

## INTERMEDIATE EXAMINATION

December 2014

I-P10(AIT)

Syllabus-2008

### Applied Indirect Taxation

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 necessary, you may make suitable assumptions and state them clearly in the answers.*

*Working notes should form part of the answer.*

1. (a) Fill up the blanks :

1×15=15

- (i) A certificate of CST registration issued by the concerned authority shall be in form \_\_\_\_\_.
- (ii) A shipping bill or bill of entry filed through ICEGATE shall be digitally signed with digital signature issued by \_\_\_\_\_.
- (iii) For ascertaining the assessable value of import for customs duty purposes, if the transit insurance amount is not known, the same is taken as \_\_\_\_\_% of the FOB value.
- (iv) Advance payment of service tax is \_\_\_\_\_.
- (v) 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 \_\_\_\_\_.
- (vi) Duties of customs including export duties are specified in item No. \_\_\_\_\_ of union List.
- (vii) ARE-1 form is required to be prepared by \_\_\_\_\_.
- (viii) At the time of payment of CST, VAT \_\_\_\_\_ be allowed as ITC.
- (ix) The Negative List of services consists of \_\_\_\_\_ items.
- (x) Goods on which excise duty is payable on the basis of MRP price, SAD under customs is \_\_\_\_\_.
- (xi) In case of security bond in the form of cash deposit no \_\_\_\_\_ can be allowed.
- (xii) Due date of payment of central excise duty for the month of March is \_\_\_\_\_.
- (xiii) Interest \_\_\_\_\_% will be levied if goods are cleared after 90 days from the warehouse.
- (xiv) Under reserve charge mechanism \_\_\_\_\_ is liable to pay service tax.
- (xv) Value added tax is a \_\_\_\_\_ of taxation.

(b) State with reasons, whether the following are True or False. (No credit will be given for mere conclusion, not supported by any reason):

2×5=10

- (i) "Person should go through 'Green Channel' at Air Port if he have dutiable goods with him".
- (ii) "Service Tax is applicable on Stamp Duty and Security Transaction Tax".
- (iii) If a service is rendered freely, service tax is not payable because the value of the service not received from the customer.
- (iv) SSI units opting the exemption notification benefit can pay duty if the dutiable goods cleared from the factory exceeds ₹ 150 lakhs and claim CENVAT credit on inputs.
- (v) Merchant exporter means a person engaged in manufacturing of goods for exporting or intending to export goods.

Please Turn Over

2. (a) HIYAKASH supplies raw materials to job worker HIYASTAB who later on completed the goods and putting the price ₹ 25 per packet. Hiyakash then sells it for ₹ 35 per packet, number of packets sold was 2000. This product is covered under Section 4A with 40% abatement. Calculate the Assessable value in this case. 3
- (b) Can a service receiver and service provider value service on different basis? 2
- (c) An importer imported goods from USA. CIF is 9000 US\$. Exchange rate as per RBI and CBSE are ₹ 45 and ₹ 43 respectively. Calculate the following: 6
- (i) FOB Value  
(ii) Cost of Freight  
(iii) Cost of Insurance  
(iv) Assessable value under the Customs Act.
- (d) Explain with reason whether the following statements are True or False: 2
- (i) Tax is payable on the First Sale Price under VAT.  
(ii) Insurance charges incurred prior to delivery of the goods to the buyer would form part of turnover under the CST Act.
3. (a) "Indirect tax is a tax on enjoyment". Whether this statement is true or false? 2
- (b) "Belated return under Service Tax cannot be revised". Do you agree? 2
- (c) Calculate the CENVAT credit available from the following information in respect of a manufacturer of power generators: 4

Particulars	₹
Food items consumed by the employee	32,000
Raw material purchase	1,15,000
Air Conditioner purchased for use in the office of CFO	38,000
Grease & Oil	29,000
Storage tank	55,000
Light diesel oil	15,000

The purchases given above are all duty paid purchases.

- (d) "Transaction Value cannot be rejected under the Customs Valuation Rules"—Explain. 2
- (e) The following details have been given in respect of a Company "TTC & Co" a registered dealer for the year ended 31.03.2014.

Particulars	₹
Inter State purchase of raw materials (CST inclusive 2%)	1,02,000
Import of raw material on which customs duty paid was ₹ 15,000	2,08,000
Other manufacturing expenses	70,000
Purchase of raw material inclusive of tax within the State (VAT rate 5%)	5,25,000
Capital goods purchased on 02.05.2013 inclusive of VAT 10% (Input Credit to be spread over 2 financial years)	3,30,000
Sale of taxable goods within the State (inclusive of VAT 4%)	6,24,000

Calculate the net VAT liability by "TTC & Co".

4. (a) Vaibhav Plastic Industries are selling a component for gross price of ₹ 80 per unit. The price includes packing charges of ₹ 2, loading charges within the factory of ₹ 1, Excise duty @ 10%, Education cess as applicable and State VAT @ 5%. Calculate Excise Duty and VAT payable per unit. 3
- (b) State the goods which are specifically excluded from the scope of the "Inputs" for claim of Cenvat Credit. 2
- (c) Briefly explain the provisions relating to provisional assessment of Customs Duty. 4
- (d) What are the purposes for which Advance Authorisation can be issued? 4
- (e) In respect of stock/branch transfers, can input tax credit be claimed under VAT laws? 2
5. (a) Explain Cenvat Credit Audit u/s 14AA of Central Excise Act. 5
- (b) What are the laws relating to central excise? 2
- (c) Compute taxable value and service tax from following sums received by M/s. DSS medical centre (exclusive of service tax) (ignore small service provider's exemption): 8
- (i) Testing (with transmission of medical samples between laboratories) : ₹ 10 lakhs;
- (ii) Medicine consumed as a part of health care service: ₹ 5 lakhs;
- (iii) Preventive health care services: ₹ 4 lakhs;
- (iv) Treatment along with facilities provided such as TV, AC, room rent, medal to patients (as a part of package): ₹ 33 lakhs;
- (v) Genetic affinity examination for determining biological father: ₹ 4 lakhs;
- (vi) Hair transplant services due to injury in a fire accident: ₹ 7 lakhs;
- (vii) Cosmetic surgery of a film star: ₹ 16 lakhs;
- (viii) Conduction medical examinations of individual: ₹ 1 lakh.
6. (a) Explain the procedures related to removal of goods as such in the context of cenvat credit as such. 5
- (b) What are the contents of invoice under Service Tax? 3
- (c) Determine interest and penalty under Section 75 and 76 respectively in the following case:  
Service Tax of ₹ 10 lakhs (E-payment mandatory) for Feb., 2014 was paid on 16.03.2014  
(₹ 60 lakhs above turnover) 3
- (d) Explain compounded Levy Scheme. 4
7. (a) How will the value be determined in the case of the excisable goods are sold at a place other than the place of removal? 5
- (b) When does taxable event take place in case of imported goods under Customs Law? 5
- (c) Virat & Co., is engaged in works contract and is registered VAT dealer. Proper records are maintained relating to the year ended 31.03.2014.

The undermentioned details are made available to you.

Particulars	₹
Total Contract Price (Without considering VAT)	160
Cost of consumables used not involving transfer of property in goods	12
Labour charges incurred for execution of works contract	38
Local goods inclusive of 5% VAT	63
Stock transfer from neighbouring State	21
Output VAT rate 12.5%	

Ascertain the net liability of the dealer.

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8. (a) Ananda Textiles Limited wish to know whether there is any provisions under the Customs Act, 1962 for claiming refund of import duty paid where the imported goods are found to be defective or not in accordance with agreed specifications? Please advise them briefly. 3
- (b) Mr. Thrivikram is providing taxable services in the arena of renting out commercial property. He has omitted to claim deduction of property tax paid in respect of some buildings, due to delay payment of property tax. How can he avail deduction of the property tax paid subsequently? Is there any time limit for the same? 4
- (c) Name any four duty credit schemes which are being used as Export Promotional Measures. 4
- (d) State any three circumstances in which VAT registration can be cancelled. 4