

PRACTICE MANUAL

Final Course

PAPER : 8

INDIRECT TAX LAWS

As amended by the Finance Act, 2012

[Relevant for students appearing for
May, 2013 and November, 2013 examinations]

VOLUME – III



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

This practice manual has been prepared by the faculty of the Board of Studies. The objective of the practice manual is to provide teaching material to the students to enable them to obtain knowledge and skills in the subject. Students should also supplement their study by reference to the recommended text books. In case students need any clarifications or have any suggestions to make for further improvement of the material contained herein, they may write to the Director of Studies.

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A WORD ABOUT PRACTICE MANUAL

The Board of Studies has been instrumental in imparting theoretical education to the students of Chartered Accountancy Course. The distinctive characteristic of the course i.e., distance education, has emphasized the need for bridging the gap between the students and the Institute and for this purpose, the Board of Studies has been providing a variety of educational inputs for the students. Bringing out a series of subject-wise Practice Manuals is one of the quality services provided by the Institute. These Practice Manuals are highly useful to the students preparing for the examinations, since they get answers for all important questions relating to a subject at one place and that too, grouped chapter-wise. It covers a wide range of questions including practical questions and questions based on case laws. The Practice Manual includes questions from past examinations at Final level as well as other important questions, which would facilitate in thorough understanding of the provisions contained in the chapters of the study material.

The Practice Manual is divided into three sections in line with the study material – Section A covers Central Excise law, Section B deals with Service Tax and VAT and Section C deals with Customs law.

This Practice Manual has been prepared on the basis of the law as amended by the Finance Act, 2012 and would therefore, be relevant for students appearing for May 2013 and November 2013 examinations.

The Finance Act, 2012 has ushered a new system of taxation of services in India; popularly known as Negative List. The new approach has brought a paradigm shift in the taxation of services from the existing system where only services of specified descriptions were subjected to tax. In the new system, all services except those specified in the negative list, will be subject to taxation.

In view of the far-reaching changes in service tax, the Service Tax part of Section B has been completely revamped. The earlier editions of the Practice Manual contained five chapters in Service tax. As a result of the revamping, some new chapters have been added while some of the existing chapters have been re-chapterised to align them with the new scheme of taxation of services. Consequently, there are eight chapters now, out of which three are the newly added/re-written chapters in Section B: Service tax & VAT:- Chapter 1 Basic concepts of service tax, Chapter 2 Place of provision of service and Chapter 5 Exemptions and abatements.

In Section-A-Central Excise, extensive amendments have been carried out in Chapter 4-CENVAT Credit.

The Practice Manual will serve as a useful and handy reference guide while preparing for Final Examination. Further, it will enhance the understanding about the pattern of questions set at the examination and the manner of answering such questions. It will enable solving the problems in the best possible manner and guide the students to improve their performance in the examinations. It will also help them to work upon their grey areas and plan a strategy to tackle theoretical as well as practical problems. We heartily acknowledge the contribution of CA. Raj Jaggi who has devoted his valuable time for updating the service tax portion of this Practice Manual.

Happy Reading and Best Wishes!

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