

V Semester B.Com. Examination, November/December 2016  
 (CBCS Semester Scheme) (Fresh)  
 (2016 – 17 & Onwards)  
 Commerce

5.6 : Elective Paper – II : BUSINESS TAXATION – I

Time : 3 Hours

Max. Marks : 70

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

SECTION – A

Answer **any 5** of the following questions. **Each** question carries **2** marks. **(5×2=10)**

1. a) Define 'Sale' under CST Act.
- b) Distinguish between Interstate and Intrastate sale.
- c) Define 'Goods' under Customs Act.
- d) What do you mean by customs duty ?
- e) What is the meaning of Retail sale price ?
- f) Expand CETA and CTA.
- g) What is VAT ?

SECTION – B

Answer **any 3** of the following questions. **Each** question carries **6** marks. **(3×6=18)**

2. Determine the taxable turn-over and CST payable from the following data when a sale is effected from Bengaluru to Chennai.
  - a) Gross Turn-over Rs. 12,00,000.
  - b) Exports to USA Rs. 4,00,000.
  - c) Freight (shown separately) Rs. 40,000.
  - d) Cash discount Rs. 20,000.
  - e) Installation charges (shown separately) Rs. 30,000.
  - f) Goods returned within 6 months Rs. 20,000.
  - g) CST is 2 % included in Gross Turn Over.
  - h) Trade discount is Rs. 80,000.

P.T.O.



3. From the following information calculate assessable value under Customs Act.

CIF of Machine Imported = \$ 25,000

Air freight paid = \$ 9,500

Insurance paid = \$ 350

Exchange rate announced by

RBI 1 US \$ = 59.5

CBE & C 1 US \$ = 60

4. ABC Ltd. Manufactures 2 product 'X' and 'Y' being specified under Section 4A of the Central Excise Act. The sale price are Rs. 50 and Rs. 45 per unit respectively. The above includes 12.5 % Excise duty and 2 % of CST for product 'X' 30 % abatement is allowed under Section 4A.

10,000 units of each product were removed from factory for sale purpose.

You are required to compute Excise duty liability.

5. Briefly explain the various variants of VAT.

6. 'X' Ltd. has supplied machines to M/s 'A' & Co. Ltd. with the following details, determine the total amount of Central Excise Duty payable.

a) Price of machines excluding taxes and duties Rs. 8,50,000

b) Installation and Erection Expenses Rs. 30,000

c) Packing charges Rs. 12,500

d) Design and Engineering charges Rs. 4,000

e) Cost of material supplied free of charge by buyer Rs. 10,000

f) Pre-delivery Inspection charges Rs. 1,000

**Other information :**

1) Cash discount at 2 % on price of machinery.

2) Bought out accessories worth Rs. 8,000 were supplied with machine.

3) The rate of Central Excise Duty is 12.5 %.

**SECTION - C**

Answer **any 3** of the following questions. **Each** question carries 14 marks. (3×14=42)

7. The following information is available from the records of Aditya Pvt. Ltd. Gujarat.

a) During 2015 - 16, gross Inter-State sales made is Rs. 75,20,000. The CST is not shown separately.

b) The company sells machinery. If it is sold in Gujarat State, sales tax rate is 10 %.



c) Information regarding sales with and without 'C' form is as follows :

Particulars	Inter-State sales with 'C' form	Inter-State sales without 'C' form
Gross sales	45,20,000	30,00,000
It includes Excise duty	10,12,000	7,15,000
Freight (not-shown separately)	60,000	72,000
Freight (shown separately)	1,10,000	50,000
Packing charges	25,000	26,000
Cost of Installation (shown separately)	1,50,000	1,30,000
Insurance charges to cover risk of seller	15,000	25,000
Insurance charges to cover risk of buyer	25,000	1,00,000

The following items have not been deducted to calculate gross sales turn-over.

	with 'C' form	without 'C' form
1) Trade discount given by way of credit note on 31-3-2015	30,000	27,000
2) Goods returned within 6 months	4,00,000	2,00,000
3) Incentives bonus for additional sales	51,000	35,000

Ascertain sales turn-over and CST payable for invoice no. - 008533.

8. Compute customs duty payable from the following data.

- Machinery Imported by air from USA - US \$ 10,000
- Accessories compulsorily supplied - \$ 2,000 with machine
- Air Freight - \$ 3,000
- Insurance - \$ 500
- Local agents commission - Rs. 5,000
- Exchange rate 1 US \$ = Rs. 60
- Customs duty on machine = 10 % advalorem
- Customs duty on accessories = 20 % advalorem
- Additional duty on customs is 12 %, but effective rate by notification is 8 %
- Additional duty of customs u/s 3 (5) of Customs Tariff Act 1975 is 4 %
- Education cess and SHEC = 2 % and 1 %.



9. Machine India Ltd. has received a contract from M/s M. & Co. for supply of a machine the various details are :

	Rs.
Price of machinery (net of taxes and duties)	6,45,000
Machinery Erection Expenses	45,000
Packing (normally done by seller)	20,000
Design and drawing charges relating to manufacture of machine (net of taxes and duties)	60,000
Central Sales Tax	2 %
Cash discount (offered if full payment is received before despatch)	12.5 %
Accessories supplied along with machine (optional)	15,000
Cost of loading machinery to truck in the factory (not charged separately)	10,000

M/s M. & Co. made all payments before delivery. You are required to compute Assessable value and duty payable by Machine India Ltd.

10. Mr. Ramesh is a registered dealer & gives the following information. You are required to compute the net tax liability and total sales under VAT.

- a) Ramesh sells his products to dealers in his State and other States.
- b) The profit margin is 15 % of cost of production and VAT rate is 12.5 % on sales.
- c) Intra - State purchases of raw materials is Rs. 5,50,000 (Excluding VAT at 4 %).
- d) Purchases of raw materials from an un-registered dealer is 1,80,000 (Including VAT at 12.5 %).
- e) High seas purchases of raw-materials are Rs. 3,50,000 (Excluding customs duty at 10 %, 35,000).
- f) Purchase of raw-material from other States (Excluding CST at 2 %) is 1,50,000.
- g) Transportation charges, wages and other manufacturing expenses excluding tax is 1,75,000.

11. Madan and Co. purchases goods from XYZ co. for Rs. 3,00,000 (Excluding VAT). His expenses are :

Salary and Wages – Rs. 50,000, Rent Rs. 10,000, Depreciation – Rs. 10,000, Profit – Rs. 20,000.

His selling price is Rs. 3,90,000

The VAT rate is 10 % (sales tax rate). Calculate VAT by different methods.