

INTERMEDIATE EXAMINATION

December 2013

P-11(ITX)
Syllabus 2012

Indirect Taxation

Time Allowed: 3 Hours

Full Marks: 100

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

GROUP A

Answer Question No. 1 which is compulsory .

1. Answer the following questions with suitable reasons: 2×10=20
- (i) Recovery from Buyer is an essential condition for levy of Indirect Taxes. Comment.
 - (ii) Write a brief note on the significance of 'trade parlance test' with respect to classification of excisable goods under the Central Excise Act, 1944.
 - (iii) Goods with 'NIL' rate of duty can not be treated as non-excisable goods. Explain.
 - (iv) Set-off of input tax credit on capital goods is available only to manufacturers and not to traders. Comment.
 - (v) State briefly whether remission of duty shall be granted or not under the Central Excise Rules, 2002 in a case where Duty paid goods were damaged due to breakage in handling.
 - (vi) Special Audit under sec. 14A and 14AA of the Central Excise Act, 1944 can be done by a Cost Accountant only. Comment.
 - (vii) Who is Adjudicating Authority under the provisions of the Customs Act, 1962? Is C B E C an Adjudicating Authority?
 - (viii) Will Insurance Services rendered to clients having assets in Jammu and Kashmir by the Jammu Branch of an Insurance Company be liable to Service Tax?
 - (ix) Sale of bundles of waste paper is taxable. Discuss.
 - (x) What is Tax Payer's Identification Number (T I N) for purposes of VAT?

GROUP B

(Answer any eight questions out of the ten questions given).

2. (a) Mr. Ramesh who has entered into a roll over Contract approached N. D. B. C. Bank for selling US \$ 35,000 at the rate of Rs. 49 per US \$. R. B. I. reference rate for US \$ is Rs. 49.50 at that time. However, rate of exchange declared by C B E C for the day is Rs. 50.50 per US \$. Calculate the value of Taxable Service. 4
- (b) (i) What is the minimum and maximum rate or amount of duty drawback prescribed under the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 made under Section 75 of the Customs Act, 1962? Explain with a brief note. 3

Please Turn Over

- (ii) Discuss whether any duty drawback is admissible under Section 75 in the following cases and if yes, what is the quantum of such duty drawback: 3

| S. No | FOB Value of Exported Goods (Rs.) | Rate or Amount of Drawback | Market Price of Goods (Rs.) | Value of Imported Material used in Goods (Rs.) |
|-------|-----------------------------------|----------------------------|-----------------------------|--|
| (a) | 1,00,000 | 0.75% of FOB value | 80,000 | 50,000 |
| (b) | 60,000 | 0.8% of FOB value | 70,000 | 35,000 |

3. (a) Shankar Ltd., supplies raw material to a job worker Sujay Ltd. After completing the job-work, the finished product of 5,000 packets are returned to Asha Ltd. putting the retail sale price as Rs. 20 on each packet. The product in the packet is covered under MRP provisions and 40% abatement is available on it. Determine the assessable value under Central Excise law from the following details : 3

| | Rs. |
|--|--------|
| Cost of raw material supplied | 30,000 |
| Job worker's charges including profit | 10,000 |
| Transportation charges for sending the raw material to the job worker | 3,000 |
| Transportation charges for returning the finished packets to Asha Ltd. | 3,000 |

- (b) Based on the following particulars, arrive at the CENVAT credit available on clearance of goods to Domestic Tariff Area (DTA) from an Export Oriented Unit (EOU): 5

| Assessable Value | Rs. 20 Lakhs |
|-------------------------------------|--------------|
| Basic customs duty | 10% |
| Excise duty | 12% |
| Education Cess | 2% |
| Secondary and Higher Education Cess | 1% |
| VAT payable under State VAT law | 4% |

- (c) State briefly the sources of power in respect of the following Taxes: 2

- (i) Central Excise duty
- (ii) Customs duty (Import and Export)
- (iii) Central Sales Tax
- (iv) State Sales Tax (VAT)

