

2016

M. Com.

4th Semester Examination

CORPORATE INDIRECT TAX

PAPER — COM-402

Full Marks : 50

Time : 2 Hours

The figures in the right-hand margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Illustrate the answers wherever necessary.

Unit—I

[Marks : 20]

1. Answer any *two* questions from the following : 2×5
- (a) Write a brief note on 'goods and services tax' in India.
- (b) Select the correct answer for each of the following :
- (i) MRP provisions do not apply to containers and packages of commodities having weight of volume —
- A) More than 25 kgs of 25 liters ;
- B) Less than 10 grams of 10 milliliters ;

(Turn Over)

- C) A above is correct but not B ;
D) Both A and B are correct.
- (ii) According to Rule 12 (1) of Excise Rules states that SSI units should file excise returns by —
A) 6th of the following month ;
B) 10th of the following month ;
C) 10th of the following quarter ;
D) None of the above.
- (iii) Excise registration number is a 15 digit code, which is arranged as —
A) 3 character numeric code, 2 character assessee code, PAN ;
B) PAN, 2 character assessee code, 3 character numeric code ;
C) 2 Character assessee code, 3 character numeric code, PAN ;
D) PAN, 3 character numeric code, 2 character assessee code.
- (iv) Invoice of transaction of goods must be countersigned by the excise officer in case of —
A) Pan-masala ;
B) Wine ;
C) Cigarette ;
D) Gutkah.

(v) An assessee is required to submit Annual Installed Capacity Statement in Form No. ER-7 every year before —

- A) 30th September ;
- B) 31st March ;
- C) 30th April ;
- D) 30th June.

(c) Define indirect tax. Revenue mobilisation through indirect taxes is very much significant since indirect tax is broad-based. Discuss. 2+3

2. Answer any one question from the following : 1×10

(a) (i) What do you understand by 'excisable goods' and 'excluded excisable goods'?

(ii) M/s. Amaan Engineers Ltd. removed goods from their factory at Kolkata on 10.4.2016 for sales from their depot at Orissa. On that date the normal transaction value of goods at Kolkata factory was Rs. 20,000/-, while the normal transaction value at Orissa depot was Rs. 19,000/-. The rate of duty was 12.5% ad-valorem. The said goods were sold from Orissa depot on 25-5-2016. On that date the normal transaction value at Orissa depot was Rs. 22,000/- and the rate of duty was 14%. M/s. Amaan Engineers Ltd. paid the duty on Rs. 20,000/- at a rate of 12.5%.

The Central Excise Department claimed that excise duty should be levied @14% on the value of Rs. 22,000/-.

Examination whether the Excise Department's claim is correct. 5+5

- (b) (i) What is CENVAT credit ?
- (ii) Surya Co. Ltd procured the following items during the month of April 2016. Determine the amount of CENVAT credit available with necessary explanations for treatment of various items. 5+5

<i>Items</i>	<i>Excise duty paid (including education cesses) Rs.</i>
Raw materials	64,000
Manufacturing machine	1,50,000
Light diesel oil	20,000
Greases	5,000
Office equipment	40,000
Paints	9,000

- (iii) 'CENVAT credit cannot be availed if the invoice is incomplete or defective'. In the light of the above statement, point out the important contents of a valid invoice. 2+5+3

Unit—II

[Marks : 20]

3. Answer any *two* questions : 2×5
- (a) (i) A Company is considering to import a sophisticated equipment either by plane or by ship. Suggest incidence of tax in both the cases as regards freight :

Free on board price of the equipment \$ 50,000
[Exchange rate \$1 = Rs.68]

Air freight \$ 12,000.

Freight for ship \$ 15,000.

(ii) What do you mean by CIF Value? 4+1

(b) State where the following elements are to be included or not as part of the 'Transaction value' under section 4 of the Central Excise Act :

(i) Erection and commissioning charges.

(ii) System software etched in the computer system.

(iii) Cylinder holding charges

(iv) After-sales warranty charges.

(c) Write down the steps of importing goods.

(d) Determine the taxable services and amount of service tax from the following information :

(i) Ideal Study Centre providing tuition in coaching centres.

(ii) Value of free coaching rendered Rs. 4,20,000.

(iii) Coaching fees collected from students (service tax collected separately) Rs. 12,00,000.

(iv) Advance received as booking of seat in the coaching centre Rs. 25,000. 5

4. Answer any one of the following : 1×10

(a) (I) Write short note on (i) Negative List of services ;
(ii) Exempted list, of services.

(II) Calculate Service Tax in each case separately :

(i) Accomodation booking by agent Rs. 12,00,000.

(ii) Conducted package tour arranged Rs.18,00,000.

(iii) Purchase of Air ticket Rs. 5,00,000.

(b) Joy Traders, an importer of Kolkata gives the following information :

I) Machinery imported from USA by airways 5000 USD
(FOB Price)

II) Air Fright paid 1300 USD

III) Local agents' commission paid in India Rs. 2,600

IV) Carrying charges paid in Indian for bringing goods from airport to the factory Rs. 4,200

V) Cost & engineering work done in USA, but payment of which who paid by the importer.

VI) The import was covered under insurance but unascertainable.

VII) Exchange rates Specified :

RBI — 1 USD = Rs. 56.72

CBE & C — 1 USD = Rs. 58.25

(VIII) Basic Custom duty is 10% .

IX) Excise duty and VAT is 12% and 3% for similar goods.

(i) Determine the Customs value of the imported machine for the levy of Customs Duty.

(ii) Determine Coustom Duty.

[Internal Assessment : 10 Marks]