



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.Com. DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL 2017

CO 3951- INDIRECT TAX

Date: 24-04-2017
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

SECTION – A

Answer ALL questions

(10 x 2 = 20)

- 1) What are elements that are essential for the levy of Excise Duty?
- 2) Enumerate the steps involved in classification of goods under Central Excise Tariff Act.
- 3) What do you understand by re-importation under the Customs Act? Under what condition, such goods are exempted?
- 4) How Customs Duties are classified? Give brief explanation on each type.
- 5) Under Service Tax Act, what do you mean by Taxable Territory?
- 6) From the following, identify the services that are taxable and that are not taxable under Service Tax?
(i) Services provided by International Schools giving International Certifications; (ii) Collections from Members of Housing association for providing health care services to the poor; (iii) Loan / Overdraft / cash credit limit/Mortgages/Loans with collateral security/Corporate deposit; (iv) Appearance before the Assessing Officer for a company assessment.
- 7) What are the goods that are liable and the goods that are not subject to VAT?
- 8) Determine the total amount of Excise Duty payable on a machine, from the following -

	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 – 12.5%;

- 9) A Ltd. imported 10,000 kgs of a product for an agreed sale price of Rs. 10,00,000. The said product is covered Customs Tariff value and Excise Tariff value. The Customs Tariff value notified for the product is Rs. 11,00,000 and the Excise Tariff value is Rs. 12,00,000. Determine the Basic Custom Duty at 10% and Additional Custom Duties payable under the Customs Tariff Act, 1975.

10) Hari, a Chartered Accountant, raised an invoice for Rs. 28,090 (25,000 + 3,090 service tax) to a client on 20-07-2015. The client, however, has paid a lumpsum of Rs.26,000 on 28-08-2015 for full final settlement. How much service tax Hari was to pay and when does this tax become due for payment?

SECTION – B

Answer any FOUR questions

(4 x 10 = 40)

- 11) Bring out the importance of registration under the Excise Duty and procedure involved.
- 12) Outline the guidelines related to licensing for storing of sensitive goods in warehouse under Customs Act.
- 13) (i) Construction work was taken for the Govt. by the Co., which used the services of an Architect. Whether he can claim exemption? (ii) Mr. Raj undertakes fashion designing to X Ltd, who manufacture Cosmetics. He received Cosmetics Packs as gift. What is taxable value of service?
- 14) (i) X, in photography business paid VAT on materials consumed on photography services. Whether Dept is correct on levy of ST? (ii) SIM card supplied as part of Mobile Telecommunication Services, whether subjected to ST?
- 15) C Ltd has submitted following quotation to E Ltd for supply of 250 Computers –

	Rs.
CPU	21,000
Monitor	11,500
Cordless keyboard and Mouse	6,000
Other peripherals	6,500
Labour and Overheads	8,000
Profit	7,000
Total Price per unit	60,000

Terms – Delivery within one month from the date of receipt of the firm order. E Ltd accepts the quotation after the following alterations which are agreed to by C Ltd –

- Keyboard would be supplied free of cost by E Ltd to C Ltd since E Ltd is able to purchase the keyboard for Rs. 3,000 per unit.
- Profit charged by C Ltd is to be reduced to Rs. 5,500, since E Ltd would make an advance of Rs. 30,000. However, no interest is payable on the advance. Determine the Assessable Value u/s 4 of Central Excise Act and the Excise Duty at 12.50%.

16) From the particulars given, 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) A manufacturer purchased raw material for Rs.2,25,000 (inclusive of 12.5% VAT) and capital equipment for Rs.8,32,000 (inclusive of 4% of VAT). Other cash expenses of manufacture (excluding depreciation) are Rs.4,00,000. He sells the final product at 50% mark-up above cost. VAT on sales is 12.5%. The capital equipment is to be depreciated at 25% straight line. Assume the amount of VAT payable in cash as per income variant.

SECTION – C

Answer any TWO questions

(2 x 20 = 40)

18) Give a brief account of the General Interpretative Rules under Central Excise Tarff Act.

19) How is the Custom Duty assessed? Outline the procedure for self assessment, provisional assessment, speaking order and audit of assessment.

20) Give a brief outline of provision of Service Tax pertaining to (i) periodicity of filing of ST returns, (ii) details to be enclosed, (iii) e-filing of return, (iv) procedure for registration and (v) penalty for delay furnishing of return.

21) Write note on – (i) Canon of economy, (ii) Retail Sale Price, (iii) Identical Goods, (iv) Service Tax Audit and (v) Tax Payer's Identification Number.

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