

PROGRAM : 2C00452-FYBCOM (ACCOUNTING & FINANCE) – SEM – II
COURSE : TAXATION Paper – I (Indirect Taxation)
Subject Code:76403
QP CODE :70368
MODEL ANSWERS

Q.No 1.a) Multiple choice (Any 8) one mark each

- 1) Consumer
- 2) Educational institution
- 3) leads to double taxation
- 4) local Purchases taxable under MVAT
- 5) both a And b
- 6) Schedule A
- 7) All of the above
- 8) 25000
- 9) 30 Days
- 10) Sec

Q.No. 1)b) Match the pairs(Any 7) one mark each

- 1) Direct Tax
- 2) Indirect Tax
- 3) tax paid on purchases
- 4) Returning excess tax paid by dealer
- 5) 1.5% turnover
- 6) 1% Value in agreement
- 7) Karta or an adult members
- 8) 12.5%
- 9) 20%
- 10) Exempted by central Government

Q.2) a) : Each Carry one Mark

- a) Auctioneer is a dealer because specifically included under the definition of dealer.
- b) VRL travel agencies is not a dealer because it provides service of transportation.
- c) Non-Residence Dealer because specifically included under the definition of dealer.
- d) Wilson College is not a dealer because specifically excluded from the definition of dealer.
- e) This transaction come under the categories of dealer.
- f) C.A. is not a dealer because it provides service
- g) Hospitals is not a dealer because it provides service
- h) A broker is dealer because specifically included under the definition of dealer

Q.2) b): Each carry 7 marks.

- a) Chicken is Moveable goods
- b) old Newspapers are moveable goods
- c) Mango trees is growing crops due to this comes under the categories of goods
- d) Residential flat is not a “goods” because it’s immoveable.
- e) Shares in ABC is goods
- f) patents are intangible goods
- g) Lottery tickets is not a goods

OR

Q. No.2) B) Name of Assessee : Miss Tara **(15 Marks)**

Particulars	Rs.
Output tax collected:	
Schedule E (50,00,000-10,00,000=40,00,000*12.5%)	5,00,000
Schedule C (10,00,000-2,00,000= 8,00,000*5%)	40,000
Input Tax Credit:	
Schedule C (12,00,000*5%)	(60,000)
Schedule E (32,00,000*12.5%)	(4,00,000)
VAT Payable	80,000
Less: Opening Balance of VAT Credit	(1,00,000)
Net VAT payable	(20,000)

Q.No.3)A) Name of Dealer : Mr. Samir (Importer) **(15 Marks)**

Condition : **Turnover limits for the purpose of Liability/Registration [Sec. 3(4)]**

Category of dealer	Total turnover of sales	Turnover of taxable goods purchased or sold
Importer	Rs. 1,00,000	Rs. 10,000
Others	Rs. 5,00,000	Rs. 10,000

It may be noted that while the total turnover of Rs. 1,00,000/- and Rs. 5,00,000/- is in respect of Turnover of Sales (which includes all sales whether tax free or taxable), the turnover limit of Rs. 10,000/- is in respect of taxable goods whether purchased or sold. Both the conditions have to be satisfied for the purposes of liability/registration under this category. [Sec. 3(4)]

Conclusion :-

Mr. Samir is satisfying both condition for under therefore he is liable to pay tax from the month June 2016.

OR

Q.3) B) Name of Dealer :- Mr. Suresh (Non-importer) **(15 Marks)**

Condition : **Turnover limits for the purpose of Liability/Registration [Sec. 3(4)]**

Category of dealer	Total turnover of sales	Turnover of taxable goods purchased or sold
Importer	Rs. 1,00,000	Rs. 10,000
Others	Rs. 10,00,000	Rs. 10,000

It may be noted that while the total turnover of Rs. 1,00,000/- and Rs. 10,00,000/- is in respect of Turnover of Sales (which includes all sales whether tax free or taxable), the turnover limit of Rs. 10,000/- is in respect of taxable goods whether purchased or sold. Both the conditions must be satisfied for the purposes of liability/registration under this category. [Sec. 3(4)]

Conclusion :-

Mr. Suresh is satisfying both condition for under therefore he is liable to pay tax from the month Jan 2017.

Q.4 A) Name of Assessee :- Sadashiv

(15 Marks)

Particulars	Rs.
Output Tax collected:	
Schedule B (1,00,000*1.2%)	1200
Schedule E (440000-40000=400000@12.5%)	50000
Input Tax Credit:	
Schedule E (700000-60000=640000@12.5%)	80000
VAT Payable	(28,800)
Less: Opening Balance of VAT Credit	(24000)
Net VAT Payable/Refund	52,000

OR

Q.4) B) Name Of Dealer : Mr. Shaurya

(15 Marks)

Particulars	Rs.
Output Tax Collected:	
Schedule E (25,00,000@12.5%)	312500
Input Tax Credit:	
Schedule C (39,37,500@5/105)	(187500)
Schedule E (787500@12.5/112.5)	(87500)
Schedule E (5,62,500@12.5/112/5)	(62500)
VAT Payable	25000
Less: Opening Balance (34000-25000)	(9000)
Net VAT payable	16000

Q.No.5) a)

ANS :-

(8 Marks)

Value Added Tax is the tax imposed for sales of goods in India. Each state in India has separate VAT regulation and different tax rates applicable for different products. The tax needs to be collected from consumers and deposited in a designated bank account to the state government. You then need to file VAT returns each month if you're running a private limited company and quarterly if you're running a partnership, LLP or proprietorship.

Benefits :-

1. As compared to other taxes, there is a less chance of tax evasion. VAT minimizes tax evasion due to its catch-up effect.
2. VAT is simple to administer as compared to other indirect tax.
3. VAT is transparent and has minimum burden to consumers as it is collected in small fragments at various stages of production and distribution.
4. VAT is based on value added not on total price. So, price does not increase as a result of VAT.
5. There is mass participation of taxpayers.

B)

(7 Marks)

Points	VAT	Income tax
Tax	Indirect	Direct
Act	2002	1961
Levy by	State Authority	Central Authority
Collection	State	State

Or

Q.No 5) B) Each short notes will have 5 Marks.