

Applied Indirect Taxation

Answer Q No. 1 which is compulsory and any five from the rest.

Q 1(a) Fill in the blanks: (i) Waste and Scrap will not be excisable unless it is specified in _____. (ii) In addition to departmental audit, C & AG carries out selective audits which is termed as _____. (iii) A passenger returning to India after stay in Germany for one week is entitled to bring goods up to Rs. _____ without payment of any Customs duty. (iv) In case of imports other than imports by EOU, the imported goods can be kept in Customs bonded warehouse for _____ days without paying any interest. (v) An out-door caterer is providing full and substantial meals. His invoice does not show breakup between value of food and value of service. He is liable to pay service tax on _____ of the bill amount. (vi) _____ is payable on inter state sales, while _____ is payable on sale within the State. (vii) Central Sales Tax applies to the whole of India _____ the State of Jammu & Kashmir. (1 x 7 = 7 marks)

Q1(b) State with reasons, whether the following statements are true or false (Answer without reasoning will not receive any credit): (i) Repacking of an already manufactured product would amount to manufacture in Excise Law. (ii) Customs duty is not paid by an importer and it was found that such non-payment was on account of fraud committed by him. In such case, there is no time limit for issue of show cause notice demanding duty and penalty. (iii) A service provider is required to file return in form ST-4 on quarterly basis within 15 days from close of quarter. (iv) Appeal against an order passed by the Registration authority must be filed within 90 days of the service of order to the Central Sales Tax Authority (v) Levy of VAT will have effect on retail price of goods (2 x 5 = 10 marks)

Q1(c) (i) Define Excisable goods as mentioned in Central Excise Act, 1944 (ii) A sub-contractor is a taxable service provider. Do you agree? Discuss. (iii) Goods under CST includes all kinds of movable property. Comment. (iv) Is it possible for a Trader to claim refund of special CVD from customs department? State your views. (v) VAT is termed as 'Consumption based' Tax. Explain. (2+2+1+1+2 = 8 marks)

Q2(a) Briefly discuss about the general exemption and concessions given to SSI units for excise duty purposes. **(b)** Can an importer, exporter or 'person in charge' amend the documents submitted to customs authorities? If yes, from what date is the amendment effective? **(c)** Explain briefly the provisions of CST Act, relating to Inter-State sale by transfer of document of title to goods. **(d)** What is the 'taxable event' in the case of export of goods under customs law? Is export duty payable in case of applicable goods where ship travels 40 nautical miles from Indian port and the title passes to the buyer, but the ship returns to India because of engine trouble? What is the relevant date for export duty? (4+3+4+4 = 15 marks)

Q3(a) Who is liable to pay Excise Duty in case goods are produced or manufactured on Job Work? **(b)** Discuss the includibility or otherwise to the assessable value under the Customs Act, 1962 of the following payments made by an importer to the overseas supplier of a second hand Plant in India. (i) Dismantling charges for removing the second hand Plant at the supplier's place and shipping to the Indian importer. (ii) Fees for supervision of erection and commissioning of plant in India. For this purpose the Foreign Supplier deputed their technicians in India. **(c)** What are the sources of Service Tax Law? **(d)** Discuss the validity or otherwise of the following statements with reasons: (i) Subsidy given by Government to manufacturer to compensate cost of production will form part of sale price. (ii) When goods are sent by VPP, the sale is said to take place in the State from where the parcel is sent. **(e)** State briefly the basic distinction between VAT and Sales Tax (2+4+3+4+2 = 15 marks)

Q4 (a) Explain steps involved in classifying a product under Central Excise Tariff Act. **(b)** Calculate the net service tax payable under the provision of the rule 2A of the Service tax (Determination of Value) Rules 2006 relating to determination of value of services in the execution of a works contract from the following particulars: (i) Gross amount for the works contract (excluding VAT) Rs. 1,00,000. (ii)

Value of goods and materials sold in the execution of works contract Rs. 70,000. (iii) CENVAT credit on (ii) above Rs. 1,000. (iv) Service tax paid on input services Rs. 1,000. (v) CENVAT credit on capital goods issued for works contract Rs. 1,000 (vi) Service tax rate for the relevant Assessment year is 10.30%. Make suitable assumptions and provide explanations where required. **(c)** Which dealers are not eligible for composition scheme under VAT? **(d)** Sales Tax payable on product 'A' if sold within State of Punjab is 10%. If the product is sold in inter-state sale, what will be the central Sales Tax payable if: (i) Buyer furnish 'H' form. (ii) Buyer furnish 'J' form. **(e)** An Importer imported a novel and new article. He was unable to classify his goods under any of the tariff heading or sub-heading and none matched with the goods under import. Even rules 1 to 3 of classification Rules could not find solution. Hence, no customs duty is payable on such product. Comment (5+3+3+2+2 = 15 marks)

Q5(a) What do you understand by advance ruling under Service Tax? State briefly the question on which "Advance Ruling" can be sought? **(b)** How would you arrive at the assessable value for the purpose of levy of Excise Duty from the following particulars? Cum-duty selling price exclusive of sales Tax Rs. 20,000. Rate of Excise duty applicable to the product 10%; Trade discount allowed Rs. 2,400, Freight Rs. 1,500. **(c)** A dealer purchased 22,000 kgs. of inputs on which VAT paid @ 4% was Rs. 8,000. He manufactured 20,000 kgs. of finished products from the inputs. 2,000 kgs. was the process loss. The final product was sold at uniform price of Rs. 10 per kg. as follows - Good sold within State 8,000 kgs. Finished product sold in inter-state sale against 'C' Form 5,000 kgs. Goods sent on stock Transfer to consignment agents outside the State 4,000 kgs. Goods sold to Government departments outside the state 3,000 kgs. There was no opening or closing stock of inputs, WIP or finished products. The State VAT rate on the finished product of dealer is 12.5%. Calculate liability of VAT and CST. Find VAT credit available to dealer and tax required to paid in cash [5+2+8 = 15 marks]

Q6(a) CIF value of imported goods is Rs. 10,00,000. Basic Customs Duty payable is 10%. If the goods were produced in India, Excise Duty payable would have been 8%. Education cess is 2% and Special Education cess is 1%. Spl. CVD is payable at appropriate rates. Find the Customs duty payable. What are the duty refunds/benefits available if the importer is (a) manufacturer (b) Service provider (c) Trader? **(b)** Define 'Works contract' as per CST Act. Can Sales Tax be levied on activity of textile processing? (11+4 = 15 marks)

Q7(a) M/s P Ltd. used to label its products with a foreign brand and claimed exemption under a notification. The classification list was approved by the department after carrying out verifications and all returns were regularly filed. The invoice containing description of goods were also regularly approved by the department. The department denied the benefit of exemption to the assessee for previous period of five years, by invoking extended period of limitation under section 11A on the ground that it failed to declare the particulars regarding affixing of labels. Is the department justified? Discuss **(b)** Write note on 'Input service' for purpose of Cenvat Credit as applicable to a manufacturer **(c)** Name two situations where excise duty liability is not of the actual manufacturer but of the person who has supplied the raw material to the manufacturer **(d)** Write a brief note on categories of services for classifying a service as export of service [5+6+2+2 = 15 marks]

Q8(a) Explain provisions in respect of valuation for excise duty purposes determined when sales are generally through a related person **(b)** Explain how DEPB scheme helps in making exported products tax free **(c)** Discuss provisions relating to mandatory penalty equal to the amount of duty under the Central Excise Act and circumstances when such penalty shall be reduced [5+5+5 = 15 marks]

ICWAI Inter June 2010 New Syllabus

Answer question No. 1 which is compulsory and any five from the rest.

Q1 (a) Fill in the blanks: (1 x 11 = 11 marks)

(i) E-payment of service tax is mandatory where the service tax paid in the immediate preceding year is not less than Rs. _____.

(ii) Taxes and duties are _____ in arriving at the assessable value for customs duty purposes.

- (iii) VAT rate applicable within Gujarat State for gold is 1%; if gold is sold to an unregistered buyer in Delhi, the CST is chargeable at _____. %.
- (iv) EOU can sell a portion of their production in Domestic Tariff area (DTA) upto _____ % of their _____ value of exports in earlier year.
- (v) A service provider _____ avail CENVAT credit of special CVD paid u/s 3(9) of Customs Tariff Act.
- (vi) The adjudicating authority _____ review the order passed by it earlier.
- (vii) An importer who knowingly mis-declares assessable value can be imprisoned for a period up to _____ years.
- (viii) An assessee can claim refund of excise duty within _____ from relevant date u/s 11B of the Central Excise Act, 1944.
- (ix) EOUs have to issue certificate _____ for obtaining inputs without payment of excise duty.
- (x) Margin of dumping means the difference between _____ and _____.
- (xi) First appellate authority can condone delay up to _____ days in filing the CST appeal if proper cause is shown.

Q1(b) State **with reasons**, whether the following statements are true or false (Answers without reasoning will not receive any credit): (2x7 = 14 marks)

- (i) VAT helps in checking tax evasion and in achieving neutrality.
- (ii) Installation/use of capital goods is a pre-requisite for taking CENVAT credit.
- (iii) According to Central Excise Act, 1944, 'Assessment' includes self assessment of duty and also provisional assessment.
- (iv) There is provision for payment of Central Excise Duty 'under protest'.
- (v) Customs officer should pass an adjudication order in all situations where an assessment is done more than the claim of importer/exporter.
- (vi) The Commissioner of Central Excise is empowered to review the service tax orders passed by the officers subordinate to him and re-adjudicate it, in case he finds the order to be legally inappropriate.
- (vii) The person providing both taxable and non-taxable services and not maintaining separate books of accounts, wishing to avail Cenvat credit is required to reverse 6% of the value of exempted services.

Q2(a) State the powers of Central Government in the area of taxation, as per the Constitution of India (7 marks) **(b)** Bopara & Co., which has heavy indirect taxes outlay, wishes to know the situations in which it can file a revision application with the Central Government. Please outline the various situations (8 marks)

Q3(a) Briefly discuss the provisions of Section 14A of the Central Excise Act, 1944 relating to special audit (5 marks) **(b)** Will the quantum of goods manufactured relating to printed laminated rolls with brand name, be considered for SSI exemption limit? (3 marks) **(c)** Is it correct to say that the concept of Input Service Distributor is a facility and not a compulsion for availing CENVAT credit? (4 marks) **(d)** Who are the persons liable to pay Central excise duty? (3 marks)

Q4(a) From the following data, you are required to compute the customs duty payable by Sukbhir & Co: - (i) FOB value of textile machinery - 1,00,000 Euro (ii) Airfreight - 26,000 Euro (iii) Expenses incurred by seller for improving the design, at buyer-importer's request - 4,000 euro (iv) Transit Insurance - 2,000 Euro. (v) Exchange rate 1 Euro = Rs. 60 (vi) Basic duty 25%, Rate of CVD 16%, Rate of SAD 3% (vii) The price offered to the importer is a special discounted price. The buyer-importer has been specifically directed not to disclose this price to any buyer in India. Seller's normal selling price is 1,20,000 Euro (8 marks) **(b)** Briefly discuss the aspects relating to self assessment by an importer on the basis of 'Risk Management System'. State the categories of eligible and ineligible persons who can make use of this scheme (7 marks)

Q5(a) Arun of Tamil Nadu sells his land along with the standing crops and trees for Rs. 20 lakhs to David of Kerala. Central Sales Tax Officer wants to assess to tax the value of standing crops and trees in the said land. Comment (4 marks) **(b)** The following items relating to inter-State sales have been recorded separately in the books of account of Nathan & Co., dealer in CST: (Rs. in '000) (i) Sales as per bills (excluding CST) - 1,42 (ii) Excise Duty - 80 (iii) Labour charges for packing goods - 18 (iv)

Insurance charges incurred by Nathan & Co. for goods transported (charged separately in invoices) – 20 (v) Freight charges incurred for moving goods from factory to depot – 45 (vi) Freight charges incurred from depot to buyers (incidental to sale) – 25 (vii) Design charges incurred for manufacturing goods as per buyer's design – 5. - - You are required to compute the taxable turnover of Nathan & Co. and the CST payable. Brief treatment of each item should be given (8 marks) **(c)** What is 'Acquisition fraud' in the context of VAT? (3 marks)

Q 6. Write short notes on any three – **(a)** CENVAT credit where inputs are partially used for manufacture of dutiable goods/taxable services **(b)** Deemed manufacture as per excise law is legal fiction **(c)** Reverse charge in VAT and service tax **(d)** Simplified Brand Rate Fixation scheme **(e)** Monetary limits of adjudicating authorities, Officers of Central Excise, Customs and Service Tax (5 x 3 = 15 marks)

Q7(a) Mr. Suresh Raina, who is rendering taxable services, wants to know what he should do, if he discovers a mistake after 90 days from the date of filing service tax return, resulting in short/excess payment of tax. Can he file a revised return? (4 marks) **(b)** Is there any obligation to file service tax return, even if no service tax is payable? (3 marks) **(c)** Discuss briefly the provisions conferring general exemption to small service providers in the context of levy of service tax (8 marks)

Q8(a) What are the methods of valuation of customs duty? Is it mandatory that they should be applied sequentially? (4 marks) **(b)** Mr. Ram, the assessee, has purchased goods from Mr. Rahim, on high sea sales basis. Mr. Rahim has imported the same from Mr. Antony of Malaysia for an invoice value of 10,000 USD. Mr. Rahim has charged the assessee for 11,000 USD. The assessee contends that while arriving at the assessable value for customs, the price charged by the foreign supplier to Mr. Rahim should be taken as the basis. Is this correct? (3 marks) **(c)** Mrs. Bose is rendering taxable services, which were brought into the service tax net w.e.f. 1.5.2009. The following information is made available to you: - (i) Amount received on 10.5.2009 for services provided in April, 2009 – Rs 2,00,000 (ii) Advance received from one client on 10.5.2009 – Rs 3,39,000 (iii) For balance services of Rs. 7,00,000 bill was raised on 12.3.2010 and the amount due was received from the above client on 15.3.2010 (iv) Other taxable services billed and received during 1.5.2009 to 31.3.2010 – Rs 4,00,000 (v) Value of free services rendered in October, 2009 – 1,50,000. - - Compute the value of taxable services and service tax payable for the year ended 31.3.2010 (8 marks).

ICWAI Intermediate - Applied Indirect Taxation December 2009

Answer question No. 1 which is compulsory and any five from the rest.

Q1 (a) State with reasons whether the following is true or false. (i) Parts used for repair or replacement during warranty period are excisable (ii) the conveyances are not allowed to leave India without written permission from the customs authorities. (iii) Central excise authorities cannot raise demands contrary to the approved classification/price list retrospectively (iv) There are common provisions in Customs/Central Excise/ST (v) Delay in filing appeal can be condoned but condonation is not a matter of right (3 x 5 = 15 marks)

Q1(b) Fill up the blanks: (i) Appeals under Central Excise and Customs must be filed within _____ days from the date of communication of order (ii) Exclusive economic zone extends to _____ nautical miles from the base line under the Customs Act. (iii) Compressing and bottling gas _____ (is/is not) manufacture. (iv) Erection of civil structure _____ (is/is not) taxable services. (v) At present deduction _____ (is/is not) available on the basis of equalized freight and Central Excise (vi) Laptop Computer (Note Book Computer) brought as baggage by person above 18 years of age _____ (is/is not) fully exempt from customs duty. (vii) Captive consumption is _____ to duty, value is determined on the basis of cost + _____. (viii) Job work is not _____. (ix) Show cause notice issued by an officer beyond his power will be _____. (10 marks)

Q2 (a) Briefly examine the significance of the levy of “anti Dumping” duty under the Customs Tariff Act. (b) Sakti has imported certain goods by AIR. FOB value of goods is \$ 2,000, freight \$ 500 and insurance \$ 50. Rate of Exchange is \$ 1 = Rs. 50. Landing charges is 1% of CIF value. Calculate the assessable value for Customs Duty (7+8 = 15 marks)

Q3 Write short notes on any three of the following. (a) Related person under the Central Excise Act. (b) Determination of value when goods are manufactured on job work basis. (c) Transaction value under the Central Excise Act. (d) Special Audit or Cenvat Credit Audit under section 14AA of the Central Excise Act (3 x 5 = 15 marks)

Q4 (a) Explain the provisions of interest on delayed payment under Central Excise and Customs (b) Explain the provisions of the Central Excise Act, 1944 which empower the Central Government not to recover the duties of excise not levied or short levied as a result of general practice. If the duty has been paid despite such practice, is it refundable? (7+8 = 15 marks)

Q5. (a) State briefly whether sales tax will be levied on the following: (i) Shares and Debentures (ii) Sale of newspapers (b) Write notes on – e-payment of excise duty and state whether it is compulsory or not (6+9 = 15 marks)

Q6. (a) State how the VAT system operates (b) What will be the consequences in case the ‘subject goods’ are not used by manufacturer for the purpose specified in the notification? When will the subject goods be deemed as not been used for intended purpose? (c) Discuss the validity or otherwise of the following statements with reasons – (i) Input cleared as such to a job worker on 1.10.2008 was not returned in 180 days, assessable value being Rs. 20,000, Excise duty @ 16.48%, 50% of the inputs were received on 1.04.2009. In this situation no Cenvat will be allowed in the year ending on 31.03.2009 (ii) Purchased a plant for Rs. 1,16,480 cum-duty (excise duty rate 16.48%) on 12.12.2008 and received the plant into factory on 5.4.2009. Cenvat allowed will be only Rs. 8,240 for the year ended on 31.03.2009 (5+5+5 = 15 marks)

Q7. (a) A dealer effected following interstate sales during the quarter January-March 2009. (i) Invoice No. 1 dt. 01.01.09 Rs. 1,02,000 inclusive of tax (ii) Invoice No. 2 dt. 31.01.09 Rs. 50,000 exclusive of tax CST Rs. 1,000 Total Rs. 51,000 (iii) Invoice No. 3 dt. 01.02.09 Rs. 40,800 inclusive of CST (iv) Invoice No. 4 dt. 15.02.09 Rs. 25,500 inclusive of CST (v) Invoice No. 5 dt. 01.03.09 Rs. 2,00,000 exclusive of tax. - - Following further information is given - All registered dealers gave form ‘C’ except purchase of goods of invoice No. 5. 50% of goods pertaining to invoice No. 1 are returned on 21.3.09. 10% of goods pertaining to invoice No. 2 is rejected. CST is 2%, State Sales Tax is 8%. Compute the taxable turnover and tax payable (8 marks) **Q7(b)** CST is single point tax. Elucidate. A Sells goods worth Rs. 1,00,000 in Delhi to ‘B’ a registered dealer in Madras. B gives ‘C’ form and pays CST of Rs. 2,000/- B sells it to ‘D’ for Rs. 1,10,000 a registered dealer by delivery of R/R and endorsing it on the back of R/R. Is there any CST liability to ‘D’? **Q7(c)** What is deemed sale in CST? **Q7(d)** Why certificate in form ‘H’ is necessary to a penultimate exporter? (8+4+2+1 = 15 marks)

Q8. Describe, in brief, the procedure for export of goods under bond as per Rule 13 of C.E. Rules, 1944 (15 marks).

Applied Indirect Taxation – June 2009

Answer question No. 1 which is compulsory and any five from the rest.

Q 1 (a) Fill in the blanks : (i) Goods under Central Excise must be _____ (movable/immovable) and _____ (marketable/packaged). (ii) CETA specifies some _____ (process/operations) as amounting to manufacture. This will be said to be manufactured _____ (even if/unless) as per court decisions they do not amount to manufacture. (iii) Processing can amount to manufacture if a _____ (new/existing) and _____ (identifiable/similar) product known in the market emerges (iv) Exclusive economic zone extends to _____ (200/300) nautical miles from the base line of the coast. Beyond _____ (100/200) nautical miles is High Seas. (v) General Free Allowance (GFA) under Customs Act is _____ (allowed/not allowed) on unaccompanied baggage; GFA is _____ (allowed/not allowed) on alcoholic liquor or wines up to two litres (10 marks)

Q 1 (b) State with reasons, whether true or false; (i) Brand owner is considered as manufacturer under Central Excise. (ii) Under Central Sales Tax Act, for an activity to be classified as business, profit motive is immaterial. (iii) The concession under Customs Act for person who is transferring his residence to India whereby he is eligible to bring used personal and household articles to India without duty is applicable to Indian residents returning from overseas after 2 years but not available to foreigners (15 marks)

Q2 (a) What do you understand by transit and transshipment of goods? Under what conditions do they enjoy exemptions from duty under the Customs Act, 1962? (b) The assessable value of an imported item is Rs. 1,00,000. Basic customs duty is 20%, additional duty of customs is 2% and secondary and higher education cess is 1% on duty. No additional duty of customs is chargeable on such goods u/s 3(5) of the Act. Compute the amount of customs duty payable. Also state the amount of credit available to the importer (10+5 = 15 marks)

Q 3 Write short notes on any three of the following: (a) Appeals to appellate authority under CST Act (b) Meaning of "accessory" for excise duty purpose (c) Duty Entitlement Pass Book (DEPB) scheme (d) Special Audit as per S. 14A of Central Excise Act, 1944 (5 x 3 = 15 marks)

Q 4 (a) Who is a job worker? State how is value determined when the goods are manufactured on job work basis. (b) A Ltd. supplies raw material to a job worker J Ltd. After completing the job-work, the finished product of 5, 000 packets are returned to A Ltd. putting the retail sale price as Rs. 20 on each packet. The product in the packet is covered under MRP provisions and 40% abatement is available on it. Determine the assessable value under Central Excise Law from the following details.: Cost of raw material supplies – Rs 28,000, Job worker's charges including profit – Rs. 9,000/- Transportation charges for sending raw material to the job worker – Rs. 4,000/- Transportation charges for returning the finished packets to A Ltd. – Rs. 4,000/- (9+6 = 15 marks)

Q 5 (a) Outline the provisions relating to registration under service tax. (b) Explain 'Export of Services' under service tax. What is the exemption available to exporter of service from service tax? (7+8 = 15 marks)

Q 6 (a) A dealer effected following inter-state sales during the quarter July, 2008-September, 2008. (a) Invoice No. 25 dated 5th July, 2008: Rs. 1,12,400 (tax not shown separately), (b) Invoice No. 26, dated 13th August, 2008: Rs. 50,000 plus tax @ 4% i.e. Rs. 2,000, Total Rs. 52,000, (c) Invoice No. 27 dated 18th September, 2008: Rs. 20,000 plus tax @ 4% Rs. 800 i.e. Total Rs. 20,800, (d) Invoice No. 28 dated 27th September, 2008: Rs. 31,200. Tax not shown separately. Goods returned within 6 months were Rs. 8,400 (inclusive of taxes). Sales Tax rate is 4% if goods are sold within the State. What is the turnover and what is tax payable, if the buyers did not issue C Form? (b) What is the impact of VAT on CST? (8+7 = 15 marks)

Q 7 (a) Explain the provisions relating to Cenvat credit on goods, services and capital goods under Central Excise **(b)** An assessee cleared various manufactured final products during June, 2008. The duty payable for June, 2008 on his final products was as follows: Basic Rs. 2,00,000, Education Cesses-as applicable. During the month, he received various inputs on which total duty paid by suppliers of inputs was as follows: Basic duty Rs. 50,000, Education Cess Rs. 1,000, SAH education Cess Rs. 500. Excise duty paid on capital goods received during the month was as follows: Basic duty Rs. 12,000, Education Cess Rs. 240, SAH Education Cess Rs. 120. Service Tax paid on input services was as follows: Service Tax Rs. 10,000, Education Cess Rs. 200, SAH Education Cess Rs. 100. How much duty the assessee will be required to pay by GAR-7 challan for the month of June 2008, if assessee had no opening balance in PLA account? What is last date for payment? (8+7 = 15 marks)

Q 8 (a) Mention briefly any five illustrative cases under the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, where all industry Drawback rate will not apply. **(b)** Write notes on Special Brand Rate. **(c)** ABC Co. Ltd. provided services valuing Rs. 8 lakhs during the financial year 2007-08. During 2008-09, it has provided taxable services valuing Rs. 10 lakhs and has received payments towards payable services Rs. 8.5 lakhs. It has also received services in the nature of transport of goods by road valuing Rs. 50,000, in respect of which it is the person liable to pay service tax. Compute the service tax, if any, payable by ABC Co. Ltd. for the financial year 2008-09. It is given that goods transport service is exempt to the extent of 75% of value thereof (6+4+5 = 15 marks).

Applied Indirect Taxation – December 2008

Answer question No. 1 which is compulsory and any five from the rest.

Q 1(a) Fill in the blanks: (i) Goods covered by Central Excise Tariff but fully exempt from duty are _____ (excisable/not excisable) (ii) SSI units whose turnover exceeds Rs. _____ per annum have to furnish declaration in prescribed form for Central Excise purposes. (iii) Basic Customs duty is levied under section _____ of the Customs Act. (iv) Compressing and bottling gas _____ (is/is not) manufacture. (v) A secondary and higher education cess of _____ (1%/2%) has been imposed on services liable to service tax under the Finance Act, 2007. (vi) Affixing brand name, labelling or re-labelling and repacking from bulk pack to small pack of readymade garment _____ (is/is not) manufacture. (vii) Cenvat credit _____ (can/can not) be utilised for payment of service tax on output service. (viii) In case of Central Excise and Customs, appeals must be filed within _____ days from the date of communication of order. (ix) Job work done under Cenvat provisions _____ (is/is not) exempt from service tax. (x) Finance Act, 1994 which contains provisions relating to service tax _____ (does/does not) provide for criminal liability in service tax matter [1 x 10 = 10 marks]

Q1 (b) State with reasons, whether True or False: (i) Cenvat credit on capital goods can be availed in full in the year of purchase. (ii) Security demanded from dealer under the Central Sales Tax Act, 1956 can be satisfied in the form of Security Bond. (iii) Wastes and scrap are always treated as excisable goods. (iv) In case of delayed payment of service tax the assessee has to pay simple interest @ 13% for the period for which the payment is delayed. (v) Excise duty is payable on all sample, even if given free [3 x 5 = 15 marks]

Q 2(a) Briefly explain the procedure for assessment and clearance of imported goods through a customs sea port under the Customs Act, 1962. **(b)** Customs value (Assessable value of imported goods) is Rs. 4,00,000. Basic customs duty payable is 10%. If the goods were produced in India, excise duty would have been 16%. Education cess is as applicable. Special CVD is at appropriate rates. Find the customs duty payable. How much Cenvat can be availed of by importer if he is manufacturer? [8+7 = 15 marks]

Q 3(a) Distinguish 'Zero rated sale' and 'exempt sale' with reference to VAT. **(b)** Write notes on - (i) Doctrine of unjust enrichment in case of refunds under Central Excise and Customs. (ii) Appeals under service tax [5 + 5x2 = 15 marks]

Q 4(a) State the provisions relating to general exemption available to small service providers. **(b)** State briefly the provisions for valuation of taxable services for charging Service Tax [7+8 = 15 marks]

Q 5(a) State with reasons whether sales tax will be levied on the following (any two): (i) Sale of newspapers (ii) Development of software for marketing (iii) Shares and debentures **(b)** Write short note on taxable turnover [5x2 + 5 = 15 marks]

Q 6(a) What is special Audit under section 14AA of CEA? (Cenvat credit Audit) **(b)** Who can conduct such audit? **(c)** Who can order such audit? **(d)** What is the time limit for submission of report? [4+3+4+4 = 15 marks]

Q 7(a) Determine the value of a product and excise duty payable on the basis of following data (i) Goods sold at Depot Price 20,000, Freight from factory to Depot 500, Insurance 500, Octroi 1200, State VAT 800, CE 16%, Education Cess 2% SAH Cess 1% (ii) Complete AV2CE if the goods are used for captive consumption. Assume cost of production is 80% of the invoice price in above question. **(b)** Write short note on Exemption to Small Scale Industry units [6+4+5 = 15 marks]

Q8(a) A Dealer effected following inter state sales during 2nd quarter of 2008. Invoice No. 1 Dt. 1st August, 08 – Rs. 20,000 + C.S.T. 3%, Invoice No. 2 Dt. 15th August, 08 – Rs. 70,000 + T. 3%, Invoice No. 3 Dt. 31st August, 08 – Rs. 51, 500 tax not shown, Invoice No. 4 Dt. 15th October, 08 – Rs. 15,000 + 3% S.T., Invoice No. 5 dt. 31st October, 08 – Rs. 20,000 + 3% S.T. Goods worth 5,000 exclusive of Tax were returned from Invoice No. 4 within 6 months. Compute turn over and C.S.T. making necessary assumption. **(b)** Offences under C.S.T. are cognizable mention a few. **(c)** Ability to pay is one of the most important cannons of Taxation [8+3+4 = 15 marks]

Old Syllabus

JUNE 2008

Business Taxation

ICWA Inter- Revised Syllabus – June 2008 – Business Taxation - The paper consists of section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only Section II is given below.

Section – B

Q5. (a) Fill up the blanks:

- (i) Ownership of raw materials is _____ (relevant/not relevant) for excise duty liability.
- (ii) Goods were removed by the manufacturer without payment of excise duty on the premise that the goods are exempt. Later it transpires that such goods are excisable at 15% (all inclusive). The manufacturer has invoiced at Rs. 11,500/-. The assessable value is Rs. _____.
- (iii) Customs duty is levied under section _____ of the Customs Act.
- (iv) Foreign visitors are permitted to bring articles upto Rs. _____ for making gifts, without payment of duty.
- (v) Stock transfer to branch is not treated as inter-State sale when Form _____ is submitted.
- (vi) Application for registration under the Central Sales-Tax Act, 1956 should be filed within _____ days (1 x 6 = 6 marks)

Q 5(b) State with reasons, whether True or False:

- (i) Waste and Scrap are always treated as excisable goods.

(ii) In exceptional circumstances, goods can be cleared from factory without payment of excise duty and stored in any other premises.

(iii) Since the Government wants to encourage exports, there is export (customs) duty on very few items.

(iv) There is no "fast track clearance" for any importer towards clearance of imported goods.

(v) Importers can store imported goods without payment of duty in public warehouse or private warehouse.

(vi) Security demanded from dealer under the Central Sales-tax Act, 1956 can be satisfied in the form of Surety Bond (2 x 6 = 12 marks)

Q 6. (a) Customs value (Assessable Value) of imported goods is Rs. 2,00,000. Basic customs duty payable is 10%. If the goods were produced in India, excise duty payable would have been 14%. Education Cess is 2% and Special Education Cess is 1%. Special CVD is payable at appropriate rates. Find the Customs duty payable. What are the duty refunds/Cenvat credits available if the importer is (i) manufacturer, (ii) service provider, (iii) trader? (b) How is the value determined for excise duty purposes when sales are made to or through a related person? (10+6 = 16 marks)

Q 7. (a) Briefly explain the provisions under the Customs Act relating to import through courier (b) Who can file refund claims under the Customs Act? (13+3 = 16 marks)

Q 8. (a) Is it correct to say that every dealer, who in the course of inter-State trade or commerce sells the goods, shall be liable to pay Central Sales Tax? Explain in detail who are all 'dealers'. (b) What are the Central sales tax rates applicable for inter-State sale of declared goods? (11+5 = 16 marks)

ICWA Inter- Revised Syllabus – December 2007 – Business Taxation - The paper consists of section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only Section II is given below.

Answer Q No. 6 which is compulsory and any two from the rest.

Q 6 (a) Fill up blanks. (i) Import manifest is required to be filed by the person in charge of vessel _____ arrival of vessel. (ii) The relevant date for foreign exchange rate for customs valuation is _____. (iii) Goods covered by Central Excise Act Tariff but fully exempt from duty are _____ (excisable/not excisable) goods. (iv) State Government _____ (can/cannot) waive the condition of submission of C Form by issue of notification. (v) SSI units whose turnover exceeds Rs. _____ per annum have to furnish declaration in prescribed form for central excise purposes. (vi) Under the Customs Act, where refund becomes due in the final assessment, interest will be payable if refund is not granted within _____. (1 x 6 = 6 marks)

Q 6(b) State with reasons, whether true or false. (i) The peak rate of basic customs duty on non-agricultural products is 15%. (ii) Cenvat credit on capital goods has to be availed in full in the year of purchase. (iii) As per section 20 of the Central Sales Tax Act, 1956, appeal may be filed within 90 days from the date on which the order is served on the aggrieved person (iv) There is no provision under the Customs Act for remission of customs duty on goods lost, damaged or pilfered (3 x 4 = 12 marks)

Q 7 (a) Vasudha Electronics Ltd. having its factory at Delhi, furnishes the following information. (i) 3000 Units sold at factory gate (ii) 6000 Units sold to dealers in Nagpur. Actual transport expenses Rs. 30,000 charged. (iii) 1000 Units sold to dealers in Lucknow, actual transport expenses Rs. 10,000, but charged to dealers at Rs. 12,000. (iv) Invoice price for the above is Rs. 10,000 per unit, excluding transport charges and all items below: (1) Sales tax shown separately Rs. 40,000 (2) Octroi shown separately Rs. 18,000. (3) Dharmada shown separately collected from dealers Rs. 12,000. The basic rate of excise duty is 16%. Determine the total excise duty payable, assuming that the dealer is not entitled to any exemption (10 marks)

Q 7 (b) Discuss whether Cenvat credit can be availed in respect of goods used for manufacture of capital goods within the factory and in respect of inputs for effluent treatment plant (6 marks)

Q 8(a) What is the effective rate of customs duty on baggage? (b) Can gold be brought into India? What is the customs duty payable thereon? Can such gold be subsequently sold in India? (c) Briefly discuss about the Deductive value method for customs valuation (4+7+5 = 16marks)

Q 9(a) What is meant by 'place of business' under the Central Sales tax Act, 1956? What should a dealer do towards registration, if he has more than one place of business? (b) What are the acts of

omission or commission which attract the penal provisions of section 10 of the Central Sales tax Act?
(c) A dealer makes inter-state sale of goods which are generally exempt within the State, to registered as well as unregistered dealers? Should he obtain any Central Sales-tax Form from the buyers? (7+5+4 = 16 marks)

Q 10 Write short notes on the following: (a) Liability of a company in liquidation, under the Central Sales-tax Act. (b) Meaning and relevance of 'Crossing Customs frontiers of India' under the Central Sales-tax Act. (c) Relevant date for rate and valuation of customs duty for imports through post and imports as baggage. (d) Exemption from registration under Central Excise Act (4 x 4 = 16 marks).

ICWA Inter- Revised Syllabus – June 2007 – Business Taxation

The paper consists of section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only Section II is given below.

Q 5. (A) Choose the correct answer: (i) In order to attract excise duty under the Central Excise Act, 1944, goods must be (a) Movable (b) Movable or immovable (c) Immovable (d) None of the above
(ii) The following is not liable to sales-tax under CST Act, 1956: (a) Newspapers (b) Lottery tickets (c) Sim cards (d) Trade Licenses (iii) R of Coimbatore, Tamil Nadu sold to a Malaysian Ship at Kochi port in Kerala, some goods for consumption on board the ship; such sale will be (a) Intra-State sale (b) Inter-State sale (c) Export sale as it is a foreign ship (d) Sale in the course of import (iv) Imported goods can be kept in custom bonded warehouse up to ____ days without payment of any interest. Beyond that period interest payable is ____ per cent (1 x 4 = 4 marks)

Q5 (B) State with reasons whether true or false: (a) There is provision for payment of Central Excise Duty "under protest". (b) Goods mentioned in Central Excise tariff but fully exempt from excise duty are not "excisable goods". (c) State Government cannot waive condition of submission of C Form by issue of a notification (d) Central Government is empowered to make Rules providing for the manner of determination of the sale price for a works contract, under the CST Act, 1956. (e) On 14.03.2007, Central Excise or customs authorities can make a provisional attachment of property of a person to whom a show cause notice has been issued (f) Customs Officer should pass an adjudication order in all situations where the assessment is done contrary to the claim of importer/exporter (2 x 6 = 12 marks)

Q 6(a) Define the term Large Taxpayer Unit (LTU) under the Central Excise Law (b) Is it compulsory for a taxpayer to join LTU Scheme? (c) Briefly discuss about the "other taxes" which are deductible in arriving at the "transaction value" under the Central Excise Act (d) SV Ltd. purchase a Boring-Drilling Machine at a cum-duty price of Rs. 32,14,476. The excise duty rate charged on the said machine was @ 16% plus education cess @ 2%. The machine was purchased on 01.04.2005 and disposed off on 01.10.2006 for a price of Rs. 12 lakhs. The company was claiming depreciation @ 25% following straight line method. In the light of the said information, answer the following questions: (i) What was the excise duty paid on the machine? (ii) What is Cenvat credit allowable? (iii) What is the amount of Cenvat credit reversible or duty payable at the time of clearance of the said machinery? (2+2+6+6 = 16 marks)

Q 7. (a) How is value determined for purposes of special CVD under the Customs Tariff Act? (b) Write brief note on Anti-dumping Duty (c) Briefly discuss about EDI system of assessment under the Customs Act (5+8+3 = 16 marks)

Q8 (a) Explain the term "Crossing the customs frontiers of India" as per the Central Sales-tax Act, 1956. (b) Mr. Ashoke Kumar, a first stage dealer in packing machinery in the city of Mumbai, furnishes the following data: (i) Total inter-State sales during financial year 2006-07 CST not shown separately – Rs. 92,50,000, (ii) Above Sales include: Excise duty – 9,00,000, Freight (of this Rs. 50,000 is not shown separately in invoices) – Rs 1,50,000, Insurance charges incurred prior to delivery of goods – Rs 32,000, Installation and commissioning charges shown separately – Rs 15,000. Determine the turnover and CST payable, assuming that all transactions were covered by valid "C" Forms (c) What is "interest-free period" in respect of warehoused goods under the Customs Act, 1962? Is

interest payable when warehoused goods are exempt from duty on the date of clearance? (4+6+6 = 16 marks)

ICWA Inter- Revised Syllabus – December 2006 – Business Taxation

The paper consists of section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only Section II is given below.

Q 5. (a) Answer the following giving brief comments where applicable; (i) Fill in the blanks: Captive consumption means _____. (ii) An SSI unit manufacturing goods with other's brand name is not entitled to any exemption from duty. However, it can avail SSI exemption, if goods are manufactured in a specified area. Which is that area? (iii) A dealer in Patna sold to a ship, goods for consumption on board the ship at Mumbai port. The sale will be (a) Inter-State sale (b) Sale in Course of export (c) Inter-State sale within Maharashtra (d) None of above. (iv) VAT rate of gold, if sold within State of Gujarat, is 1%. If gold is sold to a unregistered buyer in Delhi, the CST rate will be (a) Nil (b) 1% (c) 4% (d) 10% (v) An assessee was availing SSI exemption from 1-4-2005. He crossed turnover of Rs. 100 lakhs on 15-11-2005 and started payment of excise duty. He had received machinery on 10-11-2005 on which excise duty paid was Rs. 3,20,000. He intends to avail Cenvat credit of this duty. Can he do so? (vi) State true or false: Trade discount is permissible as deduction from assessable value for Central Excise, only if it is given before removal from factory. Discount given later is not allowable as deduction. (vii) State True or False: Dharmada (Charity) charged in invoice is required to be included while calculating Assessable Value for purpose of Central Excise. (viii) Fill up the blanks; A SSI unit is eligible for exemption up to Rs. _____ lakhs. However, if its turnover in the previous financial year was more than Rs. _____ lakhs, it is ineligible for exemption from duty in current year (1 x 8 = 8 marks)

Q 5 (b) Following transactions took place in a month: (i) The manufacturer received inputs with Invoice evidencing payment of duty of Rs. 42,800 on 2nd. The invoice was marked 'Original for Buyer'. (ii) 400 pieces of Final products were dispatched under Invoice on 6th. Assessable value was Rs. 80 per piece and excise duty rate was 16%. (iii) 1,000 pieces of input 'I' were sent outside for job work on 10th. When the inputs were received, credit of duty of Rs. 15,000 was taken on those inputs. (iv) Some inputs were purchased from a manufacturer in Chennai in March, 2004. These were directly dispatched from factory of the supplier to factory of job worker. Duty paid on the inputs is Rs. 40,000. Out of those inputs, 45% of inputs were received after carrying out the job work, on 18th. (v) An imported consignment of raw materials was received on 19th. The materials were not imported directly, but was purchased from an importer. The invoice of importer showed that customs duty paid was Rs. 26,000, special duty of Rs. 3,000, Additional customs duty paid was Rs. 13,200 and anti dumping duty paid was Rs. 5,400. The importer is registered with Central Excise authorities. (vi) Goods worth Rs. 2,00,000 were dispatched on 24th. Rate of duty was 16%. - - There was no opening balance in PLA or Cenvat credit account at the beginning of the month. Calculate the amount of excise duty payable (1 x 6 = 6 marks)

Q 6 (a) Elaborate the concept of transaction values as assessable value under Central Excise Act, 1944. (b) Enumerate the circumstances when raw material supplier will be treated as manufacturer of goods (13+5 = 18 marks)

Q 7. (a) (i) 500 pieces of inputs were received. Duty paid on these goods was Rs. 2,500. These were issued to production. While on production line, a fire broke out and 200 pieces of inputs lying on the shop floor were destroyed. (ii) 1000 litres were received on which duty paid was Rs. 18,000. These were issued to production. Out of these, 940 litres of final products were manufactured. 60 litres of inputs were lost in process. Discuss eligibility of Cenvat credit in the above cases (2+2 = 4 marks)

Q 7(b) A manufacturing unit undertook the following job work: (i) Machining of raw materials supplied by the customer: The material was sent under Cenvat challan. Job work charges were Rs. 30,000. Cost of the raw material was Rs. 3,50,000. These were returned after job work. (ii) Repairs of a component: Original cost of component was Rs. 25,000, Repair Charges were Rs. 3,000. The component was sent by customer under cover of his letter. - - If excise duty is payable @ 15%, find

out total duty payable and procedure to be followed by manufacturer for dispatch in each case after carrying out the work (4 x 2 = 8 marks)

Q 7(c) An Indian company imported certain consumer goods from abroad with MRP printed in packing cartons. In respect of similar goods manufactured in India, excise duty is payable on basis of MRP. The importer will be using the goods for further processing. Customs authorities contend that CVD will be calculated based on the MRP printed in the goods. Is this proper? Will your answer be different, if the goods are imported for retail sales? (6 marks).

Q 8. (a) Explain how Cenvat provisions are used for providing duty relief to exported goods. (b) Write a note on first appraisalment and second appraisalment systems under the Customs Act, 1962. (c) The gross turnover of a dealer for the financial year 2005-06 is Rs. 54 lakhs (including CST). The CST on goods transacted by the company are subject to local State Sale-tax @ 7%. The dealer made inter-State Sales of Rs. 24 lakhs to registered dealers, which includes erection charges of Rs. 3 lakhs, excise duty of Rs. 1.50 lakhs and packing charges of Rs. 60,000. Fright and delivery charges shown separately in the invoice is Rs. 60,000. The dealer also made inter-State sales aggregating to Rs. 30 lakhs to unregistered dealers, which included excise duty of Rs. 2.50 lakhs and transport charges of Rs. 1 lakh charged separately in the invoice. There was a sales return of goods worth Rs. 50,000 (invoice value) within 6 months in respect of sales to unregistered dealers. Calculate the CST payable and turnover of the company (5+5+8 = 18 marks)

June 2006

Answer Question No. 5 which is compulsory.
and any two from the rest from this Section

Q 5 (a) Answer any eight from the following: (i) If customs duty is evaded by suppression of facts or fraud or wilful misstatement, there is mandatory penalty equal to _____. (Value of goods, duty and interest payable, twice the duty and interest payable, customs duty payable) (ii) Imported goods can be kept in customs bonded warehouse without payment of interest for a period of _____ days. (30,60,90,180) (iii) Value of software loaded on computer at the time of clearance from factory, is required to be _____ (excluded/included) for purpose of valuation of computer, under section 4 of Central Excise Act. (iv) A company has factory in Surat and HO in Mumbai. It pays audit fees from Mumbai, for auditing its annual accounts. The Auditor charged service tax in his Invoice. Can the company avail Cenvat credit of that service tax? (v) State correct or wrong: Countervailing duty (CVD) is payable on assessable value plus basic customs duty plus anti-dumping duty. (vi) A manufacturer purchased certain inputs from 'X'. The assessable value is Rs. 10,000 and excise duty Rs. 1,632 (including education cess) [Total Invoice Rs. 11,632]. The manufacturer paid only Rs. 10,200 to 'X' in full settlement of his Bill. How much Cenvat credit can be availed by the manufacturer? (vii) A assessee cleared some goods on payment of excise duty, considering value as Rs. 20,000. Later, he found that actual value was Rs. 24,000. Which document he should prepare to pay the differential duty so that buyer can avail Cenvat credit? (viii) Excise Departmental appeal against order passed by Commissioner (Appeals) can be filed when it is authorised by _____. [Committee of two Commissioners/Committee of two Chief Commissioners/Chief Commissioner/Board i.e. CBE & C] (8 marks)

Q5 (b) An assessee cleared his manufactured final products during January 2006. The duty payable for the month on his final products was as follows: Basic duty – Rs. 48,000, NCCD – Rs. 2,000, Education cess – As applicable. During the month, he received various inputs on which total duty paid by suppliers of inputs was as follows - Basic duty – Rs. 40,000 plus applicable education cess; Special Excise Duty – Rs. 4,000 plus applicable education cess. Service tax paid on input services was as follows: Service tax – Rs. 8,000. Education cess – Rs. 160. How much duty the assessee will be required to pay through account current for the month of January 2006? [6 marks]

Q 6. (a) Turnover of an SSI unit during financial year 2005-06 was as follows: (i) Clearances under his own brand name – Rs. 110 lakhs (ii) Clearances of goods bearing other's brand name, on full payment of duty – Rs. 180 lakhs (iii) Waste and Scrap – Rs. 10 lakhs (iv) Goods which were exempt

from duty – Rs. 225 lakhs (v) Job work done under notification No. 214/86-Central Excise-Job Charges-Rs. 30 lakhs, Cost of material on which job work done – Rs. 120 lakhs (vi) Exports – Rs. 80 lakhs. Can he avail SSI exemption during 2006-07? **(b)** Explain meaning of ‘benches’ of Customs, Excise and Service Tax Appellate Tribunal (CESTAT). Distinguish between Principal and Zonal Bench and Single Member bench and Full Bench. **(c)** Mr. and Mrs. Bapat visited Germany as tourist and bought a personal computer for Rs. 52,000 and a laptop computer of Rs. 78,000 while returning to India, besides their personal effects valued at Rs. 1,33,000. What is the customs duty payable, if duty on baggage is 35% plus education cess of 2% [7+5+6 = 18 marks].

Q 7 (a) Customs Valuation Rules provide that if valuation is not possible on the basis of transaction value of identical goods, valuation can be done on basis of transaction value of ‘similar goods’. What are the distinctions and similarities between ‘identical goods’ and ‘similar goods’? **(b)** State giving brief reasons, whether sales tax can be levied on following transactions: (i) Sale of newspapers (ii) Giving utensils on rental basis (iii) Supply, erection, testing and commissioning of water supply line. **(c)** A manufacturer sold the goods @ Rs. 300 per piece without charging excise duty, as he was under impression that his product was exempt from duty. Later, it was found that the product was dutiable @ 16%. Excise Department claimed that since goods were removed without duty, assessable value should be Rs. 300 and duty @ 16% plus education cess of 2% is payable on assessable value of Rs. 300. Assessee contended that price of Rs. 300 should be taken as cum-duty price and actual duty payable should be calculated by back calculations. Who is correct? Explain and determine the correct duty payable per piece [6+6+6 = 18 marks].

Q 8 (a) Discuss provisions relating to ‘deemed manufacture’ in respect of goods covered under MRP provisions of valuation **(b)** Discuss the circumstances when an Advance Ruling will be void under Central Excise Act, 1944. **(c)** Write a short note on Provisional Assessment under Customs Act, 1962 [6+6+6 = 18 marks]

December 2005

The paper covers section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only section II is given below.

Answer Question No. 5 which is compulsory. and any two from the rest from this Section

Section II

Q 5 (a) Answer the following (i) Fill in the blanks – An EOU Unit is required to execute a _____ bond. (ii) An EOU unit can obtain indigenous material without payment of duty on submission of _____ certificate. (iii) State true or false – Petrol is ‘declared goods’ under CST Act. (iv) State true or false – State Government can waive condition of submission of C Form by issue of a notification under CST Act. (v) A registered dealer has procured some goods from depot of a manufacturer. Is the registered dealer ‘first stage dealer’ or ‘second stage dealer’? (vi) Fill in the blank – A service provider is providing both taxable and exempt services and he is unable to bifurcate the common input services used for providing exempt output services. In such case, his Cenvat credit of input services is restricted to _____ (10%, 20%, 33%, 40%) of service tax payable on his output taxable services. **(b)** Selling price of a product is Rs. 10,000. It is inclusive of outward freight of Rs. 250, packing charges of Rs.200, CST @ 4%, excise duty @ 16% and education cess @ 2%. Find the Assessable Value. **(c)** (i) State the basic two requirements that should be satisfied for treating something as “goods” for the purpose of levy of Excise Duty (ii) XYZ situated in Kolkata placed order for a certain product with the manufacturer ABC in Mumbai. The product manufactured to the buyer’s specification by ABC is transferred by ABC to its branch in Kolkata. The Excise authorities refused to treat the transfer from Mumbai to Kolkata branch as “Branch Transfer” and treated it as “Sale”. Are they justified in doing so? (6+8+6 = 20 marks)

Q 6 (a) Explain provisions in Cenvat Credit Rules in respect of ‘Input service distributor’ **(b)** From Central sales tax point of view, distinguish between goods returned by buyer and goods rejected by buyer. **(c)** State purpose and use of ‘Yellow Bill of Entry’ (5 x 3 = 15 marks).

Q 7. A large manufacturing unit undertook following job work: (a) Machining of raw materials supplied by the buyer. The material was sent under Cenvat challan. Job work charges were Rs. 30,000. Cost of raw material was Rs. 3,50,000. These were returned after job work. (b) Processing of inputs sent by a buyer under his own (buyer's) challan. Processing charges were Rs. 10,000 and cost on inputs was Rs. 2,00,000. (c) Repairs of a component. Original cost of component was Rs. 25,000 and repairs charges were Rs. 3,000. The component was sent by customer under cover of his letter. In all these cases, raw material was sent by customer. Excise duty payable is 16% plus education cess of 2%. You are required to (a) Find total duty payable, (b) Procedure to be followed by manufacturer for dispatch in each case after carrying out job work (15 marks).

Q 8 Write notes on: (a) Aggregate sale price under CST Act, 1956 (b) Unaccompanied Baggage under Customs Act, 1962 (c) House mark and Brand name under the Central Excise Act, 1944 (5 x 3 = 15 marks)

June 2005

The paper covers section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only section II is given below.

Answer Question No. 5 which is compulsory. and any two from the rest from this Section

Section II

Q 5 Fill up the blanks (with the appropriate expression out of those put in brackets where applicable.) (i) SSI units paying duty under notification No. 9/2003-Central Excise have to pay excise duty on ----- (Monthly/quarterly/half yearly) basis. They have to file return within the prescribed time on -----(monthly/quarterly/half yearly/yearly) basis. (ii) A registered dealer has procured some goods from depot of a manufacturer. The registered dealer is ----- ('first stage dealer'/'second stage dealer'). Invoice of second stage dealer is ----- (required/not required) to be authenticated by Inspector of Central Excise. (iii) Advance licence is ----- (transferable/not transferable). Advance licence -----(can be/cannot be) issued for deemed exports. (iv) Duty drawback on re-export is allowable if goods are re-exported within -----years from date of import. -----of customs duty which was paid while importing the goods is allowed as duty drawback u/s. 74 of Customs Act. (v) EOU units can sell part of their production in domestic market up to -----% of their FOB value of exports in previous year, with permission from -----.(vi) W.e.f. 1-11-2004, assessee paying duty of rupees ----- or more per annum through PLA, should file Annual Financial Information Statement for the proceeding financial year by ----- of succeeding year in Form ER-4. (vii) Where an assessee has opted for provisional assessment of central excise duty, if differential duty is found to be payable on finalization of assessment, the rate of interest chargeable under section 11AA or 11AB is -----%. The time limit for finalization of provisional assessment is -----. The said time limit for finalization or provisional assessment can be extended for a further period of ---- (viii) In case of transfer of business, the successor in business is ----- (liable/not liable) for the excise dues of the predecessor (ix) CESTAT can grant a maximum of ----- adjournments. (x) Education cess is ----- (payable/not payable) on safeguard duty levied under section 8B of the Customs Act. (xi) W.e.f. 10-09-2004, a manufacturer producing both exempt as well as non-exempt services, not maintaining separate accounts would pay excise duty at ----- & Education cess is -----(payable/not payable) on the same. (20 marks)

Q 6 (a) An SSI unit, which is a partnership firm, has achieved turnover of Rs. 90 lakhs in 2003-04. It is receiving good orders and its turnover may cross Rs. 100 lakhs in current year. It is planning to start another unit so that SSI exemption can be availed for both the units. The firm approaches you for advice. Advise them the legal position with reference to clubbing provisions of the Central Excise Act. (b) Briefly explain the term "dealer" as per the Central Sales-tax Act, 1956 (10+5 = 15 marks).

Q 7 (a) Briefly explain the provision in respect of 'burden of proof' in respect of goods covered under section 123 of Customs Act, 1962. List at least four articles which are covered under these provisions. (b) FOB Cost of an article imported on 10-12-2004 is 3000 UK pounds. Insurance and transport costs are not available. On the date of filing of Bill of entry, RBI rate of USD was Rs. 43.37

and inter-Bank closing rate was Rs. 43.38 per USD and Rs. 69.38 per UK pound. Exchange rate as per Customs notification was Rs. 69.78 per UK pound. Assuming customs duty of 20% and excise duty payable on similar product in India as 16%, find the total duty payable. **(c)** Briefly discuss about interchangeability of duties for Cenvat credit (6+5+4 = 15 marks).

Q 8 (a) Gross inter-state sales of ZX Co. Ltd., Patna, Bihar, were Rs. 18,00,000 during 2004-05 (April 2004-March 2005). CST was not shown separately in invoices. Other information are as follows: (i) If product P is sold within State of Bihar, sales tax rate is 8%. (ii) Sales of Rs. 8 lakhs are inclusive of erection expenses of Rs. 1,00,000, excise duty of Rs. 76,000 and packing charges of Rs. 25,000. The sale price is also inclusive of trade discount of Rs. 24,000, which has been later given by issuing a Credit Note. Buyers of these goods have issued form 'C' for these purchases. (iii) Balance sales of Rs. 10 lakhs are inclusive of excise duty of Rs. 95,000 and outward freight of Rs. 30,000. The freight was charged separately in Invoice. Buyers of these goods have not issued any declaration under Central Sales Tax Act. Out of these sales, goods of Rs. 2 lakhs were returned by customers. The goods were dispatched in February 04 and returned in June 04, i.e. after end of the accounting year. Find the turnover and CST payable. **(b)** What is meant by "Indian customs water" under the Customs Act, 1962? (10+5 = 15 marks)

December 2004

The paper covers section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only section II is given below.

Section II

Q No. 5 carrying 18 marks which is compulsory. 2 other questions each carrying 16 marks are to be answered out of the remaining three questions in section II.

Q 5 An importer has imported a machine from UK at FOB cost of 10,000 UK Pounds. Other details are as follows: **(i)** Freight from UK to Indian port was 700 pounds. **(ii)** Insurance was paid to insurer in India: Rs. 6,000. **(iii)** Design and development charges of 2,000 UK pounds were paid to a consultancy firm in UK. **(iv)** The importer also spent an amount of Rs. 50,000 in India for development work connected with the machinery **(v)** Rs. 10,000 were spent in transporting the machinery from Indian port to the factory of importer **(vi)** Rate of Exchange as announced by RBI was Rs. 68.82 = one UK pound. **(vii)** Rate of exchange as announced by CBE&C (Board) by notification under section 14(3)(a)(i): Rs. 68.70 = one UK pound. **(viii)** Rate at which bank recovered the amount from importer Rs. 68.35 = one UK pound. **(ix)** Foreign exporters have an agent in India. Commission is payable to the agent in Indian Rupees @ 5% of FOB price. Customs duty payable was 25%. If similar goods were produced in India, excise duty payable as per tariff is 24%. There is an excise exemption notification which exempts the duty as is in excess of 16%. Find customs duty payable if (a) Importer is manufacturer using the goods himself, (b) Importer is a trader who has imported goods for subsequent sale in India (18 marks).

Q 6. (a) A small scale manufacturer having a SSI Unit has achieved turnover of Rs. 1.52 crores during the year ended 31.03.2004. Normal duty payable on the product is 16%. Find the total excise duty payable by the manufacturer during the year: (i) if the unit has availed CENVAT Credit (ii) if the unit has not availed CENVAT Credit (The turnover mentioned above is without taxes and duties) **(b)** Describe the Constitutional provisions under which central excise duty is imposed **(c)** Explain the penal provisions relating to vexatious search, seizures, etc. by Central Excise officers (8+4+4 = 16 marks).

Q 7 (a) M/s. Snow White Ltd., Mumbai sells iron rods to M/s Hyderabad Ltd. in Vijaywada, (both of them are registered dealers), for a value of Rs. 10,00,000 inclusive of CST @ 4%. The local sales tax

on iron rods in Mumbai is 3%. Ascertain the CST payable. If Hyderabad Ltd. were unable to submit Form 'C' being an unregistered dealer, what will be the CST liability, if the local sales tax rate is 12%? Note – Iron rods are not declared goods. **(b)** Inter-State sales of Deepak brothers, Bhopal, MP of product X was Rs. 6 lakhs during the year ended 31st March, 2004. The same is inclusive of sales tax charged in invoices at appropriate rates. The goods were liable to tax @ 4% if sold within State of MP. Out of the goods sold, goods of Rs. 50,000 were returned. These were sold by Deepak Brothers in February, 2004 and returned by buyer in May 2004 as they were in excess of his requirements. Some goods of Rs. 30,000 dispatched in December, 2003 were rejected by a buyer and sent back in November 2004. Find the taxable turnover and CST if C form was received from all buyers. **(c)** What is the compounded levy scheme under Central Excise Act, 1944? Explain giving instances where it is applicable (6+5+5 = 16 marks).

Q 8 Write short notes on: **(a)** Surrender of registration certificate/deregistration under the Central Excise Act, 1944 **(b)** Provisional Assessment under Customs Act 1962 **(c)** Deemed Sales under CST Act, 1956 (5+6+5 = 16 marks).

REVISED SYLLABUS

Business Taxation – Inter ICWA

June 2004

The paper covers section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only section II is given below.

Section II

Q No. 5 carrying 18 marks which is compulsory. 2 other questions each carrying 16 marks are to be answered out of the remaining three questions in section II.

Q. 5 – Answer the following, giving brief reasons/comments not exceeding 3 to 4 sentences [18 marks] **(a)** Expand the following abbreviations – EPCGS, NCCD, CCCE, DFRC **(b)** A book often contains a CD. If a software is purchased, a manual is given along with CD. The CD contains the software. Thus, in both cases, there is a book and CD. What test will be applied while classifying these products ? **(c)** State true or false – (i) Trade discount is permissible as deduction from assessable value only if it is given before removal from factory. Discount given later is not allowable as deduction (ii) In case of CIF contract, the assessee will be entitled to deduction of outward insurance and freight while calculating assessable value (iii) Charges for training the buyer in use of the machinery supplied are includible in assessable value **(d)** (i) An assessee has discontinued his manufacturing activities. He has applied for cancellation of excise registration. Explain circumstances in which the Excise Superintendent can refuse cancellation of registration (ii) If assessee is required to pay differential duty subsequent to removal from his factory, which document he should prepare ? **(e)** – Fill in the blanks – If duty is not paid fully on due date, assessee is liable to pay the outstanding amount along with interest on unpaid amount @ .%. per month on outstanding amount, or Rs . per day, whichever is . (higher/lower), till payment of duty **(f)** State purpose of B-2 and B-4 bond **(g)** State whether following are eligible as inputs for Cenvat – (i) Safety appliances used by workmen (ii) Light Diesel Oil (LDO) used in manufacture (iii) Dies (iv) Parts used to manufacture capital goods within the factory **(h)** An assessee had procured some inputs in May 2002 for Rs 20 lakhs. Duty paid on the inputs was Rs 3,20,000 (@ 16%). He was unable to use the inputs in view of change in market conditions. He sold the inputs in March 2004 for Rs 16,00,000. How much 'duty' or 'amount' is payable while clearing the inputs?

Q 6 (a) – An assessee has factory in Kolkata. As a sales policy, he has fixed uniform price of Rs 2,000 per piece (excluding taxes) for sale anywhere in India. Freight is not shown separately in his invoice. During F.Y. 2003-04, he made following sales – (i) Sale at factory gate in Kolkata – 1,200 pieces – no transport charges (ii) Sale to buyers in Gujarat – 600 pieces – actual transport charges incurred – Rs 28,000 (iii) Sale to buyers in Bihar – 400 pieces – actual transport charges incurred – Rs 18,000 (iv) Sale to buyers in Kerala – 1,000 pieces. – Actual transport charges – Rs 54,800. Find assessable value.

(b) What is the purpose of 'safeguard duty'? What are restrictions of WTO in respect of safeguard duty? Can it be imposed on provisional basis? [8+8 = 16 marks]

Q 7 (a) Mr. A, a person holding Indian passport, brings 1 Kg Gold, out of which Rs. 3,60,000 are in form of biscuits and balance of Rs. 40,000 in form of gold jewellery which he was using abroad (valued at international rates). What is the duty payable if (i) the person is returning after 3 months stay (ii) the person is returning after 9 month's stay abroad and the Gold belongs to him (iii) the person is returning after 8 months stay abroad and the Gold belongs to his friend, who has given it only for carrying to India. (iv) He is returning after 18 months' stay abroad (ignore difference due to minor impurities in jewellery) **(b)** Define 'Indian Customs Waters'. What is the significance in terms of Customs Act, 1962? [8+8 = 16 marks]

Q 8 Write short notes on – **(a)** Document of title of goods **(b)** Customs value as per section 14(1) of the Customs Act, 1962 **(c)** Manufacturer under the Central Excise Act, 1944 [5+6+5 = 16 marks]

December 2003

The paper covers section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only section II is given below.

Section II

Q No. 5 carrying 18 marks which is compulsory. 2 other questions each carrying 16 marks are to be answered out of the remaining three questions in section II.

Q 5. (a) What is a stock transfer/branch transfer? Is it considered as a sale under Central Sales Tax Act, 1956? **(b)** What are goods under Customs Act, 1962? **(c)** What are the inputs eligible and inputs not eligible for Cenvat in Central Excise? [6 x 3 = 18 marks]

Q 6. In the context of valuation of goods for determining the price paid or payable in the course of arriving at the assessable value under the Customs Act, discuss about the inclusion of the following items: **(a)** Cost of durable and reusable containers used for transportation: **(b)** Technical know-how drawing supplied by importer; **(c)** Air freight charges incurred for importing items urgently required, which are normally imported by sea **(d)** Cost of insurance not readily ascertainable. [3+7+3+3 = 16 marks]

Q 7. (a) Discuss about the eligibility of Cenvat Credit in each of the following situations - (i) 1000 kgs of raw materials were purchased on which duty paid was Rs. 16,000. Whilst in the production yard, they were destroyed by accidental fire (ii) 1000 kgs of raw materials on which duty paid was Rs. 10,000 was used in manufacture of a final product for which the duty payable is Rs. 8000 (iii) The original invoice for 1,000 units of inputs purchased were missing; however 'Duplicate for transport' copy of invoice is available, which shows that duty of Rs. 10,000 had been paid on inputs **(b)** (i) Discuss the importance of noting of bill of entry *vis-à-vis* rate of customs duty applicable for import of goods, under the Customs Act; (ii) An Indian resident visiting Germany brought following goods while returning to India (a) his personal effects like cloth etc. valued at Rs. 25,000; (b) one litre of liquor of Rs. 1,600; (c) new camera of Rs. 24,800. What is the customs duty payable? [(a) 3 x 3 = 9 marks (b) 4+3 = 7 marks]

Q 8. Write short notes on: **(a)** Drawback rates; **(b)** Valuation in case of job work under Central Excise Act, 1944; **(c)** Exclusions from sale price under Central Sales Tax Act, 1956 [5+5+6 = 16 marks]

June 2003

The paper covers section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only section II is given below.

Section II

Q No. 5 carrying 18 marks which is compulsory. 2 other questions each carrying 16 marks are to be answered out of the remaining three questions in section II.

Q 5. (a) Define transaction value under the Central Excise Act, 1944. What are its main requirements? **(b)** State whether the following items are includible in T.V. citing reasons, if any: (i)

Regional discount (ii) Commission (iii) Surprise incentive scheme (iv) Trader's margin (c) How would you arrive at the T.V. for the purpose of levying excise duty from the following data?

Cum-duty selling price (exclusive of Sales Tax)	Rs 10,000
Rate of Excise Duty	16%
Trade discount allowed	Rs 1,200
Freight	Rs 750

(d) How is Turnover determined under the Central Sales Tax Act, 1956? [7+4+3+4= 18 marks].

Q 6. (a) An importer in India imported raw materials @ US \$ 25,000 FOB. The goods were packed for which US \$ 600 were charged extra. The goods were stuffed in Container, the price of which was US \$ 2,000. Insurance charges and ocean freight of US \$ 250 and 800 respectively were paid. A commission of US \$ 500 had to be paid to a broker for arranging the deal; 1 US \$ = Rs. 42.38, Customs Duty is 35%, Special Additional Duty (SAD) is 4%, Excise duty on similar goods in India is 16%. Determine the duty payable. **(b)** Mr. And Mrs. K visited the USA and bought there a personal computer for US dollars equivalent to Rs. 31,000 while returning to India. They carried personal effects also, valued at Rs. 46,000/-. What is the customs duty payable? **(c)** An Indian resident goes to Nepal on tour. He purchases a Colour TV for Rs. 18,000 and a hair-dryer for Rs. 2,000 (Indian Rs.) from a duty-free shop in Nepal and brings these into India. What is the duty payable, if he returns on (i) the 3rd day of arrival in Nepal? (ii) the 11th day of arrival in Nepal? [12+2+2 = 16 marks]

Q 7 (a) Examine whether the following amounts to manufacture under the Central Excise Act, 1944: (i) Cutting or sizing; (ii) Repairing, reconditioning; (iii) Re-melting; (iv) Mixing of metals **(b)** Distinguish between CENVAT on capital goods and on inputs for production **(c)** What are the documents and accounts required to be maintained for availing oneself of CENVAT credit? [4+6+6 = 16 marks]

Q 8. Write short notes on: **(a)** Penultimate sale for export under the Central Sales Tax Act, 1956 **(b)** Stores under the Customs Act, 1962. **(c)** Tariff value under Central Excise Act, 1944 [6+5+5 = 16 marks]

December 2002

The paper covers section I (Direct Taxes) 50 marks and section II (Indirect Taxes) 50 marks. Only section II is given below.

Section II

Q No. 5 carrying 18 marks is compulsory. 2 other questions each carrying 16 marks are to be answered out of the remaining three questions in section II.

Q 5. (a) What is deemed manufacture under the Central Excise Act, 1944? Give four examples of deemed manufacture. **(b)** Briefly state the salient features of the CENVAT Scheme. **(c)** Explain the term 'Related Persons' under section 4 of the Central Excise Act. **(d)** What are the essential elements of a valid sale under the Central Sales Tax Act, 1956? [6+4+4+4 = 18 marks]

Q 6. Explain the reference to the Customs Act, 1962, the difference between **(a)** Identical goods and Similar goods. **(b)** Territorial Water and Indian Customs Water. **(c)** Public Bonded Warehouse and Private Bonded Warehouse. [5+5+6 = 16 marks]

Q 7. (a) Explain how the value is to be determined for the purposes of section 4 of the Central Excise Act and Rules in the following cases: (i) Dutiable goods manufactured and used for Captive Consumption in the manufacture and sale of other final excisable products. (ii) Excisable goods manufactured and cleared as free samples (iii) A manufacturer charges separately for the goods produced and sold and for the packing. How will the cost of packing be treated for determining the value? (iv) The goods manufactured are sold ex-factory and the freight and insurance are charged on actual basis through invoices. **(b)** Briefly describe the offences that the penal provisions of section 10 of the Central Sales Tax Act, 1956. [(3 x 4) 12 + 4 = 16 marks]

Q 8. Write short notes on: **(i)** Dealer under the Central Sales Tax Act, 1956. **(ii)** Doctrine of unjust enrichment under the Central Excise Act, 1944. **(iii)** Searches under the Customs Act, 1962. [5+6+5 = 16 marks]

INDIRECT TAXATION

June 2004

Time Allowed : 3 Hours - Full Marks : 100.
Answer Q No 1 which is compulsory carrying 20 marks and any 5 from the rest, each carrying 16 marks.

Q 1 (a) Capital goods on which Cenvat credit has been availed are required to be used within the factory. These cannot be sent outside to job worker's place for his use. What are the exceptions ? **(b)** Cenvat credit is never refundable in cash. What is exception ? **(c)** Explain the meaning of 'Exclusive Economic Zone' and 'Continental Shelf' under the provisions of Customs Act, 1962. **(d)** What are the advantages of moving the Settlement Commission under the provisions of Customs Act, 1962 **(e)** Describe the provisions of section 11DD of Central Excise Act, 1944 [4 x 5 = 20 marks]

Q 2 (a) Define 'inter connected undertakings' under the provisions of Central Excise Act, 1944 **(b)** Explain whether the following elements are includible in the assessable value under section 4 of Central Excise Act, 1944 – (i) Advertising Charges (ii) Warranty Charges (iii) Interest on delayed payments (iv) Quantity Discount **(c)** Define 'Retail Sale Price' under section 4A of Central Excise Act, 1944 [4+8+4 = 16 marks]

Q 3 (a) Discuss whether the following goods are entitled for Cenvat credit – (i) Plastic trays used in a factory to move the raw materials within the factory (ii) Steel sheets used to erect a storage tank of 1 million capacity (iii) Light diesel oil used to generate electricity consumed within the factory (iv) Caustic soda used in the factory to treat the waste water let out to prevent water pollution **(b)** State the warehousing provisions available to a manufacturer of excisable goods **(c)** What is meant by 'presumption of culpable mental state' under the Central Excise Act ? [8+4+4 = 16 marks]

Q 4 Write short notes on any four of the following with reference to Customs Act, 1962 – **(a)** Salient features of Section 14(1) of Customs Act, 1962 for valuation of imported/exported goods **(b)** First Appraisalment **(c)** Provisional Assessment **(d)** Demand of duty **(e)** SEZ (Special Economic Zone) **(f)** NCCD (National Calamity Contingent Duty) of Customs [4 x 4 = 16 marks]

Q 5 Discuss briefly any four of the following with reference to Customs Act, 1962 – **(a)** Remission of duty on abandoned goods **(b)** Deemed exports **(c)** Re-export of duty paid goods **(d)** The right of a person searched **(e)** High Court can directly formulate question of law and decide [4 x 4 = 16 marks]

Q 6 (a) M/s Sharma Traders imported certain goods from USA. The FOB value was US \$ 5,000. Freight was US \$ 200 and insurance charges were US \$ 50. As per the agreement with USA suppliers, agency commission of Rs 10,000 was payable by Sharma Traders to their Indian Agents. M/s Sharma Traders filed Bill of Entry on 24-2-2004. Entry Inward was granted to the ship on 5-3-2004. Duty was actually paid by Sharma Traders on 25-3-2004. Basic customs duty payable on various dates was as follows – (i) 24-2-2004 – 25% (ii) 5-3-2004 – 20% (iii) 25-3-2004 – 30%. Exchange rates as announced by CBE&C on various dates was as follows – (i) 24-2-2004 – 1 US \$ = Rs 44.70. (ii) 5-3-2004 – 1 US \$ = Rs 45.10 (iii) 25-3-2004 – 1 US \$ = Rs 45.40. M/s Sharma Traders actually paid to Bank @ 1 US \$ = Rs 44.90 against payment of the invoice. Excise duty on similar goods in India is 16%. However, as per an exemption notification, if Cenvat credit on input is not availed, excise duty will be @ 8%. No Special Additional Duty (SAD) is payable. Calculate the Assessable Value and customs duty payable **(b)** State the provisions in respect of 'burden of proof' in respect of goods covered under section 123 of Customs Act, 1962 (12+4 = 16 marks).

Q 7 (a) Ram & Co. are dealers in engineering goods. They obtained an order for an engineering item 'A'. They quoted a price of Rs 5,000 per piece for 'A'. Ram & Co. then approached Laxman & Co. who was manufacturer of engineering items. It was agreed that Ram & Co. will supply raw material required for manufacture of 'A' to Laxman & Co. free of cost. Laxman & Co. will manufacture product 'A' and supply it to Ram & Co. It was agreed that Laxman & Co. will charge Rs 1,500 per piece as their job charges per piece. Other information is as follows – (i) Raw material supplied by Ram & Co. to Laxman & Co. was purchased by Ram & Co. from the manufacturer 'Z'. The breakup of the invoice of 'Z' was as follows – Net Price per Kg of raw material – Rs 40. Excise duty – Rs 6.40 Sales Tax – Rs 1.86. Total – Rs 48.26. Ram & Co. generally sales goods after adding 10% to their purchase price (ii) Product A requires 50 Kg of raw material per piece, including normal wastage of 5%. (iii) Transport charges incurred by Ram & Co. for delivering raw material to factory of Laxman & Co – Rs 100 per piece (iv) Transport charges for returning the finished product to the Ram & Co – Rs 130 per piece. These are paid by Laxman & Co. and recovered from Ram & Co. by issuing a separate debit note. - - The rate of duty is 16%. Who is liable for payment of excise duty ? What will be the assessable value ? **(b)** State provisions in Central Excise Act in respect of special audit of Cenvat credit under section 14AA of Central Excise Act, 1944 [8+8 = 16 marks]

Q 8 (a) How would you treat the following transactions under the provisions of CST Act ? – (i) A, who is dealer in Jaipur, agrees to sell goods to B in Banlagore, but he books the goods from Jaipur to Bangalore in his own name and his agent in Bangalore receives the goods on behalf of A. Thereafter the goods are delivered to B in Bangalore and the same accepted by B (ii) A VPP dispatch from Ahmedabad to Hyderabad **(b)** Explain the provisions relating to 'cognizable offences' under the CST Act, 1956 **(c)** Define 'sale price' as defined in CST Act, 1956 [8+4+4 = 16 marks]

ICWA - INTERMEDIATE EXAMINATION

INDIRECT TAXATION

December 2003

Time Allowed : 3 Hours - Full Marks : 100.
Answer Q No 1 which is compulsory carrying 20 marks and any 5 from the rest, each carrying 16 marks.

Q 1. (a) Define 'Factory' under Central Excise Act, 1944. **(b)** Define 'wholesale dealer' under Central Excise Act, 1944. **(c)** Discuss the 'powers of officers of Customs' under the provisions of Customs Act, 1962. **(d)** Are the goods imported or belonging to Government dutiable under Customs Law? Explain. **(e)** Define 'Place of Business' under CST Act, 1956 [4 x 5 = 20 marks]

Q 2. (a) When does the Central Government have powers to grant exemption from duty under Central Excise Act, 1944. **(b)** Explain the relevance of statement under certain circumstances as described in section 9D of Central Excise Act, 1944. **(c)** Is there any provisions to collect interest on amount collected in excess of duty and deposited with the Government? Explain the relevant provisions. **(d)** State the penal provisions for delayed payment of duty under Central Excise Rules [4 x 4 = 16 marks]

Q 3. (a) Under what conditions 'Cenvat' credit is available if the credit is deniable on Technical grounds? **(b)** How a manufacturer or buyer of inputs can satisfy himself about the payment of duty by the input supplier/manufacturer to avail Cenvat credit? **(c)** When is the notional interest on Advance includible in the value u/s 4 of Central Excise Act, 1944? **(d)** Mention those elements of cost that shall not form part of the assessable value of captively consumed goods under Rule 8 of Central Excise Valuation Rules, 2000 [4 x 4 = 16 marks]

Q 4. Write short notes on any four of the following under Customs Act, 1962: **(a)** 'Electronic Declaration' of Bill of Entry; **(b)** Advance Ruling; **(c)** Anti Dumping Duty; **(d)** Export Houses and criteria for their recognition; **(e)** Self assessment scheme for importers and exporters including claim; **(f)** Re-importation of goods produced or manufactured in India – section 20 of Customs Act, 1962. [4 x 4 = 16 marks]

Q 5. Attempt any eight of the following by filling the blanks/choosing appropriate word/stating the statement as True or False etc. as the case may be : **(a)** Customs Act, 1962 consolidates

_____, _____ and provisions of Air Customs Acts. **(b)** In second appraisalment system the assessment is done on the basis of _____ and goods are _____ later. **(c)** Identical goods means that goods should be _____ in all respects, should be produced in the same _____ and should be _____ by same _____. **(d)** Rate of duty applicable in the following cases shall be the rate on the date; (i) for home consumption when _____ is presented. (ii) for warehouse goods when goods are _____ from warehouse. (iii) for baggage when _____ is made. (iv) for postal import when the authorities present the _____. **(e)** The maximum period for warehousing (i) capital goods for 100% EOU is _____ years. (ii) for other goods is _____ years. The period may be extended by _____. **(f)** Drawback Rules, 1995 are made under section _____ of Customs Act, 1962 and section _____ of Central Excise Act, 1944. **(g)** Penalty for short levy etc. of duty by collusion or willful misstatement is equal to _____ and _____. However, if paid within 30 days it will be _____ per cent of the amount. **(h)** Interest on delayed payment of refund is _____. (9, 10,15) **(i)** Offences under Customs Act are non-cognizable. Customs officer himself may grant bail. True or False. [2 x 8 = 16 marks]

Q 6. (a) A has imported from U.S.A. by Air under-mentioned goods at Mumbai: Tariff Heading - 85-01, (1) Description - Micro motors – Value in FOB – US \$ 10,000 (2) Soldering irons and guns - Value in FOB – \$ 5000 - - Other relevant data are : Air freight \$ 400, Insurance actual \$ 200, Local agent's commission Rs. 5,000, Rate of exchange 1\$ = Rs. 50, Customs duty – 25% Ad-valorem, CVD – 16% Ad-valorem, SAD – 4% Ad-valorem. Effective Rate of duty on soldering irons and guns through a customs notification is 20%. Compute assessable value of each item and relative total customs duty and aggregate customs duty payable [8 marks] **(b)** (i) What is 'Brand Rate'? (ii) An exporter has exported under-mentioned goods under draw-back claim:

Sub.S.No.of Dbk. Table	Description	FOB Value Rs.	Rate of Draw-back
74.24	1000 Kg handicrafts of brass @ Rs. 200 per kg	2,00,000	16.5% of FOB Value subject to maximum of Rs. 33 per kg of brass content
74.27	1000 kg of Artware of copper @ Rs. 300 per kg	3,00,000	Rs. 33 per kg.
85.81	20,000 pc GLS Lamps @ Rs. 5 per piece	1,00,000	1% of FOB

Note : 1: On examination it is found that brass content in brass artware is 80%. **2:** Artware has copper content of weight 950 kg. Compute the amount of drawback admissible taking into account the above facts. [2+6 = 8 marks]

Q 7. Write short notes under the provisions of Central Excise Law regarding: **(a)** Procedures for end-use exemption **(b)** Removal of goods from FTZ, EOU and SEZ to DTA **(c)** Return of duty paid goods for repairs and other purposes **(d)** Storage of non-duty paid goods outside the factory [4 x 4 = 16 marks]

Q 8. (a) What is document of Title of goods under CST Act, 1956? **(b)** Mention the names of certain goods declared to be of special importance in inter-state trade or commerce for the purposes of CST Act, 1956. **(c)** When is indemnity granted under CST Act, 1956 to the officers of the Government? **(d)** Give a few illustrations of Consignment transactions, which are not considered as sale under the CST Act, 1956 [4 x 4 = 16 marks]

INDIRECT TAXATION

June 2003

Time Allowed : 3 Hours - Full Marks : 100.
Answer Q No 1 which is compulsory carrying 20 marks and any 5 from the rest, each carrying 16 marks.

Q 1 (a) Mention the types of duties that could be imposed on excisable goods under Central Excise Tariff Act, 1944 and other allied Acts and on what value such duties are imposed if the rate is *ad valorem* rate of duty. **(b)** Define 'inter connected undertakings' as required under Section 4 of Central Excise Act, 1944. **(c)** Why Special Additional duty of Customs is levied? On what value is the

said duty computed? Is there any exemption available from the said levy? **(d)** Under which provision of Customs Act, 1962, Customs Duty is levied? Explain the relevant provisions. **(e)** Define 'Sale price' under CST Act, 1956. [4 x 5 = 20 marks]

Q 2 (a) Specify the exempted goods that require reversal of credit under Rule 6 of Cenvat Credit Rules. **(b)** How does a manufacturer availing Cenvat satisfy himself that duty was paid on such goods by the supplier of the Inputs/Capital goods? **(c)** State the powers of Central Excise Officers to grant 'Remission' of duty. **(d)** What is the penal provision when any person acquires or possesses or sells or keeps or purchases or transports or removes or deals with goods liable for confiscation under Central Excise Rules, 2002? [4 x 4 = 16 marks]

Q 3 (a) What are penal provisions in the case of vexatious search and seizure by Central Excise Officers? **(b)** Explain the circumstances when an Advance Ruling will be void under Central Excise Act, 1944 **(c)** State the circumstances under which an application will not be entertained by the Settlement Commission under the provisions of the Central Excise Act, 1944? **(d)** Describe the provisions relating to offences by Companies under Section 9AA of Central Excise Act, 1944 [4 x 4 = 16 marks]

Q 4 Write short notes on any four of the following: **(a)** Customs Documents **(b)** Notice of Short Export **(c)** Status Certification for Export Houses under Exim Policy 2002-07 – Handbook of Procedure **(d)** Test Report by Customs Chief Chemist **(e)** Detention Certificate **(f)** Import of Commercial Samples [4 x 4 = 16 marks].

Q 5 Answer the following under Customs Act, 1975 by filling in the blanks/choosing the appropriate word/stating whether statement is true or false: **(a)** Baggage includes ----- but does not include ----- - as per section ----- of Customs Act, 1975 **(b)** There are four forms of shipping Bills (i) Green colour stands for ----- (ii) Yellow colour stands for ---- (iii) White colour stands for ----- (iv) Pink colour stands for ----. **(c)** An authorised representative may be ----- (any one/none) of the following : Employee, Custom House Agent, Advocate, Qualified professional such as Chartered Accountant, Company Secretary, Cost Accountant etc. **(d)** Refund claim should normally be filed within ----- months. It can be filed within one year by ---- and also by an individual for ---- use. **(e)** Time limit to file appeal to Commissioner (Appeals) is ----- days. He ----- (can/cannot) remand cases. **(f)** There is no time limit for launching ----- for ----- offences. **(g)** Penalty for improper import/export is equal to an amount not exceeding Rs. ----- or ----- times the value of goods, whichever is higher. **(h)** In case of post parcel, label/declaration is deemed "Bill of Entry". State whether True or False. [2 x 8 = 16 marks]

Q 6 (a) Zing Yong of China exports Lithium Cell to India, the FOB price of which is one Dollar for 30 cells; however the details of Freight & Insurance were not made available. Investigation reveals that the goods are imported into India at an increased quantity. Similar cells are manufactured in India, the cost of sales per cell of which indicates the following break-up:

Direct	Material	Rs.	2.00,
Direct	Labour	Re.	0.25,
Direct	Expenses	Re.	0.25,
Indirect	Expenses	Re.	0.50,
Indirect	Labour	Re.	0.25,
Indirect	Expenses	Re.	0.25,
Administrative	Overheads	Re.	0.50,
Selling and distribution	overheads	Re.	0.50,
Profit	Margin	Re.	0.50.

The exchange rate 1 \$ = Rs. 50. Is there any case to impose Safeguard Duty? If yes, what is the duty leviable ?

(b) Determine the total Customs Duty payable from the following data -

Quantity	value	:	Swiss	Franc	:	10000,
FOB	Fright	:	Swiss	Franc	:	2500,

Insurance : Data not available,
Exchange rate : 1 Swiss Franc = Rs. 34,
Rate of BCD 30%,
Rate of Cenvat under First Schedule to CETA : 16%,
Rate of SED under Second Schedule to CETA : 16%,
Rate of AED(GSI) under Additional Duties of Excise (GSI) Act : Rs. 10/kg,
Rate of NCCD 1%,
Rate of SAD 4% [8+8 = 16 marks]

Q 7 (a) X Ltd. is engaged in the manufacture of 'paracetamol' tablets that has an MRP of Rs. 9 per strip. The Company cleared 1,00,000 tablets and distributed as physician's samples. The goods are not covered by MRP, but the MRP includes 16% Excise Duty and 4% CST. If the cost of production of the tablet is 40 paise per tablet, determine the total duty payable. **(b)** From the following data, determine the CENVAT allowable if the goods are produced or manufactured in a FTZ or by a 100% EOU and used in any other place in India.

Assessable value :	Rs. 770	per unit,
Quantity cleared	77,770	units,
BCD	—	30%,
CVD	—	16%

(c) Mrs. E fails to pay Excise Duty of Rs. 60,000 on the goods cleared in February by 5th March of 2003. The assessee, Mrs. E, is owner of a SSI unit. What is the interest payable under Rule 8 of Central Excise Rules, 2002 if the duty was actually paid on 10th May of 2003? **(d)** Is there any provision to store non-duty paid goods outside the factory? State the provisions, if any, under Central Excise Rules, 2002. [4 x 4 = 16 marks].

Q 8 (a) What is the liability of a "Company in Liquidation" under Section 17 of CST Act, 1956? **(b)** Describe the provisions relating to rounding off of tax under Section 9B of CST Act, 1956? **(c)** State the transactions that are not taxable under CST Act, 1956. **(d)** Define the meaning of 'Occasions such export/import sales' under CST Act, 1956. [4 x 4 = 16 marks]

ICWA - INTERMEDIATE EXAMINATION

INDIRECT TAXATION

December 2002

Time Allowed : 3 Hours - Full Marks : 100.

Answer Question No. 1 which is compulsory and any five from the rest.

Q.1 (a) What is the relevant date for determination of rate of duty and tariff value under Central Excise Rules, 2001? **(b)** (i) A big ship carrying merchandize and stores enters the territorial waters of India but it cannot enter the port. In order to unload the merchandize lighter ships are employed. Stores are consumed on board the ship as well as by the small ships. Examine whether such consumption of stores attracts customs duty, quote relevant section and case law, if any. (ii) Stores are supplied to the above ships. Will such supplies be treated as exports and be entitled to drawback? **(c)** Describe the constitutional provisions under which Central Excise duty is imposed. **(d)** An officer of the Customs has reason to believe that a person has secreted gold/diamonds or documents about his person liable to confiscation. He wants to search him. The person requests the officer to take him to a Gazetted Officer or Magistrate. Should his request be acceded to? What precautions should be taken in such a search? **(e)** Describe constitutional provisions that restrict imposition of tax on sale of or purchase of goods. [4 x 5 = 20 marks]

Q 2. (a) H Ltd. purchased a Boring-Drilling machine at a cum-duty price of Rs. 32,14,476. The Excise duty rate charged on the said machine was @ 16%. The machine was purchased on 01.04.2000 and disposed of on 30.09.2002 for a price of Rs. 12 lakhs. The company was claiming depreciation @ 25% following Straight Line Method. Using the said information, answer the following questions: (i) What is the Excise duty paid on the machine? (ii) What is the Cenvat credit allowable under Cenvat Rules? (iii) What is the amount of Cenvat credit reversible or duty payable at the time of clearance of the said machinery? **(b)** Explain the provisions relating to confiscation and penalty under Rule 25 of

Central Excise Rules. **(c)** Explain the penal provisions relating to vexatious search, seizures, etc. by Central Excise Officers. [8+4+4 = 16 marks]

Q 3. Distinguish between the following under Central Excise Law: **(a)** 'Transfer of Cenvat credit' and 'Transitional provisions of Cenvat credit'. **(b)** 'Exempted goods' and 'Nil rate goods' **(c)** 'Assessment of return' and 'Scrutiny of return' **(d)** 'Memorandum of appeal' and 'Memorandum of cross objections'. [4 x 4 = 16 marks]

Q 4. Write brief notes on any four of the following under Customs Act, 1962: **(a)** First appraisement **(b)** Procedure for filing appeal to Commissioner (Appeals) **(c)** Import under Duty Exemption Pass Book 1997-2002 **(d)** Legal position of instructions in manuals/trade circulars/public notices **(e)** Retrospective effect of rule/regulation notification even amended/repealed or superseded. [4 x 4 = 16 marks]

Q 5. Answer any four of the following under Customs Act, 1962 - **(a)** IEC code **(b)** Classification of an article which is incomplete or unfinished but has the essential characteristics of the complete/finished article **(c)** Nominated agencies **(d)** Negative List of Imports **(e)** Custom House Agent. [4 x 4 = 16 marks]

Q 6. (a) 'A' imports by air from USA a Gear cutting machine complete with accessories and spares. Its HS classification is 84.6140 and Value US \$ f.o.b. 20,000.

Other relevant date/information: (1) At the request of importer, US \$ 1,000 have been incurred for improving the design, etc. of machine, but is not reflected in the invoice, but will be paid by the party. (2) Freight - US \$ 6,000. (3) Goods are insured but premium is not shown/available in invoice. (4) Commission to be paid to local agent in India Rs. 4,500. (5) Freight and insurance from airport to factory is Rs. 4,500. (6) Exchange rate is US \$ 1 = Rs. 45. (7) Duties of Customs : Basic – 25% CVD – 16% SAD – 4%. - - Compute (i) Assessable value (ii) Customs duty.

Q 6 (b) 'A' has exported under-mentioned goods under drawback claim –

S. No. of DGK Table	Description of goods & quantity exported	Value f.o.b. Rs	Rate of Drawback
64.01	Leather footwear Boots 200 nos.@ Rs. 1,000 per pair	2,00,000	11% of f.o.b. subject to maximum of Rs. 85 per pair
64.11	Leather chappals 2000 nos. @ Rs. 50 per pair	1,00,000	3% of f.o.b. subject to maximum of Rs. 5 per pair.
71.01	Brass Jewellery 200 kgs. @ Rs.200 per kg		Rs. 22.50 per kg of Brass content
71.05	Plastic bangles with embellishment 200 kgs @ Rs. 100 per kg		Rs. 5.00 per kg of plastic content.

On examination it is found that brass content in brass jewellery is 50% of weight and in plastic bangles the plastic content is 50% but the total weight comes to 190 kgs only. - -Compute drawback on each item and total drawback. [10+6 = 16 marks]

Q 7 (a) State whether the following elements are to be included or not as part of the 'Transaction value' under section 4 of the Central Excise Act, 1944. (i) Erection and commissioning charges (ii) System software etched in the computer system (iii) Cylinder holding charges (iv) After-sales warranty charges - - **(b)** X Ltd. manufactures three health drinks viz. Slim, Trim, Prim. Slim was sold only to Y Ltd., a subsidiary company of X Ltd. Trim was sold to Z Ltd., where the Managing Director of X Ltd. is a Manager. Prim is sold to P Ltd. who are sole distributor of X Ltd., and was coming under the same management of X Ltd. Determine the assessable value/transaction value of the three products in the hands of X Ltd. on the basis of the following information :

Price of X Ltd. to Y Ltd.	Rs 100
Price of X Ltd. to Z Ltd.	Rs 50
Price of X Ltd. to P Ltd.	Rs 20
Price of Y Ltd. to consumer	Rs 120
Price of Z Ltd. to consumer	Rs 60

Price of P Ltd. to consumer

Rs 30

(c) Define 'Transaction value' under section 4 of the Central Excise Act, 1944. [8+5+3 = 16 marks]

Q 8. (a) Distinguish between 'concessions' and 'exemptions' under CST Act, 1956. **(b)** State 'omissions' and 'commissions' that attract penal provisions under CST Act, 1956. **(c)** Are the following 'Sale' under section 2(g) of CST Act, 1956? (i) Sale of illegal goods. (ii) Gifts given by a company to their shareholders. (iii) Credit sale. (iv) Leasing of Fixed Assets (v) Works contract (vi) Development of Computer Software to the requirement of clients (vii) Xerox copying for customers (viii) Job work [4+4+8 = 16 marks].

June 2002

Time Allowed : 3 Hours - Full Marks : 100.

Answer Question No. 1 which is compulsory and any five from the rest.

Q.1 (a) Who is exempted from registration under Rule 9 of Central Excise Rules, 2001? **(b)** Distinguish between 'reference application' and 'revision application' under Central Excise Law. **(c)** Explain the provisions relating to short-shipment/shut out notice under the Customs Act and Rules. **(d)** Under Section 28A of the Customs Act, 1962, the Central Government has power not to recover Duties levied or short levied. – Discuss. **(e)** List the restrictions and conditions in regard to tax on sale or purchase of declared goods within a State under Section 15 of CST Act, 1956. [4 x 5 = 20 marks]

Q.2 (a) Is transfer of Cenvat Credit admissible on account of change of ownership? Explain the relevant provisions under Central Excise Law. - - **(b)** Fill in the blanks: i) Cenvat credit is available on _____. (additional customs duty/special additional duty) ii) When excise duty paid goods are returned to a factory, _____. (Cenvat is allowed/ Cenvat is not allowed) iii) Cenvat credit can be taken on the basis of _____. (Bill of Entry/bill of Lading) iv) Transitional provisions are covered by _____. (Rule 9/Rule 8) of Cenvat Credit Rules, 2002. v) Any wrong availment of Cenvat credit may attract a penalty equivalent to the duty or Rs. _____. (10,000/100,000) vi) Under Cenvat Credit Rules, 2001, capital goods includes _____. (water tank/storage tank) - - **(c)** Prepare a Cenvat account in the books of A Ltd., and determine the balance as on 30-09-2002 from the following data: -

* Opening balance as on 01-04-2002 Rs. 47,000.

* Inputs received on 04-04-2002 involving excise duty paid Rs. 14,747

* Purchased a lathe for Rs. 1,16,000 -cum duty price @ excise duty rate of 16% on 05-04-2002 and received the lathe into the factory on 05-12-2002.

* On 06-04-2002 paid excise duty on final products @ 16% through Cenvat A/c (cum duty price of the goods Rs. 2,32,000).

* Inputs cleared as such to a job worker on 01-04-2002 not returned in 180 days, quantity 1,000 Kgs; Assessable value Rs. 2 lacs; ED @ 16% of the above, 50 % of the inputs were received on 01-10-2002.

* Common inputs were used in a product, which was exempted from payment of duty cleared at a price of Rs. 100/unit, which included taxes of Rs. 20/unit; quantity cleared 1,000 units.

* On 07-04-2002 duty paid on inputs amounting to Rs. 17,867 was taken credit for in the Cenvat A/c as Rs. 17,687. [4+6+6 = 16 marks].

Q.3 (a) Z Ltd. is a small-scale industrial unit manufacturing a product X. The Annual report for the year 2000-01 of the unit shows a gross sale turnover of Rs. 1,91,40,000. The product attracted an excise duty rate of 16% as BED and Sales Tax 10%. Determine the duty liability under Notification Nos. 8/2001 and 9/2001 meant for SSI units. **(b)** B Ltd. manufactures two products namely, Eye Ointment and Skin Ointment. Skin Ointment is a specified product u/sec. 4A of Central Excise Act, 1944. The sales prices of both the products are at Rs. 43/unit and Rs. 33/unit respectively. The sales price of both products included 16% excise duty as BED and 8% excise duty as SED. It also includes CST of 4%. Additional information is as follows -

Units cleared: Eye Ointment : 1,00,000 units

Skin Ointment : 1,50,000 units

Deduction permissible u/sec 4A: 40%.

Calculate the total excise duty liability of B Ltd., on both the products. - -

(c) Explain the term “Process ‘Amounting to’ Manufacture”. i.e. deemed manufacture. [6+6+4 = 16 marks]

Q.4 Examine any four of the following under Customs Act, in the light of and incorporating recent changes as per Finance Act, 2001, if any - **(a)** Interest payment on duty not levied, short levied, and the date from which it is to be reckoned. **(b)** Interest on warehoused goods. **(c)** Time limit for filing appeal to Commissioner (Appeals). **(d)** Penalty for improper importation/exportation of goods. **(e)** Budget day clearance under CE and Customs. [4 x 4 = 16 marks]

Q.5 Discuss any four of the following with reference to Customs Act: **(a)** Salient features of valuation of goods under Customs Act. **(b)** Provisional assessment of imports. **(c)** CEGAT. **(d)** LUT (Legal Undertaking) **(e)** Standard input-output and value addition norms. [4 x 4 = 16 marks]

Q.6 (a) Determine the assessable value and customs duty amount from the following data:

Name of the raw material	X
FOB value	Euro 1 million
Ocean freight	Actual data not available
Ocean Insurance	Actual data not available
Freight from sea port to godown paid in India	Rs. 10,000
Transit insurance in India	Rs. 2,000
Selling commission paid to agent in India	5%
Royalty on manufacture and sale of final product payable to foreign collaborator	5%
Interest payable on raw material imported at 180 days credit (on FOB value)	12% p.a
Dividend paid to the foreign supplier of raw material on their equity participation for the year 2001-02	Rs. 2 per share on 1 million shares of face value Rs. 10/ share.

Importer supplied design and drawings worth Euro 10,000 to the foreign raw material supplier. #

Landing charges as per Customs provisions

Customs duty rates : BCD - 30%, ACD – 16%, SAD – 4%

Exchange rate: 1 Euro = Rs. 42.

Q6 (b) (i) What is all industry rate of Drawback? (ii) ‘A’ exported a consignment under drawback claim consisting of the following items: -

Particulars	Serial/ Sub-serial	FOB value	Drawback rate
(1) 200 pieces of pressure stoves mainly made of brass @ Rs. 80/piece	74.04	Rs 16,000	4% of FOB
(2) 200 kg Brass utensils @ Rs. 200 per kg	74.13	Rs 40,000	Rs. 24/kg
(3) 200 kg Artware of brass @ Rs 300/Kg	74.22	Rs 60,000	17.50% of FOB subject to a maximum of Rs. 38/per kg.

On examination in docks, weight of brass artware was found to be 190 Kgs and was recorded on shipping bill. Compute the drawback on each item and total drawback admissible to the party. [10+2+4 = 16 marks]

Q 7 Distinguish between the following under Central Excise Law: **(a)** Remission of duty and Rebate of duty. **(b)** Bond and LUT **(c)** General Bond (B1 Bond) and Bond for provisional release of seized goods (B4 Bond). **(d)** Excisable goods and Dutiable goods. [4 x 4 = 16 marks]

Q 8 (a) What are the limitations on use of ‘C’ form in terms of value ? Are the said limitations applicable to ‘D’ forms. **(b)** Distinguish between ‘Consignment sale’ and ‘subsequent sale’ under CST Act, 1956 **(c)** Calculate the CST payable from the following data -

- (1). Invoice No.1011 dated 01.04.2001 for Rs.1,78,967 inclusive of CST @4%
- (2) Invoice No.1012 dated 02.04.2001 for Rs.1,87,697 exclusive of CST @ 4%
- (3) Invoice No.1013 dated 03.04.2001 for Rs.1,75,000 inclusive of local Sales Tax. @ 10%
- (4) Invoice No.1014 dated 04.04.2001 for Rs.2,50,000 exclusive of local Sales Tax @ 8%
- (5) 50% of the goods sold on 01.04.2001 on inter-state trade was rejected and returned on 31.03.2002
- (6) 20% of the goods sold on 04.04.2001 on local sale was returned on 30.06.2001
- (7) 30% of the goods sold on 02.04.2001 on inter-state trade returned on 02.06.2001
- (8) 10% of goods sold on 03.04.2001 on local sale was rejected on 03.10.2001
- (9) Goods of Rs.1,50,000 was stock transferred from Bangalore to Indore on 05.04.2001 excludes CST elements of 4%
- (10) Export of goods worth 10 million Yens to Japan on 06.04.2001 of which 50% were rejected and returned on 01.11.2002 (1 Yen = Re. 0.35)
- (11) Export through Canalising Agency for value of 100 thousands Dollars (Export order with Canalising Agency) (1dollar = Rs. 48)
- (12) Purchased goods for Rs.3,00,000 from the market on 09.01.2001 and exported to Singapore on 14.01.01 to the Agent for further sale (The goods attracted local sales tax of 10%). - - Give reasons for inclusion/non-inclusion of the above. [4+4+8 = 16 marks].

ICWA Inter – December 2001 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100.

Answer Question No. 1 which is compulsory and any five from the rest.

Q.1 (a) Under section 3 of the Central Excise Tariff Act, 1985, the Central Government has emergency powers to increase the duty of Excise. Under what circumstances and to what extent can these be exercised? (b) Can a manufacturer claim exemption from payment of Excise duty on any intermediate product manufactured and used within the same factory? Explain the provisions. (c) Explain the applicability of Courier Imports Regulations under the Customs Act, 1962. (d) Explain anti-dumping duty and its relevance in the present day scenario of globalisation and free trade. (e) Describe briefly the offences that attract penal provisions under section 10 of CST Act, 1956. – (4 x 5 = 20 marks)

Q.2 Determine the value on which Excise duty is payable in the following instances. Quote the relevant section / rules of Central Excise Law. (a) A Ltd. sold goods to B Ltd., at a value of Rs. 100 per unit, In turn, B Ltd. sold the same to C Ltd. at a value of Rs. 110 per unit. A Ltd. and B Ltd. are related, whereas B Ltd. and C Ltd. are unrelated. (b) A Ltd. and B. Ltd. are inter-connected undertakings, under section 2(g) of MRTP Act. A Ltd. sells goods to B Ltd. at a value of Rs. 100 per unit and to C Ltd. at Rs. 110 per unit, who is an independent buyer. (c) A Ltd. sells goods to B Ltd. at a value of Rs. 100 per unit. The said goods are captively consumed by B Ltd. in its factory. A Ltd. and B Ltd. are unrelated. The cost of production of the goods to A Ltd. is Rs. 120 per unit. (d) A Ltd. sells motor spirit to B Ltd. at a value of Rs. 31 per litre. But motor spirit has administered price of Rs. 30 per litre, fixed by the Central Government. (e) A Ltd. sells to B Ltd. at a value of Rs. 100 per unit. B Ltd. sells the goods in retail market at a value of Rs. 120 per unit. The sale price of Rs. 100 per unit is wholesale price of A Ltd. Also, A Ltd. and B Ltd. are related. (f) Depot price of a company are –

Place of removal	Price at depot on 1.1.2001	Price at depot on 31.1.2001	Actual sale price at depot on 1.2.2001
Amritsar Depot	Rs 100 per unit	Rs 105 per unit	Rs 115 per unit
Bhopal Depot	Rs 120 per unit	Rs 115 per unit	Rs 125 per unit
Cuttack depot	Rs 130 per unit	Rs 125 per unit	Rs 135 per unit

Additional information: i) Quantity cleared to Amritsar Depot - 100 units ii) Quantity cleared to Bhopal Depot - 200 units iii) Quantity cleared to Cuttack Depot - 200 units iv) The goods were

cleared to respective depots on 01/01/2001 and actually sold at the depots on 01/02/2001. [2 + 2 + 2 + 2 + 2 + 6 = 16 marks]

Q.3 Write short notes on the following with reference to Central Excise Law: (a) Fortnightly payment of Excise duty. (b) Procedures for claiming 'Rebate'. (c) Restrictions on removal of Excisable goods on the Budget day. (d) Date for determination of 'duty' and 'Tariff valuation'. [4 x 4 = 16 marks]

Q 4 (a) An actual user imports following goods from England per S. S. Vishal: (1) Second hand numerically controlled horizontal lathe machine - Tariff heading – 84.5811, Value FOB - 1,000/- Pound Sterling (2). A. C. motors - Tariff heading – 85.0110, Value FOB - 500/- Pound Sterling. - - Other relevant data are: - Exchange rate 1 UK Pound = Rs. 65, Freight – 150 UK Pounds, Insurance – 25 UK Pounds. - - **Rate of duty** : Basic customs duty - 25%, CVD - 16%, SAD - 4%, Ignore landing charges. - - It is found that the lathe machine is undervalued. It is proposed to load the FOB value of the lathe machine by 25%. Party does not want show cause notice and personal hearing. Compute – (i) Assessable value; (ii) Total duty payable. Q 4 (b) A person makes an unauthorised import of 1000 pieces of ophthalmic rough blanks 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 option 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 - 35%, CVD - nil, SAD - 4%, Exchange rate is - \$ 1= Rs. 45. Compute: i) Amount of fine; ii) Total payment to be made by party to clear the consignment. What is the maximum amount of fine that can be imposed in this case? Quote section. [8 + 8 = 16 marks]

Q.5 Distinguish between the following with reference to the Customs Act, 1962: a) SEZ (Special Economic Zone) and EPZ (Export Promotion Zone); b) CVD and SAD; c) Cess and Duty; d) Penalty and Fine. [4 x 4 = 16 marks]

Q.6 Briefly discuss the following: (a) Searches under Customs Act: (b) Adjudicating authority, adjudication and departmental adjudication under Customs Act; (c) Recovery of sums due to Government; (d) Warehousing without warehousing. [4 x 4 = 16 marks]

Q.7 (a) State whether the following duties are entitled for 'Cenvat' credit. Quote the relevant rules of Central Excise. i) Cess, ii) Basic Excise Duty (Cenvat), iii) AED (T & T), iv) AED (GSI), v) Special Excise Duty, vi) National Calamity Contingent Duty, vii) Additional Customs Duty. (b) Enumerate the groups of commodities excluded from the purview of rule 57AD of Cenvat Rules. (c) Under Tariff Notification No. 6/2001 meant for SSI units, mention the clearances not includible in the aggregate value of clearances. [7+4+5 = 16 marks]

Q.8 (a) Distinguish between 'sale in the course of export' and 'export sale'. (b) With reference to section 5(3) of the CST Act, 1956, examine whether the following goods are 'same'. i) 'Rice' and 'Paddy', ii) 'Copper wire' and 'Insulated wire', iii) 'Cashew nuts' and 'Cashew nut kernels', iv) 'Fresh prawns' and 'Dressed prawns' c) Determine the rate of tax applicable under CST Act 1956 and fill up the blanks from the following information:

Products -	A	B	C	D	E	F	G
Rate of tax under local sales tax Act	0%	2%	4%	6%	8%	10%	12%
Sale to Government							
Sale to registered dealers – specified goods							
Declared goods sold to unregistered dealers							
Undeclared goods sold to unregistered dealers							

[4+4+8 = 16 marks]

ICWA Inter – June 2001 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100. Answer Question No. 1 which is compulsory and any five from the rest.

Q 1. Distinguish between the following:

a) "Penultimate Sale" and "Consignment Sale" under CST Act, 1956. **b)** "Normal Price" and "Transaction Value" under Central Excise Act, 1944. **c)** "MODVAT" and "CENVAT" under Central Excise Rules. **d)** "Territorial Waters" and "Indian Customs Waters" under The Customs Act, 1962. **e)**

“Interest on delayed payment of duty” and “Interest on delayed refunds” under Customs Act, 1962. [4 x 5 = 20 marks]

Q 2. a) State the different types of duties leviable on Excisable goods. Also state under which Act such duties are levied. **b)** Name at least eight commodities on which Excise duty is leviable under section 4A of the Central Excise Act, 1944. **c)** Determine the transaction value and the Excise duty payable from the following information: **i)** Total Invoice Price Rs. 18,000 **ii)** The Invoice Price includes the following: [4+4+8 = 16 marks]

a) Sales-tax	Rs. 1000
b) Surcharge on ST	Rs. 100
c) Octroi	Rs. 100
d) Insurance from Factory to depot	Rs. 100
e) Freight from factory to depot	Rs. 700
f) Rate of Basic Excise duty	16% ad valorem
g) Rate of Special Excise duty	24% ad valorem

Q 3. Write short notes on any four of the following with reference to the Customs Act, 1962 **a)** Duty Entitlement Passbook Scheme (DEPS). **b)** Foreign Privileged Person. **c)** Summons under Customs Act, 1962. **d)** All Industry Rate of Drawback. **e)** Noting of Bill of Entry. [4 x 4 = 16 marks]

Q 4. a) Compute the Customs duty from the following data:

	US Dollars
Machinery imported from USA by Air (FOB)	8,000
Accessories compulsorily supplied with Machine (Electric Motor & others) (FOB)	2,000
Air Freight	3,000
Insurance	100

Local agents' commission to be paid in Indian Rupees is Rs. 4,500 (say equivalent to US Dollars 100), The exchange rate is 1 US Dollars = Indian Rupees 45., Customs duty on Machinery - 25% ad valorem, Customs duty on Accessory (normal rate 30 % ad valorem), Surcharge on Customs duty - 10%, CVD - 16% (Effective Rate is 8% by a notification), SAD - 4%.

b) What is the relevant date for rate of duty, rate of exchange and tariff valuation of imported goods? Will it be different, i) if Bill of Entry (BE) is presented before the import of goods, ii) if goods are imported by post, iii) for baggage?

c) Anukool imported several consignments of goods under proper license valid up to 31st December 2000. A consignment was imported per “S. S. Vaishali” on 28th December 2000. Before the goods were unloaded, strike broke out and goods could not be unloaded. Ship was forced to leave the port. The strike ended on 7th January 2001. The ship Re-entered the port on 9th January 2001 and the goods were unloaded. Anukool claims that the leaving of the port by the ship was involuntary and to save the goods. Anukool also claims that since the vessel has entered the territorial waters earlier, import was complete. Could the goods be cleared in the same license? [8+5+3 = 16 marks]

Q 5. a) Under rule 173G(6) of the Central Excise Rules, what are the records which every assessee is bound to produce before the Central Excise Officers?

b) Fill in the blanks : **i)** CENVAT credit is not available for the final products _____.(cigarettes/matches) **ii)** Transitional provisions are covered by rule _____ of Central Excise Rules, 1944. (57AF/57AG). **iii)** CENVAT is permissible on the document namely _____. (Bill of Entry/Bill of Export) **iv)** When inputs or Processed Inputs are sent to a Job Worker under rule 57AC of Central Excise Rules, the amount to be debited is _____ (10% of value of goods/Nil) **v)** Under rule 173C of Central Excise Rules, 1944 an assessee makes a declaration of the _____ on the Invoice. (Assessable value/Cost of the goods)

c) M/s Tips and Toes Ltd., manufactures four types of “Nail Polishes”, namely Sweetie, Pretty, Beauty, Tweety. The company has availed CENVAT credit of Rs. 4,00,000 on the common inputs used in the manufacture of ‘Nail Polishes’. During the financial year 1999-2000, the company manufactured 1000 litres of each type of ‘Nail Polishes’. The CENVAT availed input was used in equal proportion in

all the four types of the products. Calculate the CENVAT credit amount not available or amount payable under CENVAT Rules 57AA read with 57AD of CENVAT Rules of Central Excise, using the following additional data:[5+5+6 = marks]

Product	Nature of Sale	Sale Price excluding Sales Tax & other local taxes
Sweety	Sale to Home Consumption	Rs. 30 per 20 ml bottle
Pretty	Sold to a 100% EOU	Rs. 40 per 20 ml bottle
Beauty	Fully exported	Rs. 50 per 20 ml bottle
Tweety	Supplied to Defence Canteen under exemption	Rs. 60 per 20 ml bottle

Q 6. Write short notes on the following with reference to the Central Excise Act, 1944: **a)** Settlement Commission; **b)** Remission of Duty; **c)** Re-assessment of warehoused goods; **d)** Power to summon persons to give evidence and documents. [4 x 4 = 16 marks]

Q 7. a) Distinguish between “Duty Drawback” under Customs Act, 1962 and “REBATE” under Central Excise Rules, 1944. **b)** Name at least six commodities which attract “CESS”. On what component of price is “CESS” payable? **c)** Describe the penal provisions under section 114A of Customs Act, 1962 for “short levy or non-levy of duty in certain cases.” **d)** Mention the orders against which an appeal can be filed before the ‘Tribunal’ under section 129-A of the Customs Act, 1962. [4 x 4 = 16 marks]

Q 8. a) State whether the following forms part of “Sale Price” under CST Act, 1956. i) Excise duty; ii) Cash Discount; iii) Quantity Discount; iv) Interest and Service charges in the case of Hire Purchase **b)** What is Nexus Theory under CST Act, 1956?

c) State whether the following are “goods” under CST Act, 1956: i) Old newspapers; ii) Animals and birds in captivity; iii) Steam; iv) Lottery tickets; v) Computer software; vi) Advance licenses; vii) Stocks and shares; viii) Standing trees. [4+4+8 = 16 marks]

ICWA Inter - December 2000 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100. Answer Question No. 1 which is compulsory and any five from the rest.

Q 1. (a) Explain the amended provisions of Central Excise Law by which “Duties of Excise collected from the buyer are to deposited with the Central Government” under section 11-D of Central Excise Act, 1944. **(b)** What is the time limit to issue notice for payment of Custom duties under the Customs Act, 1962? **(c)** Detail the circumstances under which the Customs department can order for ‘Provisional Assessment’ of import or export of goods. **(d)** Under the CST Act 1956 when is a “sale” treated as “sale outside the State”? [5+5+5+5 = 16 marks]

Q 2. (a) Under the Central Excise Act, 1944 duty is chargeable on the basis of maximum recommended retail price (MRP). Discuss the relevant section and the date from which it has been made effective. Name at least five commodities which attract Excise duty on the basis of Maximum Retail Trade Price under the Central Excise Act, 1944. **(b)** Thunder 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 it is consumed to produce television sets. Determine the Excise duty liability of captively consumed picture tubes from the following information: - * Direct material cost (per unit) Rs. 600 * Indirect Materials Rs. 50 * Direct Labour Rs. 100 * Indirect Labour Rs. 50 * Direct Expenses Rs. 100 * Indirect Expenses Rs. 50 * Administrative Overheads Rs. 50 * Selling and Distribution Overheads Rs. 100. Additional Information: - (1) Profit Margin as per the Annual Report of the company for 1999-2000 was 15% before Income Tax. (2) Material Cost includes Excise Duty paid Rs. 100 (3) Excise Duty Rate applicable is 16%. **(c)** Name the decisions or orders which could be appealed to the Appellate Tribunal under section 35-B of the Central Excise Act, 1944. Are there any exceptions to the said provision? If yes, mention those exceptions. [5+7+4 = 16 marks]

Q 3 (a) A consignment of 20 tonnes of chemicals produced by Company A in Berlin, West Germany is imported by Company B at \$ 20 per kg., C.I.F. Mumbai. At about the same time a consignment of 16 tonnes of same chemical manufactured by same company viz., Company A in Berlin, is imported by Company C at Mumbai; for their principals at \$ 16 per kg., C.I.F., Mumbai. What value should be

taken for assessment of consignments of both the importers - i.e. Company B and C ? Give reasons in support of your determination of value. Quote relevant sections of Customs Act, 1962. (b) Write short notes on the following : (i) "Goods" as per section 2(d) of the CST Act, 1956. (ii) "Document of title of goods" in the context of CST Act, 1956. [8+4+4 = 16 marks]

Q 4 (a) What is certificate action (certification proceedings), under the Central Excise Act, 1944 ? - Explain. **(b)** Under the Central Excise Tariff Act, 1985, certain processes have been treated as process amounting to manufacture by way of chapter note. - Explain. **(c)** Write a note on related person under Central Excise Act, 1944. **(d)** Write a note on physical control under Central Excise Act, 1944. [4+4+4+4 = 16 marks]

Q 5 (a) Mention the includible and excludible elements from the value of imported goods under section 14 of Customs Act, 1962 read with Valuation Rules, 1988. **(b)** Calculate the total Customs duty liability from the following data: - Product imported from France : Gears * C.I.F. value in French France : 20,000 * Exchange rate : 1 FF = Rs. 6.25. * Additional Information : (1) C.I.F. value includes Air Freight of 2,000 FF's and Insurance of 200 FF. (2) Basic Customs duty : 25% (3) Special Customs surcharge : 10% (4) Special Additional duty : 4% (5) Excise duty chargeable on similar goods in India is 16% as per tariff rate. However, as per an exemption notification the effective rate is 8%. (6) Ignore Landing charges. **Q 5 (c)** Determine the interest liability on Customs duty payable under section 28 AB of Customs Act, 1962., given the following particulars: * Amount of Customs duty Rs. 10,00,000 * Date on which duty was due 31.12.1998 * Date of determination of duty by Commissioner 31.12.1999 * Date of payment by Importer (Customs duty payment) 31.12.2000 * Rate of interest 24%. [5+8+3 = 16 marks]

Q 6 Write short notes on the following with reference to the Central Excise Act, 1944 : **(a)** Provisions for Appeal **(b)** Tax Planning for Central Excise **(c)** Concept of Unjust Enrichment **(d)** SSI Exemption under Central Excise . [4 x 4 = 16 marks]

Q 7 Distinguish between the following: **(a)** "Identical Goods" and "Similar Goods" - under Customs Law. **(b)** "Transit of goods" and "Transshipment of goods" - under Customs Law. **(c)** "Safeguard duty" and "Antidumping duty" - under Customs Law. **(d)** "Provisional Assessment" and "Self Assessment" - under Excise Law. [4 x 4 = 16 marks]

Q 8 (a) When is stock transfer treated as 'Inter-State Sale' under CST Act, 1956? **(b)** What are the prescribed rates of tax under section 8 of CST Act, 1956. **(c)** Determine the Central Sales Tax liability from the following data when a sale is effected from Faridabad to Lucknow: * Invoice No. : 00708374 * Basic Price : Rs. 3,00,000 * Excise Duty : 16% ad valorem * CST : As applicable under 'C' forms * Trade Discount : 8% * Cash Discount : 2% * Quantity supplied : 10,000 Kgs * Quantity rejected by buyer within 3 days of delivery : 1000 Kgs * Quantity returned by buyer after 6 months of despatch: 1000 Kgs [3+5+8 = 16 marks]

ICWA Inter - June 2000 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100. Answer Question No. 1 which is compulsory and any five from the rest.

Q 1. (a) What is the Compounded Levy Scheme under the Central Excise Act, 1944? Explain giving instances where it is applicable. **(b)** What is the relevant date for determining the duty rate and tariff valuation for imported goods? **(c)** Explain the procedure to be followed for removal of waste, refuse and by-product under the Central Excise Act, 1944. **(d)** Sumita Garments, Goa had inter-state sale of their product 'Z' for the year April 1999 to March 2000 of Rs. 17,50,000 (inclusive of sales tax). The rate of C.S.T. was 5%. Goods worth Rs. 1,50,000 sold in January 2000 were returned by a buyer in May 2000, as they were in excess of his requirement. Goods worth Rs. 1,30,000 despatched in May 98 were rejected by the buyer and send back in March 2000. Find the taxable turnover if "C" form was received from all buyers. - . - What will be the taxable turnover if goods worth Rs. 1,50,000 (mentioned above) sold in Jan. 2000 were returned by the buyer in Aug. 2000? [4+5+5+6 = 20 marks]

Q 2. (a) Discuss the procedure and provisions relating to claim of refund of customs duty paid in excess under the Customs Act, 1962. **(b)** Discuss the procedure to send the inputs to job worker on which Modvat has been availed under the Central Excise Act, 1944. **(c)** M/s. Premium Industries Ltd., has imported a machine from Japan at an F.O.B. cost of 1,00,000 Yen (Japanese). The other expenses

incurred were as follows : (i) Freight from Japan to Indian Port 10,000 Yen; (ii) Insurance paid to insurer in India Rs. 5,000; (iii) Designing Charges paid to consultancy firm in Japan 15,000 Yen; (iv) M/s Premium Industries Ltd. spent Rs. 50,000 in India for development work connected with the machine, (v) Transportation cost from Indian port to Factory Rs. 15,000; (vi) Central Government has announced exchange rate of 1 Yen = Re. 0.40 by notification under section 14(3). However the exchange rate prevailing in the market was 1 Yen = Re. 0.4052 (vii) M/s Premium Industries Ltd. made payment to the bank based on exchange rate of 1 Yen = Re. 0.4150, (viii) The commission payable to the agent in India was @ 5% of F.O.B. price in Indian Rupees. - . - The rate of custom duty is 35%. Similar goods are subject to 15% excise in India. Find the custom duty and other duties payable : (1) If the importer M/s Premium Industries Ltd. is importing goods for captive consumption ;2) If the importer M/s Premium Industries Ltd. is a trader and imported goods for the purpose of trading. [4+4+8 = 16 marks]

Q 3. (a) Explain the provisions relating to excise duty liability in case of branded goods manufactured by Job Worker who is a small scale unit, not being a brand owner. **(b)** Explain the provisions relating to sale of goods through depot / godown under Central Excise Act, 1944. **(c)** M/s Bharat (Trader) supplies raw material costing Rs. 4,500 to processor. Processor processes the raw material and supplies finished product to the trader. The processor charged Rs. 1,050 as processing charges which include Rs. 800 as processing charges and Rs. 250 as his profit margin. The cost of transportation of raw material to the premises of the processor is Rs. 400 and for returning of the finished product to the trader is Rs. 450. The finished product is sold by the trader for Rs. 6,700. The rate of excise duty is 16%. What is the assessable value and what is the total duty payable. [4+4+8 = 16 marks]

Q 4. Write short notes on any four of the following with reference to the Customs Act, 1962 and other relevant provisions: a) IEC; b) EPZ; c) Powers and functions of Director General of Foreign Trade; d) WTO (World Trade Organisation); e) Export Promotion Councils; f) Advance Intermediate Licence. [4 x 4 = 16 marks]

Q 5. (a) State whether each of the following statement is correct or wrong: i) All the documents prescribed for availing Modvat credit are valid for six months only; ii) Modvat credit is not available on additional duty (CVD) paid on imported goods; iii) Rate of duty as applicable at the time of actual removal from factory or warehouse will be relevant; iv) No duty of excise is payable if goods are lost in storage as these are not sold; v) Goods removed from factory for job work must come back within 90 days; vi) Design and development work done in India are not to be considered for the purpose of custom value; vii) Sales tax can be levied on declared goods only at one stage and at rate not more than 4%; viii) The burden of proof regarding non-existence of mens-rea is on the accused. **(b)** Explain the provision under the Customs Act, 1962 relating to Baggage duty and concessions to Indian resident returning from abroad after a short visit. [8+8 = 16 marks]

Q 6. a) The selling price of a product inclusive of excise duty and sales tax is Rs. 3,500 per dozen. Sales tax is 4%. The excise duty payable is 16%. Work out the assessable value and total duty payable per dozen. **(b)** Closing balance in RG 23 A Part II of a manufacturer on 3rd July 1999 was Rs. 11,500 at serial number 1054. On 4th July 1999, following transactions took place : (i) The manufacturer received inputs under Invoice No. 253 dated 5th June 1999, evidencing payment of duty of Rs. 74,000; (ii) 90 pieces of Final products were despatched under Invoice No. 768. Assessable value was Rs. 1,200 per piece and excise duty rate was 25%; (iii) Some inputs on which Modvat was taken earlier were sold for Rs. 1,20,000 as they were found in excess. When the inputs were received duty rate on inputs was 15%, and Modvat credit taken was Rs. 21,000. However on 4th July 1999, the excise rate applicable on inputs was 20%; (iv) Some inputs (10,000 pieces) were sent outside on 1st July 1999 for job work under rule 57F(4). Duty of Rs. 5,000 was paid while sending the inputs for job work. On 4th July 1999, 6000 pieces (out of 10,000 pieces) were returned to the factory after job work. - . - Make suitable in RG 23A Part II (only relevant columns of register need to be shown). **(c)** What are Post Removal Expenses? Give four examples of such expenses. Are they includible in determining Assessable Value under the Central Excise Act, 1994? [4+8+4 = 16 marks]

Q 7. Write short notes on the following with reference to the relevant Acts and procedures : (a) Physical cannot under Central Excise Act, 1944 (b) Test report and its use in clearance of import / export goods; (c) Indian customs waters and its relevance to levy duty under the Customs Act, 1962; (d) Brand Rate of Drawback. [4 x 4 = 16 marks]

Q 8. Write short notes on the following with reference to the relevant Act and procedures : (a) Essential ingredients of sale (b) Dealer under Central Sales Tax Act, 1956 (c) What do you understand by the expression 'penultimate sale' under the Centre Sales Tax Act, 1956? Discuss (d) Define Sales Turnover. Illustrate its calculation with hypothetical figures. [4 x 4 = 16 marks]

ICWA Inter - December 1999 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100. Answer Question No. 1 which is compulsory and any five from the rest.

Q-1 (a) State the salient features of 'valuation of goods' for determining the 'value' for the purpose of assessment under the Customs Act, 1962. **(b)** Is the Central Government empowered to charge Excise Duty on the basis of production capacity ? State the relevant provisions. **(c)** How is the rate of tax determined under the CST Act, 1956, in respect of inter-state sale ? **(d)** Can a manufacturer sell the inputs on which Modvat has already been availed of, as they are ? Discuss the procedure to be followed. [8+4+4+4 = 20 marks]

Q-2 (a) State whether the following elements are includible or not in the assessable value of excisable goods : i) cost of recording songs on blank audio tape ii) repacking charges incurred by the manufacturer at the depot / godown iii) 'discount in kind' - 13 pieces of goods given against the price of 12 iv) value of software loaded into the computer system v) interest on advance deposits and / or security deposits advanced by the buyers. - . **(b)** Sigma Ltd. asked for a quotation from Omega Ltd. for the supply of 100 complete computer systems. Omega Ltd. furnished the following quotation : (A) - Components - CPU - 20,000, Monitor - 10,000, Keyboard 5,000. Sub-Total - Rs 35,000 (B) Labour & Overheads - Rs 10,000 (C) Profit - Rs 5,000. Total price per unit (A+B+C) = Rs 50,000. Advance of Rs 20,000 was payable along with order. Delivery period was one month from date of receipt of firm order and advance. - . - Sigma Ltd. accepts the quotation subject to the following alterations which are agreed to by Omega Ltd. : i) Keyboard would be supplied free of cost by Sigma Ltd. to Omega Ltd. since Sigma Ltd. is able to purchase the keyboard for Rs. 3,000 per unit. ii) Profit charged by Omega Ltd. is to be reduced to Rs. 4000 since Sigma Ltd. would make an advance of Rs 20,000. However, no interest is payable on the advance. - . - Determine the assessable value under section 4 of the Central Excise Act, 1944, and the Excise Duty liability @ 15% ad valorem. (10+6 = 16 marks)

Q-3 Write short notes on the following : **a)** First appraisalment **b)** Daily list of imports and exports **c)** Declaration by owner of baggage **d)** Import through post parcel. (4 x 4 = 16 marks)

Q-4 (a) Name the documents on which Modvat credit is permissible as per Rule 57-G of the Excise Rules, 1944. **(b)** A manufacturer received certain inputs. The cost of inputs was Rs. 2,00,000 and duty paid @ 16% was Rs. 32,000. After receipt of the inputs, the Modvat credit was availed of by the manufacturer. He further carried out some processes on the inputs. The cost of processing was Rs. 50,000. The semi-processed material was sent to a small-scale unit for a job work. - What should be the duty payable at the time of removal of inputs for the job work ? The material sent was not returned by the small-scale unit after the job work within 180 days. What will be the duty payable on such goods not returned after being sent out for the job work ? **(c)** Machinotech Ltd. purchased a lathe machine at a price of Rs. 1,00,000 on which 20% Excise Duty was paid and the company availed of the Modvat credit on the said capital goods. The lathe machine was purchased on 27-01-1999 and it was disposed of on 29-04-1999. Can the assessee enjoy the Modvat credit ? Is it necessary to reverse the Modvat credit on disposal of the machine ? If your answer is yes, quantify the amount. **(d)** Surya Ltd. purchased certain inputs for Rs. 50,00,000 and also paid Excise Duty @ 10% ad valorem. The company also purchased a drilling machine for Rs. 5,00,000 and paid Excise Duty @ 15% ad valorem. The company availed of the Modvat credit on the inputs and on the capital good in April, 1999, on the same day. On 10-05-1999, the company cleared the finished goods to Tara Ltd., the cum-duty price of which worked out to Rs. 70,80,000. The final product (finished goods) sold attracted Excise Duty @ 18% ad valorem. The company also deposited Rs. 6,00,000 through TR-6

Challan on 10-05-1999, itself. It may be noted that the inputs were purchased from Usha Ltd. and the drilling machine from Probha Ltd., on credit in both cases. Pass the necessary journal entries in the books of Surya Ltd. (4 x 4 = 16 marks)

Q-5 (a) You are the Manager (Taxation) of Eastern Ltd. Draft a note explaining the procedure involved in the export of excisable goods. **(b)** Give the procedure for re-export of imported goods and duty drawback available on such goods. [8+8 = 16 marks]

Q-6 (a) Geet Pvt. Ltd., Chandigarh, made the following transactions in inter-state sale/purchase : i) Goods sold to a government department in Maharashtra : Rs. 5,50,000. ii) Goods sold to a trader in Himachal Pradesh : Rs. 5,00,000. iii) Goods purchased when they were in transit from Rajasthan to Haryana and sold during movement of the goods to a manufacturer in Haryana by transfer of documents : Rs. 2,50,000. iv) Goods exported directly : Rs. 12,00,000. v) Goods exported through agent : Rs. 1,00,000, the agent being paid commission @ 1%. vi) Goods sold to an exporting agency in Delhi which in turn exported the goods : Rs. 1,50,000. - . - Sales tax on the goods is 4% if sold within the territory of Chandigarh. - . - What are the sales tax declaration forms obtainable from each of the above buyers ? - . - What will be the sales tax rate applicable in each case, if the (a) required declaration is obtained (b) required declaration is not obtained. - . - **(b)** Write short notes on (i) Sale price under the CST Act, 1956 (ii) 'Sale or purchase of goods taking place outside a state' under section 4 of the CST Act, 1956. (8+8 = 16 marks)

Q-7 Distinguish between the following **(a)** Direct Tax and Indirect Tax **(b)** Selective Audit and Special Audit under the Excise Act **(c)** DEEC Scheme and DEPB Scheme **(d)** Self Assessment and Provisional Assessment under the Excise Act. (16 marks)

Q-8 (a) Lalit Fans Ltd. is selling fans at a price of Rs. 1,200 at the factory gate at Chandigarh, Rs. 1,275 from their depot at New Delhi and Rs. 1,250 from Calcutta. 200 fans were dispatched on 1st March, 1999, to their depot at New Delhi which reached the depot on 20th March, 1999. 100 fans were dispatched on 3rd March, 1999, to Calcutta which reached on 15th March, 1999. - . - Lalit Fans Ltd. revised the price of fans on 15th March, 1999, as follows : Ex-factory price Rs. 1,300 Ex-Delhi Depot Rs. 1,375. Ex-depot Calcutta Rs. 1,350 - . - The goods were actually sold from Delhi depot at Rs. 1,375 per fan on 8th April, 1999. The Calcutta depot sold 90 fans @ Rs. 1,250 and 10 fans @ Rs. 1,350 per fan. Calculate the total duty payable, if the rate of Excise Duty is 10%. Prices given above are exclusive of taxes and duties. - . - **(b)** M/s. Garima Enterprises, an SSI manufacturer, wants to pay Excise Duty even when it is eligible to pay concessional duty. i) Can it do so ? ii) Why does it want to pay full duty ? iii) What is the duty payable ? - . - **(c)** 200 cycles were sold by ABC Ltd. to a related person M/s XYZ at Rs. 1,500 per cycle. M/s XYZ sold these cycles to independent buyers at Rs. 1,850 per cycle (prices exclusive of all taxes). The rate of Excise Duty is 10%. i) Determine the assessable value and the total duty payable. ii) What would be the position if 50 cycles are sold by ABC Ltd. to M/s. XYZ @ Rs. 1,500 per cycle and 50 cycles are sold directly to an independent buyer @ Rs. 1,700 per cycle ? [8+4+4 = 16 marks]

ICWA Inter - June 1999 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100. Answer Question No. 1 which is compulsory and any five from the rest.

Q 1. (a) What is Assessable Value as per the Central Excise Act, 1944, and what is the basis of arriving at the Assessable Value ? **(b)** Write a short note on Special Additional Duty of Customs under the Customs Act, 1962. **(c)** M/s. Menoka Enterprise placed orders for import of sugar from various exporters abroad. All import documents were in the name of M/s. Menoka Enterprises. After import, M/s. Menoka Enterprises allotted the imported sugar to various buyers in India. No Sales Tax was charged as the sales were treated as "in the course of import". Is this in order ? Discuss. **(d)** Section 4 of the Central Excise Act, 1944, has been amended w.e.f. 28th September, 1996, which says - "If the goods are ordinarily sold through depots, the depot will be considered as the place of removal and the price prevalent at such place will be considered for determining the assessable value." - Discuss. (8+4+4+4 = 20 marks)

Q 2. (a) Discuss any five processes which have been treated as 'process of manufacture' under the Central Excise Tariff Act (CETA), 1985, by way of 'chapter note'. **(b)** Sugandhi supplied certain raw

materials and inputs to several household ladies to make dhoop sticks and incense sticks (agarbattis) in their own premises/houses. The ladies used their own labour to make the incense sticks for which they received job charges on piece rate basis. Though Sugandhi did not supervise their work, she had the right to reject defective sticks. The Central Excise Department proposes to raise a huge demand on Sugandhi, claiming that she is a manufacturer. Advise Sugandhi in the matter. (10+6 = 16 marks)

Q 3. (a) Write short notes on the following with reference to the Customs Act, 1962 - i) All industry rate ii) Owner's right to deal with warehouse goods iii) Sums due to Government **(b)** Define 'accessory'. What rate of Import Duty will be chargeable on accessories supplied compulsorily with the article ? 12+4 = 16 marks)

Q 4. (a) What is Duty Drawback ? How is Duty Drawback rate fixed under the Customs Act, 1962 ? **(b)** List the capital goods eligible for Modvat Credit. What is the basic condition for their use in order to claim such credit ? (6+10 = 16 marks)

Q 5. Write short notes on the following with reference to the Customs Act, 1962. **(a)** Land customs station **(b)** Effective date of notification **(c)** Penalty for short landed goods **(d)** Prior entry bill (4x4 = 16 marks)

Q 6. (a) Which are the duties paid on inputs that are eligible for Modvat ? **(b)** Differentiate between rule 57F(2) and rule 57F(4) of Modvat for removal of inputs from a factory. **(c)** On 15th March, 1999, at 9.00 a.m., following was the position of Camac Corporation, Calcutta - 1) opening balance of PLA Rs. 50750, 2) opening balance of RG 23A, part II Rs. 12,000, 3) opening balance of RG 23C, part II Rs. 9,200. The following materials were received up to 3 p.m. on the same day. - i) A machine was received vide invoice No. 1075 dated 3rd January, 1999, marked 'duplicate for transport', indicating that duty paid was Rs. 25,000. The same is not yet installed. ii) Some inputs were sent for job work on payment of duty of Rs. 20,000. Out of these inputs, 60% were received after carrying out the job work. iii) Raw materials purchased from a dealer were received. The dealer was registered with the Central Excise. The dealer's invoice No. 1052 dated 10th February, 1999, has certified that the duty paid by the manufacturer Rs. 22,700. The invoice was marked as 'first stage dealer' and 'duplicate for transport'. iv) Some raw materials were received vide invoice No. 758 dated 20th June, 1998. Duty paid was Rs. 50,750. The invoice was marked 'duplicate for transport'. At 4 p.m., an urgent dispatch order was received to dispatch the maximum possible quantity of the finished product X to Chennai. The Assessable Value of X is Rs. 500 per kg. and duty is payable at 10%. Adequate stock of X is lying with Camac Corporation. What is the maximum quantity of X which can be dispatched on 15th March, 1999 ? (4+4+8 = 16 marks)

Q 7. (a) Write a note on the Customs, Excise & Cold Control Appellate Tribunal (CEGAT), explaining its composition, working procedure and powers. **(b)** What offences are punishable under the Central Excise Act, 1944 ? **(c)** Give the administrative set up of the Central Excise Department. (8+4+4 = 16 marks)

Q 8. (a) M/s. Johuree Brothers, Mumbai, Maharashtra, are dealing in two products A and B. The gross inter-state sales are Rs. 5 lakhs and Rs. 3 lakhs respectively during the financial year 1998-99. No CST was charged in the invoice. If sold within Maharashtra, the rates of sales tax are 6% and 5% on products A and B respectively. Product B is 'declared goods' included under section 14 of the CST Act. The other details in respect of the financial year 1998-99 are as follows. (i) M/s. Johuree Brothers imports product A from Japan, stocks it and then sells it from its godown. (ii) Product A worth Rs. 1 lakh was returned by a customer in March, 1999, as this was in excess of his requirements. The product A had been sold to him in June, 1998. (iii) Product A worth Rs. 0.5 lakh was imported but was sold by transfer of documents to a buyer in New Delhi before it was cleared from Customs. Customs Duty was paid by the buyer from New Delhi. (iv) The C Form was received in respect of the balance sale of product A. (v) Out of the total sale of product B, sales of Rs. 1 lakh were inclusive of packing charges Rs. 5,000, transport charges Rs. 3,000 and transit insurance Rs. 3,500. The charges were shown separately in the invoice. The D Form was received in respect of these sales. These goods were purchased by M/s. Johuree Brothers from a manufacturer in Mumbai for Rs. 75,000 which included Maharashtra Sales Tax of Rs. 5,500. You are required to work out the

turnover and the CST liability for the year 1998-99. Will M/s. Johuree Brothers be able to obtain any refund of tax paid on purchases ? If so, how much ? **(b)** Write short note on 'goods' as per section 2(d) of the CST Act. **(c)** Define and distinguish between inter-state sale and intra-state sale. (8+4+4 = 16 marks)

ICWA Inter - December 1998 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100. Answer Question No. 1 which is compulsory and any five from the rest.

Q 1 (a) What are the provisions under the Central Excise Rules, 1944, for movement of inputs or partially processed goods outside the factory for job work ? Briefly narrate the procedure and the conditions to be complied with. **(b)** What is sale by transfer of documents under the Central Sales Tax Act, 1956? **(c)** Modvat Rule 57C prevents the misuse of Modvat credit and reiterates the principle that Modvat is aimed at removing the cascading effect of taxes. Discuss this statement. **(d)** An importer, imported consignment of imported goods, chargeable to duty @ 40% ad valorem. The vessel arrived on 26th August, 1997. A bill of entry for warehousing the goods was completed and the goods were duly warehoused. In the meantime an exemption notification was issued on 15th October, 1997, reducing the effective custom duty to 25% ad valorem. Thereafter, the importer filed bill of entry claiming 25% duty. The custom department charged higher rate of duty @ 40% ad valorem. Please give your view about the same, discussing the relevant provisions of the Customs Act, 1962. (8 + 4 + 4 + 4 = 20 marks]

Q 2 (a) When can provisional assessment of duty be resorted to under the Central Excise Act, 1944 ? **(b)** What is the taxable event in Central Excise ? What is the distinction between levy and collection ? **(c)** A manufacturer brings some inputs valued at Rs 25,000 on which duty of Rs. 5,000 has been paid @ 20%. Subsequently the manufacturer sold the input as such, which goods he sold for Rs. 30,000. What is the duty payable by the manufacturer if - i) rate of duty on the date of clearance on inputs was 25% ii) rate of duty on the date of clearance on input was 10% ? **(d)** "Intention to evade payment of duty is not mere failure to pay duty. It must be something more i.e. the assessee must be aware that duty was leviable and he must have deliberately avoided payment of duty." Discuss with reference to the Central Excise Act, 1944. [4 x 4 = 16 marks]

Q 3 Write short notes on following with reference to the Customs Act, 1962 : **(a)** P.D. Bond **(b)** Trading House **(c)** Deemed Export **(d)** Notified Goods [4 x 4 = 16 marks]

Q 4 (a) A vessel containing imported goods (automobile parts) entered into Indian territorial waters, when exemption notification exempting these automobile parts was in force. Before the automobile parts were unloaded from the ship, the Government cancelled / withdrew the exemption notification. The custom department insisted on payment of appropriate customs duty. The custom department relied upon the provisions of section 15(1) of the Customs Act, 1962. Discuss the taxability of this imported consignment giving the relevant provisions of the Act. **(b)** State whether each of the following statements is correct or wrong with reference to the Central Excise Act / Modvat : i) There must be 'one to one' correlation between input and output in order to avail Modvat ii) Modvat is not available on manufactured tobacco products iii) Rule 57C deals with removal of input for job work iv) List of capital goods eligible for Modvat have been specified under Rule 57O v) RG-23A Part I is similar to PLA vi) Moulds and dies are eligible for Modvat under Rule 57A vii) Invoice shall be in quadruplicate and Modvat credit shall be available on duplicate copy viii) First stage dealer means a dealer who purchases goods from the depot of the manufacturer ix) Modvat can be availed in respect of additional duty (CVD) paid on imported inputs x) Special audit of Modvat credit can be ordered by chief commissioner of central excise under section 14A. [6 + 10 = 16 marks]

Q 5 (a) What is the relevant date for issue of show cause notice under the Central Excise Act, 1944 ? **(b)** Discuss 'End use exemptions under section 25 of Customs Act, 1962 and their control'. **(c)** Section 14A of Central Excise Act, 1944 provides for special audit. Why is it called special audit ? Under what circumstances and by whom can it be ordered ? (4 + 8 + 4 = 16 marks]

Q 6 Write short notes on the following with reference to Central Sales Tax Act, 1956 : **(a)** Place of business **(b)** Dealer **(c)** Essential ingredients of sale **(d)** Transactions which are not sales. [4 x 4 = 16 marks]

Q 7 (a) Discuss whether the following expenses will form part of assessable value under the Central Excise Act, 1944 and why ? i) Advertisement expenses incurred by the buyer / dealer ii) Depot expenses iii) After sale service during warranty period iv) Interest on security deposit / advances. **(b)** Define and discuss the chapter X procedure under the Central Excise Act, 1944 **(c)** What is Personal Ledger Account (PLA) ? Discuss its accounting treatment. (8 + 4 + 4 = 16 marks)

Q 8 (a) Give various ideas which can be considered while planning a business so that tax liability under the Central Sales Tax Act is minimised. **(b)** Write short notes on the following with reference to the Customs Act - (i) 'Spares' and rate of duty applicable to accessories / spares compulsorily supplied with the machine (ii) rate of exchange and relevant date for converting value expressed in foreign currency. [8 + 8 = 16 marks]

ICWA Inter - June 1998 - Indirect Taxation - Time Allowed : 3 Hours - Full Marks : 100. Answer Question No. 1 which is compulsory and any five from the rest.

Q 1 (a) The finance Bill, 1997, provides for charging of excise duty with reference to Maximum Retail Price. (MRP). Explain the provisions in brief. Which is the section under which this duty can be levied and the date from which it has been made effective ? **(b)** What is 'relevant date' for determination of duty rate and tariff valuation for imported goods ? **(c)** Discuss various export incentives available for manufacturers for export of goods. **(d)** explain the provisions relating to valuation of goods sold through depots / godowns under the Central Excise Act, 1944. **(e)** Define and explain 'document of title to goods'. (4 x 5 = 20 marks)

Q 2 (a) Briefly explain the procedure to be observed by the manufacturer under rule 57G in order to avail of MODVAT credit of inputs. **(b)** Rule 173B requires every manufacturer of goods to make declaration of goods manufactured or produced. Discuss. **(c)** 'Tax planning is certainly possible in excise'. Explain the statement with reference to the areas / avenues for tax planning and the precautions to be taken in planning for central excise. (5+3+8 = 16 marks)

Q 3 (a) Having regard to provisions of section 4 of the Central Excise Act, 1944, compute the assessable value of excisable goods and the duty amount, given the following information - (i) cum-duty wholesale price (inclusive of sales tax Rs 3,000) - Rs 16,000 (ii) Normal secondary packing cost - Rs 1,000 (iii) Cost of special secondary packing - Rs 2,000 (iv) Cost of durable and returnable package - Rs 1,000 (v) Freight (outward) - Rs 750 (vi) Insurance on freight - Rs 300 (vii) Trade discount (as per normal practice) - Rs 900. (viii) The rate of central excise duty as per the central excise tariff is 15%. **(b)** Bansen & Co., a retail trader, supplies raw material (grey fabrics) of Rs 1,400 to Nagpal, a processor of cloth. *Nagpal processes the grey cloth and, after bleaching, dyeing, printing etc. supplies the finished product to Bansen & Co. *Nagpal charges Rs 400 which includes Rs 300 as expenses and Rs 100 as profit. The transport cost from the place of trader to the place of job worker is Rs 50 and transport cost from the place of job worker to the place of trader is Rs 60. Bansen & Co. sells the finished goods at Rs 2,400. Given the rate of duty at 10%, compute the Assessable Value (AV) and the duty payable. (10+6 = 16)

Q 4 (a) Discuss whether the MODVAT credit will be available in the cases stated below - (i) Packing materials are lost or destroyed in store room of the factory (ii) Inputs are used in trial runs (iii) Detergent used for washing glass bottles, before filling aerated water, by soft drink manufacturer in his bottling plant (iv) Cement and paints used for maintaining factory building **(b)** Write a short note on tariff value under the Central Excise Act, 1944 (12+4 = 16 marks)

Q 5 Write short notes on any four of the following - **(a)** Additional duty other than CVD **(b)** Goods under the Customs Act **(c)** Un-accompanied Baggage **(d)** Stores **(e)** Tariff Value under the Customs Act. (4X4 = 16 marks)

Q 6 (a) Discuss the provisions and procedures relating to claim refund of Customs Duty. **(b)** Discuss the salient points in the important judgement in the case of Government of India v Madras Rubber Factory Ltd. [1995(77) ELT 433 (SC)] relating to valuation of excisable goods. (8+8 = 16 marks)

Q 7 (a) What is 'taxable turnover' under the Central Sales Tax Act, 1956? What are the deductions available for the determination of taxable turnover ? **(b)** Write short notes on (i) Power to take samples under section 1444 of the Customs Act. (ii) Penalties for contravention etc. not expressly provided under the Customs Act. [8+8 = 16 marks]

Q 8 (a) What is 'warehousing without warehousing' under the Customs Act. **(b)** What is 'brand rate' for drawback of duty on export under the duty drawback scheme ? **(c)** A dealer effected the following sales during the first quarter of 1997-98 (April to June) - (i) Invoice No 1171 dt 2.4.97 for Rs 26,000 plus tax @ 4%. (ii) Invoice No 1172 dt 19.4.97 for Rs 70,000 plus tax @ 4%. (iii) Invoice No 1173 dt 2.5.97 for Rs 52,000 (inclusive of tax). (iv) Invoice No 1174 dt 4.6.97 for Rs 12,200 plus tax @ 4%. (v) Invoice No 1175 dt 25.6.97 for Rs 20,000 plus tax @ 4%. (vi) Goods worth Rs 6,100 (exclusive of tax) against invoice No 1174 were returned on 28.6.1997 (vii) Goods worth Rs 5,200 (inclusive of tax) sold on 25.12.1996 were returned on 30.6.1997. All the goods were made in the course of inter state trade. Calculate the turnover and sales tax payable if the rate of tax is 4%. (4+4+8 = 16 marks).