

# Paper 11- Indirect Taxation

**Paper 11- Indirect Taxation**

Time Allowed : 3 Hours

Full Marks : 100

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

Working notes should form part of the answer.

1. Answer the following questions

(A) Multiple Choice questions:

[7×2= 14]

(a) Which of the following is not declared goods.

- (i) Imported Cotton
- (ii) Cotton yarn waste
- (iii) Raw unginned cotton
- (iv) Ginned cotton

(b) M purchased 1000 kg of input @ `100/- per kg. VAT rate is 5%. During transit 50 kg were stolen and manufacturer received 950 kg in his factory. Input tax credit available to M is

- (i) `4,750
- (ii) `5,000
- (iii) `4,850
- (iv) `5,100

(c) Project imports under customs should be subject to the maximum duty of \_\_\_\_\_%

- (i) 3%
- (ii) 10%
- (iii) 5%
- (iv) 8%

(d) Eligible Turnover limit for small scale industries exemption is \_\_\_\_\_

- (i) `10 lakhs
- (ii) `400 lakhs
- (iii) `200 lakhs
- (iv) 0

(e) Which of the following services is included in Negative List.

- (i) Speed post
- (ii) Pre-school education
- (iii) Radio Taxi
- (iv) GTA

(f) "Crossing the customs frontiers of India" means crossing the limits of area of customs station in which imported goods are ordinarily kept \_\_\_\_\_

- (i) After clearance by customs authorities
- (ii) Before clearance by customs authorities
- (iii) Before being loaded into the ship

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(iv) None of the above

(g) The levy of CST is on

- (i) Purchase of goods
- (ii) Sale of goods
- (iii) Purchase or sale of goods
- (iv) None of the above

(B) Say Yes or No for the following questions:

[6×1=6]

- (a) VAT does not eliminate the cascading effect.
- (b) CVD is calculated on AV + BCD + Antidumping duty. (ADD)
- (c) Service provider is the person who renders the service.
- (d) Service tax can be levied on an advance payment received.
- (e) Service tax will be paid by an individual on monthly basis.
- (f) Manufacturer includes deemed manufacturer.

(C) Match the following:

[5×1= 5]

	Column 'A'		Column 'B'
1.	CETA	A	Goods sold to Foreign Diplomatic mission.
2.	POT	B	Jammu & Kashmir
3.	SION	C	Point of Taxation
4.	Form J	D	Year 1985
5.	ST extends to whole of India except	E	Standard input and output norms

Answer any five questions from the following

Each question carries 15 marks

2. (a) Mr. Javed, a manufacturer sells goods to kabir for `5,000 who sells to Hakim, a wholesaler for `5,500. The wholesaler sell goods to retailer Mr. Mohan for `6,000 who in turn sells it to the end user for ` 7,000. Compute VAT liability, ITC availed and tax payable by manufacturer, wholesaler, retailer assuming VAT Rate @ 12.5%. Above prices are exclusive of VAT. 7
- (b) Distinguish between sale for export and sale incourse of export. 8
3. (a) P Ltd supplies raw material to job worker. T Ltd after completing the job work, the finished product of 6500 packets are returned to prior Ltd, putting the RSP as `15 on each packet. The product in the packet is covered under MRP provisions and 40% abatement is available on it. Determine the AV under Central Excise Law from the following details:  
 Cost of raw materials supplied `32,000.  
 Transportation charges for sending raw material to T Ltd. `4,500.  
 Job worker's charges including profit `10,000.  
 Transportation charges for returning the finished packets to Prior Ltd. `4,500. 8
- (b) Write a note on Central Excise Revenue Audit. 7

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4. (a) Mr. and Mrs. Kapoor visited Germany and brought following goods while returning to India after 6 days stay abroad on 8<sup>th</sup> April, 2015.
- (i) Their personal effects like clothes valued at `35,000.
  - (ii) A laptop computer bought for `1,36,000
  - (iii) A personal computer bought for `95,000.
  - (iv) Two litres of liquor bought for `1,600
  - (v) A new camera bought for `37,400.
- What is the amount of Customs Duty payable? 7
- (b) Write a brief note on All Industry Duty Draw Back Rate. 8
5. (a) Calculate the value of Taxable Services.
- (i) Sale of rice on commission basis `2,65,000.
  - (ii) Transport facility provided by a school to its students `60,000.
  - (iii) Packing of tomato ketch up `54,000.
  - (iv) Serving food in air conditioned restaurant `1,00,000.
  - (v) Merchant Banking services `8,00,000.
  - (vi) Royalty from temporary transfer of patents `3,00,000.
  - (vii) Up gradation of Information Technology Software `8,00,000. 7
- (b) Explain provisions relating to Service Tax on Restaurant Services 8
6. (a) What is meant by "Acquisition Fraud"? 7
- (b) Compute the AV for the purpose of determination of customs duty from the following data: Machinery imported from USA by air (FOB price) US \$ 4,000; Accessories compulsorily supplied along with the machinery US \$ 1,000; Air freight US \$ 1,200; Insurance charges actual not available; local agents commission to be paid in Indian currency `9,300; transportation from Indian airport to factory 4,000. Exchange rate US \$ 1 = 48. 8
7. (a) M/s. X Pvt. Ltd. Provided services for `1,00,000 and service tax charged separately @ 12.36%. Invoice dated 1-4-2014 payment received `1,13,260 on 1-7-2014. What is POT? 5
- (b) An Indian firm provides a technical \$inspection and certification services for a newly developed product of an overseas firm. Testing is carried out in Maharashtra 20%, Kerala 25% and Columbo 55%. What is the place of provision of service. 5
- (c) Determine the cost of production of manufacturing the under mentioned product for the purpose of captive consumption. Direct material `11,648; direct wages `8,400; works overhead `6,200; Quality control cost `3,500; Research and development cost `2,400; Administrative overheads `4,100; Selling and distribution cost `1,600; Realisable value of scrap `1,200; Administration over heads are in relation to production activities. Material cost includes excise duty `1,648. 5
8. (a) Compute the Arm Length Price (ALP) in the following cases:
- (i) Medical Instruments Ltd is a 100% Indian subsidiary of a US Co. The parent company sells one of its product to the Indian subsidiary at a price of US \$ 100 p.u. The same product is sold to an unrelated buyers at a price of US \$ 125 p.u.
  - (ii) The US parent company sells the same product to an unrelated Co., in India US \$ 80 per unit. 10

**(b) Describe Cross Border Transaction.**

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