



**II Year M.Com. (DCC) Examination, January 2018
(2007-08 Scheme)
COMMERCE
AT 2.8 : Indirect Taxes**

Time : 3 Hours

Max. Marks : 100

Instruction : Answers should be written only in English.

SECTION – A

Answer **any eight** of the following questions in about **3-4** lines **each**. **Each** carries **2** marks. **(8×2=16)**

1. a) What are the basic conditions for levy of excise duty ?
- b) What are the various types of excise duties ?
- c) What do you mean by Trade Paralance Theory ?
- d) Distinguish between direct and indirect taxes.
- e) Give the meaning of Cenvat Credit.
- f) What do you mean by territorial waters of India ?
- g) What is margin of dumping ?
- h) Who is a dealer under Value Added Tax ?
- i) Define 'Baggage'.
- j) Define Inter-state sales.
- k) State the goods exempt from VAT.

SECTION – B

Answer **any three** of the following questions. **Each** carries **8** marks. **(3×8=24)**

2. Distinguish between 'consignment sale' and 'subsequent sale' under CST Act, 1956.
3. What is PLA ? State its uses.
4. Explain the salient features of CETA.



5. XYZ Ltd., procured the following inputs during the month of Jan. 2017. Determine the amount of CENVAT credit available with necessary explanation for the treatment of various items :

| Items | Excise Duty paid (Rs.) |
|-----------------------|---------------------------|
| Raw materials | 75,000 |
| Manufacturing machine | 1,15,000 |
| Light diesel oil | 35,000 |
| Greases | 14,000 |
| Office equipment | 30,000 |
| Paints | 8,000 |

6. Mr. and Mrs. Kumar visited England and bought following goods while returning to India on 15th March 2016.
- A personal computer bought Rs. 75,000.
 - Their personal effects like cloths etc. valued at Rs. 95,000.
 - 3 liters of scotch whisky bought for Rs. 6,000 (buy 2 liters and 1 liter free scheme).
 - Cigars (150 Nos.) valued Rs. 2,500.
 - Laptop computer bought for Rs. 78,000.
 - A new camera bought for Rs. 70,000.
 - Raw-tobacco 120 gms for Rs. 3,500.
- What is the amount of duty payable ?

SECTION – C

Answer **any four** of the following questions. **Each** carries **15** marks. **(4×15=60)**

- Discuss the Customs Valuation Rules 1998 based on WTO agreement.
- What do you mean by VAT ? Discuss its merits and demerits.
- Discuss the provisions of service tax relating to :
 - Technical consultancy services.
 - Advertising agency services.



10. Compute the customs duty liability as per the provisions of the Customs Act, 1962 from the following information. Make suitable assumptions and indicate the same in your answer :

Product imported – ‘X’

| | |
|-------------------------------------|-----------------|
| Total FOB of the goods | US\$ 1,00,000 |
| Ocean freight | US\$ 15,000 |
| Insurance | US\$ 940 |
| Landing charges | 1% of CIF value |
| Exchange rate | 1 US\$ = Rs. 70 |
| Date of presentation of B/E | 28-02-17 |
| Date of entry inwards of the vessel | 03-03-17 |

Customs duty rates :

| Types of customs duty | As on 28-2-17 | As on 03-3-17 |
|--------------------------|---------------|---------------|
| i) Basic customs duty | 20% | 15% |
| ii) Special customs duty | 4% | 4% |
| iii) Countervailing duty | 10% | 8% |

How much Cenvat can be availed by importer, if he is manufacturer ? Will your answer change if the actual cost of freight and insurance is not available ?

11. Calculate the Total amount of excise duty payable under Section 4 of the Central Excise Act, 1944 from the following information :
- a) Price of the machinery excluding taxes and duties Rs. 15,50,000.
 - b) Installation and erection expenses Rs. 55,000.
 - c) Packing charges (primary and secondary) Rs. 20,500.
 - d) Design and engineering charges Rs. 25,000.
 - e) Cost of material supplied by buyer free of charge Rs. 7,500.
 - f) Pre-delivery inspection charges Rs. 8,500. Other information :
 - i) Cash discount at 2% on price of machinery was allowed as per terms of contract since full payment was received before dispatch of machinery.
 - ii) Bought out accessories supplied along with machinery valued at Rs. 10,000.
 - iii) Central excise duty rate 12% and education cess as applicable.

Make suitable assumptions as are required and provide brief reasons.



12. Rahul and Associates, a registered dealer with H.O. at Calcutta, furnishes to you the following information :

- i) Interstate sale of goods (it includes Rs. 30,00,000 being the value of goods transferred to Punjab branch covered by Form 'F') Rs. 1,54,50,000.
- ii) Dharmada collected Rs. 65,000.
- iii) Weighment dues charged separately from buyers Rs. 2,35,000.
- iv) Cash discount shown in invoice as per trade practice Rs. 2,70,000.
- v) Indemnity charges (recovered from buyers to cover transit loss based on their request) Rs. 2,20,000.

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

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