



Time Allowed: 3 Hour

Full Marks:100

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

SECTION – A (Compulsory)

1. Choose the correct option:

[15 x 2 = 30]

- (i) An individual, being foreign national, came to India first time during the previous year 2024-25 on 01-03-2025 for 200 days, his residential status for the previous year 2024-25 is.
- Non-resident
 - Resident but not ordinarily resident in India
 - Resident and ordinarily resident in India
 - Resident in India
- (ii) Mr. Keshav, engaged in the growing and manufacturing of tea, furnished the following information for the previous year 2024-25. Sale of Tea is ₹15,00,000 and growing and manufacturing expenses of tea is ₹5,00,000 then find the taxable income of Mr. Keshav for the A. Y. 2025-26.
- ₹4,00,000
 - ₹6,00,000
 - ₹10,00,000
 - ₹6,00,000
- (iii) Who from the followings will be considered as a specified employee of ABC Pvt. Ltd. as defined u/s 17(2)(iii) of the Income Tax Act, 1961 for the assessment year 2025-2026?
- Mr. D, a part time director employee but resigned on 02-05-2024
 - Mr. E, who holds 15% of its equity shares and his wife holds 6% of its equity shares
 - Mr. F who joined it on 01-02-2025 and his taxable monetary salary for the year from ABC Pvt. Ltd. is ₹50,000 p.m.
 - None of the above
- (iv) Mr. Chopra purchased a residential house on 20th July 2022 for ₹10,00,000 and made improvements costing ₹2,00,000 in August 2022. He sold the house in April 2024 for ₹20,00,000. Out of the sale proceeds, he spent ₹5,00,000 to purchase another house in September 2024.
- What is the amount of capital gains taxable in the hands of Mr. Chopra for the A.Y. 2025-26?
- ₹0 (fully exempt under Section 54)
 - ₹5,00,000
 - ₹8,00,000
 - ₹10,00,000

**DIRECT AND INDIRECT TAXATION**

- (v) Mr. Nitin had bought a laptop for ₹50,000 on 01.04.2022 for his personal use. He started using this laptop for his business purposes only since 02.05.2024. On that date, the market value of the laptop was ₹40,000. What is the amount of depreciation allowable to him under the Income Tax Act, 1961 for the financial year 2024-25 assuming the rate of depreciation to be 40%?
- ₹ 20,000
 - ₹ 16,000
 - ₹ 7,200
 - ₹ 2,880
- (vi) Quoting 'Permanent Account Number' (PAN) is compulsory in the following transaction
- Payment to LIP exceeding ₹50,000 in a financial year
 - Sale or purchase of any immovable property valued at ₹4,00,000
 - Time deposit up to ₹35,000 with a bank
 - None of the above
- (vii) In pre-GST regime, excise duty has been levied by Government whereas VAT has been levied by Government on goods.
- State, Central
 - Central, Central
 - Central, State
 - State, State
- (viii) M/s V Bazar, a store located and registered under GST in Haryana, has come out with big discount offers at the time of Diwali on various gift items. In order to attract more customers, it has decided to supply a gift pack containing 5 packets of sugar free biscuits (580 gram each) taxable @12%, 1 packet of roasted Nuts (200 gram) taxable @18%, 1 packet of chocolate (50 gram) taxable @28% and 1 bottle of mango juice (1 litre) taxable @18% in a single basket for a single price of ₹3,750. State the type of supply and the tax rate applicable on the same.
- Composite supply: Tax rate of the principal item, i.e. sugar free biscuits @18%
 - Composite supply; highest tax rate out of all items, i.e. 28% applicable to chocolate
 - Mixed supply; highest tax rate out of all items, i.e. 28% applicable to chocolate
 - Mixed supply: tax rate of principal item, i.e. sugar free biscuits @18%
- (ix) Mr. Tushar, an air travel agent, who wants to discharge his tax liability at special rates as per rule 32(3) of CGST Rules, 2017. How his value of service of booking of tickets for air travel be determined?
- 5% of basic fare on both domestic and international air travel
 - 10% of basic fare on both domestic and international air travel
 - 5% of basic fare on domestic air travel and 10% of basic fare on international air travel
 - 10% of basic fare on domestic air travel and 5% of basic fare on international air travel

**DIRECT AND INDIRECT TAXATION**

- (x) The time of supply of goods, where supplier is liable to pay tax under forward charge shall be:
- The date of actual issue of invoice by the supplier
 - The last date on which he is required u/s 31(1) to issue the invoice with respect to the supply
 - The date on which the supplier receives the payment with respect to the supply
 - (a) or (b), whichever is earlier
- (xi) If the goods are received in instalment, then ITC can be availed:
- Proportionately on receipt of each instalment
 - 100% ITC can be taken on receipt of first instalment
 - ITC can be taken on receipt of last instalment
 - 50% ITC can be taken on receipt of first instalment and balance 50% on receipt of last Instalment
- (xii) Within how many days a person should apply for registration under GST, apart from provisions of voluntary registration?
- Within 60 days from the date, he becomes liable for registration
 - Within 30 days from the date, he becomes liable for registration
 - No time limit
 - Within 90 days from the date, he becomes liable for registration
- (xiii) The First return shall be filed by every registered taxable person for the period form
- The date on which he became liable for registration till the date of grant of registration
 - The date of registration to the last day of that month
 - The date on which he became liable for registration till the last day of that month
 - All of the above
- (xiv) The limit of exclusive economic zone of India is _____ from the nearest point of the baseline
- 200 nautical miles
 - 12 nautical miles
 - 24 nautical miles
 - None of the above
- (xv) The Safeguard duty imposed shall be in force for a period of _____ from the date of its imposition and can be extended with the total period of levy not exceeding _____.
- 4 years, 10 years
 - 3 years, 5 years
 - 5 years, 5 years
 - None of the above

Answer:

i	ii	iii	iv	v	vi	vii	viii	ix	x	xi	xii	xiii	xiv	xv
a	a	a	c	a	a	a	c	c	d	c	b	a	a	a



Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Mr. X, aged 19 years, left India for first time on May 31, 2024. Examine his residential status for the previous year 2024-25 if:

(i) He left India for employment purpose

(ii) He left India on the world tour.

[7]

(b) Sonam, has been provided a car (1.7 ltr.) by his employer Vikash Ltd. The cost of car to the employer was ₹3,50,000 and maintenance cost incurred by the employer ₹ 30,000 p.a. Chauffeur salary paid by the employer ₹3,000 p.m. Calculate the value of perquisite for Sonam for the A.Y. 2025-26, if the car is used for:

I) Office purpose. II) Personal purpose. III) Both purposes.

In case (II) and (III), employee is being charged ₹15,000 p.a. for such facility.

[7]

Answer:

(a)

During the previous year 2024-25, Mr. X was in India for 61 days as shown below –

P.Y.	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
24-25	30	31	-	-	-	-	-	-	-	-	-	-	61

During the previous year 2024-25, X stayed in India for 61 days. Further, he was in India for more than 365 days during 4 years immediately preceding the relevant previous year (as he left India for the first time).

- (i) Since he left India for employment purpose, condition of sec. 6(1)(c) shall not be applicable on such assessee. He will be treated as resident in India, if and only if, he resided in India for at least 182 days during the previous year. Hence, Mr. X is a non-resident in India for the previous year 2024-25.
- (ii) Since he left India on the world tour, which is not an exception of sec. 6(1), satisfaction of any one condition of sec. 6(1) makes him resident in India for the previous year 2024-25. As he satisfies 2nd condition of sec. 6(1) [shown above], he is resident in India. Further, he also satisfies dual conditions specified u/s 6(6) (since he left India for the first time). Therefore, he is an ordinarily resident for the previous year 2024-25.

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(b) I) Nil, as car is used for office purposes.

II) Taxable value of car facility:

Particulars	Details	Amount ₹
Depreciation of Car	10% of ₹ 3,50,000	35,000
Maintenance cost	Actual	30,000
Driver's salary	Actual	36,000
Total		1,01,000
Less: Amount charged from employee		15,000
Taxable Perquisite		86,000

III) ₹2,400 p.m. for car facility + ₹ 900 p.m. for driver facility = ₹ 3,300 p.m.

Taxable value of perquisite ₹ 3,300 × 12 = ₹39,600.

Note: Whenever statutory value (₹1,800 or ₹2,400 and ₹ 600 or ₹ 900) is taken as taxable value of perquisite then amount charged from employee shall not be subtracted.

3. (a) Compute the gross annual value in respect of the following properties:

Particulars	H1	H2
Value determined by the Municipality for determining Municipal tax (₹ in Lakh)	500	800
Rent of the similar property in the same locality (₹ in Lakh)	400	900
Rent determined by the Rent Control Act (₹ in Lakh)	700	720
Actual rent receivable (₹ in Lakh)	350	540
Unrealised rent of the previous year 2024-25 (₹ in Lakh)	10	Nil
Period when the property remains vacant (in number of months)	5	3

[7]

(b) Important Ltd. is a power-generating unit. On 1-4-2022, it purchased a plant of ₹ 50,00,000 eligible for depreciation @ 15% on SLM. Compute balancing charge or terminal depreciation assuming the plant is sold on 21/4/2024 for:

i) ₹ 7,50,000 ii) ₹ 30,00,000 iii) ₹ 45,00,000 iv) ₹ 55,00,000

[7]

**INTERMEDIATE EXAMINATION****SET 1****MODEL ANSWERS****TERM – DECEMBER 2025****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION****Answer:****3 (a) Computation of Gross Annual Value :**

Step	Particulars	Working	H1	H2
1st	RER	Higher of GMV and FR (RER cannot exceed SR)	500	720
2nd	ARR less Unrealised rent		340	540
3rd	Higher of above	Higher of Step 1 & Step 2	500	720
Working	(ARR less Unrealised rent) if there would have been no vacancy	[{ARR/(12 – vacancy period)} * 12] - Unrealised rent	590	720
	Is value of Step 2 less than step 1 due to vacancy		Yes	Yes
4th	Gross Annual Value	If yes than step 2 will be GAV otherwise step 3 shall be GAV	340	540

(b) Computation of capital gain or balancing charge or terminal depreciation for the A.Y.2025-26

Particulars	Note	Amount ₹			
		A	B	C	D
Written down value as on 1/4/2024	1	35,00,000	35,00,000	35,00,000	35,00,000
Less: Sale Proceeds		7,50,000	30,00,000	45,00,000	55,00,000
Balance		27,50,000	5,00,000	(-) 10,00,000	(-) 20,00,000
Terminal depreciation		27,50,000	5,00,000	Nil	Nil
Balancing Charge	2	Nil	Nil	10,00,000	15,00,000
Short term capital gain	2	Nil	Nil	Nil	5,00,000

Notes:**1. Computation of Written down value as on 1/4/2024**

	₹
Original cost	50,00,000
Less: Depreciation for the year 2022-23	7,50,000
WDV as on 1/4/2023	42,50,000
Less: Depreciation for the year 2023-24	7,50,000
WDV as on 1/4/2024	35,00,000

2. Balancing charge cannot exceed accumulated depreciation claimed on such asset. The total negative balance in case D is ₹20,00,000 but the accumulated depreciation is ₹15,00,000 only. Hence, balancing charge is restricted to ₹15,00,000 & the balance i.e. ₹5,00,000 shall be treated as short-term capital gain.



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- 4.(a) ABC & Co. has three partners A, B and C sharing profit or loss in the ratio 5:3:2. They admitted D as a new partner on 31/03/2024 for 1/5th share and D is to bring ₹ 2,00,000 as his capital which he brought in form of furniture (earlier used in his home) ₹ 50,000 immediately & further brought jewellery of which fair market value is ₹ 2,00,000 on 2/08/2024 (however such assets was recorded in the books at ₹ 1,80,000). D had acquired such jewellery for ₹ 45,000 on 7/07/2001. Compute capital gain in the hands of Mr. D. [7]

- (b) Mr. JJ received the following gifts/amounts during F.Y. 2024-25

(i) Gift of bullion worth ₹68,000/- on his birthday from his friend

(ii) Received a car from his cousin on payment of 2,00,000/-. FMV of which was ₹5,00,000/-

(iii) Received cash gift of ₹25,000/- each from three of his friends Ram, Gobind and Shyam on 23.08.2024

(iv) Acquired an office building on 22.11.2024 from his friend Q for a consideration of ₹15 Lakhs, stamp value of which is ₹25 Lakhs.

Compute his income from other sources for the assessment year 2025-26.

[7]

Answer:

- (a) In the given case, Mr. D brought two assets:

a. Furniture, being a personal effect, is not a capital asset and hence, not liable to capital gain.

b. Jewellery being a capital asset, hence liable to capital gain as under –

Computation of capital gain in the hands of Mr. D for the A.Y. 2025-26

Particulars	Details	Amount ₹
Sale consideration		1,80,000
Less: Expenses on transfer		Nil
Net sale consideration		1,80,000
Less: i) Cost of acquisition	45,000	
ii) Cost of improvement	Nil	45,000
Long Term Capital Gain		1,35,000
Sale consideration shall be the amount recorded in books of account of the firm and market value of such asset is irrelevant.		



DIRECT AND INDIRECT TAXATION

- (b) Computation of income from other sources of Mr. JJ for the assessment year 2025-26 relating to previous year 2024-25:

Particulars	₹
Bullion received from friend (since bullion is included in the definition of “property”, when bullion is received without consideration, the same is taxable under section 56(2)(x) as the aggregate FMV of bullion exceeds ₹50,000)	68,000
Since car is not included in the definition of property, therefore the difference of ₹3,00,000 between FMV and purchase price of car is non-taxable under section 56(2)(x)	NIL
Cash gift received from friends is taxable u/s 56(2)(x), since its aggregate value exceeds ₹50,000 (25000 × 3)	75,000
Immovable property (office building) purchased for inadequate consideration is taxable u/s 56(2)(x). Therefore, the difference of ₹10Lakhs between stamp duty value and purchase price of building is taxable u/s 56(2)(x)	10,00,000
Income From Other Sources	11,43,000

5. (a) Examine, with reference to the provisions relating to set-off and carry forward of losses under the Income-tax Act, 1961, the treatment of the following incomes of Mr. Bhola (who has opted for the old tax regime):

Income from house property	(₹ 1,30,000)
Salaries (Net)	₹ 80,000
Income from other sources	(₹ 90,000)
Income from lotteries	₹ 3,50,000

[7]

- (b) Anil (aged 67 years) is an employee of a Government organisation at Burdwan. During the year ending 31.3.2025, he received the following income from his employer:

	₹
Salary	20,000 p.m.
Dearness allowance	4,000 p.m.
Entertainment allowance	6,500 p.m.
Annual bonus	20,000

Rent-free unfurnished accommodation of which licence fee is ₹ 30,000 whereas fair rental value is ₹ 1,00,000.

Compute his taxable income and tax liability, under the old tax regime, for the assessment year 2025-26 on the basis of the following further information:

- i. His own contribution to a Provident Fund is ₹ 30,000 and his employer's contributed the same amount.



ii. He pays life insurance premium ₹ 30,000 p.a.

[7]

Answer:

(a) Statement showing application of sec. 71

Particulars	Amount (₹)
Salaries	80,000
Income from house property	(1,30,000)
Income from other sources:	
Winning from lotteries	3,50,000
Other income	(90,000)
Gross total income	3,50,000
Conclusion: Casual income shall be fully taxable as no loss can be set off against such income.	3,50,000
Losses to be carried forward: a) Loss under the head “Income from house property”	(1,30,000)
b) Loss under the head “Income from other sources”, as such loss cannot be carried forward.	Nil
Income under the head ‘Salaries’ is first adjusted with the loss under the head ‘Income from other sources’ as the same cannot be carried forward. Though loss under the head ‘Income from other sources’ is ₹ 90,000 and such loss could be adjusted with income under the head ‘Salaries’ only to the extent of ₹ 80,000 still the remaining loss of ₹ 10,000 cannot be carried forward.	

(b) Computation of Total Income of Anil for the A.Y. 2025-26

Particulars	Details	Amount	Amount
Salaries			
Basic salary			2,40,000
Bonus			20,000
Allowances:			
Dearness allowance		48,000	
Entertainment allowance		78,000	1,26,000
Perquisite u/s 17(2):			3,86,000
Rent free accommodation	Licence fee		30,000
Employer’s contribution to PF	Contribution to SPF		Nil
Gross Taxable Salary			4,16,000
Less: Deduction u/s			
16(ia) Standard Deduction		50,000	



INTERMEDIATE EXAMINATION

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16(ii) Entertainment allowance (Least of the followings): - 20% of basic - Maximum limit - Actual amount	48,000 5,000 78,000	He is a government employee	5,000	55,000
Gross Total Income				3,61,000
Less: Deduction u/s 80C		Note 1		60,000
Total Income				3,01,000

Computation of Tax Liability of Mr. Anil for the A.Y.2025-26

Income	Rate	On	Tax
Upto ₹ 3,00,000	-	-	-
From ₹ 3,00,001 to ₹ 3,01,000	5%	50	50
Tax liability before cess			50
Less: Rebate u/s 87A			50
Tax and cess payable			Nil

Note 1. Computation of Deduction u/s 80C

Particulars	Amount
Insurance premium	30,000
Employee's own contribution to SPF	30,000
Total	60,000

6. (a) Explain the concept of Indirect Tax? What are the features of indirect Tax? [7]

(b) Write a short note (meaning, function, salient features) on GST Network (GSTN). [7]

Answer:

(a) Concept and Features of Indirect Taxes

(i) **Tax on goods and services:**

Indirect tax is levied at the time of supply or manufacture or purchase or sale or import or export of goods. Further, it is also levied on supply.

(ii) **Burden:**

Tax, being indirect tax paid by the seller, shall be recovered by the seller from the buyer. Thus, one can say that burden of indirect tax is shifted from seller to buyer and ultimately borne by consumers of such goods or services.

(iii) **Inflationary in nature:**

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Cost of goods and services increases due to levy of indirect tax thus indirect taxes promote inflation.

(iv) **Social welfare:**

It is a useful tool to promote social welfare by checking the consumption of harmful goods or sin goods through higher rates of tax.

(v) **Wider Tax Base:**

Majority of goods and services are liable to indirect tax with very low threshold limits, so tax base is much wider in case of indirect tax in comparison to direct tax.

(vi) **Regressive in Nature:**

All people (rich or poor) will bear equal wrath of tax on goods or services consumed by them irrespective of their ability. In other words, indirect tax does not create any difference between rich and poor. Poor people are also required to pay equal percentage of tax on certain goods and services of mass consumption. Thus, it may increase the disparities between rich and poor.

(vii) **No pinch:**

Seller (the person on which indirect tax is levied) does not perceive a direct pinch of tax as it is recovered by him from the buyer and then he is paying to the Government. On the other hand, since it is inbuilt in the price of the goods, the ultimate payer (i.e. buyer) pays it without knowing that he is paying any tax to the Government.

(b) **GST Network (GSTN)**

A common platform is needed which could act as a clearing house and verify the claims and inform the respective government to transfer the funds. This is possible with the help of a strong IT infrastructure. Accordingly, government has established common GST electronic portal, a website managed by goods and services Network GSTN for the tax payer and common IT infrastructure for central and states. GSTN (a non-profit government owned organisation) is a special purpose Vehicle. The functions of the GSTN. Would Inter Alia include:

1. Facilitating registration;
2. Forwarding the returns to central and state authorities;
3. Competition and settlement of IGST;
4. Matching of tax payment details with banking network;
5. Providing various NIS reports to the central and the state governments based on the tax sphere written information;
6. Providing analysis of tax payers' profile; and
7. Running the matching engine for matching reversal and reclaim of input tax credit.

The GSTN is developing a common GST portal and applications for registration, payment, return, assessment and MIS Report.

On registration on the common portal (taxpayer will receive 15 alpha numeric PAN based unique Goods and Services Tax Identification Number (GSTIN))

Salient features of GST



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- Incorporated in March 2013 as section 25- 100 percent government owned company with paid up capital of 10,00,00,000
- Two functions as a common pass-through portal for taxpayers
 - Submit registration application
 - File returns
 - Make tax payments
- To develop backend modules for states
- Infosys Ltd appointed as managed service provider
- Appointed more than 70 GST Suvidha providers.

7.(a) Mr. Ritesh of Assam, provides the following information for the preceding financial year 2023-24. You are required to calculate the aggregate turnover for the purpose of eligibility of composition levy scheme and determine whether he is eligible for composition levy scheme or not, for the F.Y. 2024-25.

Particulars	₹ in lakh
Value of taxable outward supplies (out of above, ₹ 10 lakh was in course of inter-state transactions)	75.00
Value of exempt supplies (which include ₹ 30 lakh received as interest on loans & advances)	70.00
Value of inward supplies on which he is liable to pay tax under reverse charge	15.00
Value of exports	7.00

All the amounts are exclusive of GST. Further, he assured that in F.Y. 2023-24, no inter-State supply will be executed by him.

[7]

(b) Y Ltd., Mumbai, a registered supplier, is manufacturing Chocolates and Biscuits. It provides the following details of taxable inter-state supply made by it for the month of October, 2024.

Particulars	₹
List price of goods supplied inter-state	12,40,000
Items already adjusted in the list price	
Subsidy from Central Government for supply of biscuits to Government School	1,50,000
Subsidy from Trade Association for supply of quality biscuits	50,000
Items not adjusted in the list price	
Tax levied by Municipal Authority	25,000
Packing Charges	20,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000

Calculate the value of taxable supply made by Y Ltd. for the month of October, 2024.

[7]

Answer:

(a) Computation of aggregate turnover of Mr. Ritesh for F.Y. 2023-24 for the purpose of eligibility of composition levy scheme :

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Particulars	₹ in lakh
Value of taxable outward supplies [All taxable supplies including inter-State supplies]	75
Value of exempt supplies [excluding value of supply of services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount]	40
Value of inward supplies on which Mr. Ritesh is liable to pay tax under reverse charge	Nil
Value of exports	7
Aggregate turnover for determining eligibility for composition scheme	122

A registered person of Assam is eligible to opt for composition levy if his aggregate turnover does not exceed ₹ 1.5 crore in the preceding financial year. Therefore, in the given case, Mr. Ritesh is eligible to opt for composition levy for F.Y. 2024-25.

(b) Computation of value of taxable supply:

Particulars	₹
List price of goods supplied inter-state	12,40,000
Subsidy from Central Government for supply of biscuits to Government School	-
Subsidy from Trade Association for supply of quality biscuits	50,000
Tax levied by Municipal Authority	25,000
Packing Charges	20,000
Late fee paid by the recipient of supply for delayed payment of invoice	5,000
Value of taxable supply	13,40,000

8. (a) Compute the Input tax credit available with MS Motors Ltd., manufacturer of cars, in respect of the following services availed by it in the month of October, 2024:

Sl. No.	Particulars	Amount
1.	Accounting and Auditing Services	17,200
2.	Health insurance services for employees (Services are not provided under Government obligation)	6,200
3.	Routine maintenance of the cars manufactured by MS Motors Ltd.	28,000
4.	Repair services for office building (Cost of repairs is charged to Profit & loss Account)	28,400
5.	Hotel accommodation and conveyance facility to employees on vacation	13,360
6.	Testing services availed for car engines	19,000

[7]

(b) Malya Internationals Ltd., has imported a machinery by air from Germany. Bill of Entry is presented on 20.01.2025.

However, entry inwards are granted on 25.01.2025. Relevant information of the transaction is provided hereunder:

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CIF Value of Machine	5,500 USD
Air Freight Paid	1250 USD
Insurance Charges Paid	100 USD
Rate of Exchange on 20.01.2025	As per RBI 1 USD = ₹ 85.50 As per CBIC 1 USD = ₹ 86
Rate of Exchange on 25.01.2025	As per RBI 1 USD = ₹ 86.50 As per CBIC 1 USD = ₹ 87
Basic Customs Duty Rate	10%
IGST Rate	18%

Calculate the assessable value in INR for the purposes of levy of customs duty as well as total customs duty.

[7]

Answer:**(a) Computation of Input tax credit available with MS Motors Ltd**

Sl. No.	Particulars	Amount ₹
1.	Accounting and Auditing Services	17,200
2.	Health insurance services for employees (Services are not provided under Government obligation)	Nil
3.	Routine maintenance of the cars manufactured by MS Motors Ltd.	28,000
4.	Repair services for office building (Cost of repairs is charged to Profit & loss Account)	28,400
5.	Hotel accommodation and conveyance facility to employees on vacation	Nil
6.	Testing services availed for car engines	19,000
	Total credit available	92,600

Note: Item 2 and 5 are covered under sec. 17(5) i.e., block credit hence credit is not available.

(b) Computation of assessable value

Particulars	Amount in \$
CIF Value	5500
Less: Air Freight	1250
Less: Insurance	100
FOB Value	4,150
Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered (4150 x 20% = 830)]	830
Add: Insurance	100
Assessable Value (in US \$)	5080
Assessable Value in ₹	4,36,880

**INTERMEDIATE EXAMINATION****SET 1****MODEL ANSWERS****TERM – DECEMBER 2025****PAPER – 7****SYLLABUS 2022****DIRECT AND INDIRECT TAXATION****Computation of customs duty**

Particulars	Details	Amount ₹
Assessable Value	4,36,880	
Add: Basic Customs Duty @ 10%	43,688	43,688
Add: Social Welfare Surcharge @ 10% on BCD	4,369	4,369
Total [A]	4,84,937	
Add: IGST @ 18% [A × 18%]	87,289	87,289
Total duty payable		1,35,346