



## V Semester B.Com. Examination, November/December 2015

(Semester Scheme) (F + R)

(2014-15 and Onwards)

## COMMERCE

Paper – 5.6 : Elective – I : Paper – II : Business Taxation – I

Time : 3 Hours

Max. Marks : 100

**Instruction :** Answer should be written **completely** either in **English** or **Kannada**.

## SECTION – A

Answer **any 10** sub-questions. Each sub-question carries **two** marks. (2×10=20)

1. a) What is CST ?
- b) State any two objectives of Customs Act, 1962.
- c) Expand NCCD and SAHEC.
- d) Expand BED and BCD.
- e) Write any two features of VAT.
- f) Name the statutory Forms to be submitted to claim exemption under CST Act in the following cases :
  - i) Sale made to Foreign Diplomatic Mission.
  - ii) Subsequent sale.
- g) What do you mean by input tax ?
- h) Give the meaning of ITC.
  - i) State various types of Customs Duty.
  - j) What do you mean by Zero Rated Sales ?
- k) From the following information calculate assessable value under Customs Act.  
CIF - US\$ 45,000, which include air freight - US \$ 9,500; insurance - \$ 350.  
Exchange rate Rs. 64 per US Dollar.
- l) From the following determine assessable value and excise duty payable.  
MRP of a product - Rs. 1,55,000; Abatement allowed 30%; Rate of ED 10%.



## SECTION – B

Answer **any 4** questions of the following. **Each** question carries **eight** marks. **(8×4=32)**

2. What are the merits and demerits of VAT ?
3. Explain the various types of Excise Duty.
4. Sparkle Ltd., imported certain goods from Germany through Mumbai port, at a cost of € 1,75,000 FOB. The other details are as follows :
  - i) Air freight : € 20,000
  - ii) Packing charges : € 2,000
  - iii) Insurance : € 1,000
  - iv) Design and development charges: € 8,000
  - v) Rate of exchange announced by RBI : Rs.78.00/€
  - vi) Rate of exchange notified by the Central Board of Excise and Customs Rs. 78.40/€

Compute the assessable value of the imported goods.

5. Determine the assessable value under Excise Act from the following:  
Sale price for delivery at buyer's premises Rs. 10,00,000 which includes the following :  
Cost of primary packing Rs. 8,000; Freight and insurance from factory to place of removal Rs. 25,000; Freight and insurance from place of removal to buyer's premises Rs. 20,000; VAT Rs.80,000; Octroi Rs. 12,000 and Excise duty Rs. 1,05,400. Discount was allowed Rs.10,000.
6. From the following information calculate the taxable turnover and CST payable if the rate of tax is 2% :
  - a) Interstate sale of goods (including branch transfer covered by Form F of Rs. 8,10,000 and direct export sale of Rs. 10,00,000) Rs. 38,00,000
  - b) Dharmada collected Rs. 9,000.
  - c) Weighment dues charged separately from buyers Rs. 18,000
  - d) Cash discount Rs. 25,000.



SECTION – C

Answer **any three** of the following questions. **Each** question carries **16** marks. **(16×3=48)**

7. An importer has imported a machine from Japan at FOB cost of 13,00,000 Yens. Other details are as follows :
- a) Freight from Japan to Indian port was 18,000 Yens.
  - b) Transit insurance charges were 1% of FOB value.
  - c) Design and development charges of 95,000 Yens were paid to a consultancy firm in Japan for design of machinery.
  - d) Packing charges of 25,000 Yens were charged extra.
  - e) Rs. 24,000 was spent in design cost on machine in India.
  - f) An amount of 95,500 Yens was payable to Japanese manufacturer towards charges for installation and commissioning the machine in India.
  - g) Rate of exchange as announced by RBI was: 1 Yen = Rs. 0.405.
  - h) Rate of exchange as announced by Central Government by notification under Section 14 (3) (a) (i) : 1 Yen = 0.401 Rs.
  - i) Customs duty was 20%. Excise duty on similar machinery in India would be 14%.

Find the customs duty payable.

8. Determine the total amount of excise duty payable under Section 4 of the Central Excise Act, 1944 from the following information :
- a) Price of machinery excluding taxes and duties - Rs. 55,00,000
  - b) Installation and erection expenses - Rs. 2,10,000
  - c) Packing charges (primary and secondary) - Rs. 1,15,000
  - d) Design and engineering charges - Rs. 20,000
  - e) Cost of material supplied by buyer free of charge - Rs. 85,000
  - f) Pre-delivery inspection charges - Rs. 5,000.

Other information :

- i) Cash discount @ 2% on price of machinery
  - ii) Central Excise duty rate 16% and educational cess as applicable @ 3%.
- Make suitable assumptions as are required and provide brief reasons.



9. From the following information furnished by a dealer in Andhra Pradesh, compute the amount of tax payable under CST Act. The local sales tax rate is 12.5%.

	<b>Interstate sale with C Form</b>	<b>Interstate sale without C Form</b>
Gross turnover	42,00,000	15,00,000
Gross turnover includes the following		
Packing charges	9,000	5,000
Design charges	13,000	3,500
Trade discount	15,000	5,000
Exports	6,00,000	—
Freight (shown separately)	45,000	4,200
Freight (not shown separately)	13,000	24,000
Goods returned within 3 months	20,000	12,400
Goods returned within 6 months	30,000	10,000
Goods returned within 10 months	55,000	19,000
Installation expenses (shown separately)	16,000	8,000
Goods rejected within 8 months	65,000	6,100
Sale outside states	52,000	29,000
Commission for additional sales	10,000	8,000
Excise duty	2,95,000	99,000

Goods worth Rs. 1,20,000 were sold within the state (included in gross turnover Rs. 15,00,000).

10. Mr. Ahmed is a registered dealer and gives the following information. You are required to compute the net tax liability and total sale value under value added tax :
- He sells his products to dealers in his state and in other states.
  - The profit margin is 20% of the cost of production and VAT is 14.5% on sales.
  - Intra state purchases of raw material Rs. 17,00,000 (excluding VAT at 4.5%)
  - Purchases of raw material from a registered dealer Rs. 2,71,250 (including VAT @ 8.5%).
  - Interest paid on bank loan Rs. 90,000.
  - High seas purchases of raw material is Rs. 3,70,000 (excluding custom duty @ 10%).
  - Purchases of raw materials from other states (excluding CST @ 2%) Rs. 1,05,000.
  - Transportation charges Rs. 20,500.
  - Wages and other manufacturing expenses excluding tax Rs. 3,75,000.