Paper 16 – Tax Management and Practice

Whenever required, the candidate may make suitable assumptions and state them clearly in the answers.

Working notes should form part of the relevant answer.

Answer all the questions.

1. Answer any three Question [3x5=15]

Answer the following with the help of decided case law:

1. (a) CENVAT Credit cannot be utilized for paying sums payable under Section 11D of Central Excise Act, 1944. Comments [5]

Solution:

CCEx. v. Inductotherm (I) Pvt. Ltd. [2012] 283 ELT 359 (guj.)

Facts:

The respondent was a manufacturer of induction furnace and engineering goods. He was engaged in export as well as domestic clearances of the finished goods. The respondents removed certain parts of induction furnaces "as such" without any manufacturing activity at a higher value and paid duty on the same which was collected from buyers. The said duty was paid by utilising CENVAT credit. Since the respondents paid excess duty (i.e. in excess of such CENVAT availed on such inputs) such amount was demanded from them. The respondents contended that they have already deposited the amount demanded under section 11D of Central Excise Act, 1944 by utilising CENVAT credit.

Decision:

The High Court iheld that as per provisions of Rule 3(4) of CENVAT Credit Rules, 2004, CENVAT credit can be utilised for payment of any duty of excise of any final product. In this case inputs are removed as such but higher amount of duty is collected for which demand is raised under section 11D. CENVAT credit could not be utilised for payment of such excess duty as demanded u/s 11D.

Besides this assessee's claim for refund of excess amount of CENVAT credit lying unutilised on account of exports, cannot be admitted through such practices. For this purpose procedure as provided in Rule 5 of Cenvat Credit Rules, 2004 is required to be followed.

(b) Articles of precious metals made and supplied by the applicant to their customers according to their specifications and designs and some articles of jewelry like pendants of various shapes and sizes made by involving various complex processes on raw precious metals is 'Manufacture' as the resultant product has its own distinct character, identity and use.

Whether the process amounted to manufacture or not? And if it is carried out as job work even then it will be manufacture or not? [5]

Solution:

MMTC – Pamp India Pvt. Ltd. v CCEx., Delhi [2013] 292 ELT 129 (A.A.R)

Facts:

The applicants were engaged in refining and minting of products of precious metals namely gold, silver and platinum. The articles of precious metals that were made and supplied by the applicant to their customers included medallions/coins made according to specifications and designs agreed with the customers and some articles of jewelry like pendants of various shapes and sizes. It involved a number of steps of complex processes such as manufacture of dies and moulds, purification of metal, melting of the gold or silver, cold rolling, blanking, pickling and polishing, stamping with the aid of dies made as per designs agreed with their customers and lacquering and packing. The item that they took in was precious metals in raw (bullion) form and what they produced was finished articles, such as medallions and articles of jewelry etc., in marketable form.

Decision: It was held that -

As per section 2(f) of Central Excise Act, 1944, process resulting in a new item with distinct name, character and use amounts to manufacture. Process of Manufacture could be on own account or on job work. Merely because it is on job work, it cannot be precluded from being considered as manufacturing. Job work and manufacturing are not mutually exclusive. From the facts it was clear that the processes undertaken by the applicant resulted in the emergence of goods which have their own distinct character, identity and use. The activities of the applicant, therefore, clearly met the definition of manufacture beyond any shadow of doubt.

(c) Even before the issuance of show cause notice if the Service Tax and Interest amount has been deposited by the assessee, then department cannot hold that the assessee should have known quantum of penalty also on its own and should have deposited at least its 25% within thirty days.

Whether Department's plea that assessee should have known quantum of penalty and deposited at least its 25% within thirty days was justified? [5]

Solution:

CST v. Manan Motors Pvt Ltd. [2013] 31 STR 535 (Guj.)

Facts:

Assessee was engaged in providing services as Authorized Service Station, and had allowed financial institutions like ICICI and HDFC to keep their counters/desks to help them to boost up their business. For such service, assessee received substantial amount under head commission or

incentive and was liable to pay service tax on commission received but did not pay. Later, assessee even before the issuance of show cause notice paid the amount of service tax and interest for the defaulted period but did not deposit any penalty amount. Department contended that even if before the issuance of show cause notice, Service Tax and interest has been deposited by the assessee, still he would be required to deposit the penalty as he would have known as to what penalty would be levied on him, therefore, atleast he should have deposited the 25% of the penalty amount within thirty days.

Decision:

It was held that assessee was not contesting the Service Tax liability and therefore had deposited the entire amount of service tax and interest much before the issuance of show cause notice. At that time, neither any penalty was levied by the department nor any quantum of penalty was fixed. Therefore, the assessee had not committed any illegality in not depositing any penalty amount. Therefore, later when penalty was imposed on assessee penalty levied against the assessee in excess of 25% under Sections 76 and 78 of the Finance Act, 1994 was liable to be set aside.

(d) Principle of law enunciated from the decision of Supreme Court is applicable to all cases, irrespective of stage of pendency as it is assumed that Supreme Court judgment is law from inception, unless, Supreme Court expressly states that the decision would have a prospective effect.

Whether CESTAT was correct in dismissing the appeal and application? [5]

Solution:

Steel Authority of India Ltd. v. CESTAT [2013] 293 ELT 510 (Cat)

Facts:

SAIL, a Government Company, challenged the order of CESTAT in which CESTAT dismissed the appeal filed by SAIL and also dismissed the application filed praying for dispensation of requirement of pre-deposit, taken up for hearing on September 19, 2012. Both were dismissed on the ground that SAIL had not produced the requisite clearance from Committee of Secretaries for disputes (COD), which was a requirement for the legal proceedings to be proceeded with, as directed in ONGC-III case [2009] 233 ELT 30 (SC). However, these directions were recalled (annulled) by subsequent decision of Apex Court in Electronics Corporation of India Ltd. [2011] 265 ELT 11 (SC).

Decision:

It is a well settled principle that decision of Supreme Court enunciating a principle of law is applicable to all cases, irrespective of stage of pendency thereof because it is assumed that what is enunciated by Supreme Court is law from inception, unless, Supreme Court expressly states that the decision would have a prospective effect.

Thus, it was held that after the order of Supreme Court which recalled the decision requiring COD clearance, Tribunal erred in dismissing the application and appeal of SAIL on ground that it

had not even applied for clearance from COD. The same would be applicable even in the case of the fact that the appeal of the assessee was filed before the date of this recalled judgment.

2. Answer any two Questions [2x5=10]

(a) M/s. Rashmi Ltd. purchased fibre 5,000 Kg @ ₹ 50 per Kg plus excise duty. The said fibre was used to manufacture intermediate product yarn. The said yarn was captively used for the manufacture of fabrics. The said fabric was exempt from duty. The other information are as follows:

(i) Normal processing loss: 2% of inputs in manufacture of yarn

(ii) Rate of excise duty on all products is 12.36%;

(iii) Assessable Value of yarn: ₹80 per Kg.;

(iv) Assessable Value of Fabric (Total): ₹10 lakhs;

(v) Colouring Dyes used in the manufacture of Fabric: ₹ 1 lakhs plus excise duty.

(vi) Duty on Capital Goods imported during the period and used in the manufacture of yarn: Basic Customs Duty ₹ 20,000; Additional duty of customs u/s 3(1) of the Customs Tariff ₹20,000; Additional duty of customs u/s 3(5) of the Customs Tariff Act ₹ 6,000.

Compute - (i) CENVAT Credit available; (ii) Duty payable.

M/s. Rashmi Ltd. is not eligible for SSI-exemption available under Notification No. 8/2003-CE. [5]

Solution:

Since the final product 'fabrics' is exempt from duty, hence, the intermediate product 'yarn' shall be liable to excise duty. Thus, the CENVAT Credit of raw material fibre shall be available.

The relevant computations are as follows (amounts in ₹)

1. Excise duty on yarn : (5,000 kg - 2% Normal Loss = 4,900 kg) * 80 per kg * 12.36%	48,451
2. CENVAT Credit:	
(a) On raw material fibre 5,000 kg x 50 per kg x 12.36% [WN-1]	30,900
(b) Colouring Dyes [WN-2]	-
(c) Capital goods used in the manufacture of yarn are eligible for 50% credit as follows –	
Basic Customs Duty is not eligible for Cenvat credit.	-
Additional Customs Duty u/s 3(1) of CTA - Eligible for 50% credit in the current year and the balance in subsequent year	10,000
Additional duty of customs u/s 3(5) of CTA - Eligible for 100% credit in current year	6,000
Total Credit [2(a) + 2(b) + 2(c)]	**46,900**
3. Duty payable in cash [1 - 2]	1,551

Working Notes:

(1) Normal loss of inputs is incurred in factory and in relation to manufacture, hence the same shall also be eligible for Cenvat Credit.

(2) Colouring dyes used in the manufacture of fabric shall not be eligible for credit as fabric is exempt from duty.

(b) On 8-4-2013, M/s. Agrawal Packagings cleared plastic bottles whose assessable value was ₹10,00,000 and duty payable was ₹1,23,600. On 16-4-2013, the purchaser returned the plastic bottles to Agrawal Packagings. M/s. Agrawal Packaging took credit of duty of ₹1,23,600 on basis of invoice issued at the time of clearance of plastic bottles. The Department denies the credit on the ground that the duty on such goods has not been paid, as the due date for payment of duty falls on 05-05-2013. Discuss whether contention of department is correct. [5]

Solution:

The Board vide *Instruction F. No. 267/44/2009-CX. 8, dated 25-11-2009* has clarified in accordance with Rule 8(2) of the Central Excise Rules, 2002, "the duty of excise shall be deemed to have been paid for the purposes of these rules on the excisable goods removed in the manner provided under sub-rule (1) and the credit of such duty is allowed, as provided by or under any rule".

This provision explains that the invoice of the returned goods, would be a valid document for availing credit and duty is deemed to have been discharged.

According to Rule 16(1), the assessee shall be entitled to take CENVAT credit of the duty paid as if such goods are received as inputs under the CENVAT Credit Rules, 2004 and utilise this credit according to the said rules.

In view of above, credit on rejected/returned goods, received in the factory before prescribed date for duty payment, can be allowed to be taken under Rule 16(1). Hence, M/s. Agrawal Packagings action is correct in law. M/s. Agrawal packagings should pay duty of ₹1,23,600 on 05-05-2013 as per Rule 8.

(c) Chetan Ltd., which is engaged in the manufacture of excisable goods started its business in May, 2013. It availed small scale exemption in terms of Notification No. 8/2003-C.E. dated 01-03-2003 as amended for the financial year 2013-2014. The following details are provided:

	(A*mount in* ₹)
15,000 kg of inputs purchased @ 1011.24 per kg.	
(inclusive of central excise duty @ 12.36%)	**1,51,68,600**
Capital goods purchased on 28-06-2013 (inclusive of excise duty at 12.36%)	**44,94,400**
Finished goods sold (at uniform transaction value throughout the year)	**3,00,00,000**

Calculate the amount of excise duty payable by M/s. Chetan Ltd. in cash, if any, during the year 2013-14. Rate of duty on finished goods sold may be taken at 12.36% for the year and you may

assume that the selling price is exclusive of central excise duty. There is neither any processing loss nor any inventory of input and output. Show your workings and notes with suitable assumptions as required. [5]

Solution:

The excise duty payable by M/s. Chetan Ltd. during the financial year 2013-14 is as follows

(amount in ₹):

Particulars	Amount
Clearances of finished goods made during the year	3,00,00,000
Less: Exemption of ₹ 150 lakhs	1,50,00,000
Dutiable clearances	1,50,00,000
Duty @ 12.36% **[A]**	18,54,000
CENVAT credit available on inputs used in the manufacture of dutiable clearances (No CENVAT credit available in respect of exempt clearances):	
Final products cleared during the year (in Kgs.) **[WN-1]**	15,000
Uniform Transaction Value (₹ 300 lakhs ÷15000 Kg.) (₹)	2,000
No. of units comprised in dutiable clearances (₹150 lakhs ÷ ₹ 2,000 approx)	7,500
Inputs consumed in manufacture of dutiable clearances (Kg.)	7,500
CENVAT credit attributable to 7500 Kg. of inputs (7500 × 1011.24 x 12.36 ÷112.36) **[B]**	8,34,300
(Alternative Computation: Since 50% of clearances are dutiable, therefore, 50% of inputs are eligible for CENVAT credit. Hence, CENVAT credit = 1,51,68,600 x 50% × 12.36 ÷112.36 = ₹6,67,440**)**	
CENVAT credit availed on capital goods **[C]** **(**100% of 44,94,400 x 12.36 ÷ 112.36**)** **[WN-2 & 3]**	4,94,400
Duty payable [A – B- C]	5,25,300

Working Notes:

(1) Since there is neither any processing loss nor inventory of input and output, it implies that all goods manufactured have been sold and entire quantity of inputs has been used in manufacturing these goods.

(2) In respect of units availing SSI exemption, no CENVAT credit is available on inputs consumed in exempt clearances of ₹150 lakh.

(3) In respect of units availing SSI exemption, CENVAT credit on capital goods can be availed but utilized only after clearances of ₹150 lakh.

Further, entire credit on capital goods can be taken in the same financial year by such units.

3. Answer all Questions

(a) Compute the customs duty payable from the following data -

Machinery imported from USA by air	**US$8800**
Accessories compulsorily supplied with Machine	**US$1200**
Air freight	**US$3000**
Insurance	**US$100**
Local agent's commission	**₹4,500**
Exchange rate	**1US$=₹40**
Customs duty on machine	**10% ad valorem**
Customs duty on accessory	**20% ad valorem**
Additional duty of Customs 12%, but effective rate by exemption notification	**8%**
Additional duty of customs under section 3(5) of Customs Tariff Act, 1975	**4%**
Education Cess + Secondary and Higher Education Cess	**2% + 1%**

[5]

Solution:

Computation of customs duty payable -

Cost of machinery inclusive of accessory (FOB) (See Note)		US$	10,000
Add: Cost of insurance		US$	100
Add: Air freight (restricted to 20% of FOB)		US$	2,000
Total		US$	12,100
Total (in Indian ₹) US$ 12,100 × ₹40 (being the exchange rate)		₹	4,84,000.00
Add: Agency commission		₹	4,500.00
CIF value		₹	4,88,500.00
Add: Landing charges (@ 1% of CIF value)		₹	4,885.00
Assessable value		₹	4,93,385.00
Add: Basic Customs duty (10% of assessable value)	[A]	₹	49,338.50
Total for Additional duty of Customs leviable under section 3(1)		₹	5,42,723.50
Add: Additional duty of Customs u/s 3(1) equal to excise duty @ 8%	[B]	₹	43,417.88
Add: Education cess and SHEC @ 3% of [A] + [B]	[C]	₹	2,782.69
Total for Additional duty of Customs u/s 3(5)		₹	5,88,924.07
Add: Additional duty of Customs u/s 3(5) @ 4%	[D]	₹	23,556.96
Total imported cost *(rounded off)*		₹	6,12,481
Total customs duty payable = [A] + [B] + [C] + [D] *(rounded off)*		₹	1,19,096

Working Notes:

(1) As per Accessories (Conditions) Rules, 1963, accessories and spare parts compulsorily supplied with main implements are chargeable at the same rate as applicable to main machine. Therefore, such accessories shall also be chargeable with duty at the rate applicable to the machinery i.e. @ 10% ad valorem.

(2) Though actual air freight is US $ 3,000, it is limited to 20% of FOB value of goods as per Rule 10(2) of Customs Valuation (Determination of Value of Imported Goods)Rules, 2007.

(3) Agency Commission, which is incurred in India, is not regarded as buying Commission and therefore will be added to determine the CIF value.

OR,

Compute the duties payable by a 100% EOU from the following information in respect of excisable goods cleared by it to Domestic Tariff Area on 1-4-2013:

(a) Assessable value under Excise Law = ₹1,20,000 (Assessable Value under Customs Law = ₹2 lakh);

(b) Basic Customs Duty (net) = 10% ;

(c) Excise duty on like goods manufactured in India = 12% ;

(d) Additional duty of customs u/s 3(5) of Customs Tariff Act 1975 on similar goods = 4% ;

(e) Education Cess = 2% and Secondary and Higher Education Cess = 1 %.

Assume that the goods are not liable to VAT in India. The goods have been removed in accordance with the policy and procedures applicable to the EOU, after obtaining requisite permissions.

Also determine the quantum of CENVAT credit available to the buyer under proviso to Rule 3(7)(a) of the CENVAT Credit Rules, 2004 ?

Solution:

Proviso to section 3(1) of the Central Excise Act, 1944 provides that excise duty leviable on DTA sales by 100% EOU would be equal to aggregate of customs duties leviable on like goods imported into India.

It has been held in *Kumar Arch Tech Pvt. Ltd. v. CCEx. [2013] 290 ELT 372 (Tri.-Del.-LB)* that education cess shall not be added twice. Once the customs duty is determined and education cess is computed on the whole of the customs duty, there is no question of the addition of the education cess. The customs duty (including the education cess thereon) is the final excise duty payable by the assessee - EOU as per proviso to section 3 of the Central Excise Act, 1944. The said section 3 deems excise duty = customs duty, hence, after computation of the customs duty, the second time addition of the education cess need not be made.

The customs duties leviable on like goods imported into India will be computed as follows -

Assessable value	2,00,000.00
Add: Basic customs duty @ 5% (after 50% exemption) [1]	10,000.00
Total for levy of section 3(1) duty	2,10,000.00
	25,200.00
Add: Additional duty of customs u/s 3(1) equal to excise duty @ 12% [2]	1,056.00
(No EC & SHEC included in excise duty in view of exemption in this regard)	2,36,256.00
Add: Education cess and SHEC on imported goods @ 3% on [1 + 2] [3]	9,450.24
Total for levy of additional duty of customs u/s 3(5)	
Additional duty of customs u/s 3(5) @ 4% *(since goods are not liable to VAT in India, therefore, this duty will not be exempt)* [4]	
Excise duty under proviso to section 3(1) = Total Customs duties (1 + 2 + 3 + 4)	45,706.24

(b) Mr. A, a manufacturer, purchased raw material for ₹1,04,000 (inclusive of 4% VAT) and capital goods for ₹5,62,500 (inclusive of 12.5% VAT). The manufacturing and other expenses (excluding depreciation) are ₹1,17,000. He sells the resultant product at 80% above cost (VAT on sales is 20%). The capital goods are to be depreciated at 25% straight line. Ascertain the VAT payable in cash as per Gross Product Variant. [5]

Solution:

Computation of VAT liability *(amounts in ₹)*:

Raw material (net of VAT)	[WN-1]	1,00,000
Depreciation on capital goods	[WN-2]	1,40,625
Manufacturing and other expenses		1,17,000
Total cost		**3,57,625**
Add: 80% mark-up on cost		2,86,100
Sale price		**6,43,725**
VAT on sales (20% of ₹6,43,725)		1,28,745
Less: Input tax credit on raw material (₹1,04,000 ×4 ÷104)		4,000
VAT payable in cash		**1,24,745**

Working Notes:

(1) VAT paid on raw material is available as credit, hence cost of raw material = ₹1,04,000 × 100 ÷104 = ₹1,00,000.

(2) No credit is allowed of VAT paid on capital goods, hence depreciation = 25% of ₹5,62,500 = ₹1,40,625.

(c) A consignment of 900 metric tonnes of edible oil of Malaysian origin was imported by a charitable organization in India for free distribution to below poverty line citizens in a backward area under the scheme designed by the Food and Agricultural Organization. This being a special transaction, a nominal price of US$ 10 per metric tonne was charged for the consignment to cover the freight and insurance charges. The Customs House found out that at or about the time of importation of this gift consignment, there were following imports of edible oil of Malaysian origin:

S.No.	Quantity imported in metric tons	Unit price in US $ C.I.F.
1.	20	280
2.	100	260
3.	500	200
4.	900	175
5.	400	180
6.	780	160

The rate of exchange on the relevant date was 1 US $ = ₹43.00 and the rate of basic customs duty was 10% ad valorem. There is no countervailing duty or special additional duty.

Calculate the amount of duty leviable on the consignment under the Customs Act, 1962 with appropriate assumptions and explanations where required. [5]

Solution:

In the instant case, while determining the transaction value of the goods, following factors need consideration—

(1) In the given case, US $10 per metric tonne has been paid only towards freight and insurance charges and no amount has been paid or payable towards the cost of goods. Thus, there is no transaction value for the subject goods.

(2) In such case the value of imported goods shall be the transaction value of identical

goods sold for export to India and imported at or about the same time as the goods being valued.

(3) The transaction value of comparable import should be at the same commercial level and in substantially same quantity as the goods being valued.

(4) Therefore consignments of 20 and 100 metric tonnes cannot be considered to be of substantially the same quantity. Hence, remaining 4 consignments are left for our consideration.

(5) Remaining 4 consignments are in comparable quantities which can be considered for valuation purposes. However, the unit prices in 4 consignments are different. Rules 4(3) of Customs Valuation (DVIG) Rules, 2007 stipulates that in applying rule 4 of the said rules, if more than one transaction value of identical goods is found, the lowest of such value shall be used to determine the value of imported goods.

Accordingly, the unit price of the consignment under valuation shall be US $ 160 per metric tonne.

Particulars	Value
CIF value of 900 metric tonnes @ US $160 per m.t. (in US$)	1,44,000
Rate of exchange (for 1 US $)	43
CIF value in Indian ₹	61,92,000
Add: landing charges @ 1% of CIF value	61,920
Assessable value Customs Duty @ 10%	62,53,920 6,25,392
Add: EC and SHEC @ 3% of BCD	18,762
Total duty payable	6,44,154

4. Answer any two Question [2x5=10]

(a) X provides the following information for the quarter ending March 31, 2014 -

	₹
Sale of space for advertisement in Times of India	**17,80,000**
Sale of space for advertisement in billboards outside different cricket stadium in Maharashtra	**62,90,000**
Sale of space for advertisement in FM channels	**18,50,500**

Service tax is charged extra (wherever applicable). Invoices are issued within 10 days of completion of service. Payment is generally received after 4 months. Find out the tax liability for the quarter ending March 31, 2014. [5]

Solution:

Computation of service tax liability

	₹
Sale of space for advertisement in print media (a negative list service, not chargeable to service tax)	-
Sale of space for advertisement in billboards (a negative list service, not chargeable to service tax)	-
Sale of space for advertisement in FM channels	18,50,500
Total	18,50,500
Service tax @12.36%	2,28,722

(b) Find out the amount of service tax in the following cases -

Case 1 - Service provider is X Ltd. which is based in Jammu and Kashmir. Services are, however, provided in the State of Karnataka (amount of invoice being ₹8,50,000).

Case 2 - Service is provided by Y Ltd. to UNO in New Delhi (amount of invoice being ₹30,00,000).

Case 3 - Service is provided by Z Ltd. to a unit in a special economic zone (amount of invoice being ₹4,00,000).

Case 4 - Service is provided by A Ltd. A Ltd was incorporated in 2004. Since then its annual turnover/gross receipt is not more than ₹6,00,000 (amount of invoice being ₹3,50,000).

[5]

Solution:

Point wise answer -

Case 1 - Service provided in the State of Karnataka is chargeable to tax, even if it is provided by a company having its registered office in Jammu and Kashmir. Service tax liability is ₹1,05,060 (i.e., 12.36% of ₹8,50,000).

Case 2 - Service provided to UNO is not chargeable to service tax.

Case 3 - Service provided to a unit in special economic zone is not subject to service tax. However, the unit should be approved by the Development Commissioner/Board of approvals and the unit should maintain proper account of receipt and utilization of taxable services.

Case 4 - A Ltd. is a small service provider (annual gross receipt being less than ₹10,00,000). It is not chargeable to service tax.

(c) Usha provides technical consultancy service in Maharashtra. In the financial year 2012-2013, aggregate value of taxable services provided by him was ₹ 47,00,000. Besides, he provided tax-free services of ₹5,00,000. In the financial year 2013-14, aggregate value of taxable services provided by him in the first quarter ending June 30,2013 is ₹50,00,000. From the information given below find out service tax payable by him for the quarter ending September 30, 2013

	₹
Amount received during July 2013 for services rendered before July 1, 2013	**56,180****
Amount received during August 2013 for services rendered before July 1, 2013	**37,079****
Amount received during September 2013 for services rendered before July 1, 2013	**16,629****
Services completed during July 1, 2013 and September 30, 2013 (invoice issued	

within 30 days of providing service) (out of these services, advance of ₹ 2,00,000 was received on May 1,2013**	**38,50,000***
Advance received on September 5, 2013 (service not rendered up to September 30, 2013)	**2,00,000****

***Exclusive of service tax. **Inclusive of service tax.**

Usha always issues invoice within 30 days from the date of completion of service. [5]

Solution:

Value of taxable services provided by Usha in the immediately preceding year is not more than ₹50 lakh. In the current financial year (upto June 30, 2013), value of taxable services provided by Usha is not more than ₹50 lakh. Consequently, up to June 30, 2013, service tax is payable on "payment" basis. However, from July 1, 2013, he will have to pay tax on accrual or receipt basis, whichever is earlier. Service tax liability for the quarter ending September 30, 2013 shall be as follows –

Different activities during quarter ending September 30,2013	Value before service tax ₹	Service tax [12.36% of(2)] ₹	Value inclusive of service tax [(2) + (3)] ₹
(1)	(2)	(3)	(4)
Step 1 - Amount received during the quarter ending September 30, 2013 for service rendered before July 1, 2013 (i.e., ₹56,180 + ₹ 37,079 + ₹16,629)	97,800	12,088	1,09,888
Step 2 - Add: Value of invoice issued during the quarter ending September 30, 2013	38,50,000	4,75,860	43,25,860
Step 3 - Add: Advance received during the quarter ending September 30,2013	1,78,000	22,000	2,00,000
Step 4 - Less: Advance (which is received during quarter ending September 30, 2013 or which was received earlier) adjusted against invoices issued during the quarter ending September 30, 2013	1,78,000	22,000	2,00,000
Value of taxable services for the quarter ending September 30, 2013 (Step I + Step 2 + Step 3 - Step 4)	39,47,800	4,87,948	44,35,748

Note – value (inclusive of service tax) should be posted in Column 4. In Such a case, Column 2 = [Column 4 x 100 ÷ 112.36]. Column 3 will be 12.36% of Column 2.

Section B

Answer all the Questions

5. Answer any three Questions [3x5=15]

Answer the following with the help of decided case laws

(a) Whether the amount received by the employee on cessation of employment with his employer will be exempted from tax under section 17(3)(i) of the Income-tax Act? [5]

Solution:

CIT vs. Shyam Sundar Chhaparia (2008) 305 ITR 181 (MP)

Relevant Section: 17(3)

The assessee after his retirement was granted an amount of ₹ 27,50,000 as a special compensation in lieu of an agreement for refraining from taking up any employment activities or consultation which would be prejudicial to the business/interest of his employer. The assessee claimed that it was a non-taxable receipt being the compensation for not taking up any competitive employment under a restrictive covenant. The Assessing Officer did not accept the claim of the assessee on the grounds that (i) the decision of the Supreme Court relied on by the assessee was that of an agency whereas the case of the assessee was that of one who was in service, and (ii) section 17(3)(i) was squarely applicable to the case of the assessee. The Commissioner (Appeals) held that as there was restriction for the assessee not to work in business of any type and anywhere, the compensation was received in lieu of loss of future work and was a capital receipt. The Tribunal held in favour of the assessee.

The High Court held that the assessee retired from service on attaining the age of superannuation and hence there was severance of the master-servant relationship and there was no material to suggest that there existed a service contract providing therein a restrictive covenant preventing thereby the assessee from taking up any employment or activities on consultation which would be prejudicial to the business/interest of his employer. Therefore, it could not be termed as profit in lieu of salary because it was not compensation due to or received by the assessee from his employer or partner- employer at or in connection with the termination of his employment. Thus, the Commissioner (Appeals) and the Tribunal rightly held that the amount could not be added for the purpose of income-tax.

(b) Can the rental income from the unsold flats of a builder be treated as its business income merely because the assessee has, in its wealth tax return, claimed that the unsold flats were stock-in-trade of its business? [5]

Solution:

Azimganj Estate (P.) Ltd. vs. CIT (2012) 206 Taxman 308 (Cal.)

The assessee, a property developer and builder, in the course of its business activities constructed a building for sale, in which some flats were unsold. During the year, the assessee received rental income from letting out of unsold flats which is disclosed under the head "Income from house property" and claimed the permissible statutory deduction of 30% therefrom. The Assessing Officer contended that since the assessee had taken the plea that the unsold flats were stock-in-trade of its business and not assets for the purpose of Wealth-tax Act, 1961, therefore, the rental income from the said flats have to be treated as business income of the assessee. Consequently, he rejected the assessee's claim for statutory deduction of 30% of Net Annual Value.

On this issue, the Calcutta High Court held that the rental income from the unsold flats of a builder shall be taxable as "income from house property'' as provided under section 22 and since it specifically falls under this head, it cannot be taxed under the head "Profit and gains from business or profession". Therefore, the assessee would be entitled to claim statutory deduction of 30% from such rental income as per section 24. The fact that the said flats have been claimed as not chargeable to wealth-tax, treating the same as stock-in-trade, will not affect the computation of income under the Income-tax Act, 1961.

(c) Can business contracts, business information, etc., acquired by the assessee as part of the slump sale be described as 'goodwill', be classified as an intangible asset to be entitled for depreciation under section 32(1)(ii)? [5]

Solution:

Areva T and D India Ltd. vs. DCIT (2012) 345 ITR 421 (Delhi)

In the present case, a transferor under a transfer by way of slump sale, transferred its ongoing business unit to the assessee company. On perusal of the sale consideration, it was found that some part of it was attributable to the tangible assets and the balance payment was made by the assessee company for acquisition of various business and commercial rights categorized under the separate head, namely, "goodwill" in the books of account of the assessee. These business and commercial rights comprised the following: business claims, business information, business records, contracts, skilled employees, know-how. The assessee company claimed depreciation under section 32 on the excess amount paid which was classified as "goodwill" under the category of intangible assets.

The Assessing Officer accepted the allocation of the slump sale between tangible and intangible assets (described as Goodwill). However, he claimed that depreciation in terms of section 32(1) (ii) is not allowable on goodwill. He further contended that the assessee has failed to prove that such payment can be categorized under "other business or commercial right of similar nature" as mentioned in section 32(1)(ii) to qualify for depreciation.

The assessee argued that any right which is obtained for carrying on the business effectively, is likely to come within the sweep of the meaning of intangible asset. Therefore, the present case shall qualify for claiming depreciation since business claims, business information, etc, are in the nature of "any other business or commercial rights" However, the Revenue argued that, the business or commercial rights acquired by the assessee would not fall within the definition of intangible assets under section 32.

The Delhi High Court observed that the principle of ejusdem generis provides that where there are general words following particular and specific words, the meaning of the latter words shall be confined to things of the same kind. The Court applied this principle for interpreting the expression "business or commercial rights of similar nature" specified in section 32(1)(ii). It is seen that such rights need not be the same as the description of "know-how, patents, trademarks, licenses or franchises" but must be of similar nature as the specified assets. The use of these general words after the specified intangible assets in section 32(1)(ii) clearly demonstrates that the Legislature did not intend to provide for depreciation only in respect of specified intangible assets but also to other categories of intangible assets, which were neither feasible nor possible to exhaustively enumerate.
Further, it was observed that the above mentioned intangible assets are invaluable assets, which are required for carrying on the business acquired by the assessee without any interruption. In the absence of the aforesaid intangible assets, the assessee would have had to commence business from scratch and go through the gestation period whereas by acquiring the aforesaid business rights along with the tangible assets, the assessee has got a running business. The

aforesaid intangible assets are, therefore comparable to a license to carry on the existing business of the transferor.

Therefore, the High Court held that the specified intangible assets acquired under the slump sale agreement by the assessee are in the nature of intangible asset under the category "other business or commercial rights of similar nature" specified in section 32(1)(ii) and are accordingly eligible for depreciation under section 32(1)(ii).

(d) Can non-cumulative preference shares carrying a fixed rate of dividend with a fixed holding period be said to be equated with bonds or debentures so as to deny the indexation benefit while computing capital gain on its transfer, applying the third proviso to section 48? [5]

Solution:

CIT vs. Enam Securities P. Ltd. (2012) 345 ITR 64 (Bom.)

As per the third proviso to section 48, benefit of indexation is not available on transfer of a long-term capital asset, being bond or debenture other than capital indexed bonds issued by the government.

In the present case, the assessee had subscribed to non-cumulative preference shares of a private limited company carrying dividend@4% p.a. and redeemable after the expiry of 10 years from the date of allotment. On the redemption of a part of the aforesaid preference shares at par, the assessee computed the capital loss on the same after claiming the benefit of indexation. However, the Assessing Officer claimed that the above mentioned 4% non-cumulative redeemable preference shares have a fixed holding period and a fixed rate of return which are the principal characteristics of a bond and on this basis denied the benefit of cost indexation to the assessee, applying the third proviso to section 48.

On this issue, the Bombay High Court, following the judgement of the Supreme Court in Anarkali Sarabhai vs. CIT (1997) 224 ITR 422, observed that the redemption of preference shares by a company falls within the ambit of section 2(47) and amounts to transfer so as to attract capital gain tax.

The Court held that, since shares, debentures and bonds are not defined in the Income-tax Act, 1961, the terms have to be understood from the meaning given in the Companies Act, 1956. As per the Companies Act, 1956, the share capital of a company limited by shares can be of two kinds only, namely, equity share capital and preference share capital. Further, as per section 2(12) of the Companies Act, 1956, debenture is defined to include debenture stock, bonds and any other securities of a company, whether or not they constitute a charge on the assets of the company. A debenture is a certificate of a loan or a bond evidencing the fact that the company is liable to pay an amount specified with interest. Though the amount which is raised by a company through debentures becomes a part of its capital structure, it does not become part of share capital. Hence, the 4% non-cumulative preference shares cannot be said to be in the nature of bonds or debentures.

Therefore, the indexation benefit on the transfer of long-term capital asset, being 4% non-cumulative preference shares cannot be denied applying the provisions of the third proviso to section 48.

6. X Ltd. is engaged in the business of manufacture of garments.

	₹
Sale proceeds of goods (domestic sale)	**23,23,900**
Sale proceeds of goods (export sale)	**4,76,100**
Amount withdrawn from general reserve (reserve was created in 1996-97 by debiting P&L A/c)	**2,00,000**
Amount withdrawn from revaluation reserve	**1,50,000**
Total	**31,50,000**
Less: Expenses	
Depreciation (normal)	**6,16,000**
Depreciation (extra depreciation because of revaluation)	**2,70,000**
Salary and wages	**2,20,000**
Income- tax	**3,50,000**
Outstanding customs duty (not paid as yet)	**17,500**
Proposed dividend	**60,000**
Consultation fees paid to a tax expert	**21,000**
Other expenses	**1,39,000**
Net Profit	**14,56,500**

For tax purposes the company wants to claim the following:

- **Deduction under section 80- IB (30 per cent of ₹14,56,500).**
- **Depreciation under section 32 (₹5,36,000)**

The company wants to set off the following losses/allowances:

	For tax purposes ₹	For accounting purposes ₹
Brought forward loss of 2008 -09	**14,70,000**	**4,00,000**
Unabsorbed depreciation	**-**	**70,000**

Compute the net income and tax liability of X Ltd. for the assessment year 2014-15 assuming that X Ltd. has a (deemed) long-term capital gain of ₹60,000 under proviso (i) to section 54D(2) which is not credited in profit and loss account. [10]

Solution:

Computation of tax liability of X Ltd.

	₹
Net profit as per P&L a/c	14,56,500
Add:	
Excess depreciation [i.e., ₹ 6,16,000 + ₹ 2,70,000 — ₹ 5,36,000]	3,50,000
Income-tax	3,50,000
Customs duty which is not paid	17,500
Proposed dividend	60,000
Total	22,34,000
Less: Amount withdrawn from reserve (i.e., ₹2,00,000 + ₹1,50,000)	3,50,000
Business income	18,84,000
Less: Unabsorbed loss	14,70,000
Business income	4,14,000
Long-term capital gain	60,000
Gross total income	4,74,000
Less: Deduction under section 80 – IB [30% of ₹4,14,000]	1,24,200
Net income (round off)	3,49,800

Tax liability (under normal provisions) [20% of ₹60,000 + 30% of ₹2,89,800, plus 3% of tax as cess]	1,01,910

Computation of Book Profit for the purposes of section 115JB & Tax Liabilities thereon -

Book profit	
Net profit	14,56,500
Add:	
Depreciation [i.e., ₹6,16,000 + ₹2,70,000]	8,86,000
Income tax	3,50,000
Proposed dividend	60,000
Less:	
Amount withdrawn from general reserve	(-) 2,00,000
Unabsorbed depreciation	(-) 70,000
Depreciation (normal)	(-) 6,16,000
Amount withdrawn from revaluation reserve to the extent it does not exceed extra depreciation because of revaluation	(-) 1,50,000
Book profit	17,16,500
Tax liability(19.055% of book profit)	3,27,080

X Ltd. will pay ₹3,27,080 as tax for the assessment year 2014-15 as per section 115JB. Tax credit is however, available in respect of excess tax (i.e., ₹ 2,25,170) under section 115JB.

7. Answer any two Questions [2x5=10]

(a) During the accounting period ending March 31,2014, a charitable trust derived (a) income from property held for charitable purposes : ₹3,00,000 (₹1,50,000 received in cash and the remaining balance of ₹1,50,000 is to be received in the year 2015-16), (b) voluntary contribution : ₹2,00,000 with no specific direction, and (c) ₹20,00,000 with specific direction that it shall form corpus of the trust.
During the previous year 2013-14, the trust spends only ₹1,40,000 for charitable purposes. Determine its taxable income on the assumption that the trust has obtained extension of time for applying the unrealised income of ₹1,50,000 in the year of receipt, i.e., 2015-16 whereas it actually spends ₹30,000 in the year 2015-16 and ₹40,000 in the year 2016-17. [5]

Solution:
Taxable income of the trust will be computed as under:
For the assessment year 2014-15 (previous year 2013-14)

	₹
Income from property held under trust for charitable purposes	3,00,000
Voluntary contributions with no specific direction	2,00,000
Total Income	5,00,000
Less: 15% set apart for future	75,000
Balance	4,25,000
Less: Amount spent during the previous year	1,40,000

Shortfall Less: Amount not realised during the previous year	2,85,000 1,50,000
Taxable income	1,35,000

For the assessment year 2017-18 (previous year 2016-17,i.e., the year next following previous year in which the unrealised income of the previous year 2013-14 is received):

	₹	₹
Income received during the previous year 2015-16		1,50,000
Less: Amount spend during		
➢ previous year 2015- 2016	30,000	
➢ previous year 2016 -2017	40,000	70,000
Taxbale income		80,000

Note: Voluntary contributions received with specific direction that they shall form corpus of the trust are not treated as income of the trust.

(b) The following information is submitted by X for the assessment year 2014 – 2015 (i.e., previous year ending March 31,2014)-

	₹
Capital gain on sale of a property situated in Pune (amount is received in Mauritius)	**18,10,000**
Income from a business in Pune controlled from Mauritius	**20,50,000**
Income from a business in Mauritius controlled from Pune (amount is received in Mauritius)	**15,90,000**
Rent from a commercial property in UK received in Mauritius but later on remitted to India	**28,80,000**
Consultancy fees received from an Indian company (for a project situated in UK) (amount is deposited in his account with Citibank, Pune branch, however, it is withdrawn by him in Mauritius)	**10,50,000**
Interest from deposits with an Indian company received in Mauritius	**1,30,000**
Profits for the year 2012-13 of a business in Mauritius remitted to India during the previous year 2013-14 (not taxed in India earlier)	**7,70,000**
Gift received from parents of Mrs. X	**10,00,000**
Royalty received from the Government of West Bengal (paid to him in Mauritius for project situated in Mauritius)	**3,00,000**

Determine the net income of X for the assessment year 2014-15 in the following cases -
a. Case 1 - If X is resident and ordinarily resident in India,
b. Case 2 - If X is resident but not ordinarily resident in India,
c. Case 3- If X is non-resident in India. [5]

Solution:
Income of x as calculated as under -

	Nature of income	Case 1 ₹	Case 2 ₹	Case 3 ₹
Capital gain on transfer of Pune property	Indian income	18,10,000	18,10,000	18,10,000
Business income in Pune	Indian income	20,50,000	20,50,000	20,50,000
Business income in Mauritius (*business is controlled from Pune)	Foreign income	15,90,000	15,90,000*	Nil
Rent from UK property	Foreign income	28,80,000	Nil	Nil
Consultancy fees for Indian company	Indian income	10,50,000	10,50,000	10,50,000
Interest on deposit with an Indian company	Indian income	1,30,000	1,30,000	1,30,000
Passed untaxed profit	Not income of current year	Nil	Nil	Nil
Gift from relatives	Not taxable	Nil	Nil	Nil
Royalty from Government	Indian income	3,00,000	3,00,000	3,00,000
Net income		98,10,000	69,30,000	53,40,000

(c) Sweta Ltd. is one hundred per cent subsidiary company of Hema. Ltd. Sweta Ltd. owns Plants A and B (depreciation rate 30 per cent, depreciated value of the block ₹3,00,000 on April 1, 2013). Plant B(old) was purchased and put to use on November 10,2011 (cost being ₹70,000). Plant B is transferred by Sweta Ltd. to Hema Ltd. on December 14, 2013 for (a) ₹8,000, (b) ₹2,70,000, (c) ₹4,10,000. It is put to use by Hema Ltd. on the same day. Hema Ltd. owns Plant C on April 1, 2013 (depreciation rate 30 per cent, depreciated value; ₹60,000). Find out the tax consequences if Hema Ltd. is an Indian company or if Hema Ltd. is a foreign company. [5]

Solution:

(₹ in 000)

Sweta. Ltd.	**If Hema Ltd. is an Indian company**			**If Hema Ltd. is a foreign company**		
	Situation (a)	Situation (b)	Situation (c)	Situation (a)	Situation (b)	Situation (c)
Depreciated value of Plants A and B on April 1, 2013	300	300	300	300	300	300
Less : Money payable in respect of Plant B transferred to Hema Ltd. [see Note 1]	8	270	410	8	270	410

Written down value of the block on March 31, 2014	292	30	Nil	292	30	Nil
Depreciation for the block for the previous year 2013-14	87.6	9	Nil	87.6	9	Nil
Capital gains in case of Sweta Ltd.						
Sale proceeds of Plant B	8	270	410	8	270	410
Less : Cost of acquisition as per section 50	NA	NA	300	NA	NA	300
Short-term capital gain [*exempt by virtue of section 47(v)] [see Note 2]	NA	NA	Nil*	NA	NA	110
Hema Ltd.						
Depreciated value of the block on April 1, 2013	60	60	60	60	60	60
Add : Actual cost of Plant B acquired from Sweta Ltd. (see Note 3)	41.65	41.65	41.65	8	270	410
Written down value of the block on March 31, 2014	101.65	101.65	101.65	68	330	470
Depreciation - on Plant B @ ½ of 30%	6.25	6.25	6.25	1.2	40.5	61.5
- other asset @ 30%	18	18	18	18	18	18

Notes –

1. If the transferee- company, i.e., Hema Ltd. is on Indian Company, then "actual Cost" shall be ₹41,650 [as is shown in Note 3]. However, in the hands of transferor, i.e., Sweta Ltd. money payable by Hema Ltd. shall be deducted from the block of asset (it is incorrect to deduct ₹41,650). Consequently, in Situations (b) and (c), quantum of depreciation available to Sweta Ltd. will be quite low. It is advisable that in such transactions the sale consideration should be fixed keeping in view, the effect of it on the quantum of depreciation available in future.
2. In situations (a) and (b), section 50 is not applicable.
3. Actual cost of plant B in the hands of Hema Ltd, if it is an Indian company.

	₹
Actual cost of plant B in the hands of S. Ltd. on November 10, 2010 Less: Depreciation for the previous year 2010 – 11(1/2 of 30% of ₹70,000)	70,000 10,500
Balance on April 1, 2011 Less: Depreciation for the previous year 2011- 2012	59,500 17,850
Balance on April 1, 2012	41,650

8. Answer any one Question [1x5]

(a) Discuss in respect of the following items, the manner of treatment for Mrs. X's wealth-tax assessment for the assessment year 2014-15.

1. **A house property at Calcutta was given to her as a gift by her husband on October 1, 1965. She, with her husband and children, is living in the house for the last 15 years. Its value on March 31, 2014 was ₹ 3,50,000.**
2. **She has another house property at Nainital given to her as a gift by her father on January 1, 1972 on the occasion of her birthday. This house is also used by her as her own residence where she lives during summer vacations only. The value of the house on March 31, 2014 was ₹ 22,00,000.**
3. **Jewellery received from her father at the time of her marriage in 1956 was of the value of ₹ 1,80,000 on March 31, 2014. [5]**

Solution:

1. As a gift of the house was made on October 1, 1965, section 4(1)(a) is not applicable (assuming the gift was chargeable to gift-tax or exempt from gift-tax under section 5 of the said Act for the assessment year 1966-67). Therefore, value of the house would be includible in the net wealth of Mrs. X, who can, however, opt for valuation under section 7(2).
2. Value of the house is to be included in the net wealth of Mrs. X. She can, however, claim exemption under section 5(vi).
3. Jewellery received in 1956 is outside the purview of section 4. Therefore, it will be included in the net wealth of Mrs. X.

(b) XYZ is a charitable society registered under the Societies Registration Act. On the ground that it was pursuing an objective that involved the carrying of an activity for profit, the Assessing Officer wants to levy wealth-tax on it. Is such a society liable to wealth-tax? [5]

Solution:

Under section 3 of the Wealth-tax Act, the only taxable entities are individuals, Hindu undivided families and companies. A society registered under the Societies Registration Act is neither an "individual" nor a "Hindu undivided family". Moreover it is not an association of persons or body of individuals, or body of trustees which can, by stretching the Supreme Court rulings in Trustees of Gordhandass Govindram Family Charity Trust v. GIT [1973] 88 ITR 47 or CWT v. Kripashankar Dayashankar Worah [1971] 81 ITR 763, be treated as an individual. A society acquires an artificial juridical character which is separate from its members.

9. Answer any two Questions [2x5=10]

(a) Explain the modes of doing business through tax havens. [5]

Solution:

The modes of doing business through tax havens broadly, are as under -

(i) Personal Residency: Where wealthy individuals reallocate themselves from high tax zones to low tax zones.

(ii) Asset Holding: It involves utilizing a trust or a company or a trust owing a company. Usually in this case, an entity from high tax jurisdiction transfers its assets to a trust in a low tax jurisdiction and settles his share in the trust on himself and later to his descendents without going through the vagaries of probate or inheritance tax.

(iii) Business Activity: Many corporate entities do not require locational or factor leverage to establish their business entities. Simply by transferring activities to low tax jurisdiction, they can earn 'margin' even though they are not performing any financial activity. They change their tax jurisdictions and through 'rein voicing' process they earn profit via investment in high tax jurisdictions. E.g. Reinsurance companies.

(iv) Financial Intermediaries: The business activities are done in tax havens through financial intermediaries like mutual funds, banking, life insurance, pension funds, etc. The funds are deposited with such intermediaries located in tax havens (often known as "offshore funds"), who, in turn, invest in business activities in such tax haven and earn income therefrom. This strategy doesn't avoid tax in home country of the investor, but helps him to earn income from opportunities across the world, without bearing any double/additional burden of tax.

(b) Discuss taxation aspect of international mergers and acquisitions. [5]

Solution:

The taxation aspect of international mergers and acquisitions are:

(1) Amalgamation/Merger/Demerger: In this globalist economy, the cross-border mergers and acquisitions are a regular phenomena. Most of the countries across the globe have exempted cross-border mergers/amalgamation, if the amalgamated company is a company belonging to that country. The expression 'merger/amalgamation' has been defined in the taxation law itself.

For example, the Income-tax Act, 1961 defines amalgamation under section 2(1 B) of the Act and provides various incentives including tax-exemption to transfer of assets in the course of amalgamation *(refer section 47(vi), 47(via) and 47(vii))* and provision for carry forward of unabsorbed losses/depreciation by amalgamated company.

However, the tax incentives are available only if amalgamated company is an Indian company. No tax incentives is available on amalgamation of Indian company with any foreign company, where the amalgamated company is a foreign company. In that event, the foreign company is eligible for tax incentives, if any, provided by the tax laws of its home country.

Similar tax incentives are provided in the case of demerger as well.

(2) Acquisitions: The cross-border acquisitions may take the form of asset purchase by way of slump sale or itemized sale. It may also take the form of stock purchase. In either case, the tax-laws generally do not provide any tax incentive, which are taxed as per the law applicable and respective DTAAs.

(c) Retails India Ltd. is an Indian company. The following incomes are noted from its books of account: **₹**

Income from a business in India **7,60,000**

Income from a business in a foreign country with whom India has ADT agreement **4,32,000**

According to the ADT agreement, ₹4,32,000 is taxable in India. However, it can also be taxed in the foreign country @ 11.85% which can be set off against Indian tax liability. Find out the Indian tax liability. **[5]**

Solution:

Computation of Indian Tax liability of Retails India Ltd. (amounts in ₹) –

Income from a business in a foreign country with whom Indian has ADT agreement	4,32,000
Income from business in India	7,60,000
Total Income	11,92,000
Total tax payable in India (11,92,000 × 30.9%)	3,68,328
Less: Tax paid in foreign country @11.85% of ₹4,32,000 (as per ADT agreement)	51,192
Net Indian tax liability (rounded off to nearest ₹10	3,17,140