

APPLIED INDIRECT TAXATION

CANONS OF TAXATION - INDIRECT TAXES

Descriptive & Practical Questions :

Q1. Ability to pay is one of the most important canons of Taxation.

[Ref: Q8. (c), Dec '08 / Paper-10] 4

CENTRAL EXCISE

Objective -Type Questions :

Q1. Fill in the blanks :

- (i) Goods covered by Central Excise Tariff but fully exempt from duty are _____. (excisable/ not excisable)
- (ii) SSI units whose turnover exceeds Rs. _____ per annum have to furnish declaration in prescribed form for Central excise purposes.
- (iii) Compressing and bottling gas _____ (is/isnot) manufacture.
- (iv) Affixing brand name, labelling or re-labelling and repacking from bulk pack to small pack of readymade garment _____ (is/is not) manufacture.
- (v) Cenvat credit _____ (can/can not) be utilised for payment of service tax on output service.
- (vi) In case of Central Excise and Customs, appeals must be filed within _____ days from the date of communication of order.
- (vii) Job work done under Cenvat provisions _____ (is/ is not) exempt from service tax.

[Ref: Q1. (a), Dec '08 / Paper-10] 1×7

Q2. State with reasons, whether **True** or **False** :

- (i) Cenvat credit on capital goods can be availed in full in the year of purchase.
- (ii) Wastes and scrap are always treated as excisable goods.
- (iii) Excise duty is payable on all sample, even if given free.

[Ref: Q1. (b), Dec '08 / Paper-10] 3×5

Q3. Fill in the blanks :

- (i) Goods under Central Excise must be _____ (movable/immovable) and _____ (marketable/packaged).
- (ii) CETA specifies some _____ (process/operations) as amounting to manufacturer. This will be said to be manufactured _____ (even if/ unless) as per court decisions they do not amount to manufacture.

- (iii) Processing can amount to manufacture if a _____ (new/existing) and _____ (identifiable/similar) product known in the market emerges.
[Ref: Q1. (a)(i)(ii)(iii), June '09 / Paper-10] 2×5

- Q4. State with reasons, whether true or false :
Brand owner is considered as manufacturer under Central Excise.
[Ref: Q1. (b)(i), June '09 / Paper-10] 5

Descriptive & Practical Questions :

- Q1. Writes notes on Doctrine of unjust enrichment in case of refunds under Central Excise and Customs. [Ref: Q3. (b)(i), Dec '08 / Paper-10] 5
- Q2. (a) What is special Audit under section 14AA of CEA? (cenvat credit Audit) [Ref: Q6. (a), Dec '08 / Paper-10] 4
- (b) Who can conduct such audit? [Ref: Q6. (b), Dec '08 / Paper-10] 3
- (c) Who can order such audit? [Ref: Q6. (c), Dec '08 / Paper-10] 4
- (d) What is the time limit for submission of report? [Ref: Q6. (d), Dec '08 / Paper-10] 4
- Q3. (a) Determine the value of a product and excise duty payable on the basis of following data
- | | | |
|--|--------|---|
| (i) Goods sold at Depot Price | 20,000 | |
| Freight from factory to Depot | 500 | |
| Insurance | 500 | |
| Octroi | 1200 | |
| Star VAT | 800 | |
| CE 16%, Education Cess 2%, SAH Cess 1% | | [Ref: Q7. (a)(i), Dec '08 / Paper-10] 6 |
- (b) Complete AV2CE if the goods are used for captive consumption. Assume cost of production is 80% of the invoice price in above question. [Ref: Q7. (a)(ii), Dec '08 / Paper-10] 4
- Q4. Write short note on Exemption to Small Scale Industry units. [Ref: Q7. (b), Dec '08 / Paper-10] 5
- Q5. Meaning of "accessory" for excise duty purpose. [Ref: Q3. (b), June '09 / Paper-10] 5
- Q6. Duty Entitlement Pass Book (DEPB) scheme. [Ref: Q3. (c), June '09 / Paper-10] 5
- Q7. Special Audit as per S. 14A of Central Excise Act, 1944. [Ref: Q3. (d), June '09 / Paper-10] 5
- Q8. Who is a job worker? State how is value determined when the goods are manufactured on job work basis. [Ref: Q4. (a), June '09 / Paper-10] 3+6

Q9. A Ltd. supplies raw material to a job worker J Ltd. After completing the job-work, the finished product of 5,000 packets are returned to A Ltd. putting the retail sale price as Rs. 20 on each packet. The product in the packet is covered under MRP provisions and 40% abatement is available on it. Determine the assessable value under Central Excise Law from the following details :

Cost of raw material supplies	Rs. 28,000
Job worker's charges including profit	Rs. 9,000
Transportation charges for sending raw material to the job worker	Rs. 4,000
Transportation charges for returning the finished packets to A Ltd.	Rs. 4,000

[Ref: Q4. (b), June '09 / Paper-10] 6

Q10. Explain the provisions relating to cenvat credit on goods, services and capital goods under Central Excise.

[Ref: Q7. (a), June '09 / Paper-10] 8

Q11. An assessee cleared various manufactured final products during June, 2008. The duty payable for June, 2008 on his final products was as follows : Basic Rs. 2,00,000, Education Cesses – as applicable. During the month, he received various inputs on which total duty paid by suppliers of inputs was as follows : Basic duty Rs. 50,000, Education Cess Rs. 1,000, SAH education Cess Rs. 500. Excise duty paid on capital goods received during the month was as follows : Basic duty Rs. 12,000, Education Cess Rs. 240, SAH Education Cess Rs. 120. Service Tax paid on input services was as follows : Service Tax Rs. 10,000, Education Cess Rs. 200, SAH Education Cess Rs. 100.

How much duty the assessee will be required to pay by GAR-7 challan for the month of June 2008, if assessee had no opening balance in PLA account? What is last date for payment?

[Ref: Q7. (b), June '09 / Paper-10] 7

CUSTOMS LAWS

Objective -Type Questions :

- Q1. Fill in the blanks :
Basic Customs duty is levied under section _____ of the Customs Act.
[Ref: Q1. (a)(iii), Dec '08 / Paper-10] 1
- Q2. Fill in the blanks :
Exclusive economic zone extends to _____ (200/300) nautical miles from the base line of the coast. Beyond _____ (100/200) nautical miles is High Seas.
[Ref: Q1. (a)(iv), June '09 / Paper-10] 2
- Q3. Fill in the blanks :
General Free Allowance (GFA) under Customs Act is _____ (allowed/not allowed) on unaccompanied baggage; GFA is _____ (allowed/not allowed) on alcoholic liquor or wines up to two litres.
[Ref: Q1. (a)(v), June '09 / Paper-10] 2
- Q4. The concession under Customs Act for person who is transferring his residence to India whereby he is eligible to bring used personal and household articles to India without duty is applicable to Indian residents returning from overseas after 2 years but not available to foreigners.
[Ref: Q1. (b)(iii), June '09 / Paper-10] 5

Descriptive & Practical Questions :

- Q1. Briefly explain the procedure for assessment and clearance of imported goods through a customs sea port under the Customs Act, 1962.
[Ref: Q2. (a), Dec '08 / Paper-10] 8
- Q2. Customs value (Assessable value of imported goods) is Rs. 4,00,000. Basic customs duty payable is 10%. If the goods were produced in India, excise duty would have been 16%. Education cess is as applicable. Special CVD is at appropriate rates. Find the customs duty payable. How much Cenvat can be availed of by importer if he is manufacturer?
[Ref: Q2. (b), Dec '08 / Paper-10] 7
- Q3. What do you understand by transit and transshipment of goods? Under what conditions do they enjoy exemptions from duty under the Customs Act, 1962?
[Ref: Q2. (a), June '09 / Paper-10] 10
- Q4. The assessable value of an imported items is Rs. 1,00,000. Basic customs duty is 20%, additional duty of customs is 2% and secondary and higher education cess is 1% on duty. No additional duty of customs is chargeable on such goods u/s 3(5) of the Act.
Compute the amount of customs duty payable. Also state the amount of credit available to the importer.
[Ref: Q2. (b), June '09 / Paper-10] 5
- Q5. Mention briefly any five illustrative cases under the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, where all the industry Drawback rates will not apply.
[Ref: Q8. (a), June '09 / Paper-10] 6
- Q6. Write notes on Special Brand Rate.
[Ref: Q8. (b), June '09 / Paper-10] 4

SERVICE TAX

Objective -Type Questions :

- Q1. Fill in the blanks :
A secondary and higher education cess of _____ (1%/2%) has been imposed on services liable to service tax under the Finance Act, 2007.
[Ref: Q1. (a)(v), Dec '08 / Paper-10] 1
- Q2. Fill in the blanks :
Finance Act, 1994 which contains provisions relating to service tax _____ (does/does not) provide for criminal liability in service tax matters.
[Ref: Q1. (a)(x), Dec '08 / Paper-10] 1
- Q3. State with reasons, whether **True** or **False** :
In case of delayed payment of service tax the assessee has to pay simple interest @13% for the period for which the payment is delayed. [Ref: Q1. (b)(iv), Dec '08 / Paper-10] 3

Descriptive & Practical Questions :

- Q1. Write notes on Appeals under service tax. [Ref: Q3. (b)(ii), Dec '08 / Paper-10] 5
- Q2. State the provisions relating to general exemption available to small service providers.
[Ref: Q4. (a), Dec '08 / Paper-10] 7
- Q3. State briefly the provisions for valuation of taxable services for charging Service Tax.
[Ref: Q4. (b), Dec '08 / Paper-10] 8
- Q4. Outline the provisions relating to registration under service tax.
[Ref: Q5. (a), June '09 / Paper-10] 7
- Q5. Explain 'Export of Services' under service tax. What is the exemption available to exporter of service from service tax?
[Ref: Q5. (b), June '09 / Paper-10] 8
- Q6. ABC Co. Ltd. provided services valuing Rs. 8 lakhs during the financial year 2007-08. During 2008-09, it has provided taxable services valuing Rs. 10 lakhs and has received payments towards payable services Rs. 8.5 lakhs. It has also received services in the nature of transport of goods by road valuing Rs. 50,000, in respect of which it is the person liable to pay service tax. Compute the service tax, if any, payable by ABC Co. Ltd. for the financial year 2008-09. It is given that goods transport service is exempt to the extent of 75% of value thereof.
[Ref: Q8. (c), June '09 / Paper-10] 5

CENTRAL SALES TAX ACT & VAT ACT.

Objective -Type Questions :

- Q1. State with reasons, whether **True** or **False** :
Security demanded from dealer under the Central Sales Tax Act, 1956 can be satisfied in the form of Security Bond. [Ref: Q1. (b)(ii), Dec '08 / Paper-10] 3
- Q2. State with reasons, whether **True** or **False** :
Under Central Sales Tax Act, for an activity to be classified as business profit motive is immaterial. [Ref: Q1. (b)(ii), June '09 / Paper-10] 5

Descriptive & Practical Questions :

- Q1. State with reasons whether sales tax will be levied on the following (*any two*) :
(i) Sales of newspapers
(ii) Development of software for marketing
(iii) Shares and debentures [Ref: Q5. (a), Dec '08 / Paper-10] 5
- Q2. Write short note on taxable turnover. [Ref: Q5. (b), Dec '08 / Paper-10] 5
- Q3. A Dealer effected following inter state sales during 2nd quarter of 2008
- | | | |
|------------------------------------|-----|----------------------|
| Invoice No. 1 dt. 1st August, 08 | Rs. | 20,000 + C.S.T. 3% |
| Invoice No. 2 dt. 15th August, 08 | Rs. | 70,000 + T 3% |
| Invoice No. 3 dt. 31st August, 08 | Rs. | 51,500 tax not shown |
| Invoice No. 4 dt. 15th October, 08 | Rs. | 15,000 + 3% S.T. |
| Invoice No. 5 dt. 31st October, 08 | Rs. | 20,000 + 3% S.T. |
- Goods worth 5,000 exclusive of Tax were returned from Invoice No. 4 within 6 months compute Turn over and C.S.T. more necessary assumption. [Ref: Q8. (a), Dec '08 / Paper-10] 8
- Q4. Offences under C.S.T. are cognizable mention a few. [Ref: Q8. (b), Dec. '08 / Paper-10] 3
- Q5. Write short notes on Appeals to appellate authority under CST Act. [Ref: Q3. (a), June '09 / Paper-10] 5
- Q6. A dealer effected following inter-state sales during the quarter July, 2008-September, 2008.
(a) Invoice No. 25 dated 5th July, 2008 : Rs. 1,12,400 (tax not shown separately), (b) Invoice No. 26, dated 13th August, 2008 : Rs. 50,000 plus tax @ 4% i.e. Rs. 2,000, Total Rs. 52,000, (c) Invoice No. 27 dated 18th September, 2008 : Rs. 20,000 plus tax @ 4% Rs. 800 i.e. Total Rs. 20,800, (d) Invoice No. 2B dated 27th September, 2008 : Rs. 31,200. Tax not shown separately. Goods returned within 6 months were Rs. 8,400 (inclusive of taxes). Sales Tax rate is 4% if goods are sold within the State.
What is the turnover and what is tax payable, if the buyers did not issue C Form? [Ref: Q6. (a), June '09 / Paper-10] 8
- Q7. What is the impact of VAT on CST? [Ref: Q6. (b), June '09 / Paper-10] 7
- Q8. Distinguish 'zero rated sale' and 'exempt sale' with reference to VAT. [Ref: Q3. (a), Dec '08 / Paper-10] 5