

**M.Com. 4th Semester Examination, 2010**

**CORPORATE INDIRECT TAXES**

PAPER — CM-2202

*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) Define MRP. Name six articles on which excise duty is leviable on MRP. 3 + 2

(b) Distinguish between :  $2\frac{1}{2} + 2\frac{1}{2}$

(i) Excise duty and Sales tax

(ii) Excise duty and Customs duty.

(Turn Over)

(c) What are the conditions for levy of Excise duty under Central Excise Act, 1944? What is 'excluded excisable goods'? 3 + 2

(d) What is Indirect Tax? Write down its limitations. 2 + 3

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

(a) (i) Explain in brief the Cenvat Credit Rules.

(ii) An assessee clears various manufactured final products during December, 2009. The duty payable for December, 2009 on his final products was as follows :

Basic duty Rs. 1,50,000, Education Cess as applicable. During the month he received various inputs on which total duty paid by the supplier of inputs was—

Basic duty Rs. 60,000, Education Cess Rs. 1200, SAH Cess Rs. 600.

On 15th December, 2009, the assessee purchased a machinery on which the duty paid—

Basic duty Rs. 10,000, Education Cess Rs. 200, SAH Cess Rs. 100 Service tax paid on input services was —

Service tax Rs. 20,000, Education Cess Rs. 400, SAH Cess Rs. 200.

How much duty the assessee will pay by GAR-7 Challan for the month of December, 2009, if the assessee had the following balances in his PLA on 7th December 2009?

Basic duty Rs. 60,000, Service tax Rs. 6,000, Education Cess Rs. 1000, SAH Cess Rs. 500.

What is the last date of payment for the above case?

3 + 7

- (b) A company manufacturing consumer durables has a factory in Hyderabad. It has a depot in Kolkata. Its product 'A' is dispatched to its depot in Kolkata and sold from the depot to its dealers in West Bengal. The depot administrative expenses are Rs. 6,00,000 per annum, excluding the transportation charges from

Hyderabad to Kolkata. The dealers in Kolkata are registered under CST Act. The present price for sale from Kolkata depot is Rs. 21,500, inclusive of transportation charges from Hyderabad to Kolkata. Actual transportation charges are Rs. 500 per unit. The depot price is inclusive of applicable Excise duty @ 5% plus Education Cess @ 2% and SAH Education cess 1%, but exclusive of West Bengal Sales Tax. Sale from Kolkata depot is 1000 units per annum. As an economy measure, it is proposed to close down the depot in Kolkata and make direct sale from Hyderabad to dealers in West Bengal. Marketing department opines that for direct sale, total amount payable by dealers in West Bengal should remain unchanged, otherwise sales will be badly affected. Taxation department argues, that this will reduce the profitability of the product, as CST payable will have to be borne by the company. Finance department argues, that this extra tax burden will get offset by reduction in depot expenses and slight reduction in the quantum of Excise duty.

Evaluate the financial implications of closing the depot in Kolkata and advise the management suitably. Ignore the effect of West Bengal VAT, if any.

UNIT—II

3. Answer any *two* questions : 5 × 2

(a) Write short notes on Indian Customs Water.

(b) When incidence of tax arises in import?  
Whether innocent passage into Indian territorial water would attract import duty?

(c) From the following particulars determine assessable value of imported machinery giving explanation :

(i) F.O.B. cost of equipment ( \$ ) = 70,000

(ii) Freight charges ( \$ ) = 2,500

(iii) Insurance charges paid in India for transportation from Sanfransisco  
Rs. 22,000

(iv) Commission payable to agent in India  
Rs. 14,000

(v) Charges paid for development of machinery  
in India Rs. 15,000

- (vi) Landing charges 1% of CIF cost
- (vii) Cost of transportation from Mumbai to Patna Rs. 26,000
- (viii) Charges for erection of machinery in the plant site in Patna Rs. 32,000
- (ix) Fine paid for breaching rule at the time of transportation to Patna Rs. 6,000

Exchange rate :

As per RBI 1 \$ = Rs. 43.5

As per Central Board  
of Excise & Customs. 1 \$ = Rs. 44.00

(d) What do you understand by 'Duty Drawback' as per Customs Act?

4. Answer any *one* question : 10 x 1

(a) Explain :  $2\frac{1}{2} \times 4$

(i) Basic Customs Duty

- (ii) Special Additional Customs Duty
  - (iii) Protective Duty
  - (iv) Anti dumping Duty.
- (b) (i) State the registration procedure for payment of service tax.
- (ii) Discuss procedure of assessment of service tax. 5 + 5

[ *Internal Assessment*: 10 Marks ]

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