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B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017

Fourth Semester

Value Added Tax—CONCEPTS AND PRACTISES

(For the Optional Stream Finance and Taxation of Model I and Model II and UGC
Sponsored B.Com Taxation)

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Part A

Answer all questions.

Each question carries 1 mark.

1. What is reverse tax ?
2. What is RNR ?
3. What is audit visit ?
4. What is compounding of tax ?
5. When is tax refund made ?
6. Who is a casual trader ?
7. What is audit assessment ?
8. What is e-filing ?
9. What is debit note ?
10. Can the appeal made be transferred ?

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. What do you mean by suspension of registration ?
12. How is the liability to pay tax calculated ?
13. Explain Input Tax Credit.
14. What is e-declaration ?

Turn over

15. State the provisions regarding Survey u/s 43.
16. What are the functions of settlement commission ?
17. What is relevance of certificate of ownership ?
18. What is an audit assessment ?
19. What is tax cascading ?
20. What are the advantages of VAT ?
21. What are the reasons for the rejections of returns ?
22. What are refunds ?

(8 × 2 = 16)

Part C

Answer any six questions.

Each question carries 4 mark.

23. What is taxable turn over ? What are the deductions allowable from the turnover ?
24. Explain the assessment process in case of a Defective Return ?
25. What is the mode prescribed under VAT for the disposal of the seized properties ?
26. What are the rules regarding filing of returns by the casual traders ?
27. What is presumptive tax ? Briefly explain the provisions related to presumptive tax.
28. What are the provisions in connection with the issue of permits.
29. What is input tax credit ? What are the cases where input tax credit not allowed ?
30. Discuss the evolution of VAT System in India.
31. A manufacturer printed the price of his goods as Rs. 120 per article. He allowed a discount of 30 % to the wholesaler who in his turn allowed a discount of 20 % on the printed price to the retailer. If the prescribed rate of sales tax on the goods is 10 % and the retailer sells it to the consumer at the printed price then find the value added tax paid by the wholesaler and the retailer.

(6 × 4 = 24)

Part D

Answer any two questions.

Each question carries 15 marks.

32. What are the situations in which legal representatives are assessed ? Explain the rules in this respect.
33. Mr. K, a manufacturer of taxable as well as tax-free goods, furnishes the information for the month of March :
 - (a) Sales of Product A (tax-free goods) : Rs. 50 Lakhs.
 - (b) Sales of Product B (taxable goods) : Rs. 100 Lakhs (VAT @ 12.5%).
 - (c) Purchase of Input "X" (used in manufacture of Product A only) Rs. 30 Lakhs (VAT @ 4%).
 - (d) Purchase of Input "Y" (used in manufacture of Product B only) Rs. 75 Lakhs (VAT @ 4%).
 - (e) Purchase of Input "Z" (used in manufacture of Product A and B) Rs. 15 Lakhs (VAT @ 20%).

There were no opening or closing inventory. Compute the amount of VAT payable in cash by Mr. K for the month assuming that input "Z" is used in product A and B in ratio of 1 : 2. Ignore implication under other laws.

34. What is certificate of registration? Explain the provision in Sec. 16 (2).
35. (i) X, a trader selling raw material to a manufacturer of finished products. He imports his stock in trade as well purchase the same from the local markets. Following transaction took place during the F.Y. 2009-10. Calculate VAT and invoice value charged by him to manufacture. Assume the rate of VAT @ 12.50%.
Cost of imported material (from other state) excluding tax 1,00,000 Cost of local material including VAT 2,25,000.
Other expenditure including storage, transport, interest and profit earned by him 87,500.
And
- (ii) Calculate the VAT liability for the period Jan. 1, 2017 to Jan. 31, 2017 from the following particulars :
Input worth Rs. 1,00,000 were purchased within the State. Rs. 2,00,000 worth of finished goods were sold within the State and Rs. 1,00,000 worth of goods were sold in the course of inter-state trade. VAT paid on the procurement of capital goods worth Rs. 1,00,000 during the month was at 12.5%. If the input and output tax rate in the State are 12.5% and 4% respectively and central sales tax rate is 3%, show the total tax liability under the State VAT law.

(2 × 15 = 30)