

SYBA F

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Time : 2 & ½ Hours

Marks : 75

(L)

Instructions:

9/3/15

Taxation-II

1. All questions are compulsory carrying 15 Marks each, subject to internal choice.
2. Use of a simple calculator is allowed.
3. Working note should form part of your answer.

Q.1. Multiple Choice : (Any eight)

(8)

- A).
1. Excise duty should be paid
 - a). on the date of manufacture
 - b). on the date of sale
 - c). on the 5th of the next month
 - d). none of the above
 2. When excisable goods are consumed but not sold, the assessable value shall be
 - a). 110% of Transaction Value
 - b). 110% of Cost of Manufacture
 - c). 110% of Listed Price
 - d). none of the above
 3. Service tax was introduced in India in the year
 - a). 1993
 - b). 1995
 - c). 2000
 - d). 1994
 4. An assessee sold goods for Rs.120 per piece and does not charge any duty of excisable in his invoice. Subsequently, it is found that the goods were liable to duty @20%. The duty payable is
 - a). 24
 - b). 20
 - c). 28
 - d). NIL
 5. Rate of excise duty shall be determined as on the date of
 - a). Removal from the factory
 - b). Manufacture
 - c). Sale
 - d). None of the above
 6. The law of excise duty is governed by the Central Excise Act,
 - a). 1944
 - b). 1962
 - c). 1994
 - d). none of the above
 7. Following does not amount to manufacture as defined under the Excise laws
 - a). Recording of audio cassettes
 - b). Crushing of sugarcane
 - c). Mixing of copper & Zinc
 - d). Chilling of water
 8. Service Tax law is governed by
 - a). The Income Tax Act
 - b). The Service Tax Act
 - c). The Excise Act
 - d). Chapter V of the Finance Act, 1994
 9. Return of Service tax has to be filed
 - a). Monthly
 - b). Quarterly
 - c). Half yearly
 - d). Yearly
 10. In CETA rate of duty is indicated against each
 - a). Tariff item
 - b). Heading
 - c). Sub heading
 - d). Chapter

PTO

Q.1

B) Match the Following : (Any seven)

Group A	Group B
1. Practising Chartered Accountant	1. Amount as may be determine in the prescribed manner
2. Event Management	2. Amount determine by the rule
3. Value of any taxable service for a consideration not ascertainable	3. Gross amount charged by the service provider for such service provided or to be provided by him.
4. Value of any taxable service for a consideration in money	4. 16.07.2001
5. Rate of excise on annual capacity	5. Excluded from excise duty
6. Wealth Tax	6. Determined on the date of removal of goods
7. Transaction Value	7. Direct Tax
8. Goods manufactured by unit in SEZ	8. Compounded rate
9. Works Contract	9. 01.06.2007
10. Insurance Auxiliary	10. 16.08.2002
	11. 16.10.1998
	12. 17.10.1998

Q.2 Mrs. Nikita is a Practising Charatered Accountant. From the following particulars for the period April to September 2014, calculate the service tax payable @ 12% and education cess 3%.

(08)

Particulars	Rs.
Receipts (including service tax)	
Fees for Statutory Audits done in Jammu and Kashmir	96,000
Fees for Tax Audits	10,00,000
Fees for Investigation under Companies Act (Done at ROC Jammu)	13,00,000
Fees for Share Valuation received in advance (work to be done in January 2015)	1,70,000
Fees for Audit of a divisional office of Reserve Bank of India	66,000
Fees in foreign currency from a U.S. Client (eligible for exemption under Export of Service Rules)	6,00,000
Royalty for Books on Taxation	7,00,000
Fees for Internal Audit of IDBI	8,00,000

Q.2 Apurva Ltd. manufactures two products – Facial Cream and Eye drops. Eye drops is a specified product under Section 4A of the Central Excise Act, 1944.

(07)

Following other particulars are given:

- A. Sales Price:
- | | |
|--------------|-----------------|
| Facial Cream | Rs. 86 per unit |
| Eye drops | Rs. 66 per unit |
- B. Excise Duty included in Sales Price:
- | | |
|--------------|---------|
| Facial Cream | 24.72 % |
| Eye drops | 16.48 % |
- C. CST included in the sales Price:
- | | |
|--------------|-----|
| Facial Cream | 4 % |
| Eye drops | 4 % |

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- D. The number of units cleared during the year:
 Facial Cream 10,000
 Eye drops 15,000
- E. Deduction / abatement permissible under Section 4A is 40%
- Calculate the total excise duty liability of Apurva Ltd., on both the products.

OR

- Q.2 M/s KKK Industries manufactures 'Z' product. Retail Price of the product is Rs.200 (08)
 A. per unit.

Group 'A' type dealers are eligible for 10% discount.
 Group 'B' type dealers are eligible for 15% discount.
 Group 'A' type dealers are eligible for 10% discount.
 Company has scheme of giving quantity discount to those whose purchases are at least 10% more than their own purchases in previous month. Additional discount was granted on excess quantity purchases. Purchased for the month of August 2014 are as follows:

Dealer	Total Units Sold	Unit Eligible for extra discount
A	2,000	300
B	1,000	250
C	3,000	400

Rate of excise duty is 10% per unit. Find out total excise duty payable. Ignore Education Cess

- Q.2 Sagar Ltd., has agreed to render services to Ms. Katrina. The following are the (07)
 B. chronological events and all amount are exclusive of service tax.

Particulars	Rs.
Advance received in Sept 2012 towards all services.	70,000
Total value of services, billed in February 2013	2,10,000
Above includes non taxable services of	60,000
Balance amount is received in March 2013	

When does the liability to pay service tax arise and for what amount? Contracts contain clear details of services.

- Q.3 Kunal TV Ltd is engaged in the manufacture of colour television sets having its (08)
 A. factories at Bangalore and Pune. At Bangalore the company manufactures picture tubes which are stock transferred to Pune factory where they are consumed to produce television sets. Determine the Excise duty liability of the captively consumed picture tubes from the following information:

Particulars	Rs.
Direct Material cost (per unit)	550
Indirect Material	60
Direct Labour	90
Indirect Labour	60
Direct Expenses	110
Indirect Expenses	60
Administrative overheads (not related to production)	70
Selling and Distribution overheads	99

Additional Information:

- (i) Profit margin as per the Annual Report for the company was 15% before income tax.
- (ii) Material cost includes Excise duty paid Rs. 100.
- (iii) Excise duty rate applicable is 16% (plus Education Cess @ 3%)

Q.3

- B.** Rohit Ltd., an event management company undertakes a contract to organise a wedding reception. The contract price is fixed at Rs. 25 Lakhs. Rohit Ltd also engages a photographer for taking photographs for Respondent. 2 lakhs, a mandap keeper to arrange for the mandap decoration for Rs. 9.5 lakhs and a fashion designer for designing the clothes for Rs. 1.5 lakhs. The service tax rate is 12.36%. All amounts are inclusive of service tax. You are required to calculate:
- (i) Value of taxable services
 - (ii) Gross Service Tax Liability of Rohit Ltd.
 - (iii) CENVAT Credit available
 - (iv) Net Service Tax Liability

(07)

OR

- Q.3** How will the assessable value be determined under Section 4 of the Central Excise Act, 1944?

(08)

A.

Contracted wholesale price for delivery at the buyer's premises	99,000
This includes the following elements of cost:	
(i) Cost of Drawings and Designs	5,000
(ii) Cost of Primary packing	4,000
(iii) Cost of Packing at buyer's request for safety during transportation	7,000
(iv) Excise duty	4,800
(v) Sales Tax	2,400
(vi) Octroi	2,800
(vii) Freight and Insurance charges paid for transportation from factory to buyer's premises	10,000

- Q.3** Mr. Ganesh is a Practising Chartered Accountant. From the following particulars for the period April to September 2013, calculate the service tax payable @ 12% and education cess 3%.

(07)

Particulars	Rs.
Receipts (including service tax)	
Fees for Statutory Certification	96,000
Fees for Statutory Audits	7,00,000
Fees for Tax Audits	3,00,000
Fees for Investigation under Companies Act	70,000
Fees for Share Valuation received in advance (work to be done in January 2014)	40,000
Fees for Audit of a divisional office of Reserve Bank of India	60,000
Fees in foreign currency from a U.S. Client (eligible for exemption under Export of Service Rules)	6,00,000
Royalty for Books on Accountancy	7,00,000

- Q.4 A manufacturer produces a ball bearings and industrial fans in the same factory. For the (08)
 A. manufacture of 5,000 fans, he used 10,000 ball bearings. The cost of such ball bearings is Rs. 5,000 per 100 units and it is sold in the market ordinarily at Rs. 8,000 per 100 units. Each fan costs Rs. 1,000 and has assessable value of Rs. 1,000 each. The rate of duty on both the products is 16.48%.
 You are required to calculate the
 (i) Gross duty paid on inputs
 (ii) CENVAT Credit available
 (iii) Net duty payable / Refund of duty available.

- Q.4 Sagar, Professionals, a partnership firm gives the following particulars relating to the (07)
 B. services provided to various clients by them for the half year ended on 30.09.2013.

- (1) Total bills raised for Rs. 8,78,000 out of which bill for Rs. 75,000 was raised on an approved International Organisation and payments of bill for Rs. 1,00,000 were not received till 30.09.2013.
 (2) Amount of Rs. 50,000 was received as an advance from XYZ Ltd., on 25.09.2013 to whom the services were to be provided in October, 2013

You are required to work out the following assuming all amount are inclusive of service tax:

- (i) Taxable value of services.
 (ii) Amount of service tax payable.

OR

- Q.4 Based on the following information, determine the CENVAT Credit available for use in (08)
 A. current year under the CENVAT Credit Rules, 2004.

Particulars	Rs.
(a) Equipment use in factory	25,000
(b) Spares for pollution control equipments	5,000
(c) Equipments used in office	12,000
(d) Storage Tank	10,000
(e) Paints used for painting machinery used	6,000
(f) Packing Material	4,000
(g) Lubricating oils	8,000
(h) High Speed Diesel Oil	7,000
(i) Pollution Control Equipments	36,000

- Q.4 Shri Kalpesh Gaikwad, a work contractor has executed a works contract during March, (07)
 B. 2014. The details are given below exclusive of service tax:

Particulars	Rs.
Labour Charges for execution of the works	7,50,000
Machinery hire charges	2,50,000
Amount paid to sub-contractor for Labour charges	5,50,000
Charges for planning and designing	1,00,000
Establishment cost related to supply of labour and services	4,30,000
Profit earned related to supply of labour and services	1,10,000
Value of goods transferred during the execution of work contract	10,00,000
VAT on the above goods	1,25,000

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Compute the Service Tax payable @ 12.36% assuming that

- (i) He has opted for the composition scheme.
- (ii) He has not opted for the composition scheme.

- Q.5** a. Explain Rules of Interpretation as per Excise Law (08)
 b. Explain Negative List where specified services are not taxable (07)

OR

- Q.5** Short Notes (Any three out of five) 5 Marks each (15)
- a. Types of rates in Central Excise Law
 - b. Explain Rule 4 "When price not known on removal"
 - c. Excisable Goods
 - d. Threshold Exemption for Small Service Provider
 - e. General Exemption from Service Tax

OR

A. Given year under the CENVAT Credit Rules, 2004

Particulars	Rs.
(a) Equipment used in factory	2,000
(b) Spares for pollution control equipment	5,000
(c) Components used in office, industrial machinery	13,000
(d) Storage Tank	10,000
(e) Paints used for painting machinery used	6,000
(f) Packaging Material	4,000
(g) Lubricating oils	8,000
(h) High Speed Diesel Oil	7,000
(i) Pollution Control Equipments	32,000

B. The details are given below

Particulars	Rs.
Labour Charges for execution of the work	1,20,000
Machinery hire charges	2,50,000
Amount paid to sub-contractors for labour charges	5,50,000
Charges for planning and designing	1,00,000
Establishment cost related to supply of labour and services	4,30,000
Profit earned related to supply of labour and services	1,10,000
Value of goods transferred during the execution of work contract	10,00,000
VAT on the above goods	1,25,000