

REVISION TEST PAPER, NOVEMBER, 2013 – 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:

❖ *Study Materials*

You must have finished reading the relevant Study Materials of all the subjects. Make sure you go through the Study Material as they cover the syllabus comprehensively.

❖ *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.

❖ *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.

❖ *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 the 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 checking the paper 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. 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.
- Check 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 20 questions on the following topics:

Q No	Topic	About the problem
1.	Budget & Budgetary Control	Raw Material Purchase Budget, Raw Material Consumption Budget and Production Budget
2.	Budget & Budgetary Control	Material Purchase Budget and Wages Budget
3.	Standard Costing	Material, Labour & Overhead Variances
4.	Decision Making	Decision making on 'Make' or 'Buy' and evaluation of the 'Profitability'
5.	Assignment Problem	Maximization of 'Revenue'
6.	Transportation Problem	Maximization of 'Revenue'
7.	Linear Programming	Primal & Dual
8.	Life Cycle Costing, Target Costing & Learning Curve	Calculation of 'Expected Labour Hours', 'Profitability' and 'Target Labour Cost' over the life time of the product to achieve its long term objectives
9.	Customer Profitability Analysis	Analyses of the 'Profitability' for each customer with application of 'Activity Based Costing'
10.	Transfer Pricing	Calculation of 'Transfer Price' based on 'Opportunity Costs'
11.	Standard Costing	Planning and Operational Variances
12.	Standard Costing	Calculation of 'Variances' with application of 'Learning Curve'
13.	Budget & Budgetary Control	Projection of 'Inventory' with 'Re-Order Level'
14.	Program Evaluation and Review Technique	Problem on 'Resource' & 'Duration' constraint
15.	Balanced Scorecard	Development of 'Balance Scorecard'
16.	Transfer Pricing	A problem on 'Optimum Decision' making Vs 'Performance Evaluation'

17.	Critical Path Analysis	Theory Question on 'Errors in Logical Sequencing'
18.	Target Costing	Theory Question on 'Target Costing'
19.	Pricing of New Product	Theory Question on 'Pricing of New Product'
20(a).	Inter-Firm Comparison	Short Note
20(b).	Simulation	Short Note
20(c).	Standard, <i>ex post</i> & <i>ex ante</i>	Short Note
20(d).	Six Sigma	Short Note
20(e).	Just-in-Time Production & Purchasing	Short Note

Paper – 6: Information Systems Control and Audit

The current RTP of ISCA, which is relevant for November, 2013 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 18 are descriptive/short answer type questions, whereas question no. 19 to 21 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 four case study based questions, given from question no. 22 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, Risk Assessment Methodologies and Applications, and Information Security etc. In such type of questions, students should read the given 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 can be divided into five steps as briefed in the table below –

Steps for Preparation	Objective of study	Relevant Publication
First Step	Study the topics of your syllabus thoroughly for conceptual clarity	Study Material (relevant for A.Y.2013-14) – Vol. I & II
Second Step	Update yourself with the amendments by the Finance Act, 2012 and Significant Notifications and Circulars issued between 1.7.2011 and 30.6.2012	Supplementary Study Paper-2012
Third Step	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- A.Y. 2013-14)
Fourth Step	Update yourself with the latest developments on the judicial front	Select Cases in Direct and Indirect Tax Laws – relevant for May 2013 and November 2013 examination
Final Step	Update yourself with the latest developments on the statutory and judicial front and self-assess your preparation.	Revision Test Paper (RTP)

At this juncture, when you receive the RTP, you are expected to be in the Final Stage of preparation for the 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.2013-14 is relevant for November, 2013 examination. This Study Material is updated as per the provisions of law as amended by the Finance Act, 2012 and significant notifications and circulars issued by the CBDT up to 30.6.2012. In case you have the earlier edition of the Study Material (based on provisions of A.Y.2012-13), the same should be read along with the Supplementary Study Paper – 2012.

You are also expected to be aware of the amendments made by the Finance Act, 2012 and significant circulars and notifications, explained in detail in the Supplementary Study Paper-2012.

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 with the amendments made by the Finance Act, 2012 as well as the developments on the judicial front, that the role of the RTP assumes significance. This RTP has been prepared with the twin objective of –

- (1) updating you on the latest developments on the statutory front, after the date upto which they are covered in the Study Material (i.e., from 01.07.2012 to 30.4.2013) as well as the latest developments on the judicial front.
- (2) 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.

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

- Part I** Statutory Update:
Significant Notifications and Circulars issued between 1.7.2012 and 30.4.2013
- Part II** Judicial Update
Recent Significant Supreme Court and High Court decisions
- Part III** Questions and Answers

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

Part I - Statutory Update : Significant Notifications & Circulars issued between 1.7.2012 and 30.4.2013

The significant legislative developments by way of circulars & notifications issued by CBDT between 1.7.2012 and 30.4.2013 are given in Part I. A brief summary of the same is tabulated hereunder -

Notification No.	Date	Subject Matter
36/2012	30.8.2012	Advance Pricing Agreement Scheme for the purpose of section 92CC prescribed
38/2012	17.09.2012	Notification of Cost Inflation Index for F.Y.2012-13
40/2012	20.09.2012	Investment in debt instruments issued by any infrastructure Finance Company registered with the Reserve Bank of India is an approved investment under section 11(5)
42/2012	04.10.2012	Notification of class of cases, where compulsory issue of notice for assessing or reassessing the total income of immediately preceding six assessment years is not required

46/2012	6.11.2012	Specification of bonds for interest exemption under section 10(15)(iv)(h)
51/2012	23.11.2012	Rajiv Gandhi Equity Savings Scheme, 2012
52/2012	29.11.2012	Determination of FMV of unquoted equity shares for the purpose of sections 56(2)(vii)/(viiia)/(viiib)
56/2012	31.12.2012	Tax not to be deducted on specified payments to notified entities under section 197A(1F)
4/2013	24.1.2013	TDS under section 194A not attracted in respect of interest other than interest on securities credited to National Skill Development Fund.
8/2013	31.1.2013	Rules governing functioning of an Electoral Trust, for claim of exemption under section 13B, notified.
9/2013	31.1.2013	Electoral Trusts Scheme
Circular No.	Date	Subject Matter
5/2012	1.8.2012	Inadmissibility of expenses incurred in providing freebies to medical practitioner by pharmaceutical and allied health sector industry
07/2012	21.09.2012	Approval of loan agreements/long term infrastructure bonds and rate of interest for the purpose of section 194LC
9/2012	17.10.2012	Deduction of tax at source on payment of gas transportation charges by the purchaser of natural gas to the seller of gas
1/2013	17.1.2013	Clarification on issues relating to export of computer software

Part II - Judicial Update: Legal decisions

The interpretation of the provisions of law by different courts will provide you a valuable insight and increase your ability to analyze and interpret the provisions of law. In addition to the legal decisions given in the publication "Select Cases in Direct and Indirect Tax Laws : Relevant for May 2013 and November 2013 Examinations", the legal decisions reported in this RTP are also relevant for November 2013 Examination.

Chapter	Case Law	Issue
I Basic Concepts	(1) <i>Sundaram Finance Ltd. v. ACIT</i> (2012) 349 ITR 356 (SC)	Application of test of "substance over form"
	(2) <i>CIT v. Groz Beckert Asia</i>	Revenue vs. Capital

				<i>Ltd.</i> (2013) 351 ITR 196 (P&H)(FB)	expenditure
			(3)	<i>CIT v. Rassi Cement Ltd.</i> (2013) 351 ITR 169 (A.P.)	Power Subsidy – whether a revenue or capital receipt?
II	Income from		(4)	<i>CIT v. Shankar Krishnan</i> (2012) 349 ITR 685 (Bom.)	Whether notional interest on security deposit given to landlord by the employer is includible in the value of perquisite of rent free accommodation provided to employee?
III	Income from		(5)	<i>CIT v. J.K. Investors</i> (Bom.) <i>Ltd.</i> (2012) 211 Taxman 383 (Bom.)	Taxability of service charges received along with rent of property
IV	Profits and	gains of	(6)	<i>I.C.D.S. Ltd. v. CIT</i> (2013) 350 ITR 527 (SC)	Allowability of depreciation in the hands of lessor in respect of vehicles leased out and registered in the name of the lessee.
	business or		(7)	<i>Steel Authority of India Ltd. v. CIT</i> (2012) 348 ITR 150 (Delhi)	Deductibility of the amount of loan waived from actual cost for computing depreciation.
	profession		(8)	<i>M.M. Forgings Ltd. v. ACIT</i> (2012) 349 ITR 673 (Mad.)	Restriction of additional depreciation to 50%, where new plant and machinery is put to use for less than 180 days.
			(9)	<i>CIT v. Regalia Apparels Pvt. Ltd.</i> (2013) 352 ITR 71 (Bom.)	Deductibility of encashment of bank guarantee by EPC, where the assessee has failed to fulfill export obligations consequent to incurring of losses.
			(10)	<i>CIT v. Great City Manufacturing Co.</i> (2013) 351 ITR 156 (All)	Applicability of section 40A(2)(a) on remuneration paid to working partners.

	(11)	<i>CIT v. Andhra Ferro Alloys P. Ltd.</i> (2012) 349 ITR 255 (A.P)	Applicability of section 43B on unpaid electricity charges.
V Capital Gains	(12)	<i>CIT v. Kamal Wahal</i> (2013) 351 ITR 4 (Delhi)	Availability of exemption under section 54F in respect of house purchased in the name of spouse..
	(13)	<i>CIT v. Syed Ali Adil</i> (2013) 352 ITR 418 (A.P.)	Availability of exemption under section 54 in respect of purchase of two adjacent flats, having common meeting point.
VI Deductions from Gross Total Income	(14)	<i>CIT v. Swarnagiri Wire Insulations Pvt. Ltd.</i> (2012) 349 ITR 245 (Kar.)	Set-off of unabsorbed depreciation of eligible business against profits of non-eligible business.
VII Assessment of various entities	(15)	<i>Sudhir Nagpal v. Income-tax Officer</i> (2012) 349 ITR 0636 (P & H)	Rental income from plinths inherited by co-owners – Whether assessable in the hands of individual co-owners or AOP?
VIII Income-tax Authorities	(16)	<i>Sahara Hospitality Ltd. v. CIT</i> (2012) 211 Taxman 15 (Bom.)	Whether requirement to grant a reasonable opportunity of being heard under section 127(1) is mandatory in nature?
IX Appeals and Revision	(17)	<i>Sanchit Software and Solutions Pvt. Ltd. v. CIT</i> (2012) 349 ITR 404 (Bom.)	Whether assessee can file a revision petition under section 264, where the revised return has been late filed?
X Penalties	(18)	<i>Price Waterhouse Coopers Pvt. Ltd. v. CIT</i> (2012) 348 ITR 306 (SC)	Whether penalty under section 271(1)(c) can be imposed if deduction has been wrongly claimed in return of income?
	(19)	<i>CIT v. Amit Jain</i> (2013) 351 ITR 74 (Delhi)	Whether penalty under section 271(1)(c) would be attracted consequent to reporting of income under a different head ?

		(20)	<i>CIT v. Celetronix Power India P. Ltd.</i> (2013) 352 ITR 70 (Bom.)	Can penalty under section 271(1)(c) be imposed on the ground of disallowance of a certain deduction under Chapter VI-A owing to the subsequent decision of the Supreme Court?
		(21)	<i>CIT v. Amtek Auto Ltd.</i> (2013) 352 ITR 394	Is penalty under section 271(1)(c) attracted on account of additions made in respect of capital expenditure, treated by the assessee as revenue expenditure, if, even after such additions to total income, the assessee is still assessable under section 115JB?
XI	Deduction, Collection and Recovery of Tax	(22)	<i>CIT v. Ahmedabad Stamp Vendors Association</i> (2012) 348 ITR 378 (SC)	Can discount given to stamp vendors on purchase of stamp papers be treated as 'commission or brokerage' to attract the provisions for tax deduction under section 194H?
		(23)	<i>CIT v. Hardarshan Singh</i> (2013) 350 ITR 0427 (Delhi)	Can an assessee carrying on commission agency business be made liable to deduct tax under section 194C, in respect of amount received from clients and passed on to the lorry owners (after retaining his booking commission)?

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, as well as your ability to analyze and interpret the provisions of law.

Questions on legislative developments

The questions covering the chapters, "Basic Concepts", "Income which do not form part

of total income", "Capital Gains", "Income from other sources", "Assessment of Individuals", "Assessment of companies", "Assessment Procedure", "Transfer Pricing", and "Penalties" attempt to test your awareness of the recent legislative amendments made by the Finance Act, 2012.

Questions on judicial developments

The questions covering the chapters "Income which do not form part of total income", "Profits and gains of business or profession", "Deductions from gross total income", "Appeals and Revision" and "Penalties" attempt to test your awareness of the developments on the judicial front.

Computational Problems

The questions on computation of tax liability of an individual, computation of total income of firm, computation of book profit of a company, computation of value of interest of partners in the firm for wealth-tax purpose would serve to test your understanding of the provisions of tax laws and your ability to apply the provisions correctly in solving computational problems.

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 November, 2013 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:-

Thus, the RTP of IDTL is divided into following three parts:-

- Part I** Statutory Updates:
 Significant amendments made between 01.07.2012 and 30.04.2013
- Part II** Judicial Updates:
 Significant Recent Legal Decisions
- Part III** Questions and Answers

Part I - Statutory Updates : Significant amendments made between 1.7.2012 and 30.04.2013

For the students appearing in November 2013 exams, the amendments made by the notifications, circulars and other legislations up to 30.04.2013 are relevant. Study Material for Indirect Tax Laws contain all the relevant amendments made by the Finance Act, 2012. Further, circulars/notifications issued up to 30.06.2012 have also been incorporated therein. Part-I of the Revision Test Paper contains the amendments made between 01.07.2012 and

30.04.2013 as relevant for November 2013 exams. A glimpse of the amendments is provided hereunder:-

A. CENTRAL EXCISE

S. No	Notification / Circular No.	Amendment / Clarification
1.	Notification No. 02/2013 (CE) NT dated 01.03.2013	Time period for computing interest on refund arising out of finalization of provisional assessment has been amended.
2.	Notification No. 03/2013 (CE) NT dated 01.03.2013	Recovery provisions under rule 14 to apply in case of failure to pay the amount on removal of inputs/capital goods as such, removal of capital goods after use and writing off the value of the inputs/capital goods.
3.	Notification No.s 6/2013-CE (N.T.), 37/2013-Customs (N.T.) and 5/2013-ST, all dated 10.04.2013	Forms for filing appeals in CESTAT under Central Excise, Customs and Service Tax has been aligned
4.	Notification No. 04/2013 (CE) NT dated 01.03.2013	Benefit of advance ruling has been extended to resident public limited companies
5.	Circular No. 967/01/2013 CX dated 01.01.2013	Recovery procedure against confirmed demand orders – CBEC has amended the existing procedures
6.	Notification No. 29/2012-CE (NT) dated 10.10.2012.	Provisions of section 28AAA of the Customs Act, 1962 has been made applicable to excise duty also

B. SERVICE TAX

S. No	Notification / Circular No.	Amendment / Clarification
1.	Notification No. 04/2013 ST dated 01.03.2013	Benefit of advance ruling has been extended to resident public limited companies
2.	Notification No. 09/2013 ST dated 08.05.2013	Lower abatement has been prescribed for commercial construction and high-end construction of residential units
3.	Notification No. 44/2012-S.T. dated 07.08.2012	Amendment of Mega exemption notification to provide the exemption to services by way of slaughtering of ALL animals.
4.	Notification No. 49/2012-S.T. dated 24.12.2012	Amendment of Mega exemption notification to provide the exemption to services of life insurance services provided under Janashree Bima Yojana and Aam Aadmi Bima Yojana.

5.	Notification No. 03/2013-ST dated 01.03.2013	Mega exemption notification has been amended by the Budget 2013-14: I. Withdrawal of exemptions: (i) Exemption to auxiliary educational services and renting of immovable property service provided BY an educational institution withdrawn (ii) ALL restaurants with air-conditioning or central air heating liable to service tax (iii) Exemption to parking of vehicles withdrawn (iv) Exemption to repair or maintenance of Government aircrafts withdrawn (v) Exemption upto ₹25 lakh available to entity registered under section 12AA of the Income tax Act, 1961 providing services for advancement of "any other object of general public utility" withdrawn (vi) Exhibition of films in a place other than a cinema hall or a theatre liable to service tax II. Rationalization of exemptions 1. Exemption granted to the services of transportation of goods by road/rail/ vessel harmonized
6.	Notification No. 43/2012-S.T. dated 02.07.2012	Transportation of passengers and goods by Indian Rail service has been exempted till 30-9-2012.
7.	Notification No.s 6/2013 to 8/2013-ST dated 18.04.2013	Exemption has been provided to specified export promotion schemes-Focus Market Scheme, Focus Product Scheme and Vishesh Krishi and Gram Udyog Yojana
8.	Notification No. 45 & 46/2012-S.T. dated 07.08.2012	Directors fee & security charges has been brought under Reverse Charge Mechanism.
II. Clarification		
1.	Circular No.163/14/2012 ST dated 10.07.2012	No service tax would be charged on remittances from abroad.
2.	Circular No. 162/13/2012 ST dated 06.07.2012	Determination of POT for works contracts has been made effective from July 1, 2012.

3.	Circular No.164/15/2012 ST dated 28.08.2012	Service tax is not leviable on vocational education course if offered by the Central/ State Government/ Local Authority.
4.	Circular No. 165/16/2012 –ST dated 20.11.2012, Circular No. 161/12/2012 –ST dated 06.07.2012 & Notification No. 48/2012 ST dated 30.11.2012	Accounting codes for payment of service tax under negative list approach of taxation of services
5.	Circular No.166/1/2013 – ST dated 01.01.2013	No service tax liability at the time of issue of reminder letters by life insurance companies to policy holders to pay renewal premiums
6.	Circular No. 168/3/2013-ST dated 15.04.2013	Service tax is leviable on the activity by way of erection of pandal or shamiana

C. CUSTOMS

S. No	Notification / Circular No.	Amendment / Clarification
1.	Notification No. 83/2012-Cus (N.T.) dated 17.09.2012	Few classes of importers has been notified by Central Government to pay customs duty electronically.
2.	Notification No. 25/2013-Cus (N.T.) dated 01.03.2013	Baggage provisions relating to the crew members engaged in the foreign going vessel/aircraft has been amended
3.	Notification No. 25/2013-Cus (N.T.) dated 01.03.2013	Jewellery allowance has been increased five times for an Indian passenger who had stayed abroad for more than one year
4.	Notification No. 25/2013-Cus (N.T.) dated 01.03.2013	Jewellery allowance has been increased five times in case of transfer of residence

Part II - Judicial Updates : Significant Recent Legal Decisions

Select Cases in Direct and Indirect Tax Laws – relevant for May 2013 and November 2013 examination is a compilation of the significant decisions of Supreme Court, High Court and Larger Bench of Tribunal published in Tax Journals till 31st October, 2012. Part-II of the Revision Test Paper summarises the significant decisions of Supreme Court and High Court published in Tax Journals during last six months (till 30th April, 2013). 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

S. No.	Citation of the case law	Ratio/principle of the case law
1.	<i>CCEx. v. Connaught Plaza Restaurant (Pvt) Ltd. 2012 (286) E.L.T. 321 (S.C.)</i>	The 'soft serve' served at McDonalds India is classifiable as "ice cream" and not as "other dairy produce".
2.	<i>Tata Motors Ltd. v. UOI 2012 (286) E.L.T. 161 (Bom.)</i>	The pre-delivery inspection (PDI) and free after sales services charges are not includible in the transaction value when they are not charged by the assessee to the buyer.
3.	<i>CCEx v. Cadila Healthcare Ltd. 2013 (30) S.T.R. 3 (Guj.)</i>	Technical testing and analysis services availed by the assessee for testing of clinical samples prior to commencement of commercial production are input service eligible for claiming CENVAT. However, services of foreign commission agents are not eligible as input services.
4.	<i>Sintex Industries Ltd. vs. CCEx 2013 (287) ELT 261 (Guj.)</i>	The two units of a manufacturer surrounded by a common boundary wall cannot be considered as one factory for the purpose of claiming CENVAT credit if they have separate central excise registration.
5.	<i>CCEx. v. Balaji Trading Co. 2013 (290) E.L.T. 200 (Del.)</i>	In a case where the manufacturer clandestinely removes the goods and stores them with a firm for further sales, penalty under rule 25 of the Central Excise Rules, 2002 cannot be imposed on such firm.
6.	<i>Jay Kumar Lohani v. CCEx 2012 (28) S.T.R. 350 (M.P.)</i>	In a case where the assessee has been issued a show cause notice (SCN) regarding confiscation of goods and such SCN is yet not adjudicated, issuance of another SCN regarding recovery of dues and penalty on same allegations is permissible.
7.	<i>C.C.E. & C. v. Gujarat Narmada Fertilizers Co. Ltd. 2012 (285) E.L.T. 336 (Guj.)</i>	Assessee is not required to pay interest in case of voluntary payment of time-barred duty before issuance of show cause notice.
8.	<i>CCEx. v. Castrol India Ltd. 2012 (286) E.L.T. 194 (Bom.)</i>	The Appellate Authorities or Courts cannot permit assessee to pay reduced penalty of 25% beyond time prescribed under section 11AC [30 days from the date of communication of order under section 11A(10)].

9.	<i>Mihani Network v. CCus. & CEx. 2012 (285) ELT 182 (MP)</i>	The deposit of 50% of tax amount cannot be made a condition for condoning the delay in filing of an appeal.
10.	<i>CCEx vs. Australian Foods India (P) Ltd 2013 (287) ELT 385 (SC)</i>	The manufacture and sale of specified goods, not physically bearing a brand name, from branded sale outlets disentitles an assessee to avail benefit of small scale exemption. It is not necessary for goods to be stamped with a trade or brand name to be considered as branded goods for the purpose of SSI exemption.
11.	<i>Darshan Boardlam Ltd. v. UOI 2013 (287) E.L.T. 401 (Guj.)</i>	It is not necessary for the circular to be issued under section 37B in order to be binding on the Department.
12.	<i>Nanumal Glass Works v. CCEx. Kanpur, 2012 (284) E.L.T. 15 (All.)</i>	A decision pronounced in the open court in the presence of the advocate of the assessee, would be deemed to be the service of the order to the assessee.

B. SERVICE TAX

S. No.	Citation of the case law	Ratio/principle of the case law
13.	<i>Mayo College General Council v. CCEx. (Appeals) 2012 (28) STR 225 (Raj)</i>	Allowing other schools to use a specific name, logo and motto in lieu of a non-refundable amount and annual fee tantamounts to providing 'franchise service'.
14.	<i>Wipro Ltd. v. Union of India 2013 (29) S.T.R. 545 (Del.)</i>	The filing of declaration of description, value etc. of input services used in providing IT enabled services (call centre/BPO services) exported outside India, after the date of export of services will not disentitle an exporter from rebate of service tax paid on such input services.
15.	<i>Intercontinental Consultants & Technocrats Pvt. Ltd. v. Union of India 2013 (29) S.T.R. 9 (Del.)</i>	The expenditure like travel, hotel stay, transportation and the like incurred by service provider in course of providing taxable service should not be treated as consideration for taxable service and cannot be included in value for charging service tax as rule 5(1) of the Valuation Rules runs counter and is repugnant to sections 66 and 67 of the Act and to that extent it is ultravires the Finance Act, 1994.

C. CUSTOMS

SNo.	Citation of the case law	Ratio/principle of the case law
16.	<i>CCus v. Shreeji Overseas (India) Pvt. Ltd.</i> 2013 (289) E.L.T. 401 (Guj.)	The time-limit prescribed under section 48 of the Customs Act, 1962 for clearance of the goods within 30 days cannot be read as time-limit for filing of bill of entry under section 46 of the Act.
17.	<i>Thakker Shipping P. Ltd. v. Commissioner of Customs (General)</i> 2012 (285) E.L.T. 321 (S.C.)	The Tribunal is competent to condone the delay in filing application consequent to review by the Committee of Chief Commissioners if it is satisfied that there was sufficient cause for not presenting it within the prescribed period.
18.	<i>Uniworth Textiles Ltd. vs. CCE.</i> 2013 (288) ELT 161 (SC)	The extended period of limitation for demand of customs duty cannot be invoked in a case where the assessee had sought a clarification about exemption from a wrong authority as mere non-payment of duties cannot be equated with collusion or willful misstatement or suppression of facts.
19.	<i>Ankleshwar Taluka ONGC Land Loosers Travellers Co. OP. v. C.C.E., Surat-II</i> 2013 (29) STR 352 (Guj.)	In a case where payment of service tax is delayed on account of confusion regarding tax liability and divergent views due to conflicting court decisions and the assessee has acted <i>bona fide</i> , the penalty cannot be imposed for such delayed payment of service tax.
20.	<i>DBOI Global Service Pvt. Ltd. v. UOI</i> 2013 (29) S.T.R. 117 (Bom.)	The non-filing of additional documents despite several opportunities being given to the assessee to produce the same, cannot be a sufficient ground for passing a non-speaking order.
21.	<i>Anita Goel v. CCE.</i> 2013 (288) E.L.T. 63 (Del.)	The directors of the company cannot be held liable for the recovery of customs dues on the company.

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, 2012 is relevant for November 2013 examination. This study material is updated with the notifications and circulars issued by the CBEC up to 30.6.2012. In case you have the earlier edition of the Study Material (based on the provisions of law as amended by the Finance Act, 2011), the same should be read along with the Supplementary Study Paper – 2012.

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 November, 2013 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.

Questions based on case laws – Questions have been set on recent judicial rulings in respect of topics like manufacture, SSI exemption, demand, adjudication and offences under service tax, confiscation of goods under Customs and provisions relating to illegal import under customs.

Computational Problems – Practical questions have been framed on topics like valuation of excisable goods, CENVAT Credit Rules, 2004, SSI exemption, valuation of Taxable Services, computation of VAT, input tax credit and duty drawback 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 framed on topics like CENVAT credit rules, interest on delayed refund under central excise, advance ruling, basic concepts of service tax, exemptions under service tax, VAT procedures and Baggage Rules under customs law

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.