

**OLD**

**2018**

**M.Com. 4th Semester Examination**

**CORPORATE INDIRECT TAXES**

**PAPER—COM-402**

**Subject Code—03**

*Full Marks : 50*

*Time : 2 Hours*

*The figures in the 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* of the following questions : 2×5

(a) State in brief, the features of indirect taxes.

(b) Explain 'deemed manufacture' under Central Excise Act.

*(Turn Over)*

- (c) Define 'related person' under Central Excise Act. Write down the provisions of levying Excise duty when goods are sold to any related person. 2+3
- (d) What is CENVAT credit? Write down the provisions of CENVAT credit on purchasing of capital goods. 2+3

2. Answer any *one* of the following questions : 1×10

- (a) (i) City Electricals Ltd. manufactures telephone receivers. During the month of January 2016, it produced and sold 10,000 units of the device @ Rs. 400 each. The price includes 14% basic Excise duty and 2% Education Cess, and 1% SAHE Cess. The price also includes 2% Central sales tax. Determine the excise liability of City Electricals Ltd. for the month of January 2016.

- (ii) Determine the total amount of Excise duty payable for selling of a machine, considering the following information :

Sales price of the machine excluding taxes and duties Rs. 8,00,000/-

Cost of durable and returnable packaging included in the sales price Rs. 20,000/-

Design and development charges paid by the buyer on behalf of the seller to a third party Rs. 50,000/-.

Warranty charges charged separately by the seller Rs. 10,000/-.

Rate of Excise duty is 14%, Education Cess, as applicable. 5+5

- (b) (i) An assessee cleared various manufactured final products during June, 2016. The Excise duty payable on such outputs was-Basic duty Rs. 3,00,000. Education Cess 2% and SAHE Cess 1%. During June 2016, he received various inputs on which he paid basic Excise duty Rs. 80,000/-, Education Cess Rs. 1,600/- and SAHE Cess Rs. 800/-. The assessee had also purchased a machine during that month on which he paid Excise duty of Rs. 15,000/-, Education Cess as applicable.

For June 2016, he paid Service tax Rs. 20,000/-, Education Cess Rs. 400/- and SAHE Cess Rs. 200/-.

Calculate the Excise liability of the assessee for the month of June, 2016, assuming that there was no opening balance in his Personal Ledger Account (PLA).

- (ii) Mention any three duty paying documents for availing CENVAT credit. 7+3

### Unit - II

(Marks : 20)

3. Answer any *two* questions from the following : 2×5
- (a) What are 'custom water' and 'Torrential water' ?
- (b) What is 'Service' in relation to service tax ?
- (c) What do you mean by 'Duty Drawback' ? Explain in brief the All Industry Rate (AIR) for duty drawback. 1+4
- (d) Write short notes on 'Warehousing'. 5
4. Answer any *one* from the following :
- (a) (i) A trader in Gujrat imported a machine from USA at CIF price of 20,000 USD. Freight charges paid 4,000 USD and insurance charges incurred 1,000 USD. Applicable exchange rates — CBE & C — Rs. 61.65 per USD and RBI Floor price — Rs. 62.20 per USD. Compute the assessable value of the imported machine.

- (ii) Customs value of imported goods is Rs. 1,00,000. Basic custom duty payable is 12%. Additional customs duty (for goods manufactured in India) is 14%. Special CVD is payable as applicable. Compute the duty liability under the Customs Act.
- (iii) What is Counter Vailing Duty (CVD)? Why it is imposed?
- (b) (i) State in brief the provisions of section 67 for valuation of taxable service for service tax chargeability.
- (ii) Explain the point of taxation rules when rate of service tax changes.
- (iii) State the person liable to register for service tax accedi to Service Tax Act. (1+4)+3+2

*[Internal Assessment -- 10 Marks]*

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