) R Ltd. Manufactured dutiable goods which were liable to duty @ 12.36% during the month of January 2014, for ₹ 3,00,000. These goods are lying in the factory of R Ltd. as finished goods as on 31st January 2014. Goods which are in the Work in Progress (WIP) stage valued at ₹ 80,000. It can be considered as manufactured goods. Due to quality defect, finished as well as WIP are written off in the books of accounts.
- (i) Cost of input goods consumed to produce finished product is ₹ 1,00,000 (Excise Duty ₹ 12,360)
- (ii) Inputs lying in the Work in Progress (WIP) valued at ₹ 30,000 (Excise Duty @ 12.36%)
- You are required to find the amount of CENVAT Credit allowed in the following two situations :
- (a) If excise duty has been remitted on finished goods.
- (b) If excise duty has not been remitted on finished goods. 4
- (c) Briefly explain the concept of Green Channel & Red Channel in the Context of Customs Act. 2
- (d) Write only whether the following Service are taxable or not.
- (i) Brand Ambassador Service 1
- (ii) Parking facility to general public 1
- (iii) Technical testing of Drugs 1

4. (a) Briefly throw light on any six exemptions available to SSI units under central excise legislation. 6
 (b) Mr. Shankar is a qualified Cost Accountant and has been rendering taxable services for the past several years. He furnishes the following details pertaining to the quarter ended 30th June 2013.

	₹
(i) For preparation of accounting statements for Charitable Trusts	3,00,000
Other Clients	8,00,000
(ii) Advance received from ABC Ltd. for tax consultancy	2,00,000
(iii) Fees received from World Health Organisation	6,00,000

The Assessee ultimately did not render any service to ABC Ltd. and by mutual consent, ₹ 2 lacs was returned to ABC Ltd. on 10th June, 2014.

All the above figures excluding (iii) are excluding service tax and wherever the service tax was due, it was received from clients. You are required to compute the value of taxable services rendered. 5

- (c) A ship Kanishkh, sailing from Singapore to Dubai via, India carries various types of products namely 'A, B, C & D'.

'A & B' are destined to Chennai Port

On account of submission of bill of transshipment product 'A' is sent in another vessel to Tuticorin Port as ultimate destination in India and product 'B' transhipped to Colombo.

Ascertain the imported goods, transshipment goods and transit goods. On which goods is import/customs duty payable? 4

5. (a) While ascertaining the assessable value for customs duty purposes, specify any two charges to be excluded under rule 3 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. 3
 (b) State the conditions to be fulfilled for self-adjustment of service tax paid in excess by an Assessee. 5
 (c) What is 'Importer Exporter Code Number' (IEC)? State the manner in which the same has to be applied for. In what export/import documents should the same be stated? 5
 (d) What is meant by "Reverse Charge" in the context of VAT? 2
6. (a) What are the conditions for treating transaction value as the assessable value of excisable goods? 6
 (b) The cum duty price per piece was ₹ 150 and the assessee had paid duty @ 20% ad valorem. Subsequently it was found that rate of duty was 30% ad valorem and the assessee had not collected anything over and above ₹ 150 per piece. Determine the assessable value. 2
 (c) Determine the transaction value and Excise Duty payable from the following information:

(1) Total invoice price : ₹ 18,000

(2) Invoice price includes the following :

	₹
(i) Sales Tax	1,000
(ii) Surcharge on ST	100
(iii) Octroi	100
(iv) Insurance from Factory to Depot	100
(v) Rate of Basic Excise Duty	10% ad valorem
(vi) Rate of special ED	24% ad valorem

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7. (a) Assessable value of certain goods imported from Canada is ₹ 10,00,000. The packet contains 5000 pieces with maximum retail price of ₹ 200 each. The goods are assessable under Section 4A of the Central Excise Act, 1944 after allowing an abatement of 40%. The excise duty rate is 12% ad valorem. Calculate the amount of additional duty of customs under Section 3(1) of the Customs Tariff Act, 1975 assuming basic custom duty @ 10% ad valorem. 5
- (b) What is negative list in service tax? Give the names of three such services which are included in negative list. 5
- (c) Mr. Rey is regularly paying excise duty and value added tax on his manufacturing and sales activities respectively. Calculate VAT on sales as well as net VAT liability from the following information:

Purchase from local market (VAT inclusive of @ 12.5%)	₹ 1,29,375	
Manufacturing expenses	₹ 80,000	
Profit on cost @	75%	
Excise Duty @	12.36%	
Output VAT @	12.50%	5

8. (a) Salem head post office provided the following services to persons other than government during the quarter ending 31.3.2014:

Service rendered	Amount ₹
Basic main services	1,00,000
Transfer of money through money orders	5,00,000
Operation of saving accounts	1,50,000
Rural postal life insurance services	2,00,000
Distribution of mutual funds, bonds of passport applications	5,00,000
Issuance of postal orders	3,00,000
Collection of telephone and electricity bills	1,00,000
Pension payment service	50,000
Speed post services	5,00,000
Express parcel post services	2,00,000

Compute the service tax liability of Salem head post office for the quarter ending 31.3.2014.

Notes:

- (i) Point of taxation for all the aforesaid cases fall during the quarter ending 31.3.2014.
- (ii) All the service charges stated above are exclusive of service tax.
- (iii) Small service provider's exemption need not be taken into account while solving the aforesaid. 8
- (b) Define Person-in-Charge u/s 2(31) of the customs act. 3
- (c) What do you understand by 'Centralized Registration'? Which authority grants the centralized registration? 4