

**V Semester B.Com. Examination, November/December 2017****(Repeaters 2014-15 and Onwards)****COMMERCE****Paper – 5.6 : Business Taxation – I****(Elective – 1) (Paper – II)**

Time : 3 Hours

Max. Marks : 100

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

**SECTION – A**

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

- a) What is specific duty ? Give an example.
- b) Define broker as per Central Excise Act.
- c) Write any two features of Indirect Tax.
- d) Define registered dealer as per CST Act.
- e) What is VAT ?
- f) Define sale under CST Act.
- g) What do you mean by custom duty ?
- h) What do you mean by input tax ?
- i) Expand BED and BCD.
- j) Expand TIN and NCCD.
- k) Calculate assessable value under Customs Act :  
CIF – US \$ 50,000, which includes air freight – US \$ 10,000 insurance,  
\$ 400. Exchange rate Rs. 65 per US Dollar.
- l) Determine assessable value and excise duty payable.  
MRP of a product – Rs. 1,75,000, abatement allowed 25%, rate of  
ED = 12%.

P.T.O.



## 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. What are the features of CENVAT ?
4. From the following information calculate taxable turnover and CST payable if the rate of tax is 2% :
  - a) Inter state sales of goods (including branch transfer covered by Form F of Rs. 8,00,000 and direct export sale of Rs. 10,00,000) Rs. 40,00,000
  - b) Dharmada collected Rs. 10,000
  - c) Weighment due charged separately from buyer Rs. 20,000
  - d) Cash discount Rs. 25,000.
5. A Ltd. has supplied machines to M/S B and Co., Ltd. with the following details, determine the Central Excise Duty :
  - a) Price of machine (excluding taxes and duties) Rs. 85,000
  - b) Installation and erection expenses Rs. 3,000
  - c) Packing charges Rs. 1,250
  - d) Design and engineering charges Rs. 400
  - e) Cost of material supplied at free of charges by buyer Rs. 1,000
  - f) Pre-delivery inspection charges Rs. 100.

**Other information :**

- 1) Cash discount at 3% on price of machinery
- 2) Bought out accessories worth Rs. 800 were supplied with machine
- 3) The rate of Central Excise Duty is 12.5%.



6. From the following information calculate assessable value under Customs Act :

CIF of machine imported = \$ 30,000

Air freight paid – \$ 10,000

Insurance paid – \$ 400

Exchange rate announced by RBI – 1 US \$ = 59.5, CBE and C 1 US \$ = 60.

SECTION – C

Answer **any three** of the following questions. **Each** question carries **sixteen** 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 India port was 20,000 Yen
- b) Transit insurance charges were 1% of FOB value
- c) Design and development charges are 90,000 Yens
- d) Packing charges 20,000 Yens
- e) Rs. 25,000 was spent in India for designing machine in India
- f) An amount of 1,00,000 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 out the custom duty payable.

8. Rama and Co. purchases goods from ABC Co., for Rs. 1,50,000 (excluding VAT). His expenses are salary and wages = Rs. 25,000, Rent – Rs. 5,000, Depreciation – Rs. 5,000, Profit – Rs. 10,000. His selling price 1,95,000 The VAT rate is 10% (sales tax rate). Calculate VAT by different methods.



9. XYZ Ltd. has received a contract from M and Co. for supply of a machine. The other details are :

Price of machinery (net of taxes and duties) Rs. 6,50,000

Machinery erection expenses Rs. 50,000

Packing (normally done by seller) Rs. 20,000

Design and drawing charges (net of taxes and duties) Rs. 60,000

Central sales tax 2%

Cash discount (offered in full payment is received before dispatch) 12.5%

Accessories supplied along with machine (optional) Rs. 15,000

Cost of loading machinery to truck in the factory (not charged separately)  
Rs. 10,000

M and Co. made all the payment before delivery. You are required to compute assessable value and duty payable by Machine India Ltd.

10. The following goods are manufactured and sold by Mr. Ganesh :

Items	No. of units sold	Rate per unit
A	3000	20
B	5000	20
C	200	25
D	900	40

The other information are :

- All goods are given 15% rebate
- All goods are levied with 16% BED
- Company purchases inputs of Rs. 1,50,000 and paid tax @ 12%
- Company purchased machinery of Rs. 4,50,000 and tax paid was Rs. 25,000.

Calculate net excise duty payable.