



**Credit Based VI Semester B.Com. Degree Examination, May/June 2016**  
**(Credit Based Semester Scheme)**  
**COMMERCE**  
**Business Taxation – IV (Elective)**

Time : 3 Hours

Max. Marks : 120

*Instruction : Provide working notes wherever necessary.*

SECTION – A

Answer **any four** of the following :

(4×6=24)

1. Write a note on 'Schedules' under KVAT Act.
2. How cost of transportation, insurance and loading and unloading charges are treated while calculating assessable value for Customs Duty Purposes.
3. Explain the general exemption to small service providers.
4. The gross turnover of a registered dealer for the quarter ending 31<sup>st</sup> Dec. 2015 is ₹ 9,75,000. From the following information compute his taxable turnover under the CST Act, 1956.

	₹
i) Sale price of exempted goods	1,50,000
ii) Export from India	2,50,000
iii) Sale in the state	3,00,000
iv) Goods returned under inter-state trade (out of tax rate 14.5%) after 6 months	14,800
v) Rates of tax on Inter-State sales :	
₹ 1,73,000 @ 14.5%	
₹ 1,02,000 @ 2%	



5. ABC Ltd., has supplied a machine to a buyer for door delivery at an all inclusive price of ₹ 14,45,000. The price includes central excise duty at 12.5% and sales tax @ 5.5%. The Company had incurred ₹ 15,000 as cost of transportation and ₹. 7,500 towards transit insurance.

Calculate the Assessable value under Central Excise Act.

6. Gross value of services provided by an outdoor caterer is ₹ 15,25,000. Out of this, home delivery of food is ₹ 35,000. He is entitled for an abatement of 50%. Find out value of taxable service and service tax payable for December, 2015, assuming that service tax has not been separately collected.

### SECTION – B

Answer any four of the following :

(4x12=48)

7. Explain the principles for determining the Inter-State sale or purchase under CST Act.
8. Briefly explain the basis for levy of excise duty.
9. Explain the following services :
- Mandap Keepers
  - Outdoor catering.
10. Hanuman Motors imported a machine worth \$ 10,000. However the following expenses are not included in it :
- Packing charges \$ 400
  - Transportation charges by Air
  - Insurance premium
  - Exchange rate of CBEC 1\$ = ₹ 66

Compute Assessable value and determine customs duty payable.

Rates : BCD 10%, SAD 4%, education cess 3% and Excise duty for similar goods 12.5%.



11. Calculate the total turnover, taxable turnover, input tax, output tax and net tax payable under KVAT. Sale and purchase exclude tax.
- Sale of vegetables (1 Schedule) ₹ 30,000 (purchased for ₹ 20,000 from growers in Hassan)
  - Sale of unscheduled goods (purchased for ₹ 10,00,000) ₹ 12,50,000.
  - Purchase of II schedule goods ₹ 4,00,000.
  - Sale of II Schedule goods ₹ 5,80,000.
  - Export to Japan (III Schedule) ₹ 1,80,000.
  - Purchase of goods from unregistered dealers in Mysore (III Schedule) ₹ 3,50,000 out of this purchase, goods worth ₹ 25,000 were returned within 3 months.
  - Sale of goods from the above purchases to a dealer in Bangalore ₹ 4,00,000. Out of this sale goods worth ₹ 20,000 were returned within 4 months.
12. Calculate the service tax liability of Brilliant Coaching Centre, Shimoga, for Dec. 2015, from the following details :

	₹
a) Admission fees, tuition fees, test fees collected	26,80,000
b) Fees collected for Postal Coaching	2,30,000
c) Fees collected for English Speaking Course	1,00,000
d) Fees collected for training in music and dance	50,000
e) Tuition fees collected for coaching 8 <sup>th</sup> and 9 <sup>th</sup> standard	25,000
f) Tuition fees collected by Brilliant Degree College recognised by Govt. of Karnataka (a sister concern of assessee)	24,60,000
g) Coaching charges for MBA entrance collected by Brilliant Degree College	2,50,000
h) Cost of study materials freely supplied (above ₹ 5,30,000 includes text books ₹ 80,000)	5,30,000
i) Cost of paper used to prepare study material	2,20,000

Service tax has not been separately collected.





## SECTION - C

Answer **any two** of the following :

(2×24=48)

13. From the following particulars calculate total turnover, taxable turnover and KVAT payable by a registered dealer of Mysore.
- 1) Purchased goods from registered dealers in Udupi (III Schedule) ₹ 5,00,000. Out of these, goods worth ₹ 4,00,000 were sold in Mulky.
  - 2) Sale of cement (V Schedule) to registered dealers in Sagar ₹ 5,00,000. Cement was purchased from a factory in Gulbarga for ₹ 4,00,000. Sales return by Sagar dealers ₹ 50,000 within 5 months.
  - 3) Sale of milk (I Schedule) ₹ 25,000, purchased for ₹ 15,000 from Co-operative Society.
  - 4) Purchase of III Schedule goods from unregistered dealer in Karnataka ₹ 1,75,000. Out of this purchase, goods worth ₹ 10,000 were returned within 4 months.
  - 5) Sale of goods from the above purchases to a dealer of Kundapur ₹ 2,15,000. Out of these sales, goods worth ₹ 15,000 were returned by the purchaser in the same month.
  - 6) Sale of goods to a registered dealer of Mumbai ₹ 3,00,000 against FORM F. These goods were purchased from a registered dealer in Bangalore for ₹ 2,25,000 (unscheduled).
  - 7) Goods sold to unregistered dealers in Shimoga ₹ 2,00,000 (III Schedule). These goods were purchased from registered dealers in Kerala for ₹ 1,75,000.
  - 8) Sale of II Schedule goods in Mangalore for ₹ 2,50,000 from the purchases made in Chennai for ₹ 3,00,000.
  - 9) Export of goods to Newyork ₹ 3,00,000.
  - 10) Transfer of goods to branch at Salem (Tamil Nadu) with FORM F ₹ 1,00,000.
  - 11) Transfer of goods to branch at Bangalore ₹ 2,00,000.
- All the above prices are exclusive of tax.



14. Calculate total turnover, taxable turnover and central Sales tax payable by a registered dealer of Bangalore. (Tax is included in sales).
- 1) Sale of declared goods to unregistered dealer of Assam (KVAT 5%) ₹ 3,15,000.
  - 2) Sale of undeclared goods to registered dealers of Kerala (KVAT 14.5%) ₹ 2,29,000.
  - 3) Sale of goods to Govt. of Bihar (exempt under KVAT) ₹ 5,00,000.
  - 4) Declared goods purchased from a registered dealer in Goa ₹ 2,80,000. But while the goods were in transit they were sold to a registered dealer of Cochin (Kerala) with Form C by transfer of documents of title to goods for ₹ 3,20,000 (KVAT 5.5%).
  - 5) Sale of declared goods to a registered dealer of Orissa with form C ₹ 4,24,000. He returned goods worth ₹ 40,000 after 4 months.
  - 6) Goods worth ₹ 3,60,000 were sent to his agent in Andhra Pradesh. But while the goods were in transit, they were sold to a registered dealer in Orissa with 'C, by transfer of documents of title to goods for ₹ 4,08,000 (KVAT 5.5%).
  - 7) Declared goods worth ₹ 3,15,000 were transferred to their branch at Tamil Nadu without F FORM.
  - 8) Transfer of goods to Mumbai branch against Form F ₹ 2,80,000 (KVAT 5.5%).
  - 9) Export sale to Japan ₹ 12,00,000.
  - 10) Sale of goods to a registered dealer in Mysore ₹ 2,20,000 (KVAT 14.5%).

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

	₹
1) Price of goods (Excluding excise duty)	7,50,000
2) Advertisement charges	50,000
3) Marketing and selling organisation charges	25,000
4) Design and development charges	40,000
5) Royalty	45,000





6) Testing charges	4,000
7) Commission	15,000
8) Servicing charges	40,000
9) Outward handling charges	10,000
10) Outward freight and insurance	22,000
11) KVAT rate 14.5%	
12) Discount allowed at 10% on price of goods.	

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

b) BPL Limited manufactured 3000 Fridges. In this connection the following information is available :

- 1) Retail price of the Fridges ₹ 15,000. It includes excise duty.
- 2) Sold ₹ 1,800 Fridges to wholesalers. Discount allowed at 20% on Maximum retail price.
- 3) Fridges sold in retail 500
- 4) The balance 700 Fridges not removed from factory.
- 5) The company purchased inputs for manufacture of Fridges ₹ 40 lakh. It includes basic excise duty ₹ 5 lakh.
- 6) The closing stock of inputs is ₹ 8 lakh.
- 7) The Company is liable to pay basic excise duty at 12.5%.
- 8) Rate of abatement is 40%.

Determine the excise duty payable.



6) Testing charges	4,000
7) Commission	15,000
8) Servicing charges	40,000
9) Outward handling charges	10,000
10) Outward freight and insurance	22,000
11) KVAT rate 14.5%	
12) Discount allowed at 10% on price of goods.	

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

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- 6) The closing stock of inputs is ₹ 8 lakh.
- 7) The Company is liable to pay basic excise duty at 12.5%.
- 8) Rate of abatement is 40%.

Determine the excise duty payable.



16. Reliable Industries Ltd., imported a machine from Europe. From the following information, determine the Assessable value and the customs duty payable.
- 1) Cost of Machine 30,000 Euros. It does not include the following.
  - 2) Packing charges 200 Euros.
  - 3) The importer had sent some spare parts to the exporter. It was used in manufacturing the machine ₹ 2,20,000.
  - 4) Design and development expenses incurred outside India 5,000 Euros.
  - 5) Commission paid to the broker of exporter who arranged the deal 300 Euros.
  - 6) Technical fees paid to exporter after import of machine 4,000 Euros.
  - 7) Transportation charges 1,200 Euros.
  - 8) Insurance premium paid in India 500 Euros.
  - 9) Transportation and insurance charges from port to factory ₹ 10,000.
  - 10) Amount paid to an employee of exporter for assembling the machine in India ₹ 15,000.
  - 11) Exchange rate declared by the board 1 Euro = ₹ 80.
  - 12) Exchange rate declared by RBI 1 Euro = ₹ 82.
  - 13) Rate of Basic Customs Duty is 10%.
  - 14) Rate of Central Excise Duty on such machine manufactured in India is 12.5%.
  - 15) SAD @ 4% and Education cess @ 3% are also leviable.