

INTERMEDIATE EXAMINATION

June 2016

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.**All questions are compulsory. In question no. 1, all sub-questions are compulsory.**In question numbers 2 to 8, student may answer any two of the three sub-questions (a), (b) and (c).*

1. Answer the following questions with suitable reasons: 1×20=20
- (a) State the constitutional provision which empowers Central Government to levy service tax.
 - (b) State basic distinction between composition scheme of payment of excise duty and payment of duty on basis of production capacity under section 3A of Central Excise Act.
 - (c) A manufacturer purchased oil in drums. He used the oil in his manufacture and sold the empty drums as scrap. Is excise duty payable on drums? State with reasons.
 - (d) State the periodicity for filing of excise return by a small scale manufacturing unit. What is the due date for filing of return?
 - (e) An assessee was providing a bus for transport of employees from nearest railway station to the factory and back. The bus operator charged service tax on his services. Is the assessee eligible to avail Cenvat credit of the service tax?
 - (f) Is customs duty payable on imported goods, which were pilfered before clearance from customs?
 - (g) What is the ceiling (upper limit) on quantum of duty drawback in relation to the market price of goods?
 - (h) What is 'Entry' in respect of goods imported by post?
 - (i) What is IEC code?
 - (j) Which authority administers Foreign Trade Policy?
 - (k) Which of the following services is in negative list:
 - (i) Health care service by clinical establishment
 - (ii) Service provided by arbitral tribunal
 - (iii) Supply of labour on farm
 - (iv) Construction of public road

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- (l) A builder sold a residential flat of 1,600 sq. ft. at ₹ 90 lakhs in October, 2015. He obtained building completion certificate in November, 2015. Calculate service tax payable. Ignore Swachh Bharat Cess.
- (m) A service provider filed his return on 24-10-2015 for half year ending on October, 2015. Later he found that there was calculation mistake. Advise him with time limit within which he can take action.
- (n) A contractor was undertaking works contract for construction of public road. This activity is exempt from service tax. The contractor awarded some work to a sub-contractor. The sub-contractor can avail exemption from service tax only if he fulfils certain conditions. What are those conditions?
- (o) An assessee did not pay service tax on certain services as he was not aware of the liability. During EA-2000 audit in November, 2015, the mistake was pointed out. The assessee immediately, on his own, paid service tax of ₹ 1,00,000 with interest of ₹ 36,000 in December, 2015. Calculate the penalty payable by assessee.
- (p) A manufacturer purchased 20,000 litres of raw material @ ₹.50 per litre. Vat rate was 15%. During transit from place of supplier to the factory of manufacturer, 100 litres were lost due to spillage and only balance quantity was received in factory. However, payment was made by manufacturer for the full quantity. Calculate the input tax credit of Vat that is available to manufacturer.
- (q) State with reasons whether export of goods is 'zero rated transaction' or 'exempt transaction' in Vat.
- (r) In Central Sales Tax, subsequent sale during movement of goods is exempt from sales tax if prescribed forms are issued. Which are those forms? Name the form which the first seller of goods is required to issue to intermediate buyer, so that the intermediate buyer can claim the subsequent sale as exempt from Central Sales Tax.
- (s) ABC Inc. USA, has given guarantees in respect of borrowings by JKF Ltd., India. Such guarantees account for 8.5% of total borrowings of JKF Ltd. Are ABC Inc. and JKF Ltd. 'associated enterprises'?
- (t) Name two intangibles where determination of Arm's Length Price (ALP) is often required.

2. Answer any two of the three sub-questions (a), (b) and (c):

2×2=4

- (a) State reason why indirect taxes are termed as 'regressive' and direct taxes as 'progressive'. 2
- (b) Explain the Constitutional provisions which restrict the powers of State Government in respect of rate of state sales tax (Vat). 2
- (c) What is meant by 'charging section'? What is charging section for levy of service tax? 2

