

TIME : 2 Hrs.

MARKS : 60

- N.B.**
1. All questions are compulsory, subject to internal choice.
 2. Each question carries 15 marks.
 3. Working note should form part of answer.

- Q.1 A.** 200 cycles were sold by ABC Ltd. to a related person M/s. XYZ at Rs. 1,500 per cycle. M/s. XYZ sold these cycles to independent buyers at Rs. 1,850 per cycle (price exclusive of all taxes). The rate of Excise duty is 10% plus Education cess @ 3%. (8)
- i. Determine the assessable value and the duty payable.
 - ii. What would be the position if 50 cycles are sold by ABC Ltd. to M/s. XYZ @ Rs. 1,500 per cycle and 50 cycles are sold directly to an independent buyer @ Rs. 1,700 per cycles?

- B.** Dhoni, a Chartered Accountant, has the following practice. (ex - service tax) (7)

Particulars	Rs.
Audit fees for audits done in Jammu & Kashmir	50,000
Certification fees outside India.	10,000
Tax consultancy done in India	40,000
Appeal fees received in India for statutory representation	1,00,000
Fees for Statutory Audit	74,000
Fees for Company Law Consultation	66,000
Fees for Audit of Reserve Bank of India	40,000

Calculate the value of taxable services and the service tax liability of Dhoni assuming the rate of service tax is 10.3%

OR

- Q.1 A.** Determine the Assessable value and the cost of production on manufacture of the under - mentioned product for purpose of captive consumption in terms of Rule 8 of the Central Excise Valuation Rules, 2000. (8)

Particulars	Rs.
Direct Material	11,648
Direct wages & Salaries	8,400
Works overheads	6,200
Quality control cost	3,500
Research and Development costs (related to production)	2,400
Administrative overheads	4,100
Selling and Distribution costs	1,600
Realisable value of scrap	1,200

Administrative overheads are in relation to production activities. Material

- B. Yash C. is a practicing Chartered Accountant from the following particular for period April to September, 2011. Calculate the Service tax payable @ 10% and education cess @ 3%. (7)

Particulars	Rs.
Receipts (excluding service tax)	
Fees for Statutory Certification	70,000
Fees for Statutory Audits	6,00,000
Fees for Tax Audits	4,00,000
Fees for Investigation under Companies Act	80,000
Fees for Share Valuation received in advance (Work to be done in January 2011)	50,000
Fees for Audit of a divisional office of RBI	50,000
Fees in foreign currency from a U.S. Client (eligible for exemption under of Services Rules)	2,00,000
Royalty for Books on Accountancy	1,00,000

- Q.2 A. Select the right One from multiple choice. (5)

- Where any taxable service is provided by a non - resident service tax.
 - is not payable
 - is payable by the service provider
 - is payable by the service recipient
- The Service Tax for a particular period is payable on the amount / value.
 - of taxable services billed to the client during that period.
 - of taxable services billed as well as received during that period.
 - of taxable services received during that period.
- DEF gets the goods manufactured from LMN with his trade name. Under the excise laws, who will be treated as the 'manufacturer' -
 - LMN
 - DEF
 - both LMN & DEF
- An assessee gold goods for Rs. 120 per piece and the goods are liable to duty @ 20%. Subsequently, it was found that the rate of duty was in fact 30%. The assessee has collected only Rs. 20 by way of duty. The duty payable is -
 - 36
 - 27
 - 27.70
- Rate of excise duty shall be determined as on the date of -
 - removal from the factory or the warehouse
 - manufacture
 - Sale

B. State whether true or false reasons,

(10)

1. Input Service distributor have to file the Service Tax Return in Form ST - 3.
2. 'Excisable Goods' includes salt.
3. Capital goods for the purpose of CENVAT credit, includes storage tanks used in the factory of the manufacturer of the final product.
4. In Central Excise, Separate registration is required for each separate premise, if a person has more than one premises.
5. 'Practicing Chartered Accountant' is a person who is a member of the Institute of Chartered Accountants of India, whether in employment or otherwise.

OR**Q.2 A. Select the right one from multiple choice.**

(5)

1. Service Tax is applicable to -
 - a. Whole of India
 - b. Whole of India except Jammu and Kashmir
 - c. Whole of India, except Jammu and Kashmir and Union Territories of Dadra.
2. Return of Service Tax is to be files in -
 - a. From ST 1
 - b. Form ST 3
 - c. Form ST 2
3. Central Government can lavy excise duty on -
 - a. medical and toilet preparations containing alcohol.
 - b. alcoholic liquor for human consumption
 - c. opium, narcotic product
4. ABC Supplies raw material to XYZ for getting the goods manufactured on independent job work basis. Under the excise laws, who will be treated as the 'manufacturer'.
 - a. ABC, the suppliers of raw materials
 - b. XYZ, the Job worker
 - c. Both ABC and XYZ
5. Due date of payment of Service Tax other than for the quarter ending March in case of partnership firm is
 - a. 5th day of the month immediately following each quarter
 - b. 5th day of the month immediately following the calendar month
 - c. None of the above

Q.2 B. State whether True or False with reasons.

(10)

1. Taxable services by a Practicing Chartered Accountant to another

3. Capital goods for the purpose of CENVAT credit, includes an equipment or appliance used in on office of the manufacturer of the final products.
4. Excise duty is levied by the State governments.
5. Where there is more than one retail sale price, the minimum of such retail sale price will be deemed to be the retail sale price for the purpose of section 4A.

- Q.3 A.** A manufacturer produces ball bearings and industrial fans in the same factory. For the manufacture of 5000 fans, he used 10,000 ball bearings. The cost of such ball bearing is Rs. 5000 per 100 units and it is sold in the market ordinarily at Rs. 8,000 per 100 units. Each fan cost Rs. 1,000 and has assessable value of Rs. 1,000 each. The rate of duty on both the products is 16.48%. You are required to calculate the - **(8)**
- a. Gross duty paid on inputs
 - b. CENVAT credit available
 - c. Net duty payable / Refund of Duty available.
- B.** What are the types of rates under excise laws. **(4)**
- C.** Explain Rule 3 of interpretation. Explained with the help of examples. **(3)**

OR

- Q.3 A.** Based on the following information, determine the CENVAT Credit available for use in the current year under the CENVAT Credit Rules, 2004 **(8)**

Goods	Excise duty paid at the time of purchase of goods. (Rs.)
a. Pollution Control Equipments	25,000
b. Spares for pollution control equipments	5,000
c. Equipments used in office	12,000
d. Storage Tank	10,000
e. Paints used for painting machinery	6,000
f. Packing Material	4,000
g. Lubricating Oils	8,000
h. High speed Diesel Oil	7,000

- B.** Explain sec 4 A 'Retail Sale Price'. **(4)**
- C.** Provisional Assessment under Central Excise. **(3)**

sums of money.

Receipt	Rs.
1. From office in Mumbai	
a. For Audit Service in India	60,000
b. For Audit Services performed in Britain (Exported Services as per Rules)	1,56,000
2. From office at Britain (In Equivalent Rupees)	
a. For Audit Service in Britain	1,26,000

The above receipts are remitted to Indian Office. These are exclusive of Service Tax @ 10% and education cess of 3%. Calculate Service Tax payable.

B. Explain - Exemption to small scale service Provider. (4)

C. Explain taxability of composite works contract. (3)

OR

Q.4 A. X Ltd. has agreed to render services to M.Y. The following are the chronological events. (8)

	Rs.
Contract for services entered into on August 31, 2011	
Advance received in September 2011 towards all services	60,000
Total value of services, billed in February, 2012	2,10,000
Above includes non - taxable services of	70,000
Balance amount is received in March 2012.	

When does the liabilities to pay service tax and for what amount?
Contract contain clear details of services. Consideration and service tax are charged separately, as mutually agreed upon.

B. What is the meaning of taxable services in relation to Practicing C.A. services. (4)

C. Explain General Exemptions to service providers. (3)