

FINAL EXAMINATION

June 2015

P-16(TMP)
Syllabus 2012

Tax Management and Practice

Time Allowed: 3 Hours

Full Marks: 100

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

Wherever required, the candidate may make suitable assumptions and state them clearly in the answer.

Working notes should form part of the relevant answer.

All sub-divisions of a question should be answered continuously.

All questions in Income-tax relate to the assessment year 2015-16, unless stated otherwise.

SECTION A

Tax Management

Answer any five questions (14 marks each) from this section.

1. (a) Sarath Dtergents Ltd., suffered heavy losses due to a fire accident which happened in their factory on 01-05-2014.

The following particulars are furnished to you : ₹

(i) Excise duty on finished product is 12%. In addition, Education cess and SAH Education cess are chargeable.	
(ii) Transaction value of finished goods destroyed in fire	8,00,000
(iii) Value of input services used in the manufacture of finished products (Including total service tax of ₹ 37,080)	3,37,080
(iv) Value of input goods used in the manufacture of finished products (Including Canvat credit of ₹ 20,600)	2,20,600
(v) Insurance compensation received from the insurance company on 1-12-2014 for loss of stocks	8,00,000

You are required to :

- (i) Compute the amount of remission of duty granted to the assessee under Rule 21, of the Central Excise Rules, 2002 assuming that the necessary conditions stand fulfilled.

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- (ii) Compute, the quantum of Cenvat credit to be reversed, if any. 3
- Will your answer change, if the amount of insurance compensation received is ₹ 8,50,000? 2
- (b) Balaji, an importer, has imported a machinery from Tokyo, in March, 2015 as per following details :

FOB value of machinery	USD	40,000
Date of arrival at Chennai port		12/3/2015
Bill of entry presented on the same day.		
Exchange rate was 1 USD = ₹ 65		
Customs duty on this date		15%
Goods were placed at the customs warehouse.		
Date of clearance from warehouse		22/7/2015
Exchange rate was 1 USD = ₹ 66		
Customs duty on this date		14%
CVD payable for the machinery is		10%

Required to find out :

- (i) Total Customs duty payable, and 5
- (ii) Interest, if any, payable by the importer. 2
2. (a) Ray Charitable Trust was formed on 1st April, 2013. The object of the trust is to provide financial assistance to the individuals who are below the poverty line and undergoing medical treatment in hospitals. The trust makes direct payments to the concerned hospitals where the individuals are admitted for treatment.

The trust applied for registration under section 12AA of the Income-tax Act, 1961 on 4th April, 2015 and the registration was granted by the Commissioner of Income Tax on 30th April, 2015.

Income of the trust from properties held in trust and voluntary contribution (not forming part of corpus of the trust) during the previous year 2013-14 and 2014-15 were ₹ 3.50 lacs and 5 lacs respectively. The trust applied ₹ 2 lacs and 3.50 lacs respectively, out of such incomes of the two years, towards its objects/purpose.

The trustees seek advice from you as to whether the trust is entitled to exemption under section 11 in

