Gurukripa's Guideline Answers to May 2014 Exam Questions
CA Final INDIRECT TAXES

Q. 1 is compulsory **(4 × 5 = 20 Marks).** Answer **any 5** from the **remaining 6** questions**.**

Working Notes should form part of the Answer.

Note: All Page Numbers and Question Numbers References are given from Padhuka's Students' Referencer on Indirect Taxes– CA Final

Question 1(a): (5 Marks)

M/s Veena Ltd has two Factories and supplies you the following information:

Particulars	Factory 'A'	Factory 'B'
(i) Assessable Value of Clearances upto 31.12.2013	₹ 90 Lakhs	₹ 60 Lakhs
(ii) Assessable Value of Clearances from 01.01.2014 to 31.03.2014	₹ 60 Lakhs	₹ 40 Lakhs
(iii) Inputs purchased during the year 2013–14 (including Excise Duty)	₹ 112.36 Lakhs	₹ 55.15 Lakhs
(iv) Capital Goods purchased on 14.09.2013 (including Excise Duty)	–	₹ 11.03 Lakhs
(v) Effective rate of Excise Duty on inputs and capital goods purchased and output sold.	12.36%	10.30%

M/s Veena Ltd is availing SSI Exemption under Notification No. 8/2003–C.E. and inputs are used evenly throughout the year. There is neither any processing loss nor any inventory of Input and Output.

You are required to calculate the amount of Excise Duty payable by M/s Veena Ltd in cash, if any, for the Financial Year 2013–14.

Solution: Assessee: M/s Veena Ltd

Computation of Excise Duty payable by M/s Veena Ltd (₹ in Lakhs)

	Particulars	Factory A	Factory B
	Aggregate clearances up to 31.12.2013	90	60
Less:	Exemption for SSI	(90)	(60)
	Sub – Total	**Nil**	**Nil**
	Assessable Value of clearances from 01.01.2014 to 31.03.2014	60.00	40.00
	Excise Duty on Factory A @ 12% and on Factory B @ 10%	7.20	4.00
Add:	Education Cess @ 2% and SHEC @ 1%	0.216	0.12
	Total Excise Duty Payable	**7.416**	**4.12**
	CENVAT Credit on Inputs purchased only after 31.12.2013 – eligible Factory A: [₹ 112.36 Lakhs × 12.36/112.36 × 3/12] Factory B: [₹ 55.15 Lakhs × 10.3/110.3 × 3/12]	(3.09)	(1.2875)
Credit on Capital Goods (even if purchased before crossing exemption limit) (being an SSI full credit on Capital Goods can be taken) [₹ 11.03 Lakhs× 10.3/110.3]		–	(1.03)
	Balance Payable in Cash	**4.326**	**1.802**

Question 1(b): (5 Marks)

M/s Vipin Ltd purchased Raw Material 'A' 10,000 Kg @ ₹ 80 per Kg. plus Excise Duty. The said Raw Material was used to manufacture Intermediate Product 'P'. The said Intermediate Product was captively used for the manufacture of Finished Product 'Z', which was exempt from Excise Duty.

The other information are as under:

(i) Processing Loss: 2% of Inputs in manufacture of 'P'

(ii) Assessable Value of 'P': ₹ 100 per kg.

(iii) Assessable Value of Z': ₹ 20 Lakhs (for Total Output)

(iv) Other Material 'M' used in the manufacture of 'Z': ₹ 2 Lakhs plus Excise Duty

(v) Duty on Capital Goods imported during the period and used in the manufacture of 'P':
- **Basic Customs Duty ₹ 20,000**
- **Additional Duty of Customs u/s 3(1) of the Customs Tariff Act, 1975 ₹ 10,000, and**
- **Additional Duty of Customs u/s 3(5) of the Customs Tariff Act, 1975 ₹ 4,000.**

(vi) Rate of Central Excise Duty on 'A', 'M' and 'P': 12.36% (including Education Cess as applicable)

M/s Vipin Ltd. is not eligible for SSI Exemption under Notification No.8/2003–C.E.

Compute: (i) Amount of CENVAT Credit available, and (ii) Central Excise Duty payable by M/s Vipin Ltd.

Solution:

Assessee: M/s Vipin Ltd **Financial Year: 2013 – 2014**

Computation of Excise Duty payable for the Financial Year 2013–14

Particulars	₹
Excise Duty Payable on Intermediary Product – Output	
Total Production of P (Assuming One Kg of A reqd for One Kg of P)	9,800 Kg
Assessable Value per Kg	₹ 100/Kg
Total Assessable Value	9,80,000
Excise Duty @ 12%	1,17,600
Cess: Education Cess @ 2% and SHEC @ 1%	3,528
Total Excise Duty Liability (A)	**1,21,128**
CENVAT Credit available	
Total Purchase of RM "A"	10,000 Kg
Process Loss (2%)	200 Kg
Net Quantity available	9,800 Kg
Assessable Value	₹ 80/Kg
Total AV	7,84,000
Excise Duty @ 12%	94,080
Add: Education Cess @ 2% and SHEC @ 1%	2,823
Total CENVAT Credit Available (B)	**96,903**
Excise Duty payable before claiming credit on Additional Customs Duty (A – B)	**24,225**
Additional Customs Duty u/s 3(1) – 50% available	(5,000)
Additional Customs Duty u/s 3(5) – Fully available for CENVAT even if paid on capital goods	(4,000)
Therefore, Excise duty payable	**15,225**

Notes:

1. Excise Duty paid on Material M cannot be claimed as CENVAT Credit as it is used for exempted good Z (Rule 6 of CENVAT Credit Rules, 2004).
2. Since the Final Output Z is exempt from ED, the intermediary product shall be liable for ED, if it arises out of manufacture and it is covered under the Central Excise Tariff Schedule. Hence, here Product P is liable for ED.

Question 1(c): **(5 Marks)**

Reliable Agro Industries furnishes the details of its activities undertaken in the month of May 2013 as under:

S.No	Particulars	Amount (₹)
1.	**Supply of Farm Labour**	**55,000**
2.	**Warehousing of Refined Vegetable Oil**	**1,25,000**
3.	**Sale of Wheat on commission basis**	**60,000**
4.	**Hiring of Trucks for transport of minerals**	**2,50,000**
5.	**Leasing of vacant land to a stud farm**	**30,000**
6.	**Renting of Farmhouse for marriage and birthday parties**	**45,000**
7.	**Dehusking of Paddy in rice mill**	**32,000**

Compute the Service Tax Liability of the Company for the month of May 2013. Assume that the point of taxation in respect of all the activities falls in the month of May 2013 itself. The Company had paid Service Tax of ₹ 3,18,000 during the Financial Year 2012–2013. Give working notes as may be suitable. (Rate of Service Tax is 12% + Education Cess as applicable).

Solution:

Assessee: Reliable Agro industries **Financial year: 2013–14**

Computation of Service Tax Liability

	Particulars	₹	Reason
1.	Supply of Farm Labour	Nil	Not taxable as it is specifically covered under Negative List
2.	Warehousing of Refined Vegetable Oil	1,25,000	Taxable, Refined vegetable Oil is not an agricultural produce as it is processed.
3.	Sale of Wheat on commission basis	Nil	Not taxable as it amounts to sale.

	Particulars	₹	Reason
4.	Hiring of trucks for transport of minerals	2,50,000	Taxable, as it is not an agricultural service
5.	Leasing of vacant land to a stud farm	Nil	Not Taxable as rearing of animals (Stud) forms parts of agricultural operations.
6.	Renting of Farmhouse for marriage and birthday parties	45,000	Taxable as it is not related to agricultural service
7.	Dehusking of Paddy in rice mill	32,000	Taxable as Dehusking of Paddy in rice mill is a taxable service, as Rice Mill is not considered as an agricultural farm.
	Total Taxable Value	**4,52,000**	
	Service Tax @ 12%	54,240	
	EC @ 2% + SHEC @ 1%	1,628	
	Total Service Tax Liability	**55,868**	

The assessee cannot avail the exemption available to Small Service Provider, since the company has already paid the total Service Tax of ₹ 3,18,000 during the Financial Year 2012–13, which indicates that the Company would have Taxable Services aggregating greater than ₹ 10 Lakhs.

Question 1(d): (5 Marks)

M/s. Virat Productions is manufacturing two products – 'R' and 'T' and provides you the following particulars:

- **(i) Cost of Raw Material purchased (including VAT at 12.5%) – 2,25,000**
- **(ii) Cost of other material purchased**
  - **(a) Intra–State Purchases (including VAT at 12.5%) – 45,000**
  - **(b) Inter–State Purchases (including CST at 2%) – 81,600**
- **(iii) Wages and other manufacturing expenses (for product 'R' and 'T' in ratio 3:1) – 78,400**
- **(iv) Profit Margin on Sales value 20%.**

M/s. Virat Productions utilized inputs and manufactured 75% of production as 'R' and 25% of production as 'T'. While 'R' is subject to 12.5% VAT, 'T' is exempt from VAT.

All the materials were used in production and there was no Opening or Closing Stock of any material. Compute the Invoice value of sales and net VAT liability, if all the sales were made within the State.

Solution:

Assessee: M/s Virat Production **Computation of Total Cost** **Financial Year: 2013 – 2014**

Particulars (Amts in ₹)	Total	R (75%)	T (25%)
Cost of Raw Materials (Incl. of VAT)	2,25,000		
VAT Portion (₹ 2,25,000 × 12.5/112.5)	(25,000)		
Cost of Raw Materials	2,00,000	1,50,000	50,000
VAT at 12.5%	25,000	(Eligible for Credit) 18,750	(Added to Cost) 6,250
Other Materials			
Intra–State	45,000		
VAT Portion (₹ 45,000 × 12.5/112.5)	(5,000)		
Net Cost (Intrastate)	40,000	30,000	10,000
VAT at 12.5%	5,000	(Eligible for Credit) 3,750	(Added to Cost) 1,250
Interstate (CST not eligible for credit, added to the cost)	81,600	61,200	20,400
Wages and Other Exp	78,400	58,800	19,600
Total Cost		**3,00,000**	**1,07,500**

Computation of Net Vat Liability

Particulars		R	T
	Cost of the Product	3,00,000	1,07,500
Add:	Profit @ 20%	60,000	21,500

	Particulars	R	T
Add:	Sub – Total VAT at 12.5%	3,60,000 45,000	1,29,000 16,125
	Invoice Value	**4,05,000**	**1,45,125**
Less:	VAT on Output as above Input VAT Credit	45,000 [18,750 + 3,750] (22,500)	Nil Nil
	Net VAT Liability	**22,500**	**Nil**

Note: T is an exempted good. Hence, Input Tax Credit shall not be allowed on such product.

[The above Qn. is on "Value Added Tax". This Chapter is not applicable for CA Final from Nov 2014 onwards.]

Question 1(e): (5 Marks)

Vipul imported certain goods in December, 2013. An 'into Bond' bill of entry was presented on 14th December, 2013 and goods were cleared from the port for warehousing. Assessable value on that date was US $ 1,00,000. The order permitting the deposit of goods in warehouse for four months was issued on 21st December 2013. Vipul deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 20th April 2014.

A notice was issued under section 72 of the Customs Act, 1962, demanding duty, interest and other charges. Vipul cleared the goods on 14th May 2014. Compute the amount of duty and interest payable by Vipul while removing the goods on the basis of following information:

Particulars	14–12–2013	20–04–2014	14–05–2014
Rate of Exchange per US $ (as notified by Central Board of Excise & Customs)	₹ 65.20	₹ 65.40	₹ 65.50
Basic Customs Duty	15%	10%	12%

No other Customs Duty is payable, except Basic Customs Duty.

Solution: **Similar to Qn 36 in Page 9.18**

1. **Relevant Date for Rate of Customs Duty:**
   (a) As per Supreme Court Decision in **In Kesoram Rayon vs CC 86 ELT 464,** the **last date on which goods should have been removed is taken as the 'deemed date of removal'** and the relevant rate is the rate prevalent on that date.
   (b) Hence, the rate of duty is 10%, prevalent on 20th April 2014, the last date when warehousing period gets over.
2. **Relevant Date for Rate of Exchange:** U/s 14, the relevant rate of exchange shall be that rate which is in force on the **date on which the Bill of Entry is presented for home consumption or warehousing.** Hence, relevant exchange rate is 1 US $ = ₹ 65.20 prevalent on 14th December, the date on which B/E for warehousing is presented.

3. **Computation of Customs Duty**

	Particulars	Value
	Applicable Rate of Duty (Refer Point. No.1 above)	10%
	Relevant Rate of Exchange (Refer Point. No.2 above)	₹ 65.20 / USD
	Assessable Value (USD 1,00,000 × ₹ 65.20)	₹ 65,20,000
Add:	Customs Duty @ 10% EC@ 2% & SHEC @ 1% of Customs Duty (3% of ₹ 6,52,000)	₹ 6,52,000 ₹ 19,560
	Total Duty Payable	**₹ 6,71,560**

Question 2:

Q.No	Question	Page Reference / Hint Answer
(a)(i) 3M	**What are the powers of the Tribunal (CESTAT) to grant extension of stay under section 35 C (2A) of the Central Excise Act, 1944?**	**Refer Qn 16 in Page 23.10** Tribunal is having power to grant stay of proceedings relating to an appeal.
(a)(ii) 3M	**How can a decision, order, summon or notice be served to the intended person under section 37C(1)(a) of the Central Excise Act, 1944?**	**Refer Qn 12 in Page 20.8**
(b)	**Discuss the liability under Service Tax in the following cases during the month of July 2013**	
2M	**(i) Transport Facility provided by a School to its students through a fleet of buses owned by the School.**	**Refer Para 14.4.5 in Page 14.18** Liable for Service Tax as auxiliary services provided **by** an educational institution are **Not** exempt.

Q.No	Question	Page Reference / Hint Answer
2M	(ii) Service provided by a Private Transport Operators to a School in relation to transportation of students to and from the School.	**Refer Para 14.4.5 in Page 14.18** Exempt from Service Tax under Notification No. 25/2012 as it falls under the auxiliary educational services
2M	(iii) Exhibiting movies on television channels.	**Refer Qn 29, Point 3(d) in Page 14.16** It is liable for service tax as there is no specific exemption and not covered under the Negative List
(c)(i) 1M	What is the interest free period allowed u/s 47(2) of the Customs Act, 1962 for payment of duty?	**Refer Qn 10 in Page 9.7 –** Two Working days (Excluding Holidays)
(c)(ii) 1M	What is the maximum period of storage allowed for warehousing without warehousing u/s 49 of Customs Act, 1962?	**Refer Qn 43 in Page 9.20 –** Not exceeding 30 days
(c)(iii) 1M	What is the minimum monetary limit prescribed in the Customs Law, below which no refund shall be granted?	**Refer Qn 26 in Page 20.16 –** If refund claimed is less than ₹100, the same shall not be refunded.

Question 3(a)(i): (3 Marks)

M/s Healthcare Ltd is manufacturer of patent and proprietary medicines. Physician Samples were distributed to medical practitioners as Free Samples. The Central Excise Department raised the demand of Excise Duty on such samples.
The Assessee contended that since the sale of the physician samples was prohibited under the Drugs and Cosmetics Act, 1940 and the Rules made thereunder, the same could not be considered to be marketable and hence were not liable to excise duty. Examine with the help of a decided case law whether the contention of the Assessee is valid in law.

Solution: **Similar to Qn 30 in Page 4.18**

1. CBEC has vide its Circular, clarified that **Physicians Samples or other samples distributed free of cost** are to be **valued under Rule 11 read with Rule 4** of the Valuation Rules 2000.
2. Under Rule 4, such samples are to be **valued at the value of such goods nearest to the time of removal.**
3. **Valuation of Physician's Samples:** Physician's samples are not sold but cleared exclusively for free distribution for the purpose of advertisement. These should be valued in terms of Section 4(1)(b) and not in terms of Section 4A. **[Indian Drug Manufacturer's Association vs. UOI (2008) 222 ELT 22 (Bom)]**
4. Hence the contention of the Assessee is not valid.

Question 3(a)(ii): (3 Marks)

M/s. A Ltd was a manufacturer of two products 'X' &'Y' falling under Chapter heading 32 and 84 of the First Schedule to the Central Excise Traiff Act, 1985, respectively.

The goods 'X' were dutiable but the goods 'Y' falling under Chapter 84 were fully exempt from duty vide an Exemption Notification, but the manufacturer, M/s. A Ltd, paid the Excise Duty on 'Y' by mistake and did not even claim refund of the same.

For goods 'X' falling under Chapter Heading 32, being eligible for SSI exemption, the Manufacturer wished to claim the same.

For the purpose of computing the value of clearances for SSI exemption, the Manufacturer excluded the turnover of goods 'Y' which was exempt although duty was paid mistakenly on them. However, the Department contended that the clearance of such goods should be included while computing the value of clearance for SSI exemption purposes.

With reference to a decided case law, find out whether the contention of the Department is correct or not.

Solution: **Refer Qn 2 in Page 2.2**

(a) Merely because the Assessee has mistakenly paid Excise Duty on goods which are not liable for excise duty, it would not make them as Excisable Goods.

(b) Even if the Assessee had not claimed any refund of such excess ED, goods would not be categorized as Excisable Goods. **[Bonanza Engineering and Chemical P Ltd vs CCE (2012) – TIOL – 25 – SC – CX]**

(c) Hence the contention of the department is not valid.

Question 3(b)(i): (3 Marks)

The petitioner, a Charitable Society, is engaged in running Internationally renowned schools. It allowed other schools to use its name, logo and motto and as a consideration thereof received Collaboration Fees from such schools which comprised of a non–refundable amount and annual fee. The schools were required to observe certain obligation / terms and un–impeachable confidentiality.

Department contended that the Petitioner was engaged in providing Franchise Service, and accordingly issued Show Cause notice proposing to recover service tax along with interest and penalty.

Examine the validity of the Departmental Action, with reference to a decided case if any.

Solution: Hint Answer: As the Petitioner permitted Other Schools to use their name, logo and also the motto, it clearly represents to Franchise Service. If the Petitioner collected Collaboration Fees, they are duty bound to pay Service Taxes. **[Mayo College General Council Case Law]**

Question 3(b)(ii): (3 Marks)

The Assessee received some taxable services from Ramesh. A formal contract was entered into between them. As per the terms of the contract, Ramesh had to bear all the taxes, duties and other liabilities in connection with discharge of his obligations.
Subsequently, liability to pay Service Tax in case of such taxable services was shifted from Service Provider to Service Receiver retrospectively, owing to an amendment in law. Therefore, the Assessee deducted Service Tax in the bills raised by Ramesh. Ramesh refused to accept the said deduction saying that the contractual clause could not alter the liability placed on the Service Recipient (i.e. the Assessee) by law.

Discuss, whether the contention of Ramesh stands to reason, with help of a decided case law, if any.

Solution: Hint Answer: Service Tax is an Indirect Tax which may be passed on. Thus Assessee can contract to shift its Tax Liability. **[Rashtriya Ispat Nigam Ltd Case Law]**

Question 3(c): (3 Marks)

The Assessee, an Importer, filed a refund application under section 27 of the Customs Act, 1962. In support of the refund claim, the Assessee submitted a Chartered Accountant's Certificate giving the various facts ruling out unjust enrichment under the Customs Act. The Department denied the refund on the grounds being insufficient evidence.
Examine the validity of departmental action citing a decided case, if any.

Solution: **Refer Commissioner of Customs vs BPL Ltd. 2010 (259) ELT 526 (Mad.)Case Law in FTR in Page 81**

Section 27 of Customs Act mandates on the Importer to produce such documents to establish that the amount of duty has not been passed on by him to any other person. However, the Importer had not produced any document other than the Certificate issued by the CA to substantiate its refund claim. The Certificate issued by the CA was merely a piece of evidence acknowledging certain facts. It would not automatically entitle a person to refund in the absence of any other evidence. Hence, the Importer could not be granted refund merely on the basis of the said certificate.

Question 4(a)(i): (3 Marks)

Vinay Industries is engaged in manufacture of a product 'B' which is obtained by certain process. The Adjudicating Authority concluding that the process amounts to manufacture, levied Excise Duty on it. Aggrieved by the order, the Assessee carried an appeal before the Commissioner (Appeals), who accepted the Assessee's stand and held that the above process did not amount to manufacture. Department did not appeal against it and the above order of the Appellate Authority attained finality.
For subsequent period, the Assessee took the same stand but the Department issued demand notice to the Assessee to pay the duty, but for a time period different from the period covered in the said appeal.

Discuss with the help of a decided case law, whether the Revenue could contend this issue further on the same grounds when the Appellate Order for earlier period was not challenged by the Department.

Solution: **Refer CCE vs. Tikitar Industries Case Law in FTR in Page 83**

Decision: Once the Department did not challenge the Appellate Authority's appeal, the order attained finality and hence cannot be re–opened by the Department for another year.

Question 4(a)(ii): (3 Marks)

The Respondent Assessee was carrying on construction of Metro Railway. He manufactured pre–fabricated components of Metro Rail at one site to be used at different inter–connected metro construction sites. The Assessee claimed exemption under

Notification No. 1/2011–C.E.(N.T) dated 17.02.2011 which exempts the goods covered under specified Chapter Headings for a specified period, manufactured at the site of construction for use in construction work at such site.
Department contended that the Assessee was not entitled to exemption as he did not fulfil the condition of manufacture at the site of construction. Examine the validity of the Departmental Contention citing a decided case, if any.

Solution: **Refer CCE Vs Rajendra Narayan Case Law in FTR in Page 58**

Hint: The Court held that that the construction was done virtually and since construction sites were inter–connected, practically pre–fabrication was done on construction site only. Hence, the Assessee is eligible for exemption. **[CCE vs Rajendra Narayan (2012) 281 ELT 38 (Del.)]**

Question 4(b): (3 Marks)

A Co–Operative Society rendered Rent –a–Cab Service to M/s. JITO. The Members of the Society were essentially agriculturists who formed the society after they lost their land when JITO Plant was being set up and the Society was operating without any profit model.

When the Society started rendering the service to JITO, there was no service tax levy on Rent–a–Cab Service. However, Service Tax was imposed on it subsequently. A Show Cause Notice was issued to the Society proposing to recover Service Tax with applicable penalty.

The Society paid the entire disputed amount of Service Tax and thereafter regularly paid the Service Tax but did not pay the penalty contending that it was a case of new levy and also, there were divergent views of different Benches of Tribunal, which had added to the confusion. The issue was debated also with JITO, the Service Receiver, who denied to pay the amount of tax first.
Decide, with the help of a case law, whether the contention of the Assessee is acceptable in law. Discuss in brief the various observations, which can be made on the issue.

Solution: **Refer CCE & ST v. Adecco Flexione Workforce Solutions Ltd Case Law in FTR in Page 85**

The Karnataka High Court held that the authorities **had no authority to initiate proceedings** for recovery of penalty u/s 76 when the tax payer paid Service Tax along with interest for delayed payments promptly. As per Sec.73(3), no notice shall be served against persons who had paid tax with interest, the authorities can initiate proceedings against defaulters who had not paid tax and not to harass persons who had paid tax with interest on their own. If the notices were issued contrary to this section, the person who had issued notice should be punishable and not the person to whom it was issued.

Question 4(c): (3 Marks)

Vijay Exports, an EOU, is purchasing electricity generated by the captive power plant of its sister unit. The Furnace Oil required for running the captive power plant was imported by the Assessee (Vijay Exports) and supplied to sister unit for generation of electricity. The Assessee also claimed exemption on import of Furnace Oil under a relevant Exemption Notification.
However, the Assessee sought a clarification from the Development Commissioner seeking as to whether import of Furnace Oil and receipt of electricity would be liable to duty. The Development Commissioner replied in favour of the Assessee, and thereafter, the Assessee claimed the exemption.

A show cause notice demanding duty was issued on the Assessee invoking extended period of limitation of 5 years on grounds that the entitlement of duty free import of fuel for its captive power plant lies with the owner of the captive power plant, and not the consumer of electricity, generated from that power plant.

Is the Department's action justified in light of the provisions of the Customs Act? Discuss with the help of a decided case law.

Solution: **Refer Uniworth Textiles Ltd Vs CCE Case Law in FTR in Page 78**

1. Every non–payment / non–levy of tax does not attract extended period.
2. There must be some specific action on behalf of the Assessee to support intention of wilful default. For operation of extended period of limitation, intention to deliberately default is a mandatory pre–requisite and inadvertent non–payment does not attract the extended period of limitation.
3. Burden of proving malafide on part of Assessee lies on the Department which alleges it, and the Assessee cannot be asked to substantiate his bonafide conduct.
4. Further, the extended period of limitation finds application only when specific and explicit averments challenging bonafides of conduct of Assessee are made in the Show Cause Notice.

Question 5:

Q.No	Question	Page Reference / Hint Answer
5(a)	In Central Excise Law briefly explain the following terms:	
2M	(i) Specific Duty	**Refer Q.No.2, Page 4.2**
2M	(ii) Tariff Value	**Refer Qn 2 in Page 4.2**
2M	(iii) Ad–hoc Exemption	**Refer Qn 36 in Page 5.17**
(b)(i) 3M	With reference to the Finance Act, 1994, discuss the taxability of following activities relating to a bank: (a) Bank extended Housing Loan of ₹ 50 Lakhs to Mr. A. (b) Bank received ₹ 50,000 as Loan Processing Fee from Mr. A. (c) Bank received ₹ 6 Lakhs as Interest on Loan from Mr. A.	**Refer Qn 48 in Page 14.28** – (a) Not Taxable, (b) Taxable, (C) Not Taxable
(b)(ii) 3M	Explain briefly whether VAT is leviable on sale of Leased Asset after lease period? If yes, in which State, it will be exigible to tax?	**Refer Qn 32 in Page 11.2**
(c) 3M	Write a short note on applicability of penal provisions in Customs Law on attempt of improper exportation of goods.	**Refer Qn 5 in Page 22.3.** Imprisonment upto 3 years and / or fine.

Question 6:

Q.No	Question	Page Reference
(a) 6M	An assessee is barred from making an application for settlement of cases u/s 32E of Central Excise Act, in certain circumstances. Briefly enumerate these circumstances. OR Briefly explain the procedure to be followed by the Authority for Advance Rulings on receipt of application for Advance Ruling under the Central Excise Act. 1944.	**Refer Qn 17 in Page 24.7** **Refer Qn 7 in Page 19.3**
(b)(i) 3M	What is the time limit for issuance of show cause notice for demand of Service Tax u/s 73 of the Finance Act, 1994?	**Refer Qn 1 in Page 20.2**
(b)(ii) 3M	What is VAT Invoice? What are the mandatory provisions to be complied with while issuing a VAT Invoice by a Registered Dealer?	**Refer Qn 39, 40 in Page 11.25 & 11.26**
6(c) 3M	What is the relevant date for determining the rate of duty and tariff valuation in respect of goods imported or exported by post?	**Refer Qn 8 in Page 10.5**

Question 7:

Q.No	Question	Page Reference / Hint Answer
(a) 6M	Which are the different typed of bonds in vogue and executed for various purpose under Central Excise Act, 1944?	**Refer Qn 19 in Page 5.64**
(b)(i) 3M	On the basis of following information, determine the 'Point of Taxation' as per Rule 3 of Point of Taxation Rules,2011 – (a) Commencement of providing of service on 05–06–2013 (b) Completion of service on 10–10–2013 (c) Invoice issued on 20–10–2013 (d) Payment received by cheque and entered in the books on 15–10–2013 (e) Amount credited in Bank A/c on 25–10–2013 (f) Service became taxable for the first time on 01–07–2013	1. Since Invoice is issued within 30 days from the date of completion of service, As per Rule 3 of POT rules, POT shall be DOP or DOI whichever is earlier. Hence, POT shall be Date of Payment, as it is before the date of Invoice. 2. Date of payment shall be the earlier of date of entry in BOA or Date of credit in Bank Statement. 3. POT shall be **15.10.2013**.
(b)(ii) 3M	Explain how do Sales Tax Incentives cause problems for VAT system	**Refer Qn 54 in Page 11.31**
(c) 3M	Explain briefly the meaning of Entry Inward and Entry Outward in the Customs Law.	**Refer Qn 8 in Page 9.5**