Shree Guru Kripa's Institute of Management
Guideline Answers to Indirect Taxes – CA Final May 2011

Question No. 1 is Compulsory. Answer any **5 Questions** from the remaining **6 Questions**.

Question 1(a) – Eligibility to CENVAT Credit 5 Marks

ABC Co. Ltd procured the following inputs during the month of Jan 2011. Determine the amount of CENVAT credit available with necessary explanation for the treatment of various items.

Items	Excise duty paid (₹)
Raw materials	52,000
Manufacturing machine	1,00,000
Light diesel oil	40,000
Greases	10,000
Office equipment	20,000
Paints	5,000

(Note: M/s. ABC Co. Ltd is not eligible to avail exemption under a notification based on value of clearances in a Financial Year)

Solution:

Definition of Inputs:

1. **Inclusions:** All goods used in / in relation to manufacture of finished products and whether directly or indirectly and whether contained in finished products or not and
   (a) Includes Lubricating oils, greases, cutting oils, coolants, accessories of final products cleared with the final product
   (b) Goods used As Paint, or As Packing Material, or As Fuel, or for generation of electricity or steam used in or in relation to manufacture of finished products or for any other purpose.

   Used within the factory of production.

2. **Exclusions:** Light Diesel Oil, High Speed Diesel Oil & Motor Spirit or Petrol

Determination of CENVAT Credit of ABC Co. Ltd for the Month of January 2011

Particulars	Eligible Credit	Reasoning
(a) Raw Materials	52,000	Inputs include Raw Materials used for production of finished goods.
(b) Manufacturing Machine	50,000	Manufacturing Machine falls under "Capital Goods" and hence eligible for 50% Credit in the year in which it is brought into the factory.
(c) Light Diesel Oil	Nil	Light Diesel Oil is excluded from inputs and hence not eligible for credit.
(d) Greases	10,000	Inputs specifically include greases used for production of goods.
(e) Office Equipment	Nil	Office Equipment cannot be considered as "Inputs" or "Capital Goods" as it is not used for the purposes for production.
(f) Paints	5,000	"Inputs" specifically includes greases used for production of goods.
CENVAT Credit for Jan 2011	**1,17,000**	

Question 1(b) – Small Scale Industries 5 Marks

SSI & Co. is eligible for exemption in terms of Notfn No.8/2003 – CE dated 01–03–2003 for the year 2010–11 and provides the following particulars with regard to the clearances of goods effected during the said year. Determine the duty payable in respect of the year 2010–11.

Aggregate	₹ Lakhs
Value of Domestic Clearance of Goods with own Brand Name	120
Value of Clearance of Goods with Brand Name of others (including ₹ 30 Lakhs for goods manufactured in rural area)	100
Value of Clearance for Exports	50
Value of Clearance for Captive Consumption	40
Value of Clearance of Exempted Goods	20

Assume rate of Excise Duty at 12%. Show your workings with explanations where required.

Solution: **Refer Page No.5.23, Q.No.47**

Determination of Dutiable Clearances and Excise Duty Liability for the FY 2010–2011

Particulars	₹ Lakhs	Reasoning
(a) Domestic Clearances under own brand name	120	Clearances under own brand name includible under the limit of ₹ 150 Lakhs
(b) Clearances cleared under the brand name of another person (Goods manufactured in rural area)	30	Goods cleared under other persons' brand name are included if they are manufactured in rural area.
(c) Clearances for Exports	Nil	Clearances for Exports excluded from the limit
(d) Clearances for Captive Consumption	Nil	Captive Consumption is excluded, if such goods are used to produce excisable goods. Assumed that Final Products were subject to Excise Duty.
(e) Clearances for Exempted Goods	Nil	Goods exempted under any other notification shall be excluded from the limit
Total Clearances considered for ₹ 150 Lakhs Limit	**150**	
Less: Exemption Limit as per Notfn. No.8/2003	(150)	
Net Dutiable Clearances	Nil	
Add: Clearances of goods under brand name of another person (except goods manufactured in rural area)	**70.00**	Clearances under Other Persons' Brand Name are directly liable for ED and not exempt
Total Dutiable Clearances for the FY 2010–11	**70.00**	
Basic Excise Duty at 12%	8.400	Excise Duty = 70 x 12%
Add: Education Cess @ 2%	0.168	(8.40 x 2%)
Add: Secondary & Higher Education Cess @ 1%	0.084	(8.40 x 1%)
Total Excise Duty Payable	**8.652**	

Total Excise Duty payable for the Financial Year 2010–11: **₹ 8,65,200**

Question 1(c) – Goods Transport Agency — 5 Marks

M/s Commercial Goods Services, a Goods Transport Agency, furnishes the following information in respect of services provided for the year ending March 31, 2011. Determine the value of Taxable Services and Tax thereon under 'Transport of Goods by Road' falling under Section 65(105) (zzp) of the Finance Act, 1994.

Particulars	₹
(i) Service provided to M/s XYZ Co. Ltd.	30,00,000
(ii) Freight for transport of food grains and pulses	1,50,000
(iii) Service to an Unregistered Firm	6,00,000
(iv) Service provided as a 'Clearing and Forwarding Agent'	2,00,000
(v) Composite Service which include packing/unpacking, loading, unloading in the course of transportation by road	2,00,000
(vi) Service Tax paid on Input Services used for providing Goods Transport Agency Services	72,000
(Provide suitable explanations where required)	

Solution:

Determination of Value of Taxable Services under "Transport of Good by Road"

Particulars	₹	Reasoning
(i) Services provided to M/s XYZ Co. Ltd	Nil	Service Tax is payable by consignor / consignee and not by the GTA, if the consignor / consignee is a specified person. Hence, no liability on GTA.
(ii) Freight for Transport of food grains and pulses	Nil	Transport of food and grains exempt from Service Tax vide Notification No.4/2010 dt. 27.02.2010.
(iii) Service to Unregistered Firm	6,00,000	Since the unregistered firm is not covered under specified person, the Service Tax shall be payable by the GTA. Assumed that value / trip is > ₹ 750
(iv) Service provided as "Clearing and Forwarding Agent"	Nil	C&F agent is taxable as a Clearing and Forwarding Agent and not as GTA service
(v) Composite Service which include packing / unpacking. Loading, unloading in the course of transportation	2,00,000	"Goods Transport Agency" means any person who provides service **in relation to transport of goods** by road. Such services include packing / unpacking, loading, unloading etc.
Grand Total	**8,00,000**	

Particulars	₹	Reasoning
Less: Abatement at 75%	(6,00,000)	
Taxable Value under "Goods Transport Agency"	**2,00,000**	
Service Tax @ 10.3% (incl. EC @ 2% & SHEC @ 1%)	**20,600**	
Less: CENVAT Credit of Service Tax on Input Services **(Refer Notes 1 & 3)**	**(20,600)**	CENVAT Credit of ₹ 72,000 restricted to ₹ 20,600. Balance ₹ 51,400 C/fd to next period.
Net Service Tax Liability	**Nil**	

Notes:

1. Goods Transport Agency can avail CENVAT Credit of Service Tax paid on Input Services even if it avails abatement.
2. Service Tax is payable on ₹ 2,00,000 under Clearing and Forwarding Agency Service.
3. If the Service Provider is a Small Service Provider for FY 2010–11, then it would be eligible for exemption to the extent of Rs.10,00,000 and hence, the Service Tax Liability shall be NIL. However, CENVAT Credit shall not be availed by the assessee on input services during the period of availing exemption.

Question 1(d) – Computation of VAT Liability 5 Marks

From the following particulars compute Net VAT payable by M/s. TAB & Co. for the period ending March 31, 2011.

Inputs Procured	₹
(i) Raw material at Nil VAT	10,00,000
(ii) Raw material at 4% VAT	40,00,000
(iii) Raw material at 12% VAT	20,00,000
Output	**₹**
(i) Intra State Sale of Finished Goods at 4% VAT (these goods were produced entirely from raw material at NIL VAT rate procured as inputs)	15,00,000
(ii) Exempted Sales (these goods were produced from Raw Material procured at 4% VAT to the extent of 50%)	20,00,000
(iii) Sale of Finished Goods Intra State at 12% VAT	20,00,000
(iv) Intra State Sale of Raw Material purchased at 4%	10,00,000
(v) 50% of the Raw Material procured at 12% VAT has been utilized to produce Capital Goods for the manufacturing process in TAB & Co's factory (Market Value):	15,00,000

Provide explanations where necessary

Solution:

1. Determination of Net Sales and VAT Collected thereon for the period ending 31.03.2011

Particulars	Gross Value (₹)	VAT Collected (₹)
(a) Intra State Sales of Finished Goods at 4% VAT (4% of 15 Lakhs)	15,00,000	60,000
(b) Exempted Sales of Finished Goods	20,00,000	Nil
(c) Intra State Sales of Finished Goods at 12% VAT (12% of 20 Lakhs)	20,00,000	2,40,000
(d) Intra State Sales of Raw Materials at 4% VAT (4% of 10 Lakhs)	10,00,000	40,000
(e) Market Price of the Capital Goods produced (Not Sold)	15,00,000	Nil
(f) **Grand Total**	**80,00,000**	**3,40,000**

Note: As the Capital Goods are not sold, it is not liable for VAT.

2. Determination of Net VAT Credit Eligible for the period ending 31.03.2011

Particulars	₹
(a) 4% VAT on Raw Materials (40,00,000 x 4%)	1,60,000
(b) 12% VAT on Raw Materials (20,00,000 x 12%)	2,40,000
(c) **Total VAT on Raw Materials**	**4,00,000**
(d) **Less:** Reversal of Input Tax Credit on inputs used in relation to Exempted Goods [(4,00,000 ÷ 80,00,000) × 20,00,000] **(Note below)**	(1,00,000)
(e) **Net VAT Credit available**	**3,00,000**

Notes:

1. The VAT Credit to be reversed is based on the proportion of the Exempted Sales to the Total Sales and need not be based on actual Input – Output ratio. VAT Credit reversed = [Exempted Sales ÷ Total Clearances] × Total Input Credit
2. VAT on inputs used in relation to production of capital goods is eligible for credit in full in the first year itself as such inputs are used in relation to manufacture of Finished Goods. The Market Price of such capital goods is used for the denominator to arrive at the proper amount of credit to be reversed.

3. Determination of Net VAT Liability of M/s TAB & Co. for the period ending 31.03.2011

Particulars	₹
(a) Total VAT Collections during the period	3,40,000
(b) Net VAT Credit eligible during the period	(3,00,000)
(c) **VAT payable as on 31.03.2011**	**40,000**

Question 1(e) – Computation of Assessable Value 5 Marks

Compute the Assessable Value of the machine imported by M/s. Exports India Pvt. Ltd under the Customs Act, 1962

Particulars	Amount
FOB Price of the Machine	$ 10,000
Air Freight paid	$ 2,500
Insurance for transit of Machine	Not Ascertainable
Cost of Development work in India	₹ 40,000
Local Agent's Commission	₹ 10,000
Cost of Local Transport	₹ 5,000

Exchange Rate applicable US $ 1 = ₹ 45

Provide explanations for your answer.

Solution:

Determination of Assessable Value of the Machine imported by M/s Exports India Pvt Ltd

Particulars	Computation	Value
(a) FOB Price of the Machine	Given	10,000 USD
(b) Air Freight Paid (20% of FOB or Actuals, whichever is lower)	Lower of (20% of 10,000) or 2,500	2,000 USD
(c) Transit Insurance (1.125% of FOB, if not ascertainable)	1.125% of 10,000	112.50 USD
(d) Cost of development Work in India **(Note 1)**		Nil
(e) Local Agent's Commission **(Note 2)**		Nil
(f) Cost of Local Transport **(Note 3)**		Nil
(g) **CIF Value of the Machine (in USD)**		**12,112.50 USD**
(h) Applicable Exchange Rate		1 USD = ₹45
(i) **CIF Value of the Machine (in ₹)**		**₹5,45,062.50**
(j) **Add: Loading & Unloading Charges @ 1%**	**(1% of ₹5,45,062.50)**	**₹5,451**
(k) **Assessable Value of the Machine**		**₹5,50,513.50**

Notes:

1. Cost of development work is assumed to be incurred after the import by the importer. Hence, such cost is not includible in the Assessable Value as only those costs incurred outside India are includible.
2. Local Agent's Commission is assumed to be given for buying purposes and hence excluded from Assessable Value.
3. Local Transport represents post importation activity and hence excluded from Assessable Value.

Question 2(a) – True or False (Central Excise Act and Finance Act, 2010) 3 x 2 = 6 Marks

Briefly explain whether the following statements are correct with reference to the Central Excise Act, 1944 and the changes effected by the Finance Act, 2010.

Question	Answer	Reasoning
(i) Penalty can be imposed u/s 11A(2B) in case where the assessee pays duty and interest voluntarily before issue of Show Cause Notice.	**Incorrect**	As per Explanation to Section 11A(2B), if the assessee pays duty and interest before issue of SCN, penalty shall not be charged under the Central Excise Act, 1944.
(ii) Time limit for passing of the Settlement Order in terms of Section 32F(6) is 9 months from the last day of the month in which the application was made and no extension of this period is permissible.	**Incorrect**	Extension is possible. **Refer Pg. No.24.5, Q.No.11, Point 6.**
(iii) An assessee cannot apply for settlement more than once u/s 32(O).	**Correct**	**Refer Pg. No. 24.6, Q. No.18**

Question 2(b) – True or False (Service Tax Provisions and Finance Act, 2010) 2 x 3 = 6 Marks

Explain briefly the correctness of the following statements with reference to the Finance Act, 1994 relating to Service Tax and the changes effected by the Finance Act, 2010.

Question	Answer	Reasoning
(i) With regard to Residential Complex Service [Section 65(105)(zzzh)] unless the entire payment for property is paid by the buyer after completion of construction, the activity of construction would be deemed to be a taxable service.	**Correct**	If any part of the consideration is received by the builder or any person on his behalf from the buyer before the grant of completion certificate, then it shall be deemed to be a service and hence liable for Service Tax.
(ii) The application of the rules in respect of classification of services under Section 65A has been excluded in case of specific taxable services.	**Correct**	Services rendered within Port / Other Port / Airport shall be considered as Port / Other Port / Airport services and rules of classification are not applicable

Question 2(c) – Valuation under Customs Tariff Act for Additional Customs Duty 3 Marks

Explain briefly with reference to the changes effected by the Finance Act, 2010 to the Customs Tariff Act, 1975 how additional customs duty has to be determined in respect of goods imported requiring MRP based assessment under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955.

Solution: As per **Explanation to Section 3** of the Customs Tariff Act, 1975, for goods imported into India which require MRP based assessment under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, **Assessable Value = MRP – Abatement**, if any allowed.

Question 3(a) – Levy of Excise Duty – Goods under Central Excise Act, 1944 5 Marks

PQR & Co. is engaged in the business of Fabrication and Erection of structures of various types on contract basis. They entered into a contract with M/s XYZ Co. for Fabrication, Assembly and Erection on Turnkey basis of a Waste Water Treatment Plant. This activity involved procurement, supply, fabrication, transportation of various duty paid components and finally putting up a Civil Construction and Erection of the Waste Water Treatment Plant and commissioning the same. The entire fabrication is done at site. The pressure testing was carried out as such until it was wholly built. The Excise Department has issued a Show Cause Notice that the fabrication at site amounted to manufacture of Excisable Goods since the plant came into existence in an unassembled form as per drawings and designs approved by the client, M/s. XYZ Co. before the fabrication activity was undertaken. Therefore according to the Department, Excise Duty was payable on the value of the plant excluding the value of the civil work. Briefly discuss with reference to case law whether the show cause notice is sustainable in law.

Solution: ***Refer the Padhuka's "Important Decisions in Indirect Taxes for May 2011 Exams"***

Principle and Conclusion: Mere Bringing of the duty paid parts in an unassembled form at one place, i.e. at the site does not amount to manufacture unless an excisable movable product (say a plant) comes into existence by assembly of such parts. Thus, no commercial movable property came into existence until the assembling was completed by embedding different parts in the civil works. Hence, **the fabrication, assembly and erection of waste water treatment plant does not amount to manufacture and hence not liable.**
[Larsen & Toubro Limited v. UOI 2009 (243) E.L.T. 662 (Bom.)]

Question 3(b) – Levy of Service Tax – Self Consumption of Service 5 Marks

Sweet Sugar Mills is engaged in the manufacture of sugar. Government of India had issued directions under the Sugar Control Order for Sugar Companies to maintain buffer stock of sugar of certain quantity for a specified period. In order to compensate the Sugar Mill, the Government had extended buffer stock subsidy towards storage, interest and insurance charges in respect of the buffer stock of sugar actually held by the sugar mill. The department has issued a show cause notice to the assessee raising a demand of service tax on the ground that the amount received by the sugar mill as buffer subsidy is covered under the taxable service of 'Storage and Warehousing'. Discuss briefly with reference to decided case law whether the action of the department is sustainable in law.

Solution: ***Refer Pg. No.F.68, CCE Vs Nahar Industrial Enterprises Ltd. (2010).***

1. **Situation:** Assessee stored free sale sugar as buffer stock as per the Government's directions. The Government paid **grant** as a compensation for such storage. Department wanted to levy service tax on such grant under storage and warehousing services.
2. **Decision:** The assessee shall not be liable for service tax in respect of such grant under "Storage and warehousing service" as he stored only his own goods. Service to one self is not liable for service tax. Further, grant is only a compensation for rent, insurance, interest etc. **[Nahar Industrial Enterprises Ltd. 2010 (19) S.T.R. 166 (P&H)]**

Question 3(c) – Sale of Confiscated Goods during appeal 5 Marks

The Customs Authorities had confiscated the gold carried by Mr. Lovegold from Bahrain. Mr. Lovegold informed the Customs Authorities that he was filing an appeal against the order of confiscation. The Customs Authorities informed Mr. Lovegold that the confiscated goods had been handed over to the warehouse of the custom house for disposal and consequently auctioned the confiscated goods. Discuss briefly the validity of the action taken by the Customs Authorities with the help of decided case law. Also discuss the validity of the claim of Mr. Lovegold in seeking market value of the confiscated goods and whether he is liable to pay the duty, fine and penalty imposed by the original authority.

Solution: ***Refer Padhuka's – "Important Decisions in Indirect Tax for May 2011 Exams" and***
– Pg. No. 21.12, Shabir Ahmed Abdul Rehman case (2009).

Decision and Conclusion: Customs authorities are not authorized to auction confiscated goods during the period of pendency of appeal. Such auction is not justified. Customs Authorities are liable to return the entire sale proceeds without deducting duty but subject to deduction of fine and penalty with interest. **[Shabir Ahmed Abdul Rehman vs UOI 2009 (235) ELT 402 (Bom.)]**

Question 4(a) – CENVAT Credit of Input Services 5 Marks

C & C Co. Ltd manufactured non–alcoholic beverage bases known as concentrates. These were sold to Bottling Companies who in turn sold the aerated beverages manufactured from the concentrates to distributors. These were then sold to retailers and thereafter to the ultimate consumers. The advertisement and market research activities were undertaken by M/s. C & C Co. Ltd. Input Credit of Service Tax paid on the advertising service used for marketing of Soft Drinks removed by bottlers was claimed by M/s C & C Co. Ltd. This credit was denied on the ground that advertisements did not relate to the concentrates manufactured by M/s. C & C Co Ltd. Discuss briefly with reference to decided case law whether M/s. C & C Co. Ltd. are eligible to avail CENVAT Credit paid on advertising services which were utilized towards payment of Excise Duty on concentrates.

Solution: ***Refer Padhuka's – "Important Decisions in Indirect Tax for May 2011 Exams" and***
– Pg. No. 18.6, Coca Cola India Pvt. Ltd. Vs CCE (2009).

1. **Decision:** Service Tax on advertisement related to the final product is eligible for credit to be utilized against the payment of Excise Duty on concentrates, as the advertisement of soft-drink enhanced the marketability of the concentrates. Further, the term "activities related to business" includes activities directly or indirectly related to the business of the assessee. **[Coca Cola India Pvt Ltd. v. CCE (2009) 15 STR 657 (Bom.)]**

2. **Conclusion:** Hence, CENVAT Credit of Service Tax paid can be utilized against Excise Duty payable on concentrates.

Question 4(b) – Valuation of Taxable Service – Telecommunication Service 5 Marks

'Smartphone' is in the business of providing mobile telephone service. The Assessee sells "SIMCARDS" to its mobile telephone subscribers for a price. 'Smartphone' pay Service Tax on the activation and other charges. On the 'SIMCARDS' sold to the customers VAT under the applicable State Law is paid. The Department's view is that the "SIMCARD" is used for provision of mobile services and is a part of the service and therefore the value of the "SIMCARD" has to be included in the category of 'Telecommunication Services' for purpose of Service Tax. Explain with a brief note and reference to seceded case law whether the view taken by the department is correct in law.

Solution: ***Refer Padhuka's – "Important Decisions in Indirect Tax for May 2011 Exams" and***

1. **Decision:** As per the Kerala High Court in CCE v. Idea Mobile Communications Ltd. 2010 (19) STR 18 (Ker.)]
   (a) SIM card is a device through which customer gets connection from the mobile tower. Unless the SIM card is activated, service provider cannot give service connection to the customer. Hence, it can be inferred that it is an integral part required to provide mobile service to the customer.
   (b) Further, SIM card has no intrinsic value or purpose other than use in mobile phone for receiving mobile telephone service from the service provider.
   (c) **SIM cards were not goods sold or intended to be sold to customer, but supplied as part of service**.

2. **Decision:** Hence, **the value of SIM card supplied by the assessee would form part of the Taxable Value of service on which Service Tax was payable by the assessee**.

Question 4(c) – Classification of Imported Goods 5 Marks

ABC Company Ltd has imported brine shrimp eggs. This was classified as "Prawn Feed" for Customs Duty purposes under Chapter Heading No. 2309 of the Customs Tariff Schedule which includes use as Animal Feed. The department's view was that this should be classified under Chapter Heading No.051199 as Non–Edible Animal Products unfit for Human Consumption. M/s. ABC Co. provided literature to support their contention that the imported material contained little organisms/embryos which later became larva that were fed to the prawns. Therefore according to the importer, the nature and character of the product was not changed or altered by nurturing or incubation. Hence the classification should be as Prawn Feed under Chapter Heading No. 2309. Decide with the help of case law if any whether the contention of the Assessee, M/s. ABC Co. is correct in law.

Solution: ***Refer Padhuka's – "Important Decisions in Indirect Tax for May 2011 Exams" and – Pg. No. F.71, Atherton Engineering Co. Pvt. Ltd Vs UOI (2010).***

1. **Situation:** The Assessee imported the embryo. It was incubated in controlled temperature and under hydration, a larva was born. This larva did not assume the character of a different product.
2. **Decision: If a product undergoes some change after importation till the time it is actually used, it is immaterial, provided it remains the same product and used for the purpose specified in classification**.
3. **Conclusion:** The nature of embryo was the same as the product or organism which was within egg. So, it shall be classified as feeding materials for prawns and not otherwise. **[Atherton Engineering Co. Pvt. Ltd. 2010 (256) E.L.T. 358 (Cal.)]**

Question 5(a) – Exempted Goods / Trade Parlance Test 2 x 3 = 6 Marks

	Question	Solution
(i)	Write a short note with reference to the Central Excise Act 1944 and CENVAT Credit Rules 2004 on "Goods" and "Exempted Goods".	Pg.No.2.7,Q.No.10 & Pg. No.2.10, Q.No.13 – **For Goods** Pg.No.18.2,Q.No.4 & Pg.No.18.25, Q.No.57 – **For Exempted Goods**
(ii)	Explain briefly the significance of "Trade Parlance Test" with respect to classification of Excisable Goods under the Central Excise Act, 1944.	Refer Pg. No. 3.8, Q. No. 13.

Question 5(b) – Service Tax and VAT 2 x 3 = 6 Marks

	Question	Solution
(i)	Explain with a brief note with reference to the Finance Act, 1994 whether the Business Auxiliary Service provided by a Sub–Broker to a Stock–Broker in relation to Sale or purchase of securities listed on a Registered Stock Exchange is liable to Service Tax.	Pg.No.17.14, Q.No.19, Pt. 3(j) Not Liable for Service Tax
(ii)	Briefly explain the policy contained in the 'White Paper' on introduction of VAT with regard to availment of Input Credit on Capital Goods.	Pg. No.11.12, Q. No.18, Pt. 8

Question 5(c) – Indian Customs Waters – Levy of Customs Duty 3 Marks

Explain briefly with reference to the Customs Act, 1962 the significance of 'Indian Customs Waters".

Solution: **Refer Pg. No.6.3, Q. No.6, Points a, b, c.**

Question 6(a) – Warehousing under Central Excise 6 Marks

Write a brief note on the warehousing procedure for goods removed from the factory under the Central Excise Act, 1944 and Rules made thereunder.

Solution: **Refer Pg. No. 5.42, Q. No. 21.**

(OR)

Question 6(a) – Return Filing and Appellate Procedures 2 x 3 = 6 Marks

	Question	Solution
(i)	Explain 'Annual Financial Information Statement" under Central Excise Rules, 2002.	Refer Pg. No.5.64, Q. No. 3, Pt.(c)
(ii)	State briefly the procedure for adducing additional evidence in appeal proceedings before the Commissioner (Appeals) under Sec 35 of the Central Excise Act, 1944.	Refer Pg. No.23.4, Q.No.6

Question 6(b) – VAT and Service Tax 6 Marks

	Question	Solution
(i)	Explain briefly the three Variants of VAT. (2 Marks)	Refer Pg. No.11.6, Q. No.11
(ii)	Briefly write a short note on the due dates for Monthly and Quarterly payment of Service Tax in respect of various classes of Assesses. (4 Marks)	Refer Pg. No.16.7, Q. No.14, Pt.3

Question 6(c) – Duty Drawback 3 Marks

State briefly the provisions under the Customs Act, 1963 relating to Duty Drawback on Re–Export of Goods.

Solution: **Refer Pg. No.20.21, Q.No.47**

Question 7(a) – Refund and Valuation Rules under Central Excise 2 x 3 = 6 Marks

	Question	Solution
(i)	State briefly the circumstances under which a refund claim could be admitted under the proviso to Section 11B(2) of the Central Excise Act, 1944.	Refer Pg.No.20.17, Q.No.37, Pt.1
(ii)	Explain briefly the significance of Rule 10A of the Central Excise Valuation (Determination of Price of Excisable goods) Rules, 2000 relating to goods produced or manufactured by a Job Worker.	Refer Pg.No.4.36, Q. No.67

Question 7(b) – Export of Service Rules and VAT 2 x 3 = 6 Marks

	Question	Solution
(i)	Briefly explain the provisions relating to Export of Services under the Export of Services Rules, 2005.	Refer Pg.No.15.1, Q. No.1
(ii)	Explain briefly the mandatory provisions under VAT with respect to the records to be maintained by the assessee.	Refer Pg.No.11.23, Q. No.41

Question 7(c) – Prohibited Goods 3 Marks

Briefly explain "Prohibited Goods" under the Customs Act, 1962.

Solution: **Refer Pg. No.6.15, Q. No.37**