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 with suitable reasons:

(a) State the salient features of TIN (Tax Identification Number).
(b) Whether excise duty is attracted on excisable goods manufactured in the State of Jammu and Kashmir?
(c) Is there any taxability of transfer of goods made otherwise than by way of sale under CST Act?
(d) In what cases refund of export duty are permissible?
(e) Describe Penultimate Sale for export of goods.
(f) If Date of completion of Service (DoS) was 10.08.2013, Date of Invoice (DoI) was 17.08.2013, a part payment of ₹16,000 was received on 05.08.2013 (DoP) and the balance payment of ₹10,000 was received on 20.08.2013, determine its Point of Taxation (PoT).
(g) When one can pay duty under protest in Excise?
(h) 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.
(i) What are "Online information and database access or retrieval services"?
(j) "No anti-dumping duty is payable by EOUs under the Customs Act, 1962, even where the goods imported are used for manufacture of goods sold in India." — Clarify.

[10 × 2]

Group-B

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

Question 2.

(a) Narina Manpower Supply Corporation (NMSC) is a labour contractor of manpower to M/s Garmil Interiors. They charge to the principal employer for the wages of their labour which amounts to ₹1,40,000 plus their service charge of ₹14,000 for arranging the labour. The issue is whether service tax is payable on gross amount charged by them or only their charges for labour.
(b) Write down the aspects of Valuation Audit as per Section 14A of Central Excise Act.
(c) "Duty drawback rates are of following types – (A) All Industry Rate (B) Brand Rate and (C) Special Brand Rate." — Describe any one of these three.

[3+4+3]

Question 3.

(a) How research and development activities are dealt in the course of international transfer pricing issues?

(b) M/s Ankana Ltd. has opening balance of Cenvat credit of ₹13 lakhs on 1st July 2013. During July 2013, inputs on which Cenvat credit of ₹25 lakhs is available, were purchased. From 1st August to 25th August 2013 inputs on which Cenvat credit of ₹15 lakhs is available, were purchased. The duty liability of finished products for July 2013 was ₹42 lakhs and is payable on 6th August 2013, being due date for payment of duty under Rule 8 of Central Excise Rules, 2002. But the duty is paid belatedly by M/s Ankana Ltd. on 25th August 2013. M/s Ankana Ltd. is of the opinion that since the duty is paid belatedly by it, it can utilise Cenvat credit earned upto 25th August 2013. Discuss.

(c) Mr. Roy is regularly paying excise duty and value added tax on his manufacturing and sales activities respectively. He seeks your advice while calculating the Value Added Tax on sales as well as net VAT liability from the following information:
Purchases from local market (VAT inclusive of @12.5%) ₹ 1,29,375.
Manufacturing expenses is ₹ 80,000.
Profit on Cost @75%.
Excise Duty @12.36%
Output VAT @12.5%.

[4+3+3]

Question 4.

(a) What are the essential elements of interstate sale as per section 3 of CST Act, 1956?

(b) 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.

(c) M/s A Ltd. received the following sums (exclusive of taxes). Compute its service tax liability (ignore small service provider's exemption) —
(1) Services by way of breeding of fish: ₹5,00,000.
(2) Commission from selling of various goods belonging to other parties: ₹5,00,000.
(3) Margin earned from trading in shares: ₹2,00,000
(4) Farmer education and training: ₹4,00,000.

[3+3+4]

Question 5.

(a) "The arm's length principle, although survives upon the international consensus, does not necessarily mean that it is perfect. There are difficulties in applying this principle in a number of situations." — State those difficulties.

(b) What are the criteria to determine if a service is 'directly in relation to' immovable property located in taxable territory?

(c) Y Ltd. has been exported Product Z to USA. Discuss whether any duty drawback is admissible under section 75 of the Customs Act, 1962, if —
FOB value of Product Z (exported goods) — ₹2,40,000.
Market price of Product Z — ₹1,80,000.
Duty drawback rate: 30% of FOB.

[4+4+2]

Question 6.

(a) What is the significance of consideration in the context of service tax? Whether a security deposit that is returnable on completion of provision of service is a consideration for service or not?

(b) What are the powers associated with taxation under Constitution of India?

(c) 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

[4+3+3]

Question 7.

(a) What are the schemes introduced to obtain inputs free from duty or to grant refund of the same?

(b) What is regressive effect of indirect taxes?

(c) 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%.

[5+1+4]

Question 8.

(a) Compute the amount of interest (if any) as per Customs Act, 1962 in the following case:
Piano Ltd. imported goods valuing ₹ 300 lakhs vide a Bill of Entry presented before the proper officer on 01-11-2012, on which the rate of customs duty was 10%. The proper officer decided that the goods are subject to chemical examination and therefore, the same were provisionally assessed at a value of ₹ 300 lakhs and Piano Ltd. paid provisional duty ₹ 30 lakhs on the same date. Piano Ltd. wants to voluntarily pay duty of ₹10 lakhs on

15-12-2012. Can it do so what are the conditions which are to be completed before such payment.

(b) What are the roles are played by Cost Accountant under VAT?

(c) Laxman & Co., a registered dealer with head office at Kolkata, furnishes to you the following information:

(i) Inter-State sale of goods (it includes ₹ 12,00,000 being the value of goods transferred to Chennai Branch covered by Form F): ₹51,20,000

(ii) Dharmada collected: ₹25,000

(iii) Weighment dues charged separately from buyers: ₹2,15,000

(iv) Cash discount shown in invoice as per trade practice: ₹60,000

(v) Indemnity charges (recovered from buyers to cover transit loss based on their request): ₹53,000

Calculate the turnover and CST payable, on the assumption that all the sales were made to registered dealers.

(d) What is Bill of Export?

[3+2+4+1]

Question 9.

(a) Son Ltd. has agreed to render services to Mr. T. The following are the events:

(i) Contract for services entered into on 31.08.2012.

(ii) Advance received in September, 2012 towards all services: ₹66,000.

(iii) Total value of services, billed in February, 2013: ₹2,10,000.

(iv) Above includes non-taxable services of: ₹70,000.

(v) Balance amount is received in March, 2013.

When does the liability to pay service tax arise and for what amount? Contract contains clear details of services; consideration and service tax are charged separately, as mutually agreed upon.

(b) What is Certified Facilitation Centre (CFC)?

(c) Write about Import General Manifest (IGM). What is the time limit for submission of bill of entry after the delivery of IGM?

[5+2+3]

Question 10.

(a) What is the difference between a Sale for Export and Sale in the Course of Export?

(b) What would be the situation where the payment for a service is made at one location (say by the headquarters of a business) but the actual rendering of the service is elsewhere (i.e. a fixed establishment)?

(c) Computation of assessable value – average/equalized cost of transport: A manufacturer having a factory at Kolkata has uniform price of ₹ 1,000 per unit (excluding taxes) for sale anywhere in India. During financial year 2012-13, he made following sales –

(a)	Sale at factory gate in Kolkata	1,000 units – no transport charges.
(b)	Sale to buyers in Chennai	600 pieces – actual transport charges incurred ₹ 20,000.
(c)	Sale to buyers in Kanpur	700 pieces – actual transport charges incurred ₹ 40,000.
(d)	Sale to buyers in Goa	700 pieces – actual transport charges incurred ₹ 30,000.

Find assessable value per unit under the central excise.

[3+4+3]

Question 11.

(a) M/s Kohinoor Industries imported finishing agents, dye-carriers, printing paste etc. to be used for manufacture of textile articles. The importer claimed exemption for Additional Duty of Customs (CVD) leviable under section 3 of Customs Tariff Act 1975, on the ground that there was an exemption for excise duty in respect of said goods used in the 'same factory' for manufacture of textile articles. The department contended that CVD is payable on the ground that the goods which were to be used must also be manufactured in the 'same factory'. You are requested to comment upon the contention of Department.

(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 for both the applicant and the department.

(c) Purchase price of the inputs purchased from the local market (inclusive of VAT) ₹ 52,000.

VAT rate on purchases 4%

Storage cost incurred ₹ 2,000

Transportation cost ₹ 8,000

Goods sold at a profit margin of 10% on cost of such goods

VAT rate on sales 12.5%

From the above informations calculate the VAT liability of Mr. Roy for the month of February 2013, using 'invoice method' for computation of VAT.

[3+4+3]