

P11_Practice Test Paper_Syl12_Dec13_Set 3

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:

- How goods are classified under "Harmonised System of Nomenclature"?
- State the availability of credit of taxes paid on inputs and capital goods when the inter-state sale or stock transfer is zero-rated.
- Whether tailor made or unbranded software is goods or not? Give reason.
- What is Bona fide Baggage? Is it exempted from import duty as per section 79 of the Customs Act, 1962?
- Mr. X, a physiotherapist, providing his service in a clinical establishment in independent capacity. Is it taxable service?
- What conditions are to be fulfilled before a settlement application can be filed to Settlement Commission?
- A manufacturer puts labeling on packaged products which is produced by him. Is such labeling amounted to manufacture?
- Describe Penultimate Sale for export of goods.
- What types of powers are conferred to Revenue Officers in Central Excise?
- Explain the term 'Indian Customs Water'.

[10×2]

Group-B

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

Question 2

- Prior Ltd. supplies raw materials to a job worker Tweet Ltd. after completing the job work, the finished product of 6,500 packets are returned to Prior Ltd. putting the retail sale price as ₹15 on each packet. The product in the packet is covered under MRP provisions and 40% abatement is available on it. Determine the assessable value under Central Excise Law from the following details:

Cost of raw materials supplies	₹32,000
Transportation charges for sending raw material to Tweet Ltd.	₹4,500
Job worker's charges including profit	₹10,000
Transportation charges for returning the finished packets to Prior Ltd.	₹4,500
- Which records are required to be maintained under the provision of the service tax?
- What is the meaning of the term, "advance ruling" in the context of "Cross Border Services"?

[5+3+2]

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Question 3

- (a) M/s. Nayna Infosystem imported a consignment of computer software and manuals valued at ₹60 lakhs and contended that the actual value was only ₹20 lakhs while the balance amount represented license fee for using the software at multiple locations and as such customs duty is payable only on the actual value of ₹20 lakhs. Is the contention, raised by M/s. Nayna Infosystem, correct? Discuss.
- (b) Write a short note on Duty Entitlement Pass Book Scheme.
- (c) Who is the service receiver?

[4+4+2]

Question 4

- (a) Mr. Reddy, a dealer, purchases goods for ₹3,50,000 (exclusive of VAT). He incurs ₹37,000 on the goods and sells them at a profit of ₹16,000. Compute the invoice value to be charged and amount of tax payable under VAT. The rate of VAT on purchases and sales is 4%.
- (b) Explain how Intangibles and R & D activities are related with the transfer pricing issues.

[4+6]

Question 5

- (a) What is Indirect Tax? State the features of Indirect Tax.
- (b) 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 of Sindhu Company, a small scale industry as: (I) Total value of clearances during the financial Year 2012-13 (including VAT ₹50 lakhs) ₹870 lakhs, (II) Total exports (including for Nepal and Bhutan ₹200 lakhs) ₹500 lakhs, (III) Clearances of excisable goods without payment of duty to a Unit in software technology park ₹20 lakhs, (IV) Job work under Notification No.84/94-CE dated 11.4.1994 ₹50 lakhs. Job work under Notification No.21 4/86-CE dated 25.3.1986 ₹50 lakhs (v) Clearances of excisable goods bearing brand name of Khadi and Village Industries board ₹200 lakhs. Make suitable assumptions and provide brief reasons for your answers where necessary.
- (c) Is the service provider providing taxable services under the brand name of other person can avail the ₹10,00,000 exemption?

[4+4+2]

Question 6

- (a) Mr. Asharam, the proprietor of Sundaram Enterprises is a registered dealer in Mumbai (Maharashtra). From the under mentioned particulars relating to the quarter ended 31st March, 2013, find out his taxable turnover and the tax payable under the Central Sales Tax Act, 1956:
- (i) Goods worth ₹2,20,000 were invoiced to its against at Lucknow (UP) while the goods were in transit, these were sold to Uttar Pradesh Government for ₹2,41,020. The rate of tax in respect of such goods in the appropriate state is 12.5%.
- (ii) Sale to a 100% Export Oriented Undertaking (EOU), goods worth ₹20,20,000 in Delhi. The rate of tax in the State is 1%.
- (b) "SEZ should have minimum specified area. In respect of non-processing areas, developer cannot lease vacant lands." — Mention the conditions relating to area and its utilisation.
- (c) What is Daily Stock Account?

[4+4+2]

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Question 7

- (a) Rungliot Company provides a service of rent-a-cab by providing chauffeur-driven cars for overseas visitors. It is a taxable service. The chauffeur is given a lump-sum amount to cover his overnight accommodation, food and other incidental expenses such as parking fees by Rungliot Company during the whole tour. After finishing the tour, the chauffeur returns the balance of the amount with a statement of his expenses and the relevant bills thereof. In the present case write about the consideration related to the services with the help of Service Tax (Determination of Value) Rules, 2006.
- (b) Give a Comparative Analysis of availing and not availing exemption of an intermediate product for XTY Ltd, a SSI unit.
- (c) Write about Import General Manifest (IGM). What is the time limit for submission of bill of entry after the delivery of IGM?

[3+4+3]

Question 8

- (a) The RR Airport used to collect 'users fee' @ ₹800/- for every outgoing international passenger. No users' fee was payable by domestic passengers and/or international passengers reaching the Airport from any foreign destination.

The Department sought to levy service tax thereon under 'Airport Services'.

The RR Airport contended that the user's fee is not for any service rendered, as the same is not charged from all passengers (to whom equivalent services are provided) but is charged only from outgoing international passenger. The assessee submitted that the same is charged in view of Board of Director's decision to collect users' development fee for enhancing the revenue of the Airport to cope up with the expenditure and debt servicing? Discuss whether the view taken by the Department is correct.

- (b) Compute the Customs duty from the following data— (i) Machinery imported from USA by Air (FOB) US \$ 9,500, (ii) Accessories were compulsorily supplied with Machine (Electric Motor & others) (FOB) US \$ 1,500, (iii) Air freight US \$ 3,200 (iv) Insurance US \$ 100, (v) Local agents commission to be paid in Indian Rupees is ₹4,500 (say equivalent to US \$ 100), (vi) The exchange rate is 1 US Dollars = Indian Rupees is ₹45, (vii) Customs duty on Machinery –10% ad valorem, (viii) Customs Duty on Accessory –normal rate 20% ad valorem, (ix) CVD – 24% (Effective Rate is 16% by a notification), (x) Education Cess and special CVD is as applicable. How much Cenvat can be availed by importer, if he is manufacturer?
- (c) Define 'Business' as per section 2(aa) of Central Sales Tax Act, 1956. Give an example of it.

[3+4+3]

Question 9

- (a) What is Negative List in service tax? Give an example of three such services which is included in negative list and their exceptions.
- (b) What is the mission of the Tariff Commission?
- (c) Explain briefly 'Pilferage' in customs.

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(d) Mention the roles of a Cost Accountant in the context of VAT.

[7+1+1+1]

Question 10

- (a) What are the basic conditions for levy of excise duty under section 3(1) of Central Excise Act?
- (b) "Green Channel procedure has been introduced in major Custom Houses on experimental basis to expedite clearance of imported goods." — Write about Green Channel Procedure and its activities.
- (c) There are two types registration under VAT — (i) Compulsory Registration and (ii) Voluntary Registration. Write about any one of the two.

[4+3+3]

Question 11

- (a) What are the specified services where the place of provision is the location of the service provider?
- (b) Ganguly Ltd. is a manufacturer of cold drinks for local markets. The product is notified u/s 4A of CEA, 1944 and the notified percentage of abatement is 30%. It sells cold drinks in bottles to various retail shop keepers and gives 30 bottles free along with the purchase of every 100 bottles. The MRP printed on each bottle is ₹150 per bottle. During a month, Ganguly Ltd. sold 2,00,000 bottles and gave away 50,000 bottles free to the retail shop-keepers. Compute the amount of excise duty payable by the Ganguly Ltd. excise duty rate is 12%.
- (c) Is transfer by way of mortgage chargeable to CST?

[4+4+2]