

# **Paper 11 - Indirect Taxation**

**Paper 11 - Indirect Taxation**

Full Marks:100

Time allowed: 3 hours

1. Answer the following questions:

(A) Multiple Choice Questions:

[7 × 2 = 14]

- (a) Alliance & Co., dealer in Delhi purchased goods of ₹2,16,000 (excluding VAT) after adding expenses ₹24,000 and profit ₹60,000 sold out the same. VAT on purchases and sales is 12.5%. What is the net VAT payable?
- (i) ₹10,500
  - (ii) ₹9,000
  - (iii) ₹3,000
  - (iv) None of the above
- (b) The burden of proving that transfer of goods is otherwise than by way of sale, lies on \_\_\_\_
- (i) dealer who claims exemption.
  - (ii) Assessing authority who alleges that it is a taxable sale.
  - (iii) the carrier who moves the goods.
  - (iv) None of the above.
- (c) Which of the following is not a prohibited goods.
- (i) Human Skeleton
  - (ii) Pornographic materials
  - (iii) Exotic birds
  - (iv) Baggage
- (d) Large Tax Payer's unit is one who meets \_\_\_\_
- (i) Excise duty in cash (account current) of ₹5 crores or more.
  - (ii) Service Tax in cash (account current) of ₹5 crores or more.
  - (iii) Both (i) and (ii)
  - (iv) Either (i) or (ii)
- (e) Interest charged on the value of warehoused goods not cleared within 90 days will be \_\_\_\_
- (i) 15 % p.a.
  - (ii) 10% p.a.
  - (iii) 18% p.a.
  - (iv) None of the above
- (f) The collection of CST is effected by \_\_\_\_
- (i) The state where the goods are produced.
  - (ii) The state where the movement of goods begins.
  - (iii) The state where the goods are delivered.
  - (iv) None of the above
- (g) Which of the following service is excluded in negative list.
- (i) Express parcel post.
  - (ii) Supply of farm labour
  - (iii) Sale of lottery tickets
  - (iv) Stage carriage

(B) Say Yes/No for the following questions:

[6 × 1 = 6]

- (a) ITC is not allowed in case of inter state purchases.
- (b) Person should go through 'Green Channel' at Airport if he has dutiable goods with him.
- (c) GAR – 7 is the form used to pay service tax.
- (d) If a service is rendered freely, Service Tax is not payable.
- (e) Payment of service tax is compulsory for every assessee.
- (f) Duty rates are specified in Central Excise Act, 1944.

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(C) Match the following:

[5 × 1 = 5]

	Column 'A'		Column 'B'
1.	CFC	A	Subsequent Sale.
2.	Definition of ST excludes	B	Export Promotion Capital Goods.
3.	POP	C	Certified Facilitation Centre
4.	EPCG	D	Place of Provision of Services
5.	Form 'C'	E	Image

Answer any five questions from the following  
Each question carries 15 marks

2. (a) Explain the deficiencies of VAT. [8]
- (b) ZED reported Sales Turnover of ₹35,00,000. This includes excise duty ₹3,23,540 and deposit for returnable containers ₹5,00,000. Sales tax was not included separately in the sales invoice. Compute tax liability under CST assuming tax rate @ 2%. [7]
3. (a) DEB Ltd., has a manufacturing unit situated in Lucknow. In the financial year 2014-15, the total value of clearances from the unit was ₹465 lakhs. The break-up of clearances is as under:
- (i) Clearances worth ₹85 lacs of certain non-excisable goods manufactured by it.
  - (ii) Clearances worth ₹55 lacs exempted under Specified Job work notification.
  - (iii) Exports worth ₹100 lacs (₹75 lacs to USA; ₹25 lacs to Nepal).
  - (iv) Clearance worth ₹50 lacs which were used captively to manufacturing finished product. Those are exempted under Notification No. 8/2003 CE Dt. 1-3-2003.
  - (v) Clearances worth ₹200 lacs of excisable goods in the normal course.
- Explain briefly, the treatment for various items and state whether the unit will be eligible for the benefit of exemption under Notification No. 8/2003, dt. 1-3-2003 as amended in Financial Year 2015-16. [10]
- (b) Define Factory as per Sec. 2(c) of Central Excise Act, 1944. [5]
4. (a) Mrs. Lathika and Mr. Suraj an Indian Residents after visiting Paris for 7 days returned to India on 5-2-2015. They bought following goods – personal effects ₹1,39,000; Two laptop computers valued at ₹84,000; One Personal Computer ₹36,000, Two litres of liquor ₹3,200. One specialized new camera in the name of Mrs. Lathika ₹97,400. Compute Customs duty payable. [7]
- (b) Distinguish between provision of pilferage and loss or destruction of goods. [8]
5. (a) Calculate the value of Taxable Services.
- (i) Supply of farm labour ₹1,00,000.
  - (ii) Transport of postal mail or mail bag by a vessel ₹60,000.
  - (iii) Warehousing of potato chips ₹1,05,000.
  - (iv) Renting of hotel rooms with food ₹3,00,000.
  - (v) Asset Management Services ₹30,000.
  - (vi) Royalty for providing use of technical knowhow ₹2,50,000.
  - (vii) Development and Design of Information Technology Software ₹8,00,000. [7]
- (b) Compute the amount of Service Tax in the following cases assuming the applicable rate of Service Tax to be 14% and Swachh Bharat Cess. In all cases freight is paid by Consignee who were individuals.

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- (i) A goods carriage carrying 10 consignments (all to different persons) a fare of ₹500 each.
- (ii) A goods carriage carrying 5 consignment booked by different persons but addressed to same consignee at fare of ₹300 each. [8]
6. (a) Explain the role of Cost Accountant under VAT. [6]
- (b) Mrs. Jaya imported certain goods weighing 1,000 kg with CIF US \$ 40,000. Exchange Rate was 1 USD = ₹45. On the date of presentation of BOE. BCD is 10% cess applicable. There is no excise duty on these goods if manufactured in India.
- As per notification ADD has been imposed. It is equal to the differences between amount calculated @ US \$ 60 per kg and landed value of goods. Compute BCD and ADD payable by Jaya. [9]
7. (a) Distinguish between Direct and Indirect Taxes. [5]
- (b) What is meant by Export of Service? [5]
- (c) Define Manufacturer under Central Excise Act [5]
8. (a) Enumerate the difficulties in applying the ALP. [6]
- (b) Explain the administration of FTP by DGFT. [9]