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SN – 491

V Semester B.Com. Examination, November/December 2017  
(CBCS) (Repeaters) (2016-17 Only)

COMMERCE

5.6 : Elective Paper – II : Business Taxation – I

Time : 3 Hours

Max. Marks : 70

**Instructions :** 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 business u/s 2(aa) of CST Act.
- b) State any 2 features of CST Act.
- c) What do you mean by custom duty ?
- d) Who is a manufacturer under Central Excise Act ?
- e) Mention different methods of computation of VAT.
- f) What is central excise duty ?
- g) What are tax free sales under CST Act ?

SECTION – B

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

2. State any 6 differences between Inter State Sale and Intra State Sale.
3. Determine the taxable turnover and CST payable from the following data when a sale is effected from Tumkur to Patna
  - a) Gross turnover Rs. 6,00,000
  - b) Exports to Africa Rs. 2,00,000
  - c) Cash discount Rs. 10,000
  - d) Trade discount Rs. 30,000
  - e) Freight charges (shown separately) Rs. 20,000
  - f) Installation charges (shown separately) Rs. 15,000
  - g) Goods returned within 3 months Rs. 10,000
  - h) CST is 4% included in gross turnover.

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4. XYZ Ltd. imported goods from America at a cost of American Dollars 20000 FOB. The other details are as follows :
- Sea freight charges 5500 Dollars
  - Insurance charges 2100 Dollars
  - Commission to local agent Rs. 6,100
  - Packing charges 4000 Dollars
  - Design and development charges of 5100 Dollars were paid in America
  - Rate of exchange notified by CBE and C Rs. 62 = 1 Dollar.
- Compute assessable value of the imported goods.

5. ABC Ltd. has supplied machines to Aishwarya Ltd. with the following details, determine the total amount of Central Excise Duty payable.
- Price of machines excluding taxes and duties Rs. 10,50,000
  - Packing charges Rs. 14,000
  - Design and Engineering charges Rs. 6,000
  - Installation and Erection charges Rs. 38,000
  - Cost of materials supplied free of charge by buyer Rs. 15,000
  - Pre-delivery inspection charges Rs. 1,000

**Other information :**

- Trade discount and cash discount at 12% on price of machinery
  - Bought out accessories worth Rs. 10,000 were supplied with machine.
  - The rate of central Excise Duty is 12.5%.
6. Dileep purchases raw materials for Rs. 2,00,000 (excluding VAT of Rs. 8,000) and incurred the following manufacturing and trading expenses :
- Direct and indirect manufacturing expenses excluding depreciation Rs. 1,00,000
  - Depreciation on assets Rs. 20,000
  - Trading expenses Rs. 15,000
  - Rent and interest Rs. 33,000
  - Profit Rs. 18,000
- VAT payable = 4% on sales. Calculate the VAT payable under addition method.

**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 Chandana Pvt. Ltd. Karnataka.
- During 2016-17, gross Inter-state sales made is Rs. 35,00,000. The CST is not shown separately.
  - The company sells machinery. If it is sold in Karnataka state, sales tax rate is 15%.



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	20,00,000	15,00,000
It includes excise duty	4,80,000	2,20,000
Freight (not-shown separately)	30,000	42,000
Freight (shown separately)	90,000	30,000
Packing charges	18,000	21,000
Cost of installation (shown separately)	90,000	80,000
Insurance charges to cover risk of seller	12,000	18,000
Insurance charges to cover risk of buyer	20,000	50,000

The following items have not been deducted to calculate gross sales turnover.

	With 'C' form	Without 'C' form
1) Trade discount given	20,000	17,000
2) Goods returned within 6 months	1,80,000	1,20,000
3) Incentives bonus for additional sales	31,000	27,000

Ascertain sales turnover and CST payable for Invoice No. 009236.

8. The following goods are manufactured and sold by Mr. Umesh.

Items	No. of units sold	Rate per unit
P	1500	18
Q	3000	23
R	200	38
S	350	28

The other information are

- All goods are given 18% rebate.
- Company purchased inputs of Rs. 90,000 and paid tax @ 11%.
- All goods are levied with 15% BED.
- Umesh purchased machinery of Rs. 2,00,000 on which tax paid was Rs. 10,000.

Calculate net excise duty payable.

9. From the following information compute taxable turnover of a dealer of Mysore under VAT.

Rate of VAT is	12.5%
Gross turnover	13,00,000
Sale of students note books in Karnataka	20,000
Sale in course of exports	5,00,000



Sale of shares and debentures	1,00,000
Goods returned within 3 months	25,000
Sale in A.P.	40,000
Trade discount	30,000
Cash discount	10,000
Sale against 'C' form	80,000
Sale in Kerala	5,000

10. A company imported a machine from U.K. of CIF price is 6000 pounds. From the following information determine the assessable value and customs duty payable.
- Freight charges from U.K. to Indian Airport 600 pounds
  - Insurance 100 pounds
  - Design and development charges paid to consultancy firm in U.K. 1200 pounds
  - The company also spent an amount of Rs. 12,000 in India for Installation of Machine
  - Exchange Rate as notified by (BE and C) is Rs. 72 = 1 pound
  - BCD payable is 13%
  - Special CVD 4%
  - Education cess 3%
  - CVD payable 10%.
11. Mr. Mahesh is a registered dealer and gives the following information. You are required to compute the net tax liability and total sales under VAT.
- Mr. Mahesh sells his goods to dealers of his state and other states.
  - The profit margin is 18% of cost of production and VAT rate is 12.5% on sales.
  - Intra state purchase of raw materials is Rs. 10,00,000 (Excluding VAT at 4%).
  - Purchase of raw materials from an un-registered dealer is 2,60,000 (including VAT at 12.5%).
  - High seas purchases of raw-materials are Rs. 7,00,000 (Excluding custom duties at 10% 70,000).
  - Purchase of raw-materials from other states (excluding CST at 2%) is 3,00,000.
  - Transportation charges, wages and other manufacturing expenses excluding tax is 2,90,000.
  - Interest paid on Bank loan Rs. 80,000.