

Model Answer

Indirect taxes

AS-2636

B.com(H) V Semester Exam-2013

Answer-1

- (i) The following categories of persons are exempt from obtaining registration under central excise:
- (a) Persons who manufacture the excisable goods, which are chargeable to nil rate of excise duty or fully exempt from duty by notification.
 - (b) Small scale units availing the slab exemption based on value of clearance under a notification.
 - (c) A 100% export oriented or special economic zone.
 - (d) A person who uses excisable goods for any purpose other than for processing or manufacture of goods availing benefit of concessional duty exemption notification.
- (ii) The assessee is himself required to determine the duty liability at the time of removal of excisable goods and discharge the same. In other words, the assessee should determine correct classification and value on the quantities being removed by him and indicate the same in the invoice.
- (iii) Goods are cleared from factory only on payment of duty under an invoice. The receipted TR-6 form is evidence of having deposited the duty. Duty is payable in authorized bank by way of a TR-6 should be filled in giving details like name and 15 digits ECC code number of manufacturer, code number of excise. Commissionerate/ Division/range and code of branch of bank. The challans should be serially numbered from 1st April onwards. Four copies are submitted to authorized bank. These should be marked as original, Duplicate, Triplicate and Quadruplicate.
- (iv) Safeguard duty is a step in providing a need based protection to domestic industry for a limited period. Central government is

empowered to impose safeguard duty on specified imported goods are being imported in large quantities and under such conditions that they are causing or threatening to cause serious injury to domestic industry.

(v) Generally, selling of goods by a dealer of one state to the dealer of other state is called inter-state sales. Any purchase or sales, whether it is interstate or not can be understood from the following:

(a) When is a sale or purchase of good said to take place in the course of interstate trade or commerce.

(b) Sale/ Purchase which occasion the movement of goods from one state to another.

(vi) Sales during the course of export are exempt from central sales tax. In such cases, the actual exporter has to issues a certificate in from-H to sales tax department that the goods have been exported out of India.

(vii) Compulsory Registration:-A dealer required to get himself registered shall apply for grant of registration certificate within thirty days when his turnover exceeds the specified limits.

Voluntary Registration:-A dealer who is not liable to pay tax may obtain a voluntary registration certificate.

(viii) Import duty: when a person imports some goods from outside India, is called import and tax or duty payable on such goods is called import duty.

Export duty: when a person exports some goods from India to other countries, is called export and duty or tax payable on such goods called export duty.

(ix) If a dealer has one or more places of business situated in the same state, that state would be known as appropriate state.

If a dealer has places of business situate indifferent state, every such state with respect to the place or places of business situated within its territory would be known as appropriate state.

(x) Assessable value:Sec4(1)(a) of central excise act states that assessable value when duty of excise is chargeable on excisable goods with

reference to value will be transaction value on each removal of goods, if the following conditions are satisfied:-

- (a) The goods should be said at time and place of removal.
- (b) Buyer and assessee should not be related.

Answer-2. Computation of Assessable value (under central Excise act)

Particulars	Amount
Sale to wholesale $840 \times 250 = 210000$	
(-) Discount @20% = 42000	168000
Sale to retail 510×250	127500
Free samples 35×200	7000
Assessable value	302500

Note- In case of free sample when goods sold on different prices the transaction value for samples means the transaction value at which the greatest quantity of goods are sold. Since greatest quantity of 840 pieces are sold at Rs.250-50 (discount) =200.that will be normal transaction value, which can be taken for valuation of free samples.

Calculation of central Excise duty payable (Rs.)

Excise duty = $302500 \times 12/100$	36300
Add: EC = $36300 \times 3/100$	1089
Excise duty payable	37389

Answer-3. Calculation of excise duty payable

(Under Chhattisgarh Excise Act)

Particulars	Qty	Rate(Rs.)	Excise duty
(i) Bhang auctioned	30	50	1500
(ii) Gin(Rs.700 per case)	490	85	41650
(iii) CORDIAL(Rs.750 per case)	240	100	24000
(iv) Rum to military Organisation	200	30	6000
(v) Brandy (Rs.1400 per case)	680	115	78200
(vi) Whisky to military Organisation	100	30	3000
(vii) Specified country liquor	400	68	27200
Excise duty			181550
Add: Surcharge @10%			18155
Excise duty payable			199705

Answer-4.

Computation of assessable value

(Under Customs duty act)

Exchange Rate 1\$=Rs.50

Particulars	Dollars(\$)	Amount(Rs.)
Invoice price 550*90	49500	2475000
Add:-		
Packing charges=32*90	2880	144000

Commission	180	9000
F.O.B value	52560	2628000
Add:-		
Transportation charges up to Indian port	250	12500
Insurance premium	40	2000
C.I.F value	52850	2642500
Add: Loading unloading and handling charges @1% of the C.I.F	528.5	26425
Assessable value	543378.5	2668925

Computation of customs duty payable

Particulars	Amount(Rs.)
Basic customs duty= $2668925 \times 10/100$	266892.5
Additional customs duty $(2668925 + 266892.5) \times 8/100$	234865.4
	501757.9
Add: EC@3% on 501757.9	15052.7
	516810.6
Add:S.A.D= $(2668925 + 266892.5 + 234865.4 + 15052.7) \times 4/100$	127429.4
Total customs duty payable	644240

Answer-5. Computation of Sales tax payable(Under C.S.T. Act 1956)

Particulars	Amount(Rs.)
(i) Sale of Newsprints(exempt)	-----
(ii) Sale of cigarettes(Exempt)	-----
(iii) Sale of Machine to Govt. 5650000*13/113	650000
(iv) Sale to a registered dealer of such goods which have not been given in registration certificate(1050000*5/105)	50000 100000
(v) Sale of declared goods to an Unregistered dealer(2100000*5/105)	60000
(vi) Sale of undealered goods to a registered dealer on form 'C'=3060000*2/100	80000
(vii) Sale to aregistered dealer for resale on form 'C' (4080000*2/100)	151398
(viii) Sale to a registered dealer for resale of such goods which have not been included in registration certificate(5198000*3/103)	
Central Sales Tax payable	1091398

Answer-6. Computation of taxable turnover (under C.G.VAT Act)

Particulars	Amount(Rs.)
(i) Shampo	138000
(ii)Talcum Powder	137000
(iii) Kumkum Bindiya	13000
(iv) Ladies purse	12000
(v)Kajal	10000
(vi) Nirodh and Mala-D	20000
(vii) Lipstics	85000
(viii) Vanishing cream	125000
(ix) Mangal sutra	12000
(x)Glass bangles	18000
Gross turnover	570000
Less:-Sales return-Ladies purse	3000
Net turnover	567000
Less:-	
Kumkum(Tax free) 13000	
Kajal(Tax free) 10000	
Nirodh and Mala-D(Tax free) 20000	
Glass Bangles (Tax free) 18000	
Mangal Sutra(Tax free) 12000	
Talcum powder(interstate sales) 12000	85000
Taxable Turnover	482000

Answer-7.

It is necessary for every person to obtain licenses, permits and passes within the prescribed conditions and restrictions mentioned in Chhattisgarh Excise Act to manufacture and sale of intoxicants articles in the Chhattisgarh state.

Conditions of licenses, permits and passes:-Under section 28 of Chhattisgarh Excise Act the following conditions are necessarily to obtain licenses, permits and passé:-

- (I) Related documents duly filled shall be presented to concerned officer.
- (II) Application form shall be submitted in prescribed format.
- (III) Necessary fees as prescribed have been paid.
- (IV) To follow such restrictions and conditions as imposed.
- (V) Licenses, permits and passes shall be issued for a specific period.
- (VI) The license may require to lift for sale, the minimum quantity.

Cancellation or suspension of licenses permits and passes (Sec.31)
**(Explanation required)*

Withdrawal of license (Sec.32) **(Explanation required)*

Surrender of License (Sec.33) **(Explanation required)*

Answer-8. Definition of Baggage:- Baggage refers to the luggage of passenger whether accompanied or not by the passenger and comprises of personal belongings of the passenger, which he carries during the travel.

As per Sec.2 (3) the term “Baggage” includes unaccompanied baggage but does not include motor vehicles.

General provisions about Baggage.

The provisions relating to Baggage under Customs Act, 1962 and the rules framed there under are as follows:

- (i) Personal effects are exempt from duty.
- (ii) Unaccompanied Baggage.
- (iii) Exemption to Laptop, computer.

- (iv) Rate of customs duty on baggage.
- (v) Concessional Rate in certain cases.
- (vi) Duty gold in some cases.
- (vii) Duty on silver in some cases.
- (viii) Declaration by owner.

**(Explanation required)*

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