



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – NOVEMBER 2015

CO 3951 - INDIRECT TAX

Date : 13/11/2015
Time : 09:00-12:00

Dept. No.

Max. : 100 Marks

SECTION – A

Answer ALL questions

(10 x 2 = 20)

1. What is purpose of Harmonized System of Nomenclature under Central Excise Act?
2. What are the rights and obligation of Large Tax Payer?
3. Who are all Related Persons under Customs Act?
4. After visiting USA, Mrs. & Mr. X brought to India a laptop valued Rs.80,000, personal effects valued at Rs.90,000 and a personal computer for Rs.52,000. What is CD?
5. What are the factors that necessitate the classification of services?
6. Co. constructs, builds and sells flats and agree to allot the buyers for instalment and collected advance. It contends that price is only for sale and not for construction. Is it liable for ST?
7. Determine the total amount of Excise Duty payable on a machine, using the details given below –

	Rs.
Sale price of the machine, excluding taxes and duties	2,00,000
Sales Tax	20,000
Cost of durable and returnable packing included in the sale price given at (i) above	5,000
Design and development charges paid by buyer on behalf of seller to a third party	20,000
Warranty charges charged separately by the seller	5,000

Rate of Excise Duty – 12%; Cess – 3%.

8. Assessable value of certain goods imported from USA is Rs. 10,00,000. The packet contains 10,000 pieces with Maximum Retail Price Rs. 200 each. The goods are assessable under section 4A of the Central Excise Act, after allowing an Abatement of 40%. The Excise Duty rate is 8% advalorem. Calculate the amount of Additional Duty of Customs u/s 3(1) of the Customs Tariff Act; assuming Basic Customs Duty @ 10% ad valorem.
9. Compute the invoice value to be charged and amount of tax payable under VAT. by a dealer who had purchased goods for Rs. 1,20,000 and after adding for expenses of Rs. 10,000 and of profit Rs. 15,000 had sold out the same. The rate of VAT on purchases and sales is 12.5%.
10. D & Co. has been providing taxable services for the past few years. In gross value of taxable services provided during the financial year 2010-11 and 2011-12 is Rs. 12 lacs and Rs. 8.75 lacs respectively. During the financial year 2012-13, it provided service for Rs. 13 lacs. Calculate the service tax liability of D & Co. for the financial year 2012-13. Rate of service tax 12%, EC 2% and SHEC 1%.

SECTION – B

Answer any four questions

(4 x 10 = 40)

11. Bring out the importance of Registration Certificate and the procedures in obtaining the same under the Central Excise Act?
12. Distinguish Protective Duty from Anti-Dumping Duty.
13. Enumerate the methods for computing VAT.

14. Sudarshan Ltd. commenced its business on 21st June, 2012 in Kolkata. It has provided/availed following services upto 31st March, 2013. Determine its service tax liability for the financial year 2012-13.

- taxable services provided under its own brand name Rs. 9 lacs;
- declared services (sum charged Rs. 4 lacs, but value determined as per valuation rules is 60% (Rs.2,40,000);
- services wholly exempt under Notification Rs.6,00,000;
- services provided under brand name of other person Rs.3,60,000 (fully taxable);
- availed services of goods transport agency and paid freight of Rs.2,00,000.

The assessee is ready to opt any exemption available to it under service tax Law.

15. A Manufacturer has agreed to supply a machine on following terms –

Price of the machine (excluding duties and taxes)	Rs. 12,00,000
Packing for transportation of the machine charged separately	15,000
Transport charges from factory to buyer's place	30,000
Development and tooling charges charged separately	40,000
CST	4%
Octroi	5,000
Excise Duty	12%

Special discount of Rs. 12,000, if advance of Rs. 4,00,000 is paid with order.

Work out the Excise Duty liability based on the following additional information –

- Actual transportation cost is Rs. 35,000
- Interest of Rs. 5,000 was charged as party failed to make payment within 30 days
- The buyer paid advance with the order.

16. From the particulars given below, find out the assessable value of the imported goods under the Customs Act:

Cost of machine at the factory of the exporting country	US \$ 10,000
Transport charges incurred by the exporter from his factory, to the port of shipment	US \$ 500
Handling charges paid for loading the machine in the ship	US \$ 50
Buying commission paid by the importer	US \$ 50
Freight charges from exporting country to India	US \$ 1,000

Exchange rate to be considered 1\$ = Rs. 45.

17. Compute the purchases eligible for availing input tax credit from the following particulars –

Purchase	Amount
Goods for resale within the State	10,000
Capital goods required for the purpose of the manufacture or resale of taxable goods	14,000
Goods purchased from the unregistered dealer	3,200
Goods which are being utilized in the manufacture of exempted goods	6,600
Inputs purchased from a registered dealer who opts for Composition Scheme	10,000
Inputs purchased for being used in the execution of a works contract	1,00,000
High seas purchases	2,300

SECTION – C**Answer any TWO questions****(2 x 20 = 40)**

18. What do you mean by “transaction value” under Central Excise Act? How it is determined? What are the items to be included and excluded?
19. Explain how the services are treated under the following with regard to Service Tax – (a) Services rendered by Government; (b) services rendered by Department of Posts; (c) Service by Foreign Diplomatic Mission; (d) Services rendered by RBI and (e) Services by a Charitable Trust.
20. (a) What are the purpose for which Cenvat credit is utilized? What are the restriction on utilization of it?
(b) Depict the rules regarding (i) Inputs used inside / outside the factory; (ii) Manufacturer eligible for Cenvat on inputs stored outside the Factory Premises and (iii) Conditions subject to which credit can be allowed to inputs
21. (a) Outline the procedures if goods are cleared after unloading and application of sale proceeds, if such goods are sold?
(b) Give a brief account of guidelines for licensing of Private WH storing sensitive goods.
