



IV Semester M.Com. Degree Examination, June 2016
(CBCS)
COMMERCE
A.T. – 4.4 : Goods and Service Taxes

Time : 3 Hours

Max. Marks : 70

Instruction : Answer all Sections.**SECTION – A**

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. (7×2=14)
- Define Capital Goods u/s 2(a).
 - Who is Adjudicating Authority under Excise Act ?
 - When is taxable event occur for Imported Goods under Customs Act ?
 - What is Pilfered Goods u/s 13 of Customs purpose ?
 - What is Snow balling effect of Taxes ?
 - How MRP based duty is computed ?
 - Differentiate between AV and TV.
 - State the reasons for not introduction of GST in India.
 - When is GTA services payable under Service Tax ?
 - What is taxability of 'bundled services' under Service Tax ?

SECTION – BAnswer **any four** questions out of six. **Each** question carries **five** marks. (4×5=20)

- "Tax Credit Method under VAT system". Illustrate with an example.
- Explain the Registration under Service Tax.
- Explain briefly the inclusions and exclusions of transaction value under Central Excise Rule.
- Compute the VAT liability of Mr. Prakash for the month of January 2015, using 'invoice method' of computation of VAT, from the following particulars :
 - Purchase price of the inputs purchased from the local market (inclusive of VAT) ₹ 2,00,000.
 - VAT rate on purchases 5%.
 - Storage cost incurred ₹ 20,000.
 - Transportation cost ₹ 18,000.
 - Goods sold at a profit margin of 15% on cost of such goods.
 - VAT rate on sales 14.5%.

P.T.O.



6. Mr. and Mrs. Mukunda visited England and after stay for 7 months brought following goods while returning to India on 15th March 2016. A Personal Computer bought for ₹ 90,000. Their personal effects like clothes, etc., valued at ₹ 1,95,000, 3 liters of Scotch Whisky bought for ₹ 12,000 (Buy 2 liters and 1 free scheme), Cigars (100 no.) valued ₹ 6,300, A laptop computer bought for ₹ 97,000. (Latest version), A new camera bought for ₹ 83,000, Raw Tobacco bought 120 grams for ₹ 13, 500. Professional equipment's ₹ 61,000, Sports equipment's ₹ 62,000, Household equipment ₹ 40,000, one electronic dairy ₹ 14,000, One transistor i.e. radio ₹ 8,000. What is the amount of duty payable ?

7. Mrs. Latha, a registered dealer in Himachal Pradesh, furnishes the following information relating to inter-state sales made by her during the year ended 31-3-2015.

Particulars	Amount
Sales turnover as per books	1,10,16,000
Above includes	
a) Excise Duty	9,60,000
b) Freight (of this Rs. 30,000 alone is shown separately in sales invoices)	3,30,000
c) Deposit for returnable containers	7,20,000
d) Transfer to branch (covered by Form F)	36,45,000
e) Packing charges	1,05,000

Further, in ascertaining the sales turnover above which includes CST also, the dealer has deducted the following :

- 1) Turnover relating to goods worth ₹ 30,000 (excluding of tax) covered by invoice dated 02-04-2014, which were returned on 1-10-2014.
- 2) Goods worth ₹ 37,200 (including tax) covered by invoice dated 13-04-2014 were rejected by the customer and the dealer received back the goods on 14-10-2014.

Mrs. Latha deals only in one type of commodity which chargeable to VAT at 2% in Himachal Pradesh. You are required to compute the total turnover, CST and taxable turnover for the financial year 2014-15.

SECTION - C

Answer **any three** questions out of five. **Each** question carries **twelve** marks. (3x12=36)

8. What do you understand by VAT ? Discuss the advantages and disadvantages of VAT.
9. Discuss the following under Service Tax :
 - a) Negative list of Services.
 - b) Exempted Services.



10. Chandrasekhar makes an unauthorised import of 10000 pieces of Steel Bars CIF priced at \$ 1 per piece by air from USA (Tariff heading 70.1510). The consignment is liable to be confiscated. Import is adjudicated. AC gives to the party an opinion to pay fine in lieu of confiscation. It is proposed to impose fine equal to 70% of margin of profit. The market price is Rs. 200 per piece of ophthalmic rough blank. The rates of duty are – Basic customs – 10% CVD 16%, Education Cess – as applicable, Exchange rate is – \$ 1 = Rs. 68.

Compute :

- i) Amount of fine.
 - ii) Total payment to be made party to clear the consignment. What is the maximum amount of fine that can be imposed in this case ? Quote section.
 - iii) What are the duty refunds/benefits available if the importer is
 - a) Manufacturer
 - b) Service provider
 - c) Trader
11. a) Savitha and Co. a registered dealer with head office at Delhi, furnishes to you the following information.
- i) Inter-State sale of goods (it includes ₹ 30,00,000) being value of goods transferred to Chennai Branch covered by form F) – ₹ 1,55,20,000.
 - ii) Dharmada collected ₹ 1,75,000.
 - iii) Weighment dues charged separately from buyers ₹ 4,35,000.
 - iv) Cash discount shown in invoice as per trade practice ₹ 1,60,000.
 - v) Indemnity charges (recovered from buyers to cover transit loss based on their request) – ₹ 1,30,000.

Calculate the turnover and CST payable, on the assumption that all the sales were made to registered dealers.

AND

- b) From the following particulars arrive at the VAT liability for the month of January, 2015 and also determine the amount of input tax credit to be carried forward for the next month :
- i) Input tax rate 5% and output tax rate 15% in the State.
 - ii) Inputs purchased in the month from within the State – ₹ 48,00,000.
 - iii) Output sold to buyers within the State during the month – ₹ 15,00,000.
 - iv) Output sold during the month to buyers as interstate sales – ₹ 3,00,000. (CST rate 2% against C Form).
 - v) Inputs purchased from other states as interstate purchases against C Form @ 2% – ₹ 2,00,000 (Provide suitable explanations where required with appropriate assumptions if necessary).



12. Y Ltd. manufactures dutiable and non dutiable (i.e. exempted) goods. Y Ltd., also simultaneously provides taxable as well as exempted output services. Raw materials 10000 units were purchased at ₹ 100 per unit used commonly during the month of April 2015 to produce all final products and output services. CENVAT credit on inputs was taken at ₹ 2,50,000. Input services commonly used for all goods and services in the month of April 2015 of ₹ 6,00,000. Service tax was paid on such services for ₹ 75,000 in April 2014.

Turnover for the Financial Year 2015-16 (excluding all taxes and duties)

Particulars	Value of finished goods
	₹
Dutiable goods	4,00,00,000
Exempted goods	2,00,00,000
Taxable services	3,00,00,000
Exempted services	1,00,00,000
Total	10,00,00,000

Turnover for the month of April 2015 (excluding all taxes and duties)

Particulars	Value of finished goods
	₹
Dutiable goods	4,00,000
Exempted goods	2,00,000
Taxable services	2,00,000
Exempted services	1,00,000
Total	9,00,000

Y Ltd. not maintained separate books of accounts for exempted and non-exempted goods and services and not willing to pay 6% on exempted final goods and 6% on exempted output services.

You are required to compute the provisional amount of proportionate credit reversible under Rule 6(3A) CENVAT Credit Rules, 2004 for the month of April 2015. Each unit of exempted final product needs 2 units of raw materials.