

INTERMEDIATE EXAMINATION

JUNE 2015

INDIRECT TAXATION

P-II(ITX)
Syllabus 2012

Time Allowed: 3 Hours

Full Marks : 100

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

All questions are compulsory. In question No. 1, all sub-questions are compulsory. In question Numbers 2 to 8, student may answer any two of the three sub-questions (a), (b) and (c). Wherever necessary, you may make suitable assumptions and state them clearly in your answer. Working notes should form part of the answer.

1. Answer the following questions with suitable reasons: 1×20=20
- (a) A State Government prescribed Vat rate on a product as follows:
(i) Goods manufactured within State – 5%.
(ii) Goods brought from outside State and sold within State – 12.5%.
State constitutional validity of the provision.
- (b) State when invoice is required to be issued if goods are manufactured and captively consumed within factory.
- (c) In Central Excise Tariff, how many digits are used to indicate a Tariff Item?
- (d) A manufacturer took Cenvat credit of service tax paid by him on consultancy services of ₹ 10,000 on 20.5.2014, on basis of invoice of the consultant dated 15.5.2014. He made payment of the bill to the consultant on 27.12.2014. Advise the manufacturer if any action is required on the part of manufacturer.
- (e) Assessee was claiming classification of his goods under chapter heading 84. However, CESTAT (Tribunal) had passed order classifying the goods under another chapter heading. Assessee intends to file appeal against decision of Tribunal. Advise where he should file appeal.
- (f) State distinction between Indian Customs Water and Territorial Waters, so far as coverage of area is concerned.
- (g) A vessel MV Jayadeep sailing from Australia to USA via India was carrying various goods. Name A, B and C. Goods A and B were unloaded at Kolkata port while goods C were carried further without unloading. Whether goods C are imported goods, export goods, transit goods or transhipped goods?
- (h) An importer kept imported goods in customs bonded warehouse on 15.7.2014 and cleared the goods from customs on 13.12.2014 on payment of customs duty. Is he liable to pay interest? State reason.
- (i) An importer imported some inputs free of duty under Advance Authorisation. He exported the final product and fulfilled export obligation. Even after that, he has some excess stock of imported inputs. Can he sell the same?
- (j) An importer intends to import raw material valued at ₹ one lakh under 'Duty Free Import Authorisation' (DFIA). He wishes to know what is the minimum FOB value of exports he is required to achieve by exporting products made out of the imported raw material. Advise him.
- (k) A tax consultant in India provided consultancy service in India to a foreign diplomat in his personal capacity. The consultancy was in respect of his personal income tax issues. Is the service taxable?

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- (l) AB Ltd. is liable to pay service tax of ₹ 50,000 on 6th August, 2014. However, he paid duty on 16th August, 2014 on his own with interest, without any show cause notice. How much penalty is payable?
- (m) A newspaper company charged ₹ 1,00,000 for an advertisement received by it through Advertisement Agent. The newspaper paid ₹ 15,000 as commission to the Advertisement Agent. Calculate service tax payable by newspaper company.
- (n) A telephone company issued invoice for month of December 2014 for net amount of ₹ 1,500, excluding service tax. Invoice was issued on 15.1.2015. How much service tax the telephone company should charge in the invoice?
- (o) Name two services covered under definition of 'continuous supply of service'.
- (p) Who is required to issue F form under Central Sales Tax Act and to whom?
- (q) At what frequency C form is required to be issued?
- (r) A manufacturer purchased 1,000 kg of inputs @ ₹ 100 per kg. Vat rate was 5%. During transit 50 kg were stolen and the manufacturer received 950 kg in his factory. Calculate the input tax credit available to the manufacturer.
- (s) In an international transaction with group company, actual transaction value was 10,000 US Dollars. The average of arms length price determined by Income Tax Officer was 10,250 US Dollars. The Income Tax Officer proposes to add the difference to the profit of Indian company. Advise the company.
- (t) In certain circumstances, the Income Tax Officer is required to accept the transaction price without requiring the assessee to submit detailed data for calculating arm's length price. Where these circumstances are specified in law?
2. Answer *any two* of the three sub-questions (a), (b) and (c): 2×2=4
- (a) Service tax cannot be imposed on a transaction which is covered entirely within powers of State Government. Is it correct? State your view giving reasons. 2
- (b) Why direct taxes are termed as 'progressive' and indirect taxes are termed as 'regressive'? 2
- (c) State the purpose of constituting 'Large Taxpayer Unit' (LTU). 2
3. Answer *any two* of the three sub-questions (a), (b) and (c): 8×2=16
- (a) (i) State situations where a manufacturer can claim remission of excise duty on manufactured goods. Whether such remission is admissible before goods are removed from the factory or after removal of goods from the factory or in both the cases? 3
- (ii) A manufacturing unit has effected clearances of goods of the value of ₹ 610 lacs during the Financial Year 2014-15. The said clearances include the following:
- (1) Clearance of excisable goods without payment of excise duty by a EOU unit – ₹ 130 lacs
- (2) Job work in terms of notification no. 214/86-CE – ₹ 80 lacs
- (3) Export to Bhutan – ₹ 70 lacs
- (4) Export to USA – ₹ 30 lacs
- (5) Goods manufactured in rural area with the brand name of the others – ₹ 90 lac
- Is the unit eligible for excise exemption during 2015-16? 5

