

20/3/2017

PQ3 AFE

Regular

Time : 2 & ½ Hours

Marks : 75

(4)

Instructions:

**SYBAF 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. Service Tax is a tax on
- |                |                   |
|----------------|-------------------|
| a). Profession | b). Trade         |
| c). Service    | d). All the above |
2. Service Tax is administered by
- |                       |                        |
|-----------------------|------------------------|
| a). Excise Department | b). Central Government |
| c). State Government  | d). Custom Department  |
3. Service Tax Code No is a 15 digit
- |                  |                   |
|------------------|-------------------|
| a). numeric code | b). alpha code    |
| c). complex code | d). alpha-numeric |
4. E-filing of Return is
- |               |                   |
|---------------|-------------------|
| a). Voluntary | b). Mandatory     |
| c). Optional  | d). None of these |
5. Transfer of title means change in
- |                |             |
|----------------|-------------|
| a). Ownership  | b). Custody |
| c). Possession | d). Name    |
6. Excise duty can be levied on those goods which are
- |                              |                       |
|------------------------------|-----------------------|
| a). Manufacture in India     | b). Sold in India     |
| c). Removed from the factory | d). None of the above |
7. The excise duty on alcoholic goods manufactured by the manufacturer is payable to
- |                      |                        |
|----------------------|------------------------|
| a). State Government | b). Central Government |
| c). Corporation      | d). Local Authority    |
8. Which of the following duties is under the purview of the State Government
- |                         |                 |
|-------------------------|-----------------|
| a). Central Excise duty | b). Custom Duty |
| c). Service Tax         | d). VAT         |
9. Which are the goods still under physical control
- |                     |                       |
|---------------------|-----------------------|
| a). Plastic product | b). Cigarette product |
| c). Apparel product | d). Glass Product     |
10. CENVAT Credit on input other than capital goods can be allowed at
- |          |         |
|----------|---------|
| a). 100% | b). 50% |
| c). 25%  | d). Nil |

Q.1

(7)

B) Match the Following : (Any seven)

| Group A                                 | Group B                                |
|---|--|
| 1. Daily Stock Account                  | 1. 2%                                  |
| 2. ST-1                                 | 2. 1%                                  |
| 3. ST-2                                 | 3. Manufacture of goods                |
| 4. Time specified for issue of invoice  | 4. Direct Tax                          |
| 5. Payment of service tax               | 5. Indirect Tax                        |
| 6. Income Tax                           | 6. Levied only by State Government     |
| 7. Excise Duty                          | 7. 30 days                             |
| 8. Excise duty becomes chargeable on    | 8. 45 days                             |
| 9. Basic Education Cess                 | 9. Certification of Registration       |
| 10. Secondary and Higher Education Cess | 10. Application for Registration       |
|   | 11. Half yearly Return of any assessee |
|   | 12. Rule 10                            |

Q.2

(08)

A). How will the assessable value be determined under Section 4 of the Central Excise Act, 1944?

Contracted wholesale price for delivery at the buyer's premises 11,06,000

This includes the following elements of cost:

|                                 |                            |
|---------------------------------|----------------------------|
| Direct Material cost (per unit) | 12,000                     |
| Indirect Material               | 33,000                     |
| Direct Labour                   | 44,000                     |
| Indirect Labour                 | 5,600                      |
| Direct Expenses                 | 21,000                     |
| Insurance upto factory gate     | 44,500                     |
| Advertisement                   | 64,000                     |
| Salesmen Salary                 | 7,500                      |
| Sales Tax                       | 10%                        |
| Excise duty                     | 12% plus 3% Education Cess |

Q.2

(07)

B). From the following information, determine service tax leviable @ 12.36% for first time w.e.f. 01-08-2016 through a notification issued by the service tax department, all amount are exclusive of service tax

| No | Date of Actual provision of service (completion of service) | Value of Taxable service | Date of Invoice | Date on which payment is received                         |
|----|---|--------------------------|-----------------|---|
| 1. | 01-07-2016  | 2,00,000                 | 25-07-2016      | 30-07-2016  |
| 2. | 01-07-2016  | 4,00,000                 | 30-07-2016      | 05-08-2016  |
| 3. | 30-07-2016  | 8,00,000                 | 17-08-2016      | 30-04-2016  |
| 4. | 01-08-2016  | 10,00,000                | 30-08-2016      | 15-08-2016  |
| 5. | 15-07-2016  | 12,00,000                | 16-07-2014      | 30-07-2016-<br>Rs. 5,00,000<br>15-08-2016<br>Rs. 7,00,000 |
| 6. | 30-07-2016  | 14,00,000                | 17-08-2016      | 30-07-2016  |

OR

- Q.2 Determine the Assessable Value, cost of production and excise duty payable on manufacture of the under mentioned product for purpose of captive consumption in terms of Rule 8 of the Central Excise Valuation Rules, 2000 (08)

| Particulars   | Rs.    |
|---|--------|
| Direct Material cost (per unit)                       | 10,000 |
| Indirect Material                                     | 4,440  |
| Direct Labour   | 5,400  |
| Indirect Labour                                       | 3,600  |
| Direct Expenses                                       | 4,500  |
| Indirect Expenses (related to production)             | 4,560  |
| Administrative overheads ( not related to production) | 5,470  |
| Selling and Distribution overheads                    | 6,700  |

Additional Information:

- (i) Excise duty rate applicable is 16% (plus Education Cess @ 3%)

- Q.2 Mr B furnishes you following information. (07)

B).

| No. | Particulars  | Amount   |
|-----|--|----------|
| 1.  | Development & Design Charges   | 1,00,000 |
| 2.  | Upgradation of software  | 2,40,000 |
| 3.  | Placement Services   | 7,00,000 |
| 4.  | Receipts of Saraswati school providing education upto higher secondary | 3,60,000 |
| 5.  | Providing education upto primary level                                 | 3,20,000 |
| 6.  | Normal Rooms let out at declared tariff of Rs 600 per room day         | 5,00,500 |
| 7.  | Renting of land and building for entertainment or sports               | 6,30,000 |

Compute the amount of service tax payable by Mr. B assuming the amount is exclusive of service tax in each case. Rate of Service Tax is 12% plus 3% Education cess

- 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) Direct Material   | 5,000  |
| (ii) Direct Labour  | 4,000  |
| (iii) Excise duty   | 4,800  |
| (iv) Sales Tax  | 2,400  |
| (v) Selling Expenses  | 1,100  |
| (vi) Advertisement  | 10,000 |
| (vii) Profit  | 7,500  |

PEE 3 A FE

Q.3 Mr Raja is owing certain properties which he is given as follows. The said sum includes rent from:

| No. | Particulars   | Amount   |
|-----|---|----------|
| 1.  | A building was let out to Omkar Coaching Classes of TYBCOM                | 4,00,000 |
| 2.  | A Ganesh temple hall was let out for religious purpose for general public | 5,00,000 |
| 3.  | Houses are let out to individuals for residential purpose                 | 7,00,000 |
| 4.  | Vacant land used for animal husbandary                                    | 8,00,000 |
| 5.  | A building was let out to Vidya Prasarak School                           | 9,00,000 |
| 6.  | A building was let out to be used as corporate office                     | 8,00,000 |
| 7.  | A building was let out to RBI   | 3,00,000 |

(07)

Compute the amount of service tax payable by Mr. Raja assuming the rent is exclusive of service tax in each case. Rate of Service Tax is 12% plus 3% Education cess.

OR

Q.3 Kunal TV Ltd is engaged in the manufacture of colour television sets having its 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:

(08)

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

Additional Information:

(ii) Excise duty rate applicable is 16% (plus Education Cess @ 3%)

Q.3 Mr Baja is furnishes you following information.

| No. | Particulars   | Amount   |
|-----|---|----------|
| 1.  | Renting of property to an educational body                                    | 1,00,000 |
| 2.  | Renting of vacant land for animal husbandary                                  | 2,00,000 |
| 3.  | Government department allots houses to its employees and charge a license fee | 3,00,000 |
| 4.  | A building let out to Private Hospital  | 5,00,000 |
| 5.  | A building located at Jammu was let out for office purpose                    | 6,00,000 |
| 6.  | Loan processing fee charged   | 7,00,000 |
| 7.  | Debit card related service  | 8,00,000 |

(07)

Compute the amount of service tax payable by Mr. Baja assuming the amount is exclusive of service tax in each case Rate of Service Tax is 12% plus 3% Education cess..

PQ3 AFE

**Q.4** 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 | 59,000                         |
| This includes the following elements of cost:                   |                                |
| Direct Material   | 4,000                          |
| Direct Labour   | 6,000                          |
| Sales Tax   | 10%                            |
| Selling Expenses  | 2,100                          |
| Transportation cost upto factory gate                           | 10,000                         |
| Advertisement   | 1,000                          |
| Excise duty   | 10% (plus Education Cess @ 3%) |

**Q.4** Determine the point of taxation in each of following independent cases in accordance with point of taxation. (07)

**B).**

| No. | Date of Actual provision of service (completion of service) | Date of Invoice | Date on which payment is received                       |
|-----|---|-----------------|---|
| 1.  | 10-05-2016  | 30-05-2016      | 15-06-2016  |
| 2.  | 10-05-2016  | 30-05-2016      | 15-05-2016  |
| 3.  | 10-05-2016  | 30-05-2016      | 15-05-2016 Part amount and<br>10-06-2016 Balance amount |
| 4.  | 10-05-2016  | 30-05-2016      | 11-05-2016 Part amount and<br>12-06-2016 Balance amount |
| 5.  | 10-05-2016  | 12-06-2016      | 30-05-2016  |
| 6.  | 10-05-2016  | 12-06-2016      | 05-05-2016 Part amount and<br>25-05-2016 Balance amount |

OR

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

**A).**

| Particulars                    | Excise duty paid at the time of purchase |
|--------------------------------|--|
| (a) Machinery use in factory   | 25,000                                   |
| (b) Machinery use in office    | 5,000                                    |
| (c) Equipments used in office  | 12,000                                   |
| (d) Equipments used in factory | 10,000                                   |
| (e) Input – Raw Material       | 6,000                                    |
| (f) Input- Other Material      | 4,000                                    |

P.T.O 5

PQ3AFE

- Q.4 Determine the point of taxation in each of following independent cases in accordance with point of taxation. (07)

| No. | Date of Actual provision of service (completion of service) | Date of Invoice | Date on which payment is received                     |
|-----|---|-----------------|---|
| 1.  | 11-05-2016  | 13-05-2016      | 12-05-2016  |
| 2.  | 11-05-2016  | 12-07-2016      | 10-05-2016  |
| 3.  | 12-05-2016  | 22-05-2016      | 21-05-2016  |
| 4.  | 12-05-2016  | 22-05-2016      | 23-06-2016  |
| 5.  | 14-05-2016  | 22-05-2016      | 21-05-2016 Part payment<br>23-05-2016 Balance payment |
| 6.  | 14-05-2016  | 17-05-2016      | 15-05-2016 Part payment<br>16-05-2016 Balance Payment |

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

OR

- Q.5 Short Notes (Any three out of five) 5 Marks each (15)
- General Exemption from Service Tax
  - Explain Rule 4 "When price not known on removal"
  - Declared Services
  - Person under section 65B (37).
  - Types of rates in Central Excise Law