



PG – 595

**III Semester M.Com. (F.A) / MFA Examination, December 2016
(CBCS)**

Paper – 3.2 : GOODS AND SERVICE TAXES

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions out of ten. **Each** question carries **two** marks. **(7×2=14)**
- State the Special Features of Indirect Taxes.
 - What are dutiable goods under Central Excise ?
 - Which circumstances Safeguard duty imposed ?
 - Differentiate between Identical goods and Similar goods.
 - What is Snow balling effect of Taxes ?
 - What is Trade Parlance Theory ?
 - What is taxable event under CST ?
 - Who is a Tourist under Customs Act ?
 - What is Doctrine of Unjust Enrichment ?
 - State four objectives for introduction of GST in India.

SECTION – B

Answer **any four** questions. **Each** question carries **5** marks. **(4×5=20)**

- Briefly explain the challenges involved in Implementation of Goods and Service Tax in India.
- Explain in brief the procedures of Registration under Central Excise Rule.
- Discuss the various duties levied under the Customs Act.

P.T.O.



5. Mr. and Mrs. Manohar is a Chartered Accountant visited Germany and brought following goods while returning to India after stay 4 month on 15th September 2016.

- i) A personal computer bought for Rs. 1,30,000
- ii) Their personal effects like clothes etc. valued at Rs. 2,15,000.
- iii) 3 liters of Scotch whisky bought for Rs. 7,000/- (Buy 2 liters and 1 free scheme)
- iv) Cigars (20 no.) valued Rs. 8,300
- v) Cigarettes (90 no.) valued Rs. 6,900
- vi) One pair of binocular Rs. 44,000
- vii) One electronic dairy Rs. 15,000
- viii) Household articles of Rs. 1,76,000
- ix) Professional equipment Rs. 98,000
- x) A Watch Rs. 45,000
- xi) A laptop computer bought for Rs. 93,000 (latest version)
- xii) One portable typewriter 53,000
- xiii) One cell phone 67,000
- xiv) One portable colour TV (not exceeding 15 cms in size) 1,45,000
- xv) A New camera bought for Rs. 73,000
- xvi) Raw – Tobacco bought 120 grams for Rs. 4,500

What is the amount of duty payable ?

6. Padmavathi is a Registered dealer at Mumbai furnishes the following information :

- a) Inter-state sale of goods Rs. 80,00,000
This includes the following.
- b) Excise duty Rs. 1,42,000
- c) Goods returned on 17/3/2016 (these goods were sold on 12/12/2015) Rs. 2,05,000
- d) Cash discount showed in invoice and allowed according to normal trade practices Rs. 80,000
- e) Freight and transportation charges (of this is 2,53,000 is on inclusive basis) Rs. 4,50,000
- f) Installation and commissioning charges levied separately in invoice Rs. 1,75,000.

Compute the tax liability of Padmavathi under CST.



SECTION – C

Answer **any three** questions. Answer to theory question should **not** exceed **3** pages. Each question carries **12** marks. (3×12=36)

- 7. What do you understand by Goods and Service Tax ? Discuss its recent developments in India.
- 8. What do you understand by CENVAT ? Discuss the advantages and disadvantages of CENVAT.
- 9. a) Dharmaraya Manufactures, engaged in the manufacture of machines (and not availing small – scale concession) sold a machine to Asha Ltd. The cum-duty sale price of the machine excluding VAT is Rs. 5,91,000. Rate of Excise duty is 12.5 % sale price includes the following charges.

Particular

a) Warranty charges	28,000
b) Secondary packing	6,000
c) Trade discount actually allowed	24,000
d) Design and development charges of machine	20,000
e) Primary packing	10,000
f) Cost of return fare of vehicles	4,500
g) Advertisement and publicity charges borne by Asha Ltd.	16,000
h) Pre-delivery inspection charges	22,000
i) After sales service charges	18,000

Determine the assessable value and Excise duty of the machine for purpose of Central Excise duty. Provide notes in respect of the treatment for each of the items listed at (a) to (i) above.

AND



- b) Determine the amount of CENVAT credit available to Satnarayan Manufacturing Ltd. in respect of the following items procured by them in the month of November, 2015.

Particular	Excise Duty paid (Rs.)
i) Raw materials	72,000
ii) Capital goods used in the generation of electricity for captive use within the factory	1,50,000
iii) Goods used in the guest house primarily for personal use	40,000
iv) Inputs used for making structures for support of capital goods	1,25,000
v) Parts and components for use in the manufacture of final product	40,000
vi) Goods for providing free warranty	10,000
vii) Special purpose motor vehicle (falling under tariff heading 8705) for use in the factory of manufacturer	3,50,000

The aggregate value of clearances of Satnarayan Ltd. For the financial year 2015 – 16 is Rs. 480 lakhs.

10. M/s. Durgamba Associates is a registered dealer engaged in the manufacturing of steel in the State of Jharkand. During the year 2015 – 16 the firm has procured raw materials of Rs. 75,80,320 (VAT @ 4 %) and purchased plant and machinery of Rs. 40,00,000 (VAT @ 4 %) and Rs. 20,00,000 (CST @ 2 %) for use in the manufacturing of steel. Sales of steel materials made during the year is Rs. 80,00,000 (VAT @ 4 %) and inter-state sales is Rs. 25,29,000 (@ 2 % CST). Besides above, branch transfer of Rs. 8,10,000 was made to Maharashtra. Calculate the following as per White Paper on VAT Law in India.
- Output tax
 - Input tax credit to be availed during the year
 - Balance tax payable
 - Input tax credit, if any, to be carried forward
11. Shivakumar makes an unauthorised import of 16,350 pieces of ophthalmic rough blanks CIF priced at \$ 1 per piece by air from USA. 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 50 % of margin of profit. The market price is Rs. 100 per piece of ophthalmic rough blank. The rates of duty are – Basic customs – 10 % CVD 16 %. Education cess and Special CVD – as applicable, Exchange rate is – \$1 = Rs. 71. Compute
- Amount of fine
 - 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.
 - What are the duty refunds/benefits available if the importer is (a) manufacturer (b) service provider (c) trader.

