

## 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) What is Account Current? How many copies of Account Current are distributed?
- (b) Define 'Factory' as per section 2(e) of the Central Excise Act, 1944.
- (c) When Provisional Anti-Dumping Duty is imposed in customs?
- (d) State how many variants of VAT have?
- (e) Mr. Y is a provider of taxable service under the brand name of others. He started his business in April, 2013. Taxable turnover for the year 2013-14 is ₹ 5 lakh. Whether registration is compulsory for him?
- (f) Mr. Roy, an importer submit Bill of Entry (assume manual filing of bill of entry) in white paper to remove goods from warehouse for home consumption. Whether the action taken by Mr. Roy is correct or not (state with reason).
- (g) What are the basic and essential elements of goods in excise?
- (h) Are sale of bundles of old newspapers as waste papers exempt from CST?
- (i) What is the place of provision for Passenger Transportation Services?
- (j) What is APTA in the context of customs?

[10 × 2]

### Group-B (Answer any eight questions out of the ten questions given)

#### Question 2.

- (a) BMR Co. Pvt. Ltd., an SSI unit procured the following inputs during the month of Jan. 2014. Determine the amount of CENVAT credit available with necessary explanation for the treatment of various items.

Items	Excise duty paid (₹)
Raw materials	52,000
Manufacturing machine	1,00,000
Light diesel oil	45,000
Greases	10,000
Office equipment	20,000
Paints	5,000

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(Note: M/s. BMR Co. Pvt. Ltd. is not eligible to avail exemption under a notification based on value of clearances in a financial year)

(b) State the procedures to claim for duty drawback at the time of export.

[6+4]

### Question 3.

(a) Riya imported certain goods in March 2013. An "Into Bond" bill of entry was presented on 13th March, 2013 and goods were cleared from the port for warehousing. Assessable value was \$10,00,000. The order permitting the deposit of the goods in warehouse for three months was issued on 21st March, 2013. Riya did not clear the imported goods even after the warehousing period got over on 20th June, 2013. She did not obtain any extension of time as well.

A notice was issued under section 72 demanding duty and other charges. Riya cleared the goods on 28th July, 2013. Compute the amount of duty payable by Riya while removing the goods on the basis of following information:

	13.3.2013	20.6.2013	28.7.2013
Rate of Exchange per US \$	₹ 48.20	₹ 48.40	₹ 48.50
Basic customs duty	15%	10%	12%

Assume that no additional duty or special additional duty is payable.

(b) When a foreign company can set up a branch office in India in the matter of cross-border services? Which are the activities the branch office can carry on in the same case?

[6+4]

### Question 4.

(a) Write down the conditions (any four) to be fulfilled in order to make a sale by a dealer to a registered dealer in Special Economic Zone not liable to tax in interstate trade or commerce.

(b) Ram Ltd. of Mumbai (having diversified business) has provided the following services, whose values are listed below. Compute its service tax liability:

- (1) Services provided to a company located in Colombo in relation to organization of a sport event in Colombo : ₹14 lakh;
- (2) Services provided to a company located in Srinagar in relation to festival celebration in Srinagar : ₹3 lakh;
- (3) Services provided to a company located in Jaipur in relation to fashion show in Dubai: ₹13 lakh;
- (4) Services of online database access and retrieval services provided from its website: ₹ 15 lakhs (out of this, ₹10 lakh was provided to recipients located outside India).

[4+6]

### Question 5.

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- (a) Are Lease Transactions subjected to levy of Value Added Tax under VAT Legislations?
- (b) Duty demand of ₹ 11 lakhs was made in terms of an order in original dated 25-02-2013 against CD Ltd. with interest as applicable on the ground of clandestine removal of the products manufactured by the assessee in the month of June, 2012. Penalty equal to duty demanded was also imposed. On an appeal filed by CD Ltd., the Commissioner (Appeals) required assessee to deposit an amount of ₹ 5 lakhs as pre-deposit which was duly deposited on 03-06-2013. The case against CD Ltd. was finally decided and duty demand of ₹ 3,20,000 was confirmed and penalty was set aside on 30-06-2013. CD Ltd. filed a refund claim on 15-09-2013. Refund was sanctioned on 10-12-2013. Calculate the amount of refund admissible.
- [5+5]**

### Question 6.

- (a) Why indirect taxes are called regressive in nature as against direct taxes?
- (b) APT Cements is selling white cement to selected customers. The condition for the sale is that the Dealers should place an order for transportation of the cement bags by lorries of their own transport division. The following material particulars may be used for answering the question:
- (i) Unit price for parties utilising the Company's transports ₹ 4,200 per metric ton.
- (ii) Unit price for others [during the relevant period there was no sale to this class of buyers] ₹ 4,500 per metric ton.
- |  |                 |
|--|-----------------|
| Cost of transport by APT Cement's transports   | ₹ 1,700 per ton |
| Cost of transport by other Transport Companies | ₹ 1,500 per ton |

Determine the Assessable Value.

- (c) What are the policies adopted by the Central Government for setting up Special Economic Zone?

**[3+5+2]**

### Question 7.

- (a) There are many quantitative and qualitative filters available to filter the companies in transfer pricing issues. Name few of those filters.
- (b) M/s. Tooth Care Ltd. has introduced a new product 'Paradise' toothpaste, notified under Section 4A of the Central Excise Act, 1944, with a notified abatement of 30%. Determine the central excise duty payable if rate of duty is 12%, education cess is 2% and secondary and higher education cess is 1%:
- (i) 1,000 pieces having retail sale price (RSP) ₹ 70 per piece are sold in retail packages to wholesale dealer at ₹ 50 per piece.
- (ii) 2,500 pieces having RSP ₹ 70 per piece are sold in retail packages, but buyer is charged for 2,300 pieces only at ₹ 50 per piece (200 pieces have been given free as quantity discount).
- (iii) 50 pieces were given away as free samples, without any RSP on the pack.

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- (iv) 200 multi-packs were cleared at ₹ 90 per pack, each containing two toothpaste tubes and one toothbrush free (without any RSP on it). Each tooth paste tube was having RSP ₹ 70, which was scored out and each multi-pack had RSP of ₹ 130.

Make suitable assumptions wherever required and show the calculations with appropriate notes.

[4+6]

### Question 8.

- (a) Which are the products or activities related to agriculture outside the scope of service tax (i.e. included in the negative list)?
- (b) Mr. Alok, a dealer in Mumbai dealing in consumer goods, submits the following information pertaining to the Month of March, 2014:
- Exempt goods 'A' purchased for ₹ 2,00,000 and sold for ₹ 2,30,000.
  - Goods 'B' purchased for ₹ 2,25,000 (including VAT) and sold at a margin of 10% profit on purchases (VAT rate 12.5%);
  - Goods C purchased for ₹ 1,00,000 (excluding VAT) and sold for ₹ 1,50,000 (VAT rate 4%);
  - His unutilized balance in VAT input credit on 01.03.2014 was ₹ 1,500.

Compute the turnover, Input VAT, Output VAT and Net VAT payable by Mr. Alok.

[3+7]

### Question 9.

- (a) AB Ltd. Carried out following works, all of which are leviable to sales-tax/VAT as transfer of property involved in the execution of works contract (the sum charged given below are exclusive of all taxes) -
- New constructions: ₹ 50 lakh;
  - Additions and alterations to damaged structures on land to make them workable: ₹ 25 lakhs;
  - Supply along with erection, commissioning and installation of plants: ₹ 72 lakhs;
  - Maintenance and repair of goods: ₹ 40 lakhs;
  - Maintenance and repair of immovable property: ₹ 30 lakhs;
  - Finishing and Glazing Services of an immovable property: ₹ 14 lakh;
  - Other works contracts: ₹ 12 lakh.
- Compute taxable value and service tax thereon.

- (b) Describe Advance Authorisation.

[8+2]

### Question 10.

- (a) The assessable value of imported goods is ₹ 20,00,000. The basic customs duty is 10%. The excise duty on like articles manufactured in India is 12%. Additional customs duty equal to

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sales tax, VAT etc. is 4%. Education Cess is 2% and Secondary & Higher Education Cess is 1%.  
Compute total customs duty and imported cost of the goods.

- (b) What are the details contained in the service tax return?
- (c) What is Automation of Central Excise and Service Tax or ACES?

[5+3+2]

### Question 11.

- (a) Mr. K of Kolkata sells goods to Mr. H of Hyderabad and delivers the same at Kolkata to MKS Transport. The lorry receipt was sent to Mr. H by post. While goods were in transit, Mr. H sells the goods to Mr. V of Vijayawada by making an endorsement of LR and goods were diverted to Vijayawada. Is the second sale between Mr. H and Mr. V chargeable to tax?
- (b) What are the common characteristics of Service Tax Code (STC)?
- (c) "Anti-dumping is a measure to rectify the trade distortive effect of dumping and re-establish fair trade" — State the features of anti-dumping duty in this regard.

[3+3+4]