

FINAL EXAMINATION

December 2013

F-PI4(TXM)  
Syllabus 2008

Indirect & Direct—Tax Management

Time Allowed: 3 Hours

Full Marks: 100

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

**Answer Question No. 1** (carrying 25 marks), which is compulsory and any five from the rest.

1. Fill up the blanks:

1×25

- (i) The rate of tax collected at source (TCS) applicable in respect of scrap is \_\_\_\_\_. (1%; 2%; 5%)
- (ii) Advance income-tax payable by a resident, aged 61, deriving income of ₹ 9 lacs, solely from house property, is ₹ \_\_\_\_\_. (1,05,000/-; Nil; 90,000/-)
- (iii) Mr. A has rendered free services to his close relative; an outsider would have charged ₹ 1,12,360 for such services. The value of taxable services is ₹ \_\_\_\_\_. (1,00,000/-; NIL; 1,12,360)
- (iv) Exclusive Economic Zone extends to \_\_\_\_\_ Nautical miles from the base line. (12; 200)
- (v) In case of shipping business of non-residents, Previous year and Assessment year \_\_\_\_\_ be same. (will; will not)
- (vi) Dividend received from company having only agricultural income \_\_\_\_\_ an Agricultural income for a shareholder. (is; is not)
- (vii) Cost inflation index as notified by the Central Government for the financial year 2013-14 is \_\_\_\_\_. (882; 939)
- (viii) A residential property which is let out for a period of 310 days in the previous year \_\_\_\_\_ treated as asset u/s 2 (ea) of the Wealth Tax Act. (is; is not)
- (ix) Cenvat credit rules \_\_\_\_\_ require input—output correlation to be established. (do; do not)
- (x) The Service Tax Registration certificate will be granted by superintendent of central excise in seven days in Form No. \_\_\_\_\_. (F4; ST-2)
- (xi) Certificate of registration under CST Act, shall be issued by the authority in Form \_\_\_\_\_. (A,B,D)
- (xii) Any Sum received towards dues written off earlier, after the discontinuance of a business is \_\_\_\_\_. (taxable; not taxable)
- (xiii) A Unit in SEZ is \_\_\_\_\_ to be registered under Central Excise Laws. (required; not required)
- (xiv) In exercise of power under first proviso to section 47(2) of the Customs Act, 1962, the Central Govt. specified that importers paying customs duty of ₹ \_\_\_\_\_ crore or more per bill of entry shall pay customs duty electronically. (one; ten)
- (xv) As per Section 47(2) of Customs Act, interest is payable if customs duty is not paid within \_\_\_\_\_ days of return of Bill of Entry to importer. (two; seven)

Please Turn Over

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( 2 )

- (xvi) The goods included in the \_\_\_\_\_ Schedule of Central Excise Act are same as those on which excise duty is payable under section 4A of the Central Excise Act. (Second; Third)
- (xvii) Form 'C' is issued by the purchasing dealer to selling dealer every \_\_\_\_\_ basis. (monthly; quarterly)
- (xviii) A person responsible for paying any sum to any resident individual contractor for carrying out any work is liable to deduct tax at source under section 194C of income tax act @ \_\_\_\_\_. (1%; 2%)
- (xix) An assessee under Wealth Tax Act who concealed wealth is liable to pay maximum penalty of \_\_\_\_\_ of wealth tax sought to be avoided. (300%; 500%)
- (xx) Landing charges of \_\_\_\_\_ is to be added to CIF value for arriving at the assessable value under customs law. (3%; 1%)
- (xxi) Transaction of sale of goods for ₹ 7 crore, by a domestic company to a partnership firm in India, in which one of the directors of the company is a partner \_\_\_\_\_ subject to transfer pricing provisions under the Income Tax Act. (is; is not)
- (xxii) Short-term capital gain on sale of shares listed in a recognized stock exchange on which security transaction tax is paid is liable to income tax at \_\_\_\_\_ (15%; 10%)
- (xxiii) An order passed by the Commissioner under section 12AA of the Income Tax Act refusing to grant registration to a charitable trust can contested in appeal before \_\_\_\_\_ [Commissioner (Appeals); Income Tax Appellate Tribunal].
- (xxiv) A return for income tax assessment year 2011-12 filed on 1st April, 2013 is \_\_\_\_\_ return. (valid; invalid)
- (xxv) Penalty for failure to furnish tax audit report on or before the due date is  $\frac{1}{2}\%$  of the sales or \_\_\_\_\_, whichever is less. (₹ 1,50,000; ₹ 1,00,000)
2. (a) Victory Polymers is launching a new product in the market. To penetrate the market, for fourteen months, the company wishes to have a competitive price, which would be below its cost. The Managing Director wishes to know whether the said price, which is below its cost price, will be accepted by the Excise Department as transaction value. He fears that the Department might contend that as the extra commercial consideration was involved in this case an additional consideration should be added to the price for the purpose of duty and hence the Department might invoke Best Judgment Assessment, fixing the price at manufacturing and selling costs plus reasonable margin. As the Cost Accountant of the company, give your views. 5
- (b) The following details of import of a machinery made on 21.3.2013 are furnished:
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|--|-----------|
| Price paid for imported machinery (FOB value)          | \$ 45,000 |
| Packing charges  | \$ 300    |
| Service commission paid to MMTTC, the Canalising Agent | \$ 1,200  |
| Inspection charges paid to an independent agency       | \$ 200    |
| Ocean Freight  | \$ 1,000  |
- Subsequent to the import, there was a price increase in the international market; the price of the machinery, rose to 48,000 USD.
- The import contract does not specify for certification by an independent agency.
- Ascertain the assessable value for customs duty purposes. Conversion rate is 1 \$=₹ 60 5

