

PARUL UNIVERSITY
FACULTY OF COMMERCE
B.Com.(Hons) Summer 2018 – 19 Examination

Semester: 6

Subject Code: 16101353

Subject Name: Elements of Indirect Taxes

Date: 12/04/2019

Time: 10:30am To 01:00pm

Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**A) Multiple choice type questions. (Each of one mark)****(06)**

1. Which of the following activity is outside the scope of supply and not taxable under GST?
 - a) Services by an employee to the employer in the course of or in relation to his employment
 - b) Services of funeral
 - c) Actionable claims, other than lottery, betting and gambling.
 - d) All of the above
2. Which of the following activities is a supply of services?
 - a) Transfer of right in goods/ undivided share in goods without transfer of title in goods
 - b) Transfer of title in goods
 - c) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.
 - d) All of the above
3. _____ manages the common GST electronic portal.
 - a) ASP
 - b) GSPN
 - c) GSTC
 - d) GSTN
4. CGST/IGST on supply of the following item shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.
 - a) Petroleum Crude
 - b) High Speed Diesel
 - c) a & b
 - d) None of the Above
5. The functions of Goods and Services Network (GSTN) include:
 - a) facilitating registration
 - b) forwarding the returns to Central and State authorities
 - c) computation and settlement of IGST
 - d) All of the above
6. _____ is subject to GST as well as central excise duty.
 - a) Natural Gas
 - b) Tobacco
 - c) Real estate Sector
 - d) Diesel.

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. What is the taxable event under GST?
2. Name the Union Territories to which Union Territory Goods and Services Tax Act, 2017 applies.
3. Name the country that was first to implement GST.
4. Enumerate different types of direct and indirect taxes.
5. List the Central and State levies which have been subsumed in GST in India.
6. What do you mean by GSPs?

Q.2 Answer the following. (Each of 04 mark)**(12)**

1. Write a short Note on difference between Composite Supply and Mixed Supply.
2. Assessable value of an item imported is ` 1,00,000. Basic customs duty is 10%, integrated tax leviable under section 3(7) of the Customs Tariff Act is 12%, and social welfare surcharge is 10% on duty. Compute the amount of total customs duty and integrated tax payable.
Note: Ignore GST Compensation Cess.
3. State whether the following supplies would be treated as supply of goods or supply of services as per Schedule II of the CGST Act:
 - (a) Renting of immovable property
 - (b) Goods forming part of business assets are transferred or disposed of by/under directions of person carrying on the business, whether or not for consideration.

- (c) Transfer of right in goods without transfer of title in goods.
 (d) Transfer of title in goods under an agreement which stipulates that property shall pass at a future date.

Q.3 Answer the following. (Any Three)

(18)

1. Write a short note on “Benefits of GST”.
 2. Vipul imported certain goods in May, 20XX. An ‘into Bond’ bill of entry was presented on 14th May, 20XX and goods were cleared from the port for warehousing. Assessable value on that date was US \$ 1,00,000. The order permitting the deposit of goods in warehouse for 4 months was issued on 21st May, 20XX. Vipul deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 21st September, 20XX.

A notice was issued under section 72 of the Customs Act, 1962, demanding duty and interest. Vipul cleared the goods on 14th October, 20XX. Compute the amount of duty and interest payable by Vipul while removing the goods on the basis of the following information:

Particulars	14-05-20XX	21-09-20XX	14-10-20XX
Rate of exchange per US \$ (as notified by Central Board of Indirect taxes & Customs)	₹ 65.20	₹ 65.40	₹ 65.50
Basic customs duty	15%	10%	12%

3.

From the particulars given below, find out the assessable value of the imported goods under the Customs Act, 1962:

- | | US \$ |
|--|--------|
| (i) Cost of the machine at the factory of the exporter | 10,000 |
| (ii) Transport charges from the factory of exporter to the port for shipment | 500 |
| (iii) Handling charges paid for loading the machine in the ship | 50 |
| (iv) Buying commission paid by the importer | 50 |
| (v) Freight charges from exporting country to India | 1,000 |
| (vi) Exchange rate to be considered: 1\$ = ₹ 70 | |
| (vii) Actual insurance charges paid are not ascertainable | |

4. From the following particulars, calculate total customs duty and integrated tax payable:

- (i) Date of presentation of bill of entry: 20.6.20XX [Rate of BCD 20%; Inter-bank exchange rate: ₹ 61.60 and rate notified by CBIC ₹ 70].
 (ii) Date of arrival of aircraft in India: 30.6.20XX [Rate of BCD 10%; Inter-bank exchange rate: ₹ 61.80 and rate notified by CBIC ₹ 73.00].
 (iii) Rate of Integrated tax leviable under section 3(7) of the Customs Tariff Act: 12%. Ignore GST Compensation Cess.
 (iv) CIF value 2,000 US Dollars; Air freight 500 US Dollars, Insurance cost 100 US Dollars [Landing charges not ascertainable].
 (v) Social Welfare Surcharge 10%

Q.4 Answer the following. (Any two)

(18)

1. Explain the salient features of indirect taxes.

2. Foreign Trade International Ltd. has imported one machine from England. It has given the following particulars:

(i)	Price of machine	8,000 UK Pounds
(ii)	Freight paid (air)	2,500 UK Pounds
(iii)	Design and development charges paid in UK	500 UK Pounds
(iv)	Commission payable to local agent of exporter @ 2% of price of machine, in Indian Rupees	
(v)	Date of bill of entry	24.10.20XX (Rate BCD 10%; Exchange rate as notified by CBIC
		₹ 100 per UK Pound)
(vi)	Date of arrival of aircraft	20.10.20XX (Rate of BCD 20%; Exchange rate as notified by CBIC
		₹ 98 per UK Pound)
(vii)	Integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975 is 12%	
(viii)	Insurance charges have been actually paid but details are not available.	

Compute the total customs duty and integrated tax payable by Foreign Trade International Ltd.

3. Mr. Backpack imported second-hand goods from a UK supplier by air, which was contracted on CIF basis. However, there were changes in prices in the international market between the date of contract and actual importation. As a result of several negotiations, the parties agreed for a negotiated price payable as follows:

Particulars	Contract Price (£)	Changed Price (£)	Negotiated Price (£)
CIF Value	5000	5800	5500
Air Freight	300	600	500
Insurance	500	650	600
Particulars			Amount
Vendor inspection charges (inspection carried out by foreign supplier on his own, not required under contract or for making the goods ready for shipment)			₹ 600
Commission payable to local agent @ 1% of FOB in local currency			
Date of bill of entry	Basic customs duty	Exchange rate in ₹ (notified by CBIC)	
18.02.20XX	10%	102	
Date of arrival of aircraft	Basic custom duty	Exchange rate in ₹ (notified by CBIC)	
15.02.20XX	15%	98	

Inter-bank rate 1 UK Pound = ₹ 106

Compute the assessable value and calculate basic customs duty payable by Mr. Backpack.