

**PAPER – 14**

**Indirect & Direct Tax Management**

**TEST PAPER – III/14/TXM/2008/T-1**

Time Allowed: 3hrs

Full Marks: 100

**Part A  
Direct Tax Management**

**Answer All Questions**

1. Mr. K. purchased 2000 shares of A Ltd. on 01.07.2006 @Rs.120.00 per share. He incurred 5% brokerage in this connection. He sells the shares @Rs.200.00 per share and pays brokerage @4%.

Compute Capital Gain in the following cases

- (i) Date of sale is 01.07.2007
- (ii) Date of sale is 02.07.2007

Which date of sale is preferable to Mr. K.

(10)

2. From the following data, you are required to work out total income chargeable to tax and ascertain tax thereon.

Assessment Year – 2008-09

	Rs.
Business Loss	(-) 50,00,000
Property Income	45,00,000
Income from other sources	1,00,000
Capital gain	
Short term	3,00,000
Long term	10,00,000

(10)

3. a) Detail the implications of 'Demerger' with reference to Income Tax.

b) State the factors to be considered in taking a management decision relating to owning or leasing fixed assets.

8+7 = (15)

4. a) Whether the following expenses incurred during the year 2007 – 08 are liable to FBT. If so, determine the amount which FBT would be charged.

A Five Star hotel in Delhi, run by A Ltd., a foreign company, incurred the following expenses on

(i)	Purchased Musical Instruments	2,00,000
(ii)	TV sets / Coffee Machines / Fridges to entertain guests	3,00,000
(iii)	Food, Beverages and drink	2,00,000
(iv)	Cost of lighting / decoration	1,00,000
(v)	Honorarium paid to TV stars/ Singers to entertain customer / guest	5,00,000
(vi)	Gifts / Prizes to best dancing couples to attract More and more participation	1,00,000
(vii)	Ad films	1,00,000

b) Write a short note on “Tax Implications on International Joint Venture”.

(15)

### **Part – B Indirect Tax Management**

**Answer All Questions:**

1. Software is ‘goods’, but unbranded Software is Service” – Comment

(10)

2. 1500 pieces of a product ‘K’ were manufactured during the financial year. Its list price (ie, retail price) is Rs.250 per piece, exclusive of taxes. The manufacturer offers 20% discount to wholesalers on the list price. During the year, 840 pieces were sold in wholesale, 510 pieces were sold in retail, 35 pieces were distributed as free samples. Balance quantity of 115 pieces was in stock at the end of the year. The rate of duty is 16% plus education cess and SAH education cess as applicable. What is the total duty paid during the financial year? Assume that the manufacture is not eligible for SSI concession.

(10)

3. An assessee cleared various manufactured final products during June 2007. The duty payable for June 2007 on his final product was as follows:-

Basic – Rs.2,00,000  
Education Cess – As applicable

During this month he received various inputs on which total duty paid by suppliers of inputs was as follows

Basic duty	Rs.50,000
Education Cess	Rs. 1,000
SAH Education Cess	Rs. 500

Excise duty paid on Capital goods received during the month was as follows:-

Basic duty	Rs.12,000.00
Education Cess	Rs. 240.00
SAH Education Cess	Rs. 120.00

Service Tax paid on input services was as follows

Basic duty	Rs.10,000.00
Education Cess	Rs. 200.00
SAH Education Cess	Rs. 100.00

How much duty the assessee will be required to pay by G A R -7 Challan for the month of June 2007, if assessee had no opening balance in his P/L A/C? What is last date for payment?

(15)

4. a) List the 'Capital goods' which are eligible for purpose of availment of Cenvat Credit.
- b) Explain restriction on availing depreciation in respect of capital goods on which cenvat credit has been availed.
- c) Explain briefly the procedure for fixing anti-dumping duty on a product.

(15)