

REVISION TEST PAPER, MAY 2012 – OBJECTIVE & APPROACH

(Students are advised to go through the following paragraphs carefully to derive maximum benefit out of this RTP)

I Objective of Revision Test Paper

Revision Test Papers are one among the many educational inputs provided by the Board of Studies (BOS) to its students. Popularly referred to as RTP by the students, it is one of the very old publications of the BOS whose significance and relevance from the examination perspective has stood the test of time.

RTPs provide glimpses of not only the desirable ways in which examination questions are to be answered but also of the professional quality and standard of the answers expected of students in the examination. Further, aspirants can assess their level of preparation for the examination by answering various questions given in the RTP and can also update themselves with the latest developments in the various subjects relevant from the examination point of view.

The primary objectives of the RTP are:

- To help students get an insight of their preparedness for the forthcoming examination;
- To provide an opportunity for a student to find all the latest developments relevant for the forthcoming examination at one place;
- To supplement earlier studies;
- To enhance the confidence level of the students adequately; and
- To leverage the preparation of the students by giving guidance on how to approach the examinations.

RTPs contain the following:

- (i) Planning and preparing for examination
- (ii) Subject-wise guidance – An overview
- (iii) Updates applicable for a particular exam in the relevant subjects
- (iv) Topic-wise questions and detailed answers thereof in respect of each paper
- (v) Relevant publications/announcement applicable for the particular examination

Students must bear in mind that the RTP contains a variety of questions based on different sections of the syllabi and thus a comprehensive study of the entire syllabus is a pre-requisite before answering the questions of the RTP. In other words, in order to derive maximum benefit out of the RTPs, it is advised that before proceeding to solve the questions given in the RTP, students ought to have thoroughly read the Study Materials,

solved the questions given in the Practice Manual and gone through the Suggested Answers of the earlier examinations. It is important to remember that there can be large number of other complex questions which are not covered in the RTP. In fact, questions contained herein are only illustrative in nature.

The topics on which the questions are set herein have been carefully selected and meticulous attention has been paid in framing different types of questions. Detailed answers are provided to enable the students to do a self-assessment and have a focused approach for effective preparation.

Students are welcome to send their suggestions for fine tuning the RTP to the Director, Board of Studies, The Institute of Chartered Accountants of India, A-29, Sector-62, Noida 201 309 (Uttar Pradesh). RTP is also available on the Institute's website www.icai.org under the BOS knowledge portal in students section for downloading.

II. Planning and preparing for examination

Ideally, when you receive the RTP, you should have completed the entire syllabus of all the subjects at least once. RTP is an effective tool to revise and refresh your concepts and knowledge gained through the first round of study of the whole course. When the RTP reaches your hand, your study plan should have been completed as under:

v *Study Materials*

You must have finished reading the relevant Study Materials of all the subjects. The Study Materials relevant in each paper are announced well in advance by the BOS through Students Journal and Institute's website. Make sure you go through the Study Material as they cover the syllabus comprehensively.

v *Other Educational Inputs*

In case of papers on Taxation, you must have carefully perused the Supplementary Study paper containing the latest amendments made through the relevant Finance Act and notifications and circulars issued from time to time which are applicable for the forthcoming examinations.

v *Practice Manuals*

Practice Manuals are an excellent medium of understanding the practical aspects of the various provisions learnt through the Study Materials. Solving the Practice Manual at least once before proceeding to the RTP will ensure that you have a grasp of the application and computational aspect of the syllabus as well.

v *Suggested Answers*

Giving an honest attempt to solve the previous attempts suggested answers on your own, will give you a flavour of the pattern of question paper and type of questions which are being asked in the examination.

After completing the above process, you should go through the Updates provided in the RTP and then proceed to solve the questions given in the RTP on your own. RTPs are provided to you to check your preparation standards and hence it must be solved on your own in a time-bound manner.

The stratagem and the fine points requiring careful consideration in respect of preparation for the CA examinations are explained in comprehensive details in BOS' publication "How to face CA Examinations? A Matrix of Winning Strategies". The publication may be referred to when you start preparing for a subject.

Examination tips

How well a student fares in the examination depends upon the level and depth of his preparation. However, there are certain important points which can help a student better his performance in the examination. These useful tips are given below:

- Reach examination hall well in time.
- As soon as you get the question paper, read it carefully and thoroughly. You are given separate 15 minutes for reading the question paper.
- Plan your time so that appropriate time is awarded for each question. Keep sometime for revision as well.
- First impression is the last impression. The question which you can answer in the best manner should be attempted first.
- Always attempt to do all questions. Remember that six average answers fetch more marks than five best answers. Therefore, it is important that you must finish each question within allocated time.
- Read the question carefully more than once before starting the answer to understand very clearly as to what is required.
- Answer all parts of a question one after the other; do not answer different parts of the same question at different places.
- Write in a neat and legible hand-writing.
- Always be concise and write to the point and do not try to fill pages unnecessarily.
- There must be logical expression of the answer.
- In case a question is not clear, you may state your assumptions and then answer the question.
- While writing answers in respect of essay-type questions, try to make sub-headings so that it catches the examiner's eye.
- Revise your answers carefully and underline important points before leaving the examination hall.

III. Subject-wise Guidance – An Overview

Paper - 5: Advanced Management Accounting

The Revision Test paper on Advanced Management Accounting covers 24 questions on the following topics:

Q No	Topic	About the problem
1.	Decision Making	Simple application of marginal costing
2.	Decision making based on relevant costing	Difference in approach in historical costing & Relevant cost
3.	Marginal costing	Optimum product mix plus target costing approach to arrive at target profit margin
4.	Make or buy Decision	Marginal costing approach – which product to be manufactured which to be bought from market – to achieve higher profitability
5.	Decision making on Shut down or continue	Assessment on key decision parameters
6.	Decision making – Profit optimization	In a multi-product environment , decision making on the basis of marginal costing technique for profit optimization
7.	Product Pricing	Pricing technique applied for new product and established product
8.	Costing in service sector	Costing in Hotel Management under varying conditions with a goal to optimize profit.
9.	Transfer Price	Optimal transfer pricing under different limiting conditions
10.	Activity Based Costing	Application of ABC with the help of relevant cost driver and to find the difference in results between conventional costing and ABC.
11.	Target Costing	A problem related to Target Costing- How to control costs of various production factors to achieve Target cost
12.	Budgeting	Preparation of budget on the basis of optimistic assumptions and pessimistic assumptions.
13.	Profit Planning	Budgeting of profit with variations on different productions parameters and probabilistic conditions of sales.

14.	Variance Analysis	Calculations of variances and drawing an operating statements
15.	Decision Making on Acceptance of an order	Judgment on acceptance of a special offer.
16.	Learning Curve Theory	Pricing at different order sizes.
17.	Theory of Constraints	Theory Question. Key measures to be described.
18.	Value Chain Analysis	Theory Question. How to access comparative advantage.
19.	Total Quality Management	Theory Question. Six Cs for successful implementation of TQM.
20.	Linear Programming	Formulation and optimum solution
21.	PERT	Constructing PERT network and crashing the activities.
22.	Transportation Problem	Vogel's Approximation Method
23.	Assignment Problem	Assignment Problem of machines and operators to optimize output.
24.	Simulation	Simulation of rain in a city on probability data and using random numbers.

Paper – 6: Information Systems Control and Audit

The current RTP of ISCA, which is relevant for May, 2012 examination consists of total 25 questions. Questions have been taken from the entire syllabus divided into ten chapters in the study material. The chapter name is also clearly indicated before each question. Question no. 1 to 17 are descriptive/short answer type questions, whereas question no. 18 to 20 are based on the short notes. These questions have been divided into three parts based on the different topics/sub-topics picked from the entire syllabus. Finally, there are five case study based questions, given from question no. 21 to 25 in the RTP. These case studies are based on the practical oriented topics such as SDLC, ERP, Business Continuity Planning (BCP) and Disaster Recovery Planning, Audit Guidelines/Standards, and Security/Audit Policy etc. In such type of questions, students should read the case study carefully and identify the relevant concept/s based on which the questions are to be answered.

Here, we would also like to mention that RTP is only to refresh your knowledge. This should be used as last minute self assessment tool before appearing in the examination. Students may pick-up a question from RTP, and try to write the answer by his/her own understanding. Afterwards, they should go through the answer of that question given in the RTP. By comparing both the answers, they will be able to understand the variations,

if any in their answers. In this way, RTP may help them in introspection up to some extent.

Paper 7: Direct Tax Laws

Ideally, for Paper 7: Direct Tax Laws, your preparation for examination should be in four stages as briefed in the table below –

Stages of Preparation	Objective of study	Relevant Publication
Initial Stage	Study the topics of your syllabus thoroughly for conceptual clarity	Study Material (relevant for A.Y.2012-13) – Vol. I & II
Second Stage	Update yourself with the amendments by the Finance Act, 2011 and recent Notifications and Circulars issued up to 30.6.2011	Supplementary Study Paper-2011
Third Stage	Work out the problems and solve the questions after completing study of each chapter in the Study Material to test your level of understanding of concepts explained in the said chapter.	Practice Manual (Volume III of the Study Material)
Fourth and Final Stage	Self-assess your preparation and update yourself with the latest developments on the legislative and judicial front	Revision Test Paper (RTP)

At this juncture, when you receive the RTP, you are expected to be in the Fourth and Final Stage of preparation of examination. You are expected to have read and understood all the topics in your syllabus. The Study Material of Paper 7: Direct Tax Laws based on the provisions of law applicable for A.Y.2012-13 is relevant for May 2012 examination. This study material is updated as per the provisions of law as amended by the Finance Act, 2011 and notifications and circulars issued by the CBDT up to 30.6.2011. In case you have the earlier edition of the Study Material (based on provisions of A. Y. 2011-12), the same should be read along with the Supplementary Study Paper – 2011.

You are also expected to be aware of the amendments made by the Finance Act, 2011 and circulars and notifications, explained in detail in the Supplementary Study Paper-2011.

Further, you are also expected to have worked out the problems in the Practice Manual which are grouped chapter-wise to test your understanding of the concepts explained in the Study Material.

It is at this stage, after you have attained conceptual clarity and updated yourself on the latest developments, that the role of the RTP assumes significance. This RTP has been prepared with the twin objective of –

- (1) helping you to self-assess the effectiveness of your study and revision by solving the questions given in Part III independently and comparing the same with the answers given.
- (2) updating you on the latest developments on the statutory and judicial front.

The RTP for Paper 7: Direct Tax Laws has been divided into three parts:

Part I Statutory Updates:

Significant Notifications and Circulars issued between 1.7.2011 and 31.10.2011

Part II Judicial Updates:

Significant Recent Legal Decisions

Part III Questions and Answers

You are advised to go through the statutory and judicial updates contained in Part I and Part II of this RTP before attempting to solve the questions given in Part III.

Part I - Statutory updates : Significant Notifications & Circulars issued between 1.7.2011 and 31.10.2011

The significant legislative developments by way of circulars & notifications issued by CBDT between 1.7.2011 to 31.10.2011 are given in Part I. A brief summary of the same is tabulated hereunder -

Notification No.	Date	Subject Matter
49/2011	6.9.2011	Notification of allowances and perquisites exempt under section 10(45)
50/2011	9.9.2011	Notification of long-term infrastructure bonds for deduction under section 80CCF
52/2011	23.9.2011	Specification of bonds for interest exemption under section 10(15)(iv)(h)
57/2011	24.10.2011	Relaxation of time limit for submission of quarterly statements in case of a deductor being an office of Government
Circular No.		
4/2011	19.7.2011	Guidelines for prior permission under section 281 to transfer or create charge on the assets of the

7/2011	27.9.2011	business Procedure for refund of TDS under section 195 to the person deducting tax in cases where tax is deducted at a higher rate prescribed in the DTAA
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Part II - Judicial updates : Significant Recent Legal Decisions

The significant court rulings in the last one year dealing with various issues in direct tax laws are reported in Part II. The interpretation of different courts on the provisions of law will provide you a valuable insight and increase your ability to understand, analyse and interpret the provisions of law.

No.	Topic	Issue	Case Law
(1)	Basic Concepts	Revenue receipt v. Capital receipt	<i>Shree Balaji Alloys v. CIT (2011) 333 ITR 335 (J&K)</i>
(2)	Income from house property	Income from letting of rooms – Income from house property or business income?	<i>Joseph George and Co. v. ITO (2010) 328 ITR 161 (Kerala)</i>
(3)	Business Income	Interpretation of phrase “used for purpose of business” for claim of depreciation	<i>CIT v. Yamaha Motor India Pvt. Ltd. (2010) 328 ITR 297 (Delhi)</i>
(4)	Business Income	Admissibility of claim of depreciation on goodwill by treating the same as an intangible asset	<i>B. Raveendran Pillai v. CIT (2011) 332 ITR 531 (Kerala)</i>
(5)	Business income	Depreciation rate admissible on EPABX & mobile phones	<i>Federal Bank Ltd. v. ACIT (2011) 332 ITR 319 (Kerala)</i>
(6)	Business income	Admissibility of expenditure on feasibility study where project was abandoned.	<i>CIT v. Priya Village Roadshows Ltd. (2011) 332 ITR 594 (Delhi)</i>
(7)	Business income	Admissibility of expenditure on higher studies of director's son	<i>Echjay Forgings Ltd. v. ACIT (2010) 328 ITR 286 (Bom.)</i>
(8)	Business Income	Waiver of principal amount of loan for purchase of capital asset – would the same constitute business income?	<i>Iskraemeco Regent Ltd. v. CIT (2011) 331 ITR 317 (Mad.)</i>
(9)	Business Income	Applicability of section 44BB in respect of business of seismic data	<i>Global Geophysical Services Ltd., In re</i>

		acquisition	(2011) 332 ITR 418 (AAR)
(10)	Business Income	Applicability of section 44BBB, where actual profits are higher than 10% of receipts	<i>DIT v. DSD Noell GmbH</i> (2011) 333 ITR 304 (Delhi)
(11)	Capital Gains	Claim of exemption under section 54 in respect of investment in more than one flat	<i>CIT v. Smt. K. G. Rukminiamma</i> (2011) 331 ITR 211 (Kar.)
(12)	Income from other sources	Tests to determine "Substantial part of business" of lending company for application of exclusion provision under section 2(22)	<i>CIT v. Parle Plastics Ltd.</i> (2011) 332 ITR 63 (Bom.)
(13)	Deductions from GTI	Does procurement of parts and assembling them to make windmill constitute "manufacture"/ "production" for section 80-IB?	<i>CIT v. Chiranjeevi Wind Energy Ltd.</i> (2011) 333 ITR 192 (Mad.)
(14)	Deductions from GTI	Claim of deduction u/s 80-IB in subsequent years when no deduction is claimed in initial years	<i>Praveen Soni v. CIT</i> (2011) 333 ITR 324 (Delhi)
(15)	Deductions from GTI	Eligibility of deduction u/s 80-IB with respect to income from sale of export incentive	<i>CIT v. Jaswand Sons</i> (2010) 328 ITR 442 (P&H)
(16)	Deductions from GTI	Transport subsidy, interest subsidy and refund of excise duty – whether the same would qualify for deduction u/s 80-IB	<i>CIT v. Meghalaya Steels Ltd.</i> (2011) 332 ITR 91 (Gauhati)
(17)	Assessment of Companies	Levy of interest under sections 234B and 234C, where a company is assessed on the basis of book profit u/s 115JB	<i>Joint CIT v. Rolta India Ltd.</i> (2011) 330 ITR 470 (SC)
(18)	Assessment of Mutual Concerns	Would interest earned on surplus funds of a club deposited with institutional members satisfy the principle of mutuality?	<i>Madras Gymkhana Club v. DCIT</i> (2010) 328 ITR 348 (Mad.)
(19)	TDS	Applicability of section 194J in respect of payments made by a company to BSNL/MTNL for services provided through	<i>CIT v. Bharti Cellular Ltd. & Hutchison Essar Telecom Ltd.</i> (2011) 330 ITR 239

		interconnect/port etc.	(SC)
(20)	TDS	Applicability of section 194H on difference between published price and minimum fixed commercial price	<i>CIT v. Qatar Airways (2011) 332 ITR 253 (Bom.)</i>
(21)	TDS	Applicability of section 194H on discount given on supply of SIM cards and recharge coupons by a telecom company to its distributors	<i>Vodafone Essar Cellular Ltd. v. ACIT (TDS) (2011) 332 ITR 255 (Kerala)</i>
(22)	Business Income	Can payment for purchase of software from a non-resident be treated as royalty to attract disallowance u/s 40(a)(i) for non-deduction of tax at source?	<i>CIT vs. Dynamic Vertical Software India P. Ltd. (2011) 332 ITR 0222 (Delhi)</i>
(23)	Penalty	Can penalty u/s 271(1)(c) be imposed in a case where the assessee has raised a debatable issue?	<i>CIT v. Indersons Leather P. Ltd. (2010) 328 ITR 167 (P&H)</i>
(24)	Appeals & Revision	Can the Tribunal exercise its power of rectification u/s 254(2) to recall its order in entirety?	<i>Lachman Dass Bhatia Hingwala (P) Ltd. v. ACIT (2011) 330 ITR 243 (Delhi)[FB]</i>
(25)	TDS	Whether transfer of shares in a non-resident company from one non-resident to another non-resident would attract taxability provisions, if it results in transfer of controlling interest in Indian company?	<i>Vodafone International Holdings B.V. v. UOI (2010) 329 ITR 126 (Bom.)</i>
(26)	Wealth-tax	Levy of wealth-tax on the value of house under construction on the valuation date	<i>CIT v. Smt. Neena Jain (2011) 330 ITR 157 (P & H)</i>
(27)	Business Income	Can "moneys payable" in respect of a building sold by the assessee be construed as the FMV instead of the actual sale price?	<i>CIT v. Cable Corporation of India Ltd. (2011) 336 ITR 56 (Bom.)</i>
(28)	Assessment Procedure	Validity of notice issued u/s 154 to rectify a mistake apparent from	<i>CIT v. Haryana State Handloom and Handicrafts</i>

		record in intimation u/s 143(1), after issue of valid notice u/s 143(2)	<i>Corporation Ltd.</i> (2011) 336 ITR 699 (P&H)
(29)	Assessment Procedure	Validity of reassessment when the original "reason to believe" ceased to exist	<i>Ranbaxy Laboratories Ltd. v. CIT</i> (2011) 336 ITR 136 (Delhi)
(30)	Assessment Procedure	Meaning of words "shall be issued" used in section 149	<i>Kanubhai M. Patel (HUF) v. Hiren Bhatt or his successors to Office</i> (2011) 334 ITR 0025 (Guj.)
(31)	Appeals & Revision	Validity of revision proceedings u/s 263 initiated on the ground of non-levy of penalty by Assessing Officer	<i>CIT v. Subhash Kumar Jain</i> (2011) 335 ITR 364 (P&H)
(32)	Income from other sources	Applicability of section 115BB to winnings of prize money on unsold lottery tickets held by the distributor of lottery tickets	<i>CIT v. Manjoo and Co.</i> (2011) 335 ITR 527 (Kerala)
(33)	Assessment of non-residents	Applicability of sections 115BBA and 194E to non-resident match referees and umpires in games played in India.	<i>Indcom v. Commissioner of Income-tax (TDS)</i> (2011) 335 ITR 485 (Calcutta)

Part III - Questions & Answers : A Self-assessment Test

The questions in Part III have been framed to test your awareness and understanding of the provisions of income-tax law and wealth-tax law, particularly the latest developments, both on the legislative as well as on the judicial front, as well as your ability to analyze and interpret the provisions of law.

Questions on legislative developments – Substantive & Procedural Law

The questions on substantive law covering the chapters "Income which do not form part of total income", "Charitable trusts and institutions", "Profits and gains of business or profession", "Income from other sources", "Assessment of LLPs" and "Assessment of companies" and "Transfer Pricing" as well as the procedural law based questions on "Transfer Pricing" and "Settlement Commission" attempt to test your awareness of the recent legislative amendments made by the Finance Act, 2011.

Questions on judicial developments

The questions on “Deductions from Gross Total Income” and “Deduction, Collection and Recovery of Tax” are based on recent judicial rulings given in Part II of the RTP.

Computational Problems

Further, the problems on profits and gains of business or profession, computation of business income of a partnership firm, computation of tax liability of a company subject to Minimum Alternate Tax, computation of net wealth of a company would serve to test your understanding of the provisions of law and your ability to apply the provisions correctly in solving a computational problem.

Paper – 8: Indirect Tax Laws

Revision Test Paper for Indirect Tax Laws (IDTL) not only enables the students to assess their preparation for the forthcoming May, 2012 examinations, but also updates them with the latest developments (which are applicable for the examination) of the central indirect tax legislations and judicial pronouncements. Like every subject, the RTP of IDTL also has questions and answers and latest updates. However, being a law subject, it also has one more segment of latest judicial rulings. Thus, the RTP of IDTL is divided into following three parts:-

- Part I** Statutory Updates:
 Significant amendments made between 1.7.2011 and 31.10.2011
- Part II** Judicial Updates:
 Significant Recent Legal Decisions
- Part III** Questions and Answers

Part I - Statutory Updates : Significant amendments made between 1.7 2011 and 31.10. 2011

For the students appearing in May 2012 exams, the amendments made by the notifications, circulars and other legislations up to 31.10.2011 are relevant. Study Material for Indirect Tax Laws contain all the relevant amendments made by the Finance Act, 2011. Further, circulars/notifications issued up to 30.06.2011 have also been incorporated therein. Part-I of the Revision Test Paper contains the amendments which have been made between 01.07.2011 to 31.10.2011. A glimpse of the amendments is provided hereunder:-

A. CENTRAL EXCISE

SNo	Notification / Circular No.	Amendments
1.	Notification No. 16/2011- CE (NT) 18.07.2011	New Forms ER-1 and ER-3 have been notified by CBEC.

2.	<i>Notification No. 17/2011- CE (NT) 18.07.2011</i>	Application for registration of a new factory after opting as LTU is required to be made to AC/DC in place of Chief Commissioner.
3.	<i>Notification No. 19/2011 CE (NT) dated 28.07.2011</i>	Option to authorize job-worker to pay duty in case of readymade garments and made-up articles of textiles has been withdrawn.
4.	<i>F.No.390/Misc./163/2010-JC dated 17.08.2011</i>	Monetary limits for filing appeals by the Department before CESTAT/HC/SC has been revised.
5.	<i>Notification No. 21 & 22/2011 CE (NT) dated 14.09.2011</i>	E-Filing of Excise Returns and Statements has been made mandatory for all assesseees.
6.	<i>Notification No. 20/2011 CE (NT) dated 13.09.2011</i>	Certain amendments have been carried out in Central Excise Returns.
7.	<i>Circular No. 957/18/2011-CX-3 dated 25.10.2011</i>	Power of adjudication has been revised for Additional Commissioners.

B. SERVICE TAX

SNo	Notification / Circular No.	Amendments
1.	<i>Circular No. 144/13/2011- Service Tax 18.07.2011</i>	Service would be treated as "completed" on completion of all the auxiliary activities enabling the service provider to issue the invoice.
2.	<i>CBEC Letter No. F.No.137/25/2011-ST dated 03.08.2011</i>	Service tax is not chargeable on delayed payment charges collected by Stock Brokers.
3.	<i>Notification No. 43/2011 ST dated 25.08.2011</i>	Electronic filing of Service Tax Returns is mandatory for all assesseees.
4.	<i>Notification No. 44/2011 ST dated 09.09.2011</i>	Business Auxiliary Service provided to Stock-Brokers by authorised persons has been exempted from service tax.
5.	<i>Notification No. 45/2011 ST dated 12.09.2011</i>	Arbitration has been exempted from service tax.
6.	<i>Circular No. 956/17/2011 CX dated 28.09.2011</i>	Procedure for electronic filing of Central Excise and Service Tax returns and for electronic payment of excise duty and service tax has been explained.

C. CUSTOMS

SNo	Notification / Circular No.	Amendments
1	<i>Circular No. 33/2011 Cus. dated 29.07.2011</i>	E-payment of customs duty has been made mandatory for importers paying duty of ` 1 lakh or more.
2	<i>Notification No. 69 /2011- Cus (NT) dated 22.09.2011</i>	Time Period for claiming drawback on goods exported other than by post prescribed under Drawback Rules has been aligned with the period prescribed under section 75A.
3	<i>Circular No. 44/2011 Cus dated 23.09.2011</i>	Section 28 of Customs Act, 1962 has been amended retrospectively to validate Show Cause Notices.
4	<i>Notification No.67/2011 Cus. (NT) dated 22.09.2011]</i>	Advance Ruling facility has been made available to resident public limited companies.

Part II - Judicial Updates : Significant Recent Legal Decisions

Part-II of the Revision Test Paper is a compilation of the significant decisions of Supreme Court, High Court and Larger Bench of Tribunal published in Tax Journals during last one year (till 31st October, 2011). By going through these case laws, you will get an idea as to how the tax laws are interpreted and analyzed to reach an informed conclusion. A gist of the ratio/principles of the judicial decisions reported in Part - II is given hereunder:-

A. CENTRAL EXCISE

SNo.	Citation of the case law	Ratio/principle of the case law
1.	<i>Nicholas Piramal India Ltd. v. CCEx., Mumbai 2010 (260) E.L.T. 338 (S.C.)</i>	Short shelf-life of a product cannot be equated with no shelf-life and would not <i>ipso facto</i> mean that it cannot be marketed. Hence, product with the shelf life of 2 to 3 days is marketable and hence, excisable.
2.	<i>Medley Pharmaceuticals Ltd. v. CCE & C., Daman 2011 (263) E.L.T. 641 (S.C.)</i>	The physician samples are excisable goods and are liable to excise duty.
3.	<i>Usha Rectifier Corpn. (I) Ltd. v. CCEx., New Delhi 2011 (263) E.L.T. 655 (S.C.)</i>	Assembling of the testing equipments for testing the final product in the factory amounts to manufacture.
4.	<i>UOI v. Ind-Swift Laboratories Ltd. 2011 (265) E.L.T. 3 (S.C.)</i>	The interest on irregular credit under rule 14 of the CENVAT Credit Rules, 2004 is recoverable on happening of any of the

		three specified circumstances- CENVAT credit taken wrongly, or utilized wrongly, or erroneously refunded.
5.	<i>CCE v. GTC Industries Ltd. 2011 (266) E.L.T. 160 (Bom.)</i>	The process of cutting and embossing aluminum foil for packing the cigarettes does not amount to manufacture.
6.	<i>Hans Steel Rolling Mill v. CCEx., Chandigarh 2011 (265) E.L.T. 321 (S.C.)</i>	The time-limit under section 11A of the Central Excise Act, 1944 is not applicable to recovery of dues under compounded levy scheme.
7.	<i>CCE v. RDC Concrete (India) Pvt. Ltd. 2011 (270) E.L.T. 625 (S.C.)</i>	In pursuance of an application for rectification of mistake, CESTAT cannot re-appreciate the evidence and reconsider its legal view taken earlier.
8.	<i>CCE v. Gujchem Distillers 2011 (270) E.L.T. 338 (Bom.)</i>	The CESTAT order disposing appeal on a totally new ground is not sustainable
9.	<i>CCE v. Tata Advanced Materials Ltd. 2011 (271) E.L.T. 62 (Kar.)</i>	The assessee claimed the CENVAT credit on the duty paid on capital goods which were later destroyed by fire. The Insurance Company reimbursed the amount inclusive of excise duty. The assessee is not required to reverse the CENVAT credit so availed.
10.	<i>CCE v. Ecof Industries Pvt. Ltd. 2011 (271) E.L.T. 58 (Kar.)</i>	Head office distributed the CENVAT credit of the service tax paid on the services received to its various units. CENVAT credit cannot be denied to a particular unit on the ground that input services were obtained by another unit belonging to the same manufacturer.
11.	<i>CCus. v. Prime Health Care Products 2011 (272) E.L.T. 54 (Guj.)</i>	In case of combo-pack of bought out tooth brush sold alongwith tooth paste manufactured by assessee; tooth brush is eligible as input under the CENVAT Credit Rules, 2004.
12.	<i>CCE v. Techno Rubber Industries Pvt Ltd. 2011 (272) E.L.T. 191 (Kar.)</i>	The excess duty paid by the seller be can refunded on the basis of the debit note issued by the buyer.

B. SERVICE TAX

SNo.	Citation of the case law	Ratio/principle of the case law
13.	<i>Idea Mobile Communications Ltd. v. CCE 2011 (23) S.T.R. 433 (SC)</i>	The decision taken by Kerela High Court in CCE v. Idea Mobile Communications has been affirmed wherein it was held that SIM cards were not goods sold or intended to be sold to the customer, but supplied as part of service and hence, the value of SIM card supplied by the assessee would form part of the value taxable service on which service tax was payable by the assessee.
14.	<i>Commissioner of Service Tax v. Lincoln Helios (India) Ltd. 2011 (23) S.T.R. 112 (Kar.)</i>	Service tax and excise liability are not mutually exclusive.
15.	<i>CCEx. & ST v. Volvo India Ltd. 2011 (24) S.T.R. 25 (Kar.)</i>	An appeal can be filed to Supreme Court and not High Court for deciding the question relating to the taxability of service tax.

C. CUSTOMS

SNo.	Citation of the case law	Ratio/principle of the case law
16.	<i>Tirupati Udyog Ltd. v. UOI 2011 (272) E.L.T. 209 (A.P.)</i>	Clearance of goods from DTA to SEZ is not liable to export duty either under the SEZ Act, 2005 or under the Customs Act, 1962.
17.	<i>Textoplast Industries v. Additional Commissioner of Customs 2011 (272) E.L.T. 513 (Bom.)</i>	Separate penalty under section 112 of the Customs Act, in appropriate cases, may also be imposed on the partners when the same has already been imposed on partnership firm.
18.	<i>CCus., Chennai v. BPL Ltd. 2010 (259) E.L.T. 526 (Mad.)</i>	Chartered Accountant's certificate is merely a piece of evidence acknowledging certain facts and is not sufficient evidence to rule out the unjust enrichment under customs and would not automatically entitle a person to refund in the absence of any other evidence.
19.	<i>CCus. (Prev.), Mumbai v. M. Ambalal & Co. 2010 (260) E.L.T.</i>	The goods that were smuggled into the country could not be considered as 'imported goods' for the purpose of granting

	487 (SC)	the benefit of the exemption notification. Hence, the benefit of exemption meant for imported goods cannot be given to the smuggled goods.
20.	<i>S.J. Fabrics Pvt. Ltd. v. UOI 2011 (268) E.L.T. 475 (Cal.)</i>	The goods cannot indefinitely be detained without any order under section 110.
21.	<i>Manish Lalit Kumar Bavishi v. Addl. DIR. General, DRI 2011 (272) E.L.T. 42 (Bom.)</i>	It is mandatory for the Revenue officers to make available the copies of the seized documents to the person from whose custody such documents were seized.
22.	<i>O.T. Enasu v. UOI 2011 (272) E.L.T. 51 (Ker.)</i>	Unless it is established that a person has, by his omissions or commissions, led to a situation where duty is sought to be evaded, penalty in terms of section 112(a)(ii) of the Act cannot be imposed.

Part III - Questions and Answers : Check your progress

Questions in Part-III have been divided as per the weightage of various sections prescribed in the syllabus in the following manner:-

- (i) Central Excise-40% (8 questions)
- (ii) Service tax & VAT-40% (8 questions)
- (iii) Customs 20% (4 questions)

Students should be thorough with Part-I and Part-II of the RTP apart from Study Material and Practice Manual before attempting the questions of Part-III. A word of advice - keep the Bare Acts and the Relevant Rules of the relevant statutes by your side when you read the Study Material and Practice Manual.

The Study Material of Paper 8: Indirect Tax Laws based on the provisions of law as amended by the Finance Act, 2011 is relevant for May 2012 examination. This study material is updated with the notifications and circulars issued by the CBEC up to 30.6.2011. In case you have the earlier edition of the Study Material (based on the provisions of law as amended by the Finance Act, 2010), the same should be read along with the Supplementary Study Paper – 2011.

The salient features of the questions and answers can be summarized as under:-

- The questions are an appropriate mix of case studies based on recent judicial pronouncements and amendments, practical problems and theoretical questions.
- The questions are based on the legal provisions and judicial pronouncements relevant for May, 2012 examinations.

- Questions based on taxable services have been framed only out of 32 taxable services which are applicable for May, 2012 examinations.
- While drafting the questions, appropriate care has been taken to ensure that there is minimum scope for assumptions and ambiguity.
- As far as possible, answers are detailed and exhaustive. In case of practical problems, detailed working notes have been provided.
- Small hints have also been provided at the end of many questions to help students recall the relevant sections, rules or case laws.

Questions based on case laws – Questions have been set on recent judicial rulings in respect of topics like CENVAT credit, manufacture, smuggled goods and seizure under customs laws.

Computational Problems – Practical questions have been framed on topics like exemption for small service providers under excise laws, valuation of excisable goods, Point of Taxation Rules, 2011, legal consultancy services, computation of VAT and valuation under customs laws.

Questions based on substantive and procedural law – In order to test the students' understanding of substantive and procedural laws with regard to central excise duty, customs duty and service tax and VAT, questions have been sent on topics like search and seizure under excise laws and customs laws, appeals under central excise, export procedures, filing of service tax returns, availability of input tax credit, VAT under lease transactions, powers of CBEC, disadvantages of composition scheme and leviability of service tax on delayed payment charges.

Case laws and section reference – Guidance

Citing the case laws and referring to section/notification/circular number in the answer reflects on the quality of the students' preparation for the examination and making himself set to become a perfect professional. The answers that are given in this RTP have reference to sections and case laws wherever applicable. These are given for the knowledge sake and to mainly inculcate the habit of referring sections/case laws in the students. However, in view of three legislations being covered under Indirect Tax Laws, students may find it difficult to remember all the sections and the various case laws on the matter but they must try to remember at least the important section numbers and landmark case laws as such level of knowledge is expected from a Final Student.