

**INTERMEDIATE EXAMINATION**

**JUNE 2014**

**P-11(ITX)**

**INDIRECT TAXATION**

**Syllabus 2012**

**Time Allowed: 3 Hours**

**Full Marks : 100**

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

*Wherever necessary, you may make suitable assumptions and state them clearly in your answer.*

*Working notes should form part of the answer.*

**Group A**

**Answer Question No. 1 which is compulsory**

**1. Answer the following questions with suitable reasons: 2×10=20**

- (i) 'Ownership of raw material is not relevant to determine excise duty liability'. Explain with reference to the condition for levy of excise duty.
- (ii) State significance of single dash and double dash in classification of goods under Central Excise Tariff.
- (iii) An assessee is selling 20% of his production through related persons and 80% is being sold to unrelated persons. How the goods sold to related persons should be assessed?
- (iv) A unit in Special Economic Zone (SEZ) has manufactured and supplied some goods to Indian customer. Which duty will be payable on such supplies?
- (v) Explain briefly when pilferage should have occurred for purpose of eligibility for remission from duty of customs under section 13 of the Customs Act, 1962.
- (vi) A non-executive director of a company is receiving sitting fees and commission of ₹ three lakhs from a private limited company. Is service tax payable? Under which head? Who is liable to pay service tax?
- (vii) A service was provided on 15th April, 2014. What would be point of taxation in each case, if invoice was raised on (a) 15th April, 2014 (b) 14th May, 2014 (c) 30th June, 2014?
- (viii) State (a) restrictions on State Governments on imposing sales tax on 'goods of special importance' (b) Provision if goods of special importance are purchased within the State and sold inter-state.
- (ix) List the goods which have been kept outside Vat provisions as per White Paper released on Vat.
- (x) Which entry in Seventh Schedule to Constitution of India is relevant for purpose of imposition of service tax?

**Group B**

*Answer any eight questions out of the ten questions given*

2. (a) Cost of a machine manufactured by a manufacturer was ₹ 10 lakhs. It was high due to some factors beyond his control. Some of his competitors were selling the similar machine for ₹ 7 lakhs. Hence, the manufacturer decided to sale the machine at a loss to penetrate the market. Excise department contended that excise duty should be payable on basis of cost of production, even if the machine is sold at lower price. Advise the manufacturer about the correct legal position. 4
- (b) Explain difference between duty drawback under section 74 of Customs Act and section 75 of Customs Act. 3

**Please Turn Over**

