Roll No. ....

Total No. of Questions – 7

Total No. of Printed Pages – 11

Time Allowed – 3 Hours

Maximum Marks – 100

NRO

Answer to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate has not opted for Hindi Medium, his/her answers in Hindi will not be valued.

Question No. 1 is compulsory.

Candidates are also required to answer any **five** questions from the remaining six questions.

Wherever appropriate, suitable assumption(s) should be made and indicated in the answer by the candidate.

Working notes should form part of the answer.

Marks

1. (a) From the following particulars for the financial year 2013-14, find out whether M/s. Smart Manufacturing Co. is eligible for small scale exemption under Notification No. 8/2003-C.E., dated 01-03-2003 for the financial year 2014-15. **5**

Marks

Sr. No.	Particulars	₹ (in Lakhs)
1.	Clearance of excisable goods exempted from payment under a Notification other than 8/2003-C.E.	100.00
2.	Clearance of account books bearing brand name of another person, falling under Heading 4820 of First Schedule to the Central Excise Tariff.	100.00
3.	Clearance of goods to United Nations exempted under Notification No. 108/95-C.E.	50.00
4.	Total Exports [including export to Bhutan ₹ 50 Lakh]. Other exports are to USA & UK	250.00
5.	Clearance of goods (duty paid based on annual capacity of production under section 3A of the Central Excise Act, 1944).	190.00

– Show your calculations, workings and explanations clearly, wherever required.

(b) Hemang Ltd. carried out following works, all of which are liable to State Sales-tax/VAT as transfer of property is involved in the execution of works contract (the amount charged given below are exclusive of all taxes) :- 5

(i) New constructions : ₹ 60 Lakh;

(ii) Additions and alterations to damaged structures on land to make them workable : ₹ 40 Lakh;

(iii) Maintenance and servicing of goods : ₹ 20 Lakh;

Marks

(iv) Maintenance and repairs of immovable property : ₹ 25 Lakh;

(v) Glazing and plastering of an immovable property : ₹ 30 Lakh.

Compute the taxable value of services involved in the execution of works-contract.

(c) Heena Ltd. is engaged in providing taxable services. It received following amounts in the month of September, 2014. Compute the value of taxable services and the service tax payable by it : 5

Particulars of Receipts	Amount (₹)
(i) Advances received from clients for which no service has been rendered so far.	10,00,000
(ii) Demurrage charges recovered from the provision of services beyond the agreed period.	25,000
(iii) Security deposits forfeited for damages done by service receiver owing to his negligence in the course of receiving a service (Not due to unforeseen actions)	35,000
(iv) Payment received from a client (including ₹ 25,000 paid extra by mistake). However, Heena Ltd. refused to return the excess payment received.	2,00,000

Note : Heena Ltd. is not eligible for small service provider's exemption under Notification No. 33/2012-S.T., dated 20.06.2012 and service tax has not been charged separately. Rate of service tax is 12.36% (including cess).

Marks

(d) A machine was originally imported from Japan at ₹ 250 lakh in August, 2013 on payment of all duties of customs. The said machine was exported (sent-back) to supplier for repairs in January, 2014 and re-imported without any re-manufacturing or re-processing in October, 2014 after repairs. Since the machine was under warranty period, the repairs were carried out free of cost. **5**

However, the fair cost of repairs carried out (including cost of material ₹ 6 lakh) would have been ₹ 9 lakh. Actual insurance and freight charges (to and fro) were ₹ 3 lakh. The rate of basic customs duty is 10% and rate of excise duty in India on like article is 12%. Additional duty of customs under section 3(5) of the Customs Tariff Act, 1975 is Nil.

Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

2. (a) Happy Ltd. sold 1,000 units of excisable goods manufactured by it @ ₹ 1,200 per unit. It had received interest-free advance of ₹ 5,00,000 from the buyer against delivery for the whole of the year. Compute the assessable value of 1,000 units sold in following independent cases :- **4**

(i) The normal price charged from other buyers is ₹ 1,150 per unit.

(ii) The normal price charged from other buyers is ₹ 1,280 per unit.

The normal rate of interest is 12% per annum.

Marks

(b) M/s. Hatim Ltd., having SEZ unit/s as well as DTA unit/s, furnishes the following data for the quarter, July to September. It has opted for refund route under Notification No. 12/2013-ST, dated 01-07-2013. Determine the amount of refund under the said notification :- 4

(i) Service tax paid on services exclusively used for authorized operations within SEZ : ₹ 8 lakh.

(ii) Service tax paid on services exclusively used for operations within DTA (Domestic Tariff Area) : ₹ 4 lakh.

(iii) Service tax paid on services commonly used for SEZ and DTA units : ₹ 16 lakh. (The turnover of SEZ units is ₹ 400 lakh, while that of DTA units is ₹ 1200 lakh.)

(c) Service Tax of ₹ 4,000 for the month of March, 2014 was paid on 24th April, 2014 by an HUF. The value of taxable services provided by it during the preceding financial year was ₹ 12 lakh. Determine the amount of interest and penalty payable under section 75 and 76 respectively of the Finance Act, 1994. 4

(d) Calculate the amount of duty drawback (if any) allowable under the Customs Act, 1962 and the rules made thereunder in the following independent cases : 4

(i) Hema Ltd. has exported goods worth ₹ 80,000 (FOB value). Rate of duty drawback on such export of goods is 0.8%.

(ii) High Value Ltd. exported 1,000 kgs. of goods of FOB value of ₹ 1,50,000. Rate of duty drawback on such export is 50 per kg. Market price of goods is ₹ 48,000 (in wholesale market).

Marks

3. (a) M/s. Surbhi Textile Ltd. (the assessee) is manufacturer of synthetic yarn and is availing benefit of Sales Tax Incentive Scheme of State Government wherein it is allowed to retain 75% of sales tax amount collected from its customers and pay balance 25% to the State Government. The Central Excise department has demanded inclusion of 75% portion of sales tax collected from customers and retained by the assessee, in transaction value of the goods. Whereas the assessee is contending that 75% portion of sales tax amount is an incentive to promote the industries and it has nothing to do with 'Transaction value'. Examine with the help of a case law (if any), whether M/s. Surbhi Textile Ltd. is liable to include 75% amount of sales tax in transaction value of the goods. 4

(b) (i) M/s. Paper Ltd. manufactures paper and paper boards in a remote area and the nearest town with a railway station is at a distance of 35 kms. As the factory works round the clock, M/s. Paper Ltd. has provided residential accommodation to its employees in the vicinity of the factory. 4

Discuss with the help of a decided case law (if any), whether M/s. Paper Ltd. is eligible to avail of CENVAT credit of service tax paid on the input services pertaining to maintenance of staff colony.

Marks

(ii) Suraksha Services, a proprietorship firm was engaged in providing security services to its customers. A show cause notice for demanding service tax was issued to the firm and the demand was confirmed. The order was challenged in appeal before the Commissioner, Central Excise (Appeals). The Commissioner (Appeals) denied the raising of the following three additional legal grounds by Suraksha Services during the course of personal hearing : 4

(i) Being a proprietary firm, it cannot be considered as Security Agency;

(ii) Issue involved being interpretation of law, penalty is not imposable; and

(iii) As per decisions, staff salary is to be excluded from the gross amount received for security services.

Discuss with the help of a decided case law (if any), whether the Commissioner (Appeals) was justified in not allowing the raising of the additional grounds.

(c) M/s. Duplicate Photocopier Ltd. imported old and used main frames of digital copy printers assemblies. The Commissioner assessed the goods and imposed penalty and redemption fine. The importer got the goods released by depositing the amount of duty, fine and penalty with a view to save cost of detention and demurrage as also to save goods from deterioration in value and quality. 4

Marks

The CESTAT dismissed the appeal, filed by the importer for reducing the quantum of fine and penalty, on the ground that the importer had already got the goods released on payment of redemption fine and penalty.

Discuss, whether the CESTAT was justified in dismissing the appeal with the help of a decided case law (if any).

4. (a) Mention the facilities which may be withdrawn and restrictions which may be imposed on a manufacturer of excisable goods under Rule 12CCC of the Central Excise Rules, 2002 and Rule 12AAA of the CENVAT Credit Rules, 2004. 4

(b) (i) M/s. A One Restaurant is having air-conditioned as well as non-air-conditioned restaurants in a single complex. The food is sourced from the common kitchen. Discuss, whether the service tax will be leviable in respect of service provided in the non-air-conditioned restaurant. Explain briefly with reasons. 4

(ii) Mention the output services for which refund of unutilised CENVAT credit shall be allowed under Rule 5B of the CENVAT Credit Rules, 2004. 4

Marks

(c) (i) Mr. Anil and his wife (non-tourist Indian passengers) are returning from Dubai to India after staying there for a period of two years. They wish to bring gold jewellery purchased from Dubai. Pl. enumerate provisions of Customs Laws for jewellery allowance in their case. 2

(ii) Mention the new nomenclature of Customs House Agent and the need for such change. 2

5. (a) Specify the persons liable to pay excise duty in case of readymade garments and made up articles of textiles manufactured on job work basis under the provisions of Central Excise Rules, 2002. Explain the provisions in brief. 4

(b) (i) Define "Governmental Authority" in relation to Mega Exemption Notification No. 25/2012-S.T. dated 20.06.2012. 4

(ii) Discuss whether an option is available to an air travel agent to not to pay service tax @ 12%, but at a lower rate ? If yes, mention the rates of service tax in such case. 4

(c) Explain briefly the following with reference to the provisions of the Customs Act, 1962 :-

(1) Conveyance 2

(2) India 2

Marks

6. (a) Please specify the circumstances in which clearances of two or more units shall be clubbed under the Central Excise Law. 4

OR

Mention the exporters who are eligible to have the facility of export warehousing under the Central Excise law. 4

(b) (i) Mention the procedure for obtaining electronic rebate of service tax paid on specified services used in the export of goods, through ICES system. 4

(ii) Specify the circumstances under which the Commissioner of Central Excise may order special audit under Section 72A of the Finance Act, 1994. 4

(c) (i) Define 'Activity' in respect of advance ruling as per Section 28E (a) of the Customs Act, 1962. 2

(ii) Mr. Hasmukh is eligible for reward under 'Served From India Scheme' (SFIS). He has earned foreign exchange (net) of ₹ 6 lakh during the financial year 2013-14. Discuss the limit of his duty credit scrip entitlement. 2

Marks

7\. (a) M/s. Cold Beverages Ltd. has removed the aerated water bottles without declaring the retail sale price under section 4A of the Central Excise Act, 1944. Discuss briefly how the retail sale price of these goods shall be ascertained. 4

(b) (i) M/s. Pure Drugs Ltd. manufactures medicines which are liable to excise duty only under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955. The Assistant Commissioner of Central Excise has directed it to pay the service tax as it is not covered by Negative List [Section 66D(f) of the Finance Act, 1994] since the Central Excise duty under Section 3 of the Central Excise Act, 1944 is not payable on the medicines manufactured by it. 4

Examine whether M/s. Pure Drugs Ltd. is liable to pay service tax for the year 2014-15. Give reasons in support of your answer.

(ii) Mention the services specified in Rule 9 of the Place of Provision of Service Rules, 2012 in respect of which, the place of provision shall be the location of the service provider. 4

(c) What is the basic difference between 'Duty Exemption Schemes' and 'Duty Remission Schemes' under Foreign Trade Policy (FTP) ? Name the schemes available under these two schemes for FTP 2009-14. 4

Analysis of CA Final IDT Question paper Nov 2014

Marks distribution

Type of question	Central Excise	Service tax	Customs	Total
Practical Numerical problems	9 marks	18 marks	9 marks	36 marks
Case laws (to be decided with the help of case law, if any)	4 marks	8 marks	4 marks	16 marks
theory / Application of law	16 marks	32 marks	16 marks	64 Marks
Sub Total	29 marks	58 marks	29 marks	116 marks
Less: Choice - question	4 marks	8 marks	4 marks	16 marks
Maximum marks	25 marks	50 marks	25 marks	100 marks

Marks Weightage

Particulars	Central Excise	Service tax	Customs	Total
Practical Numerical problems	9 marks	18 marks	9 marks	36 marks
Case laws (to be decided with the help of case law, if any)	4 marks	8 marks	4 marks	16 marks
Recent amendments	4 marks	8 marks	4 marks	16 marks
Other	8 marks	16 marks	8 marks	32 marks
Total	25 marks	50 marks	25 marks	100 marks

General Comments

1. Question paper is well balanced and beautifully set.

2. There is no repetition of numerical problems from RTP, SA or Practice manual,

3. Case laws question given in the question paper are not covered in icai publication

CA N Rajasekhar M.com FCA DISA(ICAI), Chennai 9444019860 rajdhost@yahoo.com

Answers/Hints to CA Final Indirect taxes paper Nov 2014

Question 1

(a)

Computation of Turnover for the purpose of SSI limits

Particulars	**Rs.in lakhs**
Clearance of excisable goods exempted other than SSI Notification	100.00
Clearance of account books bearing brand name of other person	100.00
Clearance of excisable goods exempted to UN	50.00
Exports to Nepal and Bhutan	50.00
Clearances of goods under annual capacity production	190.00
Total	490.00

Smart Mfg Company not eligible for ssi benefit for the fy 2014-15

(b)

Computation of taxable value of works Contract Service. Under Composition scheme when the value of materials involved in works contract is not known

Particulars	**Rs.in lakhs**	**Nature of Work**	**Taxable value %**	**Taxable Rs.in lakhs**
New Constructions	60.00	Original	40%	24.00
Additions and alternation to land to make workable	40.00	Original	40%	16.00
Maintenance and service of goods	20.00	Other	70%	14.00
Maintenances and repairs of Immovable Property	25.00	Other	60%	15.00
Glazing and Plastering of immovable Property	30.00	Other	60%	18.00
Total taxable value				87.00

Computation of taxable value of service of Heena Ltd

Particulars	
Advances from Clients	10,00,000
Demurrage Charges Received **Note 1:**	25,000
Security Deposit forfeited **Note 2**	35,000
Payments from Clients including excess payments	2,00,000
Total taxable value including service tax	12,60,000
Service tax payable = 12,60,000 x 12.36/112.36 =	13,860

Note 1:

This will be consideration and is covered by clause (x) of sub -rule (1) to Rule 6 of the Valuation Rules.

Note 2:

If the forfeited deposits relate to accidental damages due to unforeseen actions not relatable to a provision of service then such forfeited deposits. Since it is not unforeseen action it is taxable.

(d)

Computation of Customs duty payable

Particulars	
Fair cost of repair with material	9,00,000
Add: Insurance and freight (one way)	1,50,000
Assessable Value	10,50,000
Basic customs duty – 10%	1,05,000
CVD (not payable as the repair is are not manufacture)	-
Education cess- 3%	3,150
Total customs duty Payable	108150

Question 2

(a)

Assessable Value when price charged from other buyers is Rs.1150/-

The assessable value will be Rs.1200/- per unit. It is assumed price is sole consideration and there is no additional consideration passed from buyer.

Assessable Value when price charged from other buyers is Rs.1280/-

The assessable value will be Rs.1280/- per unit. It is assumed price Rs.1200 is not sole consideration and there is additional consideration passed Rs.80/- in the form of interest on advance

(b)

Amount of Refund of Service eligible to Hatim Ltd:,for the second Quarter july to September

Particulars	Rs.
Service tax paid on services exclusively used in Authorised Operations	8,00,000
Service tax paid on services exclusively used in DTA Operations	No Refund
Service tax paid on Common Operation Operations	
Refund will be as per Cenvat Credit rule No 7	
16 x400/1600	4,00,000
Total Refund eligible	12,00,000

Amount of interest and Penalty payable by HUF

Due date for payment of Service tax for manual or electronic Payment - 31.03.2014
Actual date of payment 24.04.2014
No of day's delay-24 days

Particulars	Rs.
Interest payable u/75	
4000 x15/100 x24/365	39
Penalty payable u/s 76	
(a) Rs. 100 Per day for 24 days -100x 24= rs.2400 or	
(b) 4000 x1/100 x24/30 = Rs.32	
Higher or (a) or (b) Rs.2400, but restricted to 50% of ST payable	2,000

(c)

Amount of duty drawback eligible

Particulars	Rs.
Hema Ltd- FOB 80,000/- No drawback as rate of drawback rate is less than 1%	NIL
High value limited 50 Per kg on 1000 kgs	5,00,000
(Market value and FOB not relevant)	
Total Drawback eligible	5,00,000

Question 3

(a) **CCEx v. Super Synotex (India) Ltd. 2014 (301) E.L.T. 273 (S.C.)**
The retention of the specified sales tax amount under the relevant State Sales Tax Incentive Schemes ought to be treated as additional consideration and subjected to central excise duty since deduction of sales tax is available only when it is actually paid to the Sales Tax Department (in terms of the definition of transaction value as introduced from July 1, 2000. It cannot be treated as subsidy. Hence 75% of the amount of sales tax retained is includible in the transaction value,

(b) Commissioner of Customs & Central Excise *versus* ITC Ltd. (AP HC)

It was held in Commissioner of Customs & Central Excise versus ITC Ltd, where ITC manufactures paper and Paper boards in a factory near Khammam Dist AP and accommodation provided to employees 35 away from the factory**.**

It was held by Honorable HC AP that the efficiency of the employees of an organization would be dependent on various factors, one such being the provision of a housing colony. It is further conceded that these facilities would contribute to the enhancement of the productivity of the organization Held that Company was entitled to avail input service credit in respect of the maintenance of its staff colony in remote area. Hence M/s Paper Ltd, eligible to take cenvat credit on maintenance staff colony

Question 4

(a)

- ❖ Rule 12CCC of the CER, 2002 and rule 12AAA of the CCR, 2004 was amended with effect from 21.03.2014. As per the rules have been substituted with new rules only Chief Commissioner of Central Excise can pass an order for imposing the restrictions on manufacturer, first stage dealer, second stage dealer and exporter, and for withdrawing the facilities provided to them. Earlier, any officer authorized by the Board was empowered to pass such an order.
- ❖ Restrictions could be imposed for a period up to (i) 6 months for the first time offence and (ii) 1 year subsequent offence
- ❖ Any of the specified restrictions may be imposed.
- ❖ proposal to withdraw the facilities and impose restrictions is to be forwarded by CCE/ ADGCEI to Chief CCE who, after giving the defaulter an opportunity of being heard, would pass the order withdrawing facilities and imposing restrictions for the period specified in the order.

Facilities to be withdrawn and imposition of restrictions by an officer of board:

- In case of manufacture, monthly payment facility of duty may be withdrawn. Restriction can be imposed for payment of duty without utilising CENVAT credit
- In case of first stage or second stage dealer, registration can be suspended.
- In case of exporter, facility of self-sealing may be withdrawn

(b) (i)

- ❖ Where air conditioned as well as non-air conditioned restaurants are operational in a complex and these restaurants are clearly demarcated and separately named, but food is sourced from a common kitchen.
- ❖ As per CBEC Clarification, in such a case, services provided in relation to serving of food/beverages restaurant having the facility of air conditioning or central air heating in any part of the establishment, at any time during the year is liable to service tax. However, such

services provided in a non air-conditioned or non centrally air- heated restaurant will be treated as exempted service and thus, will not be liable to service tax

(ii)**Output Services under which refund can be claimed on unutilized cenvat credit u/s 5B (Services under reverse Charge)**

Services of insurance agent, Services of Goods Transport Agency (GTA), Sponsorship service, Services of Arbitral tribunal, Services of Legal Services of Advocate or Advocate Firms, Services of director to company etc

(c)

(i)Jewellery brought by non-tourist Indian passenger: The additional duty free allowance is applicable to non-tourist passenger of Indian origin who had stayed abroad for period exceeding one year. The additional jewellery allowance is for Gentleman Passenger - *50,000/- and for* Lady Passenger- *1,00,000/-*

(ii) Section 146 of the customs Act is being substituted to change the nomenclature of "customs house agents" to "customs brokers" by an amendment in Finance Act2013 considering the global practice and internationally accepted nomenclature.

CBEC has come out with the new Regulations called as Customs Brokers Licensing Regulations, 2013 effective from 21 st June, 2013.

Question 5

***(**a)*

- ❖ In case of readymade garments, made-up articles of textiles manufactured on job-work basis, duty liability is on the merchant manufacturer.
- ❖ The person who send material is liable to pay excise duty.
- ❖ However job worker can also pay duty on behalf of merchant manufacturer - Notification No. 4/2011 dated 01.03.2011.

(b)

(i) Governmental authority" means a board, or an authority or any other body established with 90% or more participation by way of equity or control by Government and set up by an Act of the Parliament or a State Legislature to carry out any function entrusted to a municipality under article 243W of the Constitution;

(ii)

Air Travel Agents services

- In case of Air Travel Agents services, the Air Travel Agent, shall have the option to pay service tax of an amount calculated as under:
  - In case of domestic bookings – 0.6% of the basic fare.
  - In case of international bookings – 1.2% of the basic fare

(c)

***Conveyance* [*Section 2(9)*]**

- Includes a vessel, an aircraft and a vehicle.

India - Section 2(27)

- 'India', as inclusive of its territorial waters.

Territorial waters of India

- Territorial waters refer to that portion of the sea, which is adjacent to the shores of a country, 12 nautical miles from the base line. (1 nautical mile = 1.853 Kms)
- 'Import' is complete as soon as goods enter a country's territorial waters. Similarly, export is complete only when goods cross territorial waters.

CA N Rajasekhar M.com FCA DISA(ICAI), Chennai 9444019860 rajdhost@yahoo.com

Question 6
(a)

Clubbing provisions of SSI

When calculating the limits of 150 lakhs and 400 lakhs, the following factors will be clubbed:

- Turnover of the all products manufactured by the assessee
- Turnover of all the factories / units of the assessee
- Turnover of factory used by more than one manufacturer in a financial year *Indica Laboratories vs. UOI* 1990 (50) ELT 210 (Guj).
- Turnover of clearance in the name of bogus /dummy/sham units
- Turnover of two units where there is substantial funding between two units
- Turnover of two units when change of ownership takes place during the previous year *Gaurav Equipments (P.) Ltd. vs. CCE* 1993 (CEGAT).

Second Alternative

The facility of export warehousing is available to the following exporters and places, namely: -

- ❖ Exporters: The exporters who have been accorded status of Super Star Trading House or Star Trading House, the foreign departmental stores of repute and the automobiles manufacturers who have signed Memorandum of Understanding with Directorate General of Foreign Trade in the Ministry of Commerce and Industry.
- ❖ Places: The warehouses may be established and registered in Ahmedabad, Bangalore, Kolkata, Chennai, Delhi, Hyderabad, Jaipur, Kanpur, Ludhiana, District of Pune and Mumbai.

(b)

- ❖ With effect from 01.07.2012, a simplified scheme for rebate to the exporters of goods has been prescribed. Under this scheme, the exporters have been provided with an option to claim refund electronically through ICES scheme, .instead of claim rebate on the basis of documents.
- ❖ The rebate shall be granted by way of refund of service tax paid on the "specified services". namely

  in the case of excisable goods, taxable services that have been used beyond the place of removal, for the export of said goods;

  in the case of goods other than above, taxable services used for the export of said goods

Procedure for electronic rebate through ICES system

- ❖ An exporter should have a bank account and also a central excise registration or service tax code number and the same should be registered with Customs ICES
- ❖ He should declare his option to avail service tax rebate on the electronic shipping bill/bill of export while presenting the same to the proper officer of Customs.
- ❖ If the exporter does not have Service tax code number, it should be obtained by filing a declaration in Form A-2 to the jurisdictional Assistant Commissioner / Deputy Commissioner of Central Excise.

- Service tax paid on the specified services eligible as rebate under this exemption shall be calculated electronically by the ICES system, by applying the rate specified in the schedule against the said goods, as a percentage of the FOB value.
- Rebate shall be deposited in the bank account of the exporter.
- An exporter who has claimed the rebate electronically cannot claim the refund again on the basis of documents.
- Minimum service tax rebate for an electronic shipping bill is Rs.50.

(ii)

Section 72A, Special audit for Service tax

Circumstances of special audit

If the Commissioner of Central Excise, has reasons to believe that any person liable to pay service tax (service provider of service receiver in case of reverse charge)–

- has failed to declare or determine the value of a taxable service correctly; or
- has availed and utilised credit of duty or tax paid-
  - which is not within the normal limits having regard to the nature of taxable service provided, the extent of capital goods used or the type of inputs or input services used, or any other relevant factors as he may deem appropriate; or
  - by means of fraud, collusion, or any willful misstatement or suppression of facts; or
- has operations spread out in multiple locations and it is not possible or practicable to obtain a true and complete picture of his accounts from the registered premises falling under the jurisdiction of the said Commissioner.

Direction By Commissioner of Central excise

The commissioner of central excise may direct such a person to get his accounts audited by a chartered accountant or cost accountant nominated by him, to the extent and for the period as may be specified by the Commissioner.

Audit should be conducted by a CA/CWA

The audit should be conducted by the chartered accountant or cost accountant nominated by the Commissioner.

The auditor shall submit the report, within the period specified by the said Commissioner, duly signed and certified by him to the said Commissioner mentioning therein such other particulars as may be specified by him.

Other points

Directions for special audit can be made even the accounts of such person have been audited under any other law for the time being in force.

The person liable to pay tax shall be given an opportunity of being heard in respect of any material gathered on the basis of the audit proposed to be utilised in any proceeding under the provisions of this Chapter or rules made thereunder.

(c)

(i)

Section 28E of Customs Act provides, In case of application to authority for advance ruling, *activity*" means import or export and includes any new business of import or export proposed to be undertaken by the existing importer or exporter, as the case may be*;'*.

(ii)

Entitlement to duty credit scrip: Eligible service providers shall be entitled to Duty Credit Scrip equivalent to 10% of the net free foreign exchange earned during current financial year. Hence eligibility will be 10% of Rs. 6 lakhs= Rs.60,000/-

Question no 7

(a)

- ❖ If retail price is not indicated or is wrongly indicated at the time of removal, the goods are liable to confiscation. In such case, the 'retail sale price' will be ascertained as per MRP Price determination Valuation rules in the prescribed manner and duty will be payable as per such rules.
- ❖ As per these rules market retail price of such goods or retail price of identical goods is considered for valuation.
- ❖ In case of more than one retail price highest price is considered for valuation

(b) (i)

- ❖ Any process amounting to manufacture or production of goods cover under negative list and it is not taxable.
- ❖ Process amounting to manufacture or production of goods means, process on which duties of excise are tenable under section 3 of the Central Excise Act, 1944 or the medicinal and Toilet Preparations (Excise Dutiesl Act, I955
- ❖ M/s Pure drugs Ltd., paying duty under medicinal and Toilet Preparations (Excise Dutiesl Act, I955 Hence direction of Ac to pay service tax is not valid

(ii)

As per Rule 9 of the place of provision of service rules 2012In case of following services, Location of the service provider will be the place of provision of service

(a) Services provided by a banking company, or a financial institution, or a non-banking financial company, to accountholders;
(b)Online information and database access or retrieval services;
(c) Intermediary services;
(d)Service consisting of hiring of means of transport, up to a period of one month.
(c)
The basic difference between duty exemption scheme and duty remission scheme is as follows.

- ❖ Duty exemption schemes: Under duty exemption schemes, exporter can import the inputs duty free for export production. The two duty exemption schemes are as follows:-
- ❖ Duty remission schemes: Under duty remission scheme, duty on inputs used in the export product is either replenished or remitted.