



P.G.D.I.T. Examination, 2011
INDIRECT TAXES : STRUCTURE AND PROCEDURE
(Paper – IV)

Time : 3 Hours

Max. Marks : 100

Instructions : I) Q. 6 and Q. 7 are **compulsory**.
II) Attempt **any three** questions from Q. 1 to Q. 5.
III) Figures to the **right** indicate **full** marks.

1. Explain the provisions regarding the payment of duty of excise under Central Excise Rules, 2002. 20
2. Explain the provisions of the Finance Act, 1994 relating to registration with reference to Service Tax. 20
3. A) Explain the term 'Sale' under the Central Sales Tax Act, 1956. State the main elements of sales. 10
B) State the transactions that are not taxable under Central Sales Tax Act, 1956. 10
4. Explain the term 'set-off' under the VAT scheme, illustrate the procedure of computation of set off. 20
5. Write short notes on : 20
 - a) Excise Control Code (ECC)
 - b) Stock Broker's Services – scope with specific exemptions
 - c) Sales during import and export under the CST Act.
 - d) Merits of VAT scheme.
6. A) Having regards to provisions of Section 4 of Central Excise Act, 1944, compute the assessable value of excisable goods, for levy of excise duty from the given information

	Rs.
Cum-duty wholesale price (Including Sales tax of Rs. 3,000)	16,000
Normal secondary packing cost	10,000
Cost of special secondary packing	2,000
Cost of durable and returnable packing	1,000

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Freight	750
Insurance on Freight	300
Trade discount (as normal practice)	900
Rate of central excise duty as per CE Tariff (Plus Education cesses as applicable)	14%

State the reasons for the admissibility or otherwise of the deductions. **15**

6. B) Clean Mineral Water Ltd., Pune had marked different sales prices on its mineral water bottles for the sales in different states. The following Maximum Retail Prices (MRP) are printed on the package of the bottle

MRP in Punjab	: Rs. 14
MRP in Assam	: Rs. 15
MRP in Maharashtra	: Rs. 12
MRP in other places	: Rs. 13

What is assessable value and amt of duty liability if the rate duty is 14% plus education cesses as applicable for the sale of 15,000 bottles in the state of Andhra Pradesh. Notified abatement for the product is 40.5% as allowed by the Central Government.

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OR

6. A) Determine the cost of production on the manufacture of the under-mentioned product for the purpose of captive consumption in terms of Rule 8 of the Central Excise Valuation Rules 2000

	Rs.
Direct materials	11648
Direct wages and salaries	8,400
Works overheads	6,200
Quality control costs	3,500
Research and development costs	2,400
Administrative overheads	4,100
Selling and distribution costs	1,600
Realisable value of scrap	1,200

The administrative overheads are in the relation to production activities. Material cost includes Excise Duty paid Rs. 1648 (including educational cesses).

Also, give reasons for your answer. **10**



6. B) A manufacturer has to supply a machinery on the following terms and conditions :
- 1) Price of machinery – Rs. 6,80,000 (Net of taxes and duties)
 - 2) Machinery erection exp.– Rs. 52,000
 - 3) Packing (Normally done by him for all machineries) – Rs. 8,000
 - 4) Design and drawing charges relating to manufacture of machinery – Rs. 60,000 (Net taxes and duties)
 - 5) Central sales tax – 3%
 - 6) Central Excise duty – 14% (Plus education cesses as applicable)
 - 7) Cash discount of Rs. 10,000 will be offered, if full payment is received before dispatch of machinery.
 - 8) The machine will be supplied along with brought out accessories (being essential for functioning of machinery) Rs. 17,000

You are informed that :

- a) The buyer made all payment before delivery.
- b) The manufacturer incurred cost of Rs. 2,400 on loading the machinery in the truck in his factory. These are not charged separately to buyer and are not included in the price charged.

Compute the assessable value and the amount of duty payable.

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7. A) How would you arrive at taxable turnover and tax liability under Central Sales Tax Act, 1956 from the following particulars ?

- 1) Aggregate turnover as per accounts Rs. 10,00,000 (inclusive of CST). It includes the following :
 - a) Rs. 50,000 being trade discount allowed to wholesale dealers in terms of agreement.
 - b) Rs. 20,000 being quantity discount allowed to buyers on the basis of 'off take' in a specified period.
 - c) Rs. 70,000 being excise duty paid on goods but recovered from customers by charging the same in invoices.



2) Details of sales returns not included in the gross sale :

I) Goods worth Rs. 25,000 received back after the expiry of 6 months from the date sales as the customer rejected the goods not found in accordance with the order.

II) Goods worth Rs. 40,000 returned by the buyer after six months because of inability to pay the price. (state VAT applicable @ 12.5%)

All these figures of sales returns are net after the sales tax.

3) A sum of Rs. 75,000 has been recovered from the customers towards Freight which has been separately charged in invoices. The amount of Freight is not included in the gross sales.

4) Buyer issued 'C' forms for all purchases.

Your are also requested to give reasons for your answer.

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7. B) M/s Dipak Shah, a dealer purchased 21,000 kgs of input @ Rs. 50 per kg, on which VAT paid @ 4% was Rs. 42,000. He manufactured 20,000 kgs of finished goods from the inputs. 1000 kgs was the process loss. The finished goods were sold at a uniform price of Rs. 100 per kg as follows :

I) Goods sold with in the state of Maharashtra – 8000 kgs

ii) Goods in inter-state sale against 'C' forms – 5000 kgs

III) Goods were exported – 4000 kgs

IV) Goods sold to unregistered dealers – 3000 kgs outside the state of Maharashtra.

There was no opening or closing stock of inputs, WIP or finished goods. The M. VAT rate on the finished goods of the dealer is 12.5%. Calculate total tax liability of the dealer and VAT credit available to him and also tax required to be paid in cash.

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B/I/11/150



[3995] – 101

P.G.D.I.T. Examination, 2011
FINANCIAL ACCOUNTING
(Paper – I)

Time: 3 Hours

Max. Marks: 100

- Instructions :* 1) Question No. 7 is **compulsory**. Out of the remaining attempt **any four** questions.
2) **All** questions carry **equal** marks.
3) Figures to the **right** indicate **full** marks.

1. Define Book-keeping. Explain the objectives of book-keeping. **20**
2. a) What is Depreciation Accounting ? Explain the important causes of depreciation.
- b) What is 'Fixed Instalment method' of providing depreciation ? Explain its merits and demerits. **20**
3. What is the difference between Receipts and Payments Account and Income and Expenditure account ? **20**
4. Write short notes (**any four**) :
- a) Accounting principles
- b) Advantages of double entry system.
- c) Subsidiary Books
- d) Errors of commission
- e) Types of Cash Book. **20**

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5. On 31st March, 2010 the bank balance as per Mr. Gupta's Cash book was Rs. 17,280 debit. On comparing the Cash Book with the Pass Book, following differences were found.
- i) Cheques for Rs. 8,400 sent for collection have not been cleared by the bank so far.
 - ii) Cheques issued but not yet presented for payment Rs. 5,600.
 - iii) There is a debit of Rs. 80 in the Pass book for Bank charges, but not recorded in the Cash book.
 - iv) Bank has credited Rs. 240 for interest in the Pass Book but these are also not recorded in the Cash Book.
 - v) A customer deposited Rs. 2,000 direct in the Bank but these were recorded only in Pass Book.
 - vi) According to standing orders of Mr. Gupta, the Bank has made the following payments by debiting his account
 - a) Club Fees Rs. 500
 - b) Life Insurance Premium Rs. 2,500.

These were not recorded in cash book

Prepare a Bank Reconciliation statement as on 31st March 2010. **20**

6. A and B are partners sharing profits and losses in the ratio of 3:2. Their Balance sheet as on 31st March, 2010 is as follows :

Balance Sheet as on 31-3-2010

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	15,000	Cash in Hand	250
General Reserve	10,000	Sundry Debtors	22,250
Capital Accounts		Stock	8,500
A	36,000	Investments	12,000
B	<u>24,000</u>	Plant	30,000
		Building	12,000
	85,000		85,000



They decided to admit C in the partnership on 1st April 2010, on the following terms :

- i) C should bring Rs. 20,000 as her capital for $\frac{1}{5}$ th share in future profits.
- ii) Value of goodwill of the firm is to be fixed at two years purchase of the average profits for the last three years. The profits were :

Year	Profit (Rs.)
2007-08	16,000
2008-09	27,000
2009-10	24,500

C is unable to bring the value of goodwill in cash. It is decided to raise the goodwill Account in the books.

- iii) Reserve for doubtful debts is to be created at Rs. 500.
- iv) Stock is valued at Rs. 7,500.
- v) Plant and building is to be depreciated by 5%.

Prepare Revaluation Account, Partners Capital Accounts and Balance sheet of new firm.

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7. From the following Trial Balance of Mr. Anil Prepare Trading and Profit and Loss Account for the year ended 31st March, 2010 and Balance sheet as on that date.

Trial Balance as on 31st March, 2010

Particulars	Debit (Rs.)	Credit (Rs.)
Stock on 1-4-2009	1,20,000	
Salaries	4,000	
Wages	8,000	
Freight on Purchases	5,000	
Purchases	1,20,000	
Bills Receivable	1,200	



Rent	7,500	
Sales		2,53,000
Bills Payable		1,000
Sundry Creditors		32,600
Return outward		1,500
Plant and Machinery	20,000	
Travelling Expenses	5,300	
Repairs	1,600	
Cash at Bank	2,000	
Buildings	50,000	
Return Inward	1,000	
Sundry Debtors	35,000	
Office Expenses	5,000	
Drawings	6,500	
Capital		1,00,000
Loan from Bank		54,000
Furniture	50,000	
	4,42,100	4,42,100

Adjustments :

- i) Closing stock Rs. 35,000
- ii) Depreciate plant and machinery at 5% and Buildings at $2\frac{1}{2}\%$.
- iii) Outstanding expenses-wages Rs. 1,000 and Salaries Rs. 500.
- iv) Prepaid Rent is Rs. 500
- v) Of the sundry debtors Rs. 1,000 are bad and should be written off. The Reserve for doubtful debts is to be maintained at 5% on sundry debtors.

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P.G.D.I.T. Examination, 2011
Paper – II : DIRECT TAXES – STRUCTURE AND PROCEDURE

Time : 3 Hours

Max. Marks : 100

Instructions : 1) *Question No. 7 is compulsory.*
2) *Attempt any four from the remaining.*
3) *All questions carry equal marks.*

1. Explain the structure of Taxation in India.
2. Explain the Term Total Income under Income Tax Act 1961.
3. Write short notes :
 - a) Capital Expenditure
 - b) Person
 - c) Non Resident
 - d) Assessment year.
4. Explain in detail Agricultural Income under Income Tax Act, 1961.
5. Explain the procedure of Registration under Professional Tax Act 1975.
6. a) Give Income Tax Authorities in India.
b) Due dates of filing of Return of Income.
7. Compute the Net Wealth of Mr. Sanjay as on 31/3/2011.
 - 1) Self occupied residential house ₹ 3,00,000
 - 2) Let out residential house (more than 300 days) ₹ 5,00,000
 - 3) Car ₹ 40,00,000
 - 4) Cash in hand ₹ 70,350
 - 5) Cash at Banks ₹ 8,000
 - 6) Equity shares in Co. ₹ 2,00,000
 - 7) Fixed deposits with Banks ₹ 1,00,000
 - 8) National saving certificates ₹ 50,000
 - 9) Loan taken for car ₹ 5,00,000
 - 10) Loan taken for security of house for purchase of N.S.C. ₹ 50,000State clearly the treatment of each of the above items.

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P.G. Diploma in Taxation Examination, 2011
Paper – III : DIRECT TAXES : STRUCTURE AND PROCEDURE

Time : 3 Hours

Max. Marks :100

- Instructions :*
- 1) *Q. 7 is compulsory.*
 - 2) *Solve **any four** questions from 1 to 6.*
 - 3) *All questions carry **equal** marks.*

1. Explain the various Allowances, which are fully and partly exempt under Income-Tax Act 1961.
2. Write short notes (**any four**) :
 - a) Deemed to be let out house property.
 - b) Previous and Assessment year.
 - c) Capital gain.
 - d) Agricultural Income.
 - e) Residential status of an assessee.
 - f) Cost of Improvement.
3. Mr. A, an accountant of X Ltd. has provided you the following details of his income during the year 2010-11.

Basic salary	2,40,000
D.A. 50 % of Basic salary	—
HRA	12,000
Helper allowance (Actual Exps. Rs. 10,000)	12,000
Education allowance	6,000
Free gas and electricity	2,400
Free telephone at residence	9,000
Leave travel concession (No journey undertaken)	6,400
Contribution to RPF by the employer	24,000

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Mr. A has two daughters and one son, studying in school. Mr. A is staying in rented house by paying rent Rs. 2,500 p.m.

You are required to compute taxable income from salary for the A.Y. 2011-12.

4. Mr. Ram has occupied two houses for his residential purposes. From the following particulars determine the income from house property for the A.Y. 2011-12.

	House – A	House – B
Municipal Valuation	1,20,000	60,000
Fair Rent	1,70,000	64,000
Standard Rent	1,30,000	72,000
Municipal tax paid	10 %	10 %
Fire insurance	4,000	4,000
Annual charges	6,000	6,000
Interest on loan for construction of house (Construction completed)	1,41,600 (June - 08)	7,000 (May - 09)

5. Shri Patil furnished the following information relevant for the year 2010-11. Compute the taxable income for A.Y. 2011-12.

Profit and Loss A/c

Expenses	Rs.	Incomes	Rs.
To Salaries	24,000	By Gross profit	1,80,600
To Gen. Expenses	6,500	By Bad debts recovered	2,000
To Int. on capital	8,600	By Int. on debentures	1,500
To Bad debts	1,000	By Dividend	6,500
To R.d.d.	4,000		
To Int. on Loan	7,000		
To Income tax provision	5,000		
To donation	2,500		
To Motor car expenses	5,000		
To Depreciation provision	6,000		
To Net profit	1,21,000		
	1,90,600		1,90,600



Additional information :

- 1) Depreciation allowable Rs. 4,000.
 - 2) Motor car used for private purpose.
 - 3) General expenses include Rs. 500 for travelling at Nasik for personal work.
6. Mr. C sold gold ornaments on 16-7-2010 for a sum of Rs. 10,00,000. This gold was purchased in 1978 for Rs. 60,000 by his father. The fair market value of the gold as on 1-4-1981 was Rs. 1,00,000. He spent Rs. 2,00,000 till 31-7-2011 (the due date for filing of the return) on construction of house property and deposited Rs. 5,00,000 on 31-7-2011 under capital gain scheme and further sum of Rs. 1,50,000 on 31-8-2011. He withdraw from the capital gain scheme a sum of Rs. 4,00,000 for construction of the house property till the stipulated time. (Cost inflation index are : 2007-08 - 551, 2008-09 - 632, 2010-11 - 711) Compute the capital gain chargeable to tax on this transaction for A.Y. 2011-12.
7. From the following information of Mr. D, compute his taxable income and tax liability for A.Y. 2011-12.
- a) He is in service in ABC Ltd. at Mumbai and his monthly salary is Rs. 30,000. He received bonus Rs. 42,000. He paid P.tax Rs. 2,500.
 - b) He has his own business and the net income of that business is Rs. 1,17,500.
 - c) He has been given one of his house on rental basis at Rs. 2,000 p.m. Municipal value at the same house is Rs. 30,000. He paid Municipal tax Rs. 3,000/-, Ground rent Rs. 1,000/- and insurance premium Rs. 500/- on this house.
 - d) His investment are as follows :
 - i) Rs. 15,000 in 10 % debentures.
 - ii) Bank deposit Rs. 20,000 at 12 % rate of interest.
 - e) During the previous year he made the following investment :
 - i) Contribution to RPF Rs. 13,200
 - ii) Payment of the LIP Rs. 5,100
 - iii) Contribution U.L.I.P. Rs. 2,000
 - iv) N.S.C. Rs. 4,000.
 - f) He paid Income tax Rs. 40,000.