

Credit Based VI Semester B.Com. Examination, April/May 2017
(2016-17 Batch)

COMMERCE
Business Taxation – IV

Max. Marks : 120

Time : 3 Hours

SECTION – A

(4×6=24)

Answer any four :

1. Explain the inclusions and exclusions in transaction value under Central Excise Duty.
2. Write a note on 'Schedules' under KVAT.
3. Distinguish between VAT and CST.
4. Gross value of the services provided by a service provider is ₹ 10,00,000. He is entitled for an abatement of 60%. The customer has been allowed 5% discount. Find out the value of taxable service and service tax payable assuming that :
 - a) Service tax has been separately collected.
 - b) Service tax has not been separately collected.
5. From the following information calculate the customs duty payable :
 - i) Assessable value of imported goods ₹ 7,50,000.
 - ii) Basic customs duty @ 10%.
 - iii) The imported goods are also produced in India on such goods excise duty is leviable @ 12.5%.
 - iv) Special additional duty @ 4% and education cess @ 3% leviable.

Shri Dharmasthala Manjunathashwara
College of Business Management Library
MANGALORE - 575 003



6. RK productions limited has supplied a machine to a buyer for door delivery at an all inclusive price of ₹ 16,00,000. The price includes central excise duty @ 12.5% and VAT @ 14.5%. The company had incurred ₹ 18,500 as cost of transportation. Calculate the assessable value under Central Excise Act.

SECTION – B

Answer any four :

(4×12=48)

7. Explain briefly the Form 'C' and 'F' and the procedure to be followed to avail concessional rate of tax under CST.
8. Explain the general exemptions available for a service provide.
9. Explain the term 'Dealer' under KVAT Act.
10. Adithya Traders imported goods from England through air route at a CIF price £ 2,500. The freight and insurance charges were £ 750 and £ 250 respectively included in the above price. Landing charges incurred were ₹ 5,000. CBEC notified rate is 1 £ = ₹ 80. Calculate the assessable value.
11. Himalaya Travels, Kanpur furnishes following details :

	₹
a) Package tour to South India	16,00,000
b) Package tour to North India (above includes tour to J and K ₹ 8,00,000)	22,00,000
c) One day sight seeing trips conducted	6,50,000
d) Package tour to Singapore	13,00,000



- e) Non-package tours in Karnataka 5,00,000
- f) Bill charged for hotel booking 1,00,000
- g) Travel services offered to US embassy 3,00,000

Compute taxable service and service tax payable.

12. A company manufactured and sold 1000 cars in the current financial year. The price of the car is ₹ 2,50,000 and Excise duty and Sales tax are charged separately. From the following information, determine the central excise duty payable and the CENVAT Credit.

The company purchased inputs ₹ 50,00,000. It includes basic excise duty of ₹ 5,00,000. The company purchased capital goods during the financial year ₹ 6,00,00,000. It includes basic excise duty of ₹ 70,00,000. On car the basic excise duty is charged at 12.5%.

Shri Dharmasthala Manjunatheshwara
College of Business Management Library
MANGALORE - 575 003

SECTION - C

Answer any two :

(2×24=48)

13. Compute the total turnover, taxable turnover, input tax, output tax and net tax payable under KVAT Act by a registered dealer of Bangalore from the following information for the month of March.

- 1) Sale of declared goods to Registered dealer of Udupi ₹ 5,00,000.
- 2) Sale of banana chips originated from Karnataka (50% interstate, purchase price ₹ 22,00,000) ₹ 30,00,000.
- 3) Sale of unscheduled goods (purchase cost ₹ 7,00,000) ₹ 8,00,000.
- 4) Sale of bulk drugs to a trader of Kerala (goods delivered in Mangalore III Schedule) ₹ 6,00,000.
- 5) Purchase of areca nuts from unregistered dealer of Coorg ₹ 7,50,000.



- 6) Sale of wheat (I Schedule) ₹ 65,000.
 - 7) Sale of goods to a registered dealer of Goa ₹ 8,00,000. These goods were purchased from a registered dealer in Mysore for ₹ 6,00,000 (unscheduled).
 - 8) Sale of Tobacco products with in Karnataka ₹ 16,00,000 (Purchase price ₹ 10,00,000).
 - 9) Transfer of goods to branch at Kasargod ₹ 1,80,000.
 - 10) Transfer of goods to branch at Dharwad ₹ 4,60,000.
 - 11) Sale of Ice cream inter-state (inclusive of CST) ₹ 3,00,000.
 - 12) Sales returns of unscheduled goods with in 5 months ₹ 50,000.
14. Pradeep is a registered dealer in Jaipur Rajasthan. He sells goods both inside the state and in the course of interstate trade and commerce. Find out the total turnover, taxable turnover and the tax payable under CST Act
- a) Goods worth ₹ 41,800 (declared goods) sold to a registered dealer of Punjab (Tax rate in Rajasthan 3%)
 - b) Goods worth ₹ 72,000 were purchased from Delhi, but while the goods were transit, they were sold to a registered dealer of Kerala by transferring the title to goods ₹ 80,200 (Tax rate 14.5%)
 - c) Goods worth ₹ 50,000 taxable at 4% were transferred to their branch at Andhra Pradesh.
 - d) Goods worth ₹ 59,800 were sold to the Government of Bihar. Out of this Bihar Government returned goods worth ₹ 7,800 with in two months from the date of sale.
 - e) Goods worth ₹ 28,700 (declared goods) were sold to an unregistered dealer of Uttar Pradesh. Such goods are taxable in Rajasthan.
 - f) Undeclared goods amounting to ₹ 62,700 were sold to an unregistered dealer of Madhya Pradesh. The rate of tax in respect of such goods in Rajasthan is 14.5%.



- g) Goods amounting to ₹ 57,000 were sold to a firm of London in the course of export outside India (tax rate 5%).
- h) Goods amounting ₹ 32,640 taxable at 14.5% were sold to a registered dealer of Delhi. Such goods are taxable in Rajasthan at 2%.
- i) Goods worth ₹ 30,000 taxable at 12.5% were sold to a registered dealer in Ajmeer of Rajasthan.
- j) Goods worth ₹ 40,000 were invoiced to the agent of Aligarh, but while the goods were in transit they were sold to an unregistered dealer of Agra of Uttar Pradesh for ₹ 44,800 (Rate of tax in Rajasthan 12.5%).

The dealer has submitted necessary certificates and declarations. The above selling prices include CST.

15. An importer has imported a machine from New York for an invoice price of 15,000 dollars. But it doesnot include the following :
- i) Freight from USA to India port was 500 Dollars.
 - ii) Insurance was paid to insurer in India ₹ 15,000.
 - iii) Design and development charges at 3,500 dollors were paid to a consultancy firm in USA.
 - iv) The importer sent some materials to the exporter for the machine free of cost. It was used in manufacturing of machine ₹ 80,000.
 - v) ₹ 30,000 were spent in transporting the machine from Indian port to the factory of importer.
 - vi) Installation charges of machine in the factory ₹ 55,000.
 - vii) Rate of exchange as announced by RBI was ₹ 42 = one dollar.

Shri Dharmathala Manjunatheshwara
College of Business Management Library
MANGALORE - 575 003



- viii) Rate of exchange as announced by Central Government (CBEC) ₹ 65 = one dollar.
- ix) Foreign exporter has an agent in India. Commission is payable to the agent in India ₹ @ 5% of Invoice price.
- x) Customs duty payable was 10% if similar goods were produced in India. Excise duty payable as per tariff is 12.5%.

Find out Assessable value and customs duty payable.

16. a) A manufacturer has prepared an invoice as under.

1) Price of goods (Excluding excise duty) ₹ 18,00,000.

2) Internal transport ₹ 25,000.

3) Advertisement charges ₹ 70,000.

4) Royalty ₹ 35,000.

5) Marketing and selling expenses ₹ 20,000.

6) Commission @ 1% on the price of goods.

7) Testing and research expenses ₹ 40,000.

8) Servicing charges ₹ 48,000.

9) Design and development expenses ₹ 15,000.

10) Outward handling charges ₹ 5,000.

11) KVAT @ 20%.

12) Outward freight and insurance ₹ 40,000.

13) Discount allowed @ 5% on price of goods.

If the rate of central excise duty @ 12.5%, how much amount he should charge to the customer as duty. Find the price payable by the customer.



b) From the following information supplied by a company. Compute the assessable value of excisable goods, excise duty payable and CENVAT credit available, if any, according to Central Excise Act of 1944 under MRP Method.

8

- a) Manufactured 12,000 colour Television sets.
- b) Retail price per set is ₹ 15,000 that includes excise duty.
- c) Sold 8,000 sets to whole salers. Discount allowed is 20% on retail price. Television sets sold in retail 2000.
- d) Balance of 2000 sets not removed from the factory.
- e) Company purchased inputs for manufacture of Television sets ₹ 2 crore including the basic excise duty of ₹ 40,00,000.
- f) The closing stock of inputs ₹ 50,00,000.
- g) The company is liable to pay excise duty at 12.5% and the rate of abatement is 33%.

Shri Dharmdethala Manjunatheshwara
College of Business Management Library
MANGALORE - 575 003