

**M.Com. 4th Semester Examination, 2013**

**INDIRECT TAXES**

**PAPER—COM-402**

*Full Marks : 50*

*Time : 2 hours*

*The figures in the right-hand margin indicate marks*

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

*Illustrate the answers wherever necessary*

**UNIT – I**

1. Answer any *two* questions from the following : 5 × 2
- (a) Distinguish between Excise duty, Customs duty and sales tax.
- (b) Write down the processes specified as "amounting to manufacture" as per CETA, 1985.

( Turn Over )

(c) ABC Ltd. manufactures three health drinks :

Bingo, Jingo and Pingo. Pingo was sold only to CBA Ltd, a subsidiary company of ABC Ltd. Bingo was sold to BCD Ltd., where the Managing Director of ABC Ltd. is a manager of BCD Ltd. Jingo was sold to ABD Ltd., who is the sole distributor of ABC Ltd., and was coming under the same management of ABC Ltd.

Determine the assessable value of the three products of ABC Ltd. considering the following information :

Price of Bingo to BCD Ltd Rs. 60

Price of Jingo to ABD Ltd Rs. 80

Price of Pingo to CBA Ltd Rs. 100

Price of BCD Ltd. to outside customers  
Rs. 75

Price of ABD Ltd to outside customers  
Rs. 90

Price of CBA Ltd to outside customers  
Rs. 125.

(d) Determine the total amount of Excise duty payable u/s 4 of CEA, 1944 from the following information :

- (i) Price of machine excluding taxes and duties Rs. 5,00,000
- (ii) Installation charges Rs. 20,000
- (iii) Packing charges Rs. 10,000
- (iv) Design charges Rs. 5,000
- (v) Cost of material supplied by the buyer free of cost Rs. 8,000
- (vi) Pre-delivery inspection charges Rs. 1,000
- (vii) Cash discount allowed on the price of the machinery @ 2%
- (viii) Bought out accessories supplied along with the machine Rs. 6,000
- (ix) Rate of Excise duty @ 12% and education cess as applicable.

2. Answer any *one* question : 10 × 1

(a) (i) What is CenVAT credit ?

(ii) An assessee cleared various manufactured products during May, 2013. The duty payable on his final products for May, 2013 is —

Basic duty Rs. 1,60,000, Education cess as applicable.

During the month he received various inputs which total duty paid was—

Basic duty Rs. 40,000, Education cess Rs. 800, SAHE cess Rs. 400.

Excise duty paid on capital goods received during the month was as follows—

Basic duty Rs. 15,000, Education cess Rs. 300, SAHE cess Rs. 150.

Service tax paid on input services was as follows —

Service tax Rs. 20,000, Education cess Rs. 400, SAHE cess Rs. 200.

How much duty the assessee will be required to pay by GAR-7 challan for the month of May, 2013, if the assessee had the following balances in his PLA (Personal Ledger account) on 6.5.2013.

Basic duty Rs. 1,00,000, Education cess Rs. 2,000, SAHE cess Rs. 500, Service tax Rs. 20,000. What is the last date of payment of duty ? 5 + 5

(b) (i) Write down the provisions for valuation of goods on MRP basis.

(ii) A manufacturer manufactured a certain product of 550 units at a cost of Rs. 300 per unit, during May, 2013.

He sold 100 units to the Industrial Customers @ Rs. 600 per unit. 90 units were sold to a Central Government department @ Rs. 590 per unit, 70 units were sold to the retailers @ Rs. 700 per unit, 210 units were sold to wholesalers @ Rs. 620 per unit and 30 units were distributed as free sample. Balance units were in stock, out of which 20

units were so damaged that they became unsaleable.

Out of 90 units sold to the Central Government department, 10 units were rejected and were subsequently sold to other customer @ Rs. 250 per unit, without bringing them into the factory. [all the prices are exclusive of Excise duty and sales tax].

Calculate the amount of Excise duty payable. Advise the management about steps to be taken in respect of 20 damaged units in store. 5 + 5

## UNIT – II

3. Answer any *two* questions from the following : 5 × 2
- (a) Write short notes on :  $2\frac{1}{2} \times 2$
- (i) Countervailing Duty
- (ii) Export Duty.
- (b) Discuss the procedure for importing goods in brief. 5

(c) Midnapur Tour Co. Ltd. has provided following services to its clients : 5

(i) Bought air ticket for travel from Kolkata to Mumbai Rs. 5,000.

(ii) Charges received Rs. 2 lacs for package tour that include transportation, accommodation, food, tourist and entry fees for entertainment park.

(iii) Charges received Rs. 1 lacs for arranging accommodation only for stay.

All the charges are excluding service tax. The rate of service tax is 10% with education cess. Compute the taxable services and tax thereon.

(d) What is 'Warehousing' in relation to Customs Act? Discuss different provisions of warehousing under Customs Act. 5

4. Answer any *one* from the following : 10 × 1

(a) (i) What are the provisions of payment of service tax?

(ii) Even providing services, who are exempted from paying service tax under the relevant Act ?

(iii) Discuss different provisions of Penalties under service tax. 4 + 3 + 3

(b) J. Mahal Importers Ltd. has imported goods from Canada. CIF value of goods was US \$30,000. Exchange rate was 1 US \$ = 45 on date of presentation of bill of entry. Basic customs duty was @ 30%. Education cess as applicable. Excise duty on similar type of goods was 10%. As per notification no. 52/2013 cess dated 10-7-2012, anti dumping duty has been imposed on these goods. Market price of similar product in India in Rs. 16,00,000. Normal price of above goods in Canada in \$40,000 and export price in US \$ 26,000.

You are required to find out (a) Customs duty payable and (b) Anti dumping duty. 6 + 4

[ *Internal Assessment* : 10 Marks ]