

M.Com. 4th Semester Examination, 2015

CORPORATE 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

[Marks : 20]

1. Answer any *two* of the following questions : 5 × 2

- (a) What are the taxable events for central excise duty? Define "Deemed Manufacture" under the Central Excise Act. 3 + 2

(Turn Over)

(2)

- (b) How can an assessee avail Cenvat credit on duty paid for purchasing any capital goods ? Write down any six duty paying documents for availing Cenvat credit. 2 + 3
- (c) State whether the following statements are True/False, giving necessary explanations/ corrections : 1 × 5
- (i) An assessee has to submit Annual Installed Capacity Statement on a monthly basis before 6th of the following month.
 - (ii) Assessee paying duty of Rs. one lakh or more per annum has to submit Annual Financial Information Statement for each financial year by 30th September of succeeding year.
 - (iii) As per Cenvat Credit Rules, any credit balance of Education cess can be utilized for payment of SAHE cess.
 - (iv) Re-packing from bulk pack to retail packs of Pan Masala is called manufacture.

(v) Physician sample of medicines distributed free to the doctors without MRP printed on it is duty free.

(d) State in brief the provisions for valuation on MRP basis.

Sun Pharma Ltd. manufactures a medical product and the product is covered under section 4A of the Central Excise Act, 1944. The maximum retail sale price of the product is Rs. 65 per unit. The retail sale price is inclusive of 12% basic excise duty and education cess as applicable. The manufacturing cost per unit of the product is Rs. 40. The abatement rate applicable on the product is 40%. Sun Pharma Ltd. cleared 4,000 units of product from its factory for sale. Determine the assessable value of 4,000 products as per MRP provisions. 3 + 2

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

(a) (i) What is Cenvat Credit ?

(ii) On 10th August, 2012, ABC Ltd. purchased a Pollution Control Equipment for Rs. 22,88,400 (inclusive of excise duty @ 14% plus education cess @ 2% plus SAHE cess @ 1% and availed full Cenvat credit on the duty paid for purchasing of such equipment. After using the equipment for more than two years, the company disposed of the same as a second-hand equipment for Rs. 10,00,000 (exclusive of taxes and duties) on 10th September, 2014. The excise duty rate on the date of disposal was 12% plus education cess @ 2% plus SAHE cess @ 1%.

(A) Calculate the amount of reversal of Cenvat Credit.

(B) Find the duty liability of the company.

2 + (6 + 2)

(b) (i) State the valuation procedure for excise duty purpose when sale is made through related person.

(ii) Honda India Ltd. manufactures three products BL, CL and ML. Product 'BL' is sold only to Hero India Ltd., a subsidiary company of Hero India Ltd. at Rs. 180 each.

Product 'CL' is sold to Zenith Co. Ltd., where the managing director of Honda India Ltd. is a director, is sold at Rs. 130 each.

Product 'ML' is sold to Dynamic Ltd., a sole distributor as well as under same management of Honda India Ltd., at Rs. 90 each.

The above three products are sold by Hero India Ltd., Zenith Co. Ltd. and Dynamic Ltd. to their respective customers at Rs. 200, Rs. 150 and Rs 100 each respectively.

Determine the assessable value of the three products for excise duty purpose.

6 + 4

(6)

UNIT – II

[Marks : 20]

3. Answer any *two* of the following questions : 5 × 2

(a) Discuss the treatment of 'Insurance cost' while calculating customs value for levying customs duty. A trader imported a machine by air from USA with CIF price of 15,000 US Dollars. Air freight is 2800. US Dollars. Following dollar exchange rates were available on the date of presentation of bill of entry :

RBI floor rate Rs. 50.28 per US Dollar
and CBE & C rate Rs. 50.16 per US Dollar.
Compute the assessable value of the imported machine for customs duty purpose. 1 + 4

(b) What is improper import ? Discuss provisions of customs Act regarding improper import. 5

(c) Chun Chi Co. Ltd. of China is in business of manufacturing and selling electronic toy. The following information are available :

(i) Production Cost per toy \$ 1.1

(7)

- (ii) Selling price in china @ \$ 1.5/piece
- (iii) Exporting 50,000 pieces to India @ \$ 1/piece
- (iv) Freight \$ 5,000
- (v) Insurance \$ 600
- (vi) Landed Price of each toy @ \$1.6/piece
- (vii) Selling price of similar toy in India. ₹ 150/piece
- (viii) Relevant exchange rate \$ 1 = ₹ 62.

Determine injury margin, dumping margin and antidumping duty from the above information. 2 + 2 + 1

- (d) What is the registration requirement under the service tax rule ? Who is liable to pay service tax ? 3 + 2

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

- (a) (i) What is Warehousing Bond ? State the significance of such bond.
- (ii) The assessable value of an imported product is Rs. 2,00,000. Basic customs

duty rate is 10%. Excise duty payable on manufacture of similar goods in India is 14%. Determine the total duty liability of the imported product under the Customs Duty Act. (2 +3) + 5

- (b) A registered travel agent provides following details in respect of services provided during financial year 2014-15. You are to determine total taxable services and service tax to be paid there on :

<u>Date</u>	<u>Particulars</u>
30.6.2014	: Advance received from a customer ₹ 1,00,000 for buying air ticket to Chennai.
30.9.2014	: Part payment amounting to ₹ 5,00,000 received against a bill of ₹ 9,50,000 on a customer for buying tickets on flights to USA and Back (balance not received till 31.3.15).

(9)

31.12.2014 : Money received for arranging accommodation during December, 2014, ₹ 3,00,000.

31. 1. 2015 : Car rental service provided during January, 2015 ₹ 1,00,000 (payment not received till 31.3. 2015). 10

[*Internal Assessment* : 10 Marks]