

# P11\_Practice Test Paper\_Syl12\_Dec13\_Set 2

## Paper 11: Indirect Taxation

Time Allowed: 3 hours

Full Marks: 100

### Group-A (Answer Question 1 which is compulsory)

#### Question 1

Answer the following questions:

- While producing the final product some waste and scrap are also emerged as a result of manufacturing process. State the excisability of waste and scrap.
- Why Anti Dumping Duty is imposed and how the margin of dumping is calculated?
- What is 'into bond Bill of Entry'? What is purpose?
- Which of the services provided by Govt. or local authority is excluded from negative list?
- How 'Cascading Effect of Tax' increase the tax burden?
- Mr. X, a dealer in Delhi, transfers property in goods to Ram of Bangalore without any consideration. Is the transfer chargeable to CST?
- Describe Transhipment of Goods as per Sec. 54 of the Customs Act, 1962.
- A computer manufacturer purchases mouse and sells them to buyers of personal computers along with the computer. The manufacturer included the value of the mouse in the assessable value of the computer for excise duty purpose. Is the above inclusion correct?
- Which audit focuses on ascertaining revenue leakage? Write the right of the auditor regarding such audit.
- Describe 'bundled services'. Give an example also.

[10×2]

#### Group-B

(Answer any eight questions out of the ten questions given)

#### Question 2

- State the Power of Taxation under Constitution of India.
- T dispatches goods from West Bengal to Delhi and raises invoice on Y in Andhra Pradesh; T charges 2% CST and pays the same in West Bengal. During movement of goods, Y sells goods to L in Uttar Pradesh and L ultimately sells goods to S in Delhi. S takes delivery of goods and the movement of goods comes to end. Sale from Y to L and L to S is by transfer of documents. Explain the form to be issued so that the subsequent sales are exempt from central sales tax.
- Mr. Kapil an Indian resident, aged 45 years, returned to India after visiting England on 10/05/2013. He had gone to England on 01/05/2013. On his way back to India he brought following goods with him –

His personal effects like clothes etc. valued at ₹85,000:

A video camera worth ₹19,000;

2 litre of Wine worth ₹2,000;

A watch worth ₹24,000.

Find the customs duty payable by Mr. Kapil.

[3+4+3]

#### Question 3

- "The input service distributor may distribute the CENVAT CREDIT in respect of the service tax paid on the input service to its manufacturing units or units providing output service, subject to the following conditions" — List out those conditions.
- Determine the assessable value in the following case:

Dates	10.06.13	14.06.13	18.06.13	22.06.13	26.06.13
Zen Computers (T3 Components)	₹39,460	₹35,220	?	₹37,530	₹38,820
Roop Computers	₹28,200	₹27,360	₹29,720	₹27,970	₹26800

# P11\_Practice Test Paper\_Syl12\_Dec13\_Set 2

(T2 Components)			
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(c) What is Artistic-related Intangible Assets?

**[4+5+1]**

**Question 4**

- (a) What is Global System of Trade Preference (GSTP)?
- (b) Write a short note on De-minimis margin of dumping.
- (c) Mr. X, a manufacturer sells goods to Mr. B, a distributor for ₹2,000 (Excluding of VAT). Mr. B sells goods to Mr. K, a wholesale dealer for ₹2,400. The wholesale dealer sells the goods to a retailer for ₹3,000, who ultimately sells to the consumers for ₹4,000. Compute the tax liability, input credit availed and tax payable by the manufacturer, distributor, wholesale dealer and retailer under invoice method assuming VAT rate @ 12.5%.

**[2+3+5]**

**Question 5**

- (a) Nayantara Ltd. filed its service tax returns for the half years ending on September 2012 and March 2013 on 25-11-2012 and 31-7-2013. The two half yearly returns show a service tax liability of ₹2,50,000 and ₹1,20,000 respectively. Is any late fee/fine payable by Nayantara Ltd.? If yes, what is the quantum of such fee in both the cases? Will your answer be different if Nayantara Ltd. files a nil return for the half year ending on September 2012?
- (b) "EPC are non-profit autonomous organizations." — State about EPC and its organisations.
- (c) How intangibles are treated in international transfer pricing?

**[4+3+3]**

**Question 6**

- (a) What are the specified services where the place of provision is the location of the service provider?
- (b) Based on the following information, determine the CENVAT Credit available for use in the current year under the Cenvat Credit Rules, 2004:

Goods	Excise Duty paid at the time of purchase of goods (₹)
i. Packing material	7,000
ii. High speed diesel oil	4,500
iii. Equipments used in office	13,000
iv. Storage tank	7,500
v. Paints used for painting machinery used	6,000
vi. Pollution Control Equipments	29,000
vii. Lubricating oils	13,000
viii. Spares for pollution control equipments	5,000

**[3+7]**

**Question 7**

- (a) Why indirect taxes are regarded as inflationary?
- (b) Distinguish between Pilfered Goods (u/s 13 of Customs Act, 1962) and Lost or Destroyed Goods (u/s 23 of Customs Act, 1962).
- (c) Alpha Ltd. provided services valuing ₹8.5 lakhs during the financial year 2011-12. During 2012-2013, it has provided taxable services valuing ₹11 lakhs and has received payments towards payable services ₹9.5 lakhs. It has also received services in the nature of transport of goods by road on 1-4-2012, valuing ₹65,000 (exclusive of service tax), in respect of which it is the person liable to pay service tax. Freight has been paid on 16-8-2012. Compute the service tax, if any, payable by Alpha Ltd. for the financial year 2012-2013. It is given that goods transport service is exempt to the extent of 80% of value thereof.

**[1+5+4]**

**Question 8**

- (a) "There may be various forms of rendition of services....." — Give some examples of those forms of services.
- (b) What is Project import? (answer should not be in more than two sentences)

## P11\_Practice Test Paper\_Syl12\_Dec13\_Set 2

- (c) "Duty drawback rates are of following types – (i) All Industry Rate (ii) Brand Rate and (iii) Special Brand Rate." — Describe any of the above duty drawback rates.
- (d) To what extent the educational services are included in the negative list?

[4+1+3+2]

### Question 9

- (a) Ravi Co Ltd., a small scale industry provides the following details. Determine the eligibility for exemption based on value of clearances for the financial year 2013-14 in terms of Notification No. 8/2003-CE dated 1.3.2003 as: (I) Total value of clearances during the financial year 2012-13 (including VAT ₹50 lakhs) ₹845 lakhs, (II) Total exports (including for Nepal and Bhutan ₹320 lakhs) ₹560 lakhs, (III) Clearances of excisable goods without payment of duty to a Unit in Software Technology Park ₹35 lakhs, (IV) Job work under Notification No.84/94-CE dated 11.4.1994 ₹25 lakhs. Job work under Notification No.21 4/86-CE dated 25.3.1986 ₹27 lakhs (v) Clearances of excisable goods bearing brand name of Khadi and Village Industries board ₹234 lakhs. Make suitable assumptions and provide brief reasons for your answers where necessary.
- (b) Name some of the goods which are declared as 'goods of special importance' in the context of interstate trade or commerce? What types of restrictions and conditions are imposed on such declared goods?
- (c) Ascertain whether the refund of Service Tax paid on input services can be claimed in the following cases :

	₹
Output service exported	35,000
Turnover of output service	42,000
credit of Service Tax on input services	7,500

[4+3+3]

### Question 10

- (a) PNP Electronics Ltd. is engaged in the manufacture of wooden furniture having its factories at Kolkata and Delhi. At Kolkata the company manufactures picture tubes which are stock transferred to Delhi factory where it is consumed to produce television sets. Determine the Excise duty liability of captively consumed picture tubes from the following information: - Direct material cost (per unit) ₹800; Direct Labour ₹100; Indirect Labour ₹50; Direct Expenses ₹100; Indirect Expenses ₹50; Administrative Overheads ₹50; Selling and Distribution Overheads ₹100. Additional Information: - (1) Profit Margin as per the Annual Report of the company for 2012-13 was 12% before Income Tax. (2) Material Cost includes Excise Duty paid ₹73 (3) Excise Duty Rate applicable is 12%, plus education cess of 2% and SHEC @ 1%.
- (b) "A 'Risk Management System' for customs clearance of import and export cargo has been introduced." — How self-assessment can be done on the basis of Risk Management System?
- (c) What is GATT 94? Write down the impact of tax on GATT 94.

[4+3+3]

### Question 11

- (a) Briefly describe 'Tax Identification Number'.
- (b) "The settlement Commission is constituted under section 32 of the Central Excise Act,1944 in order to speedy disposal and easy settlement of tax disputes of Customs and Central Excise....." — Mention the powers which the settlement commission has on the ground of high revenue stake and saving of time and energy of the both the applicant and the department.
- (c) Explain 'Document of Title of goods'. What is its relevance in the course of interstate trade or commerce?

[3+4+3]