Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MAM - SEMESTER–III • EXAMINATION – WINTER 2013

Subject Code: 4130504 **Date: 20-12-2013**

Subject Name: Elements of Direct and Indirect Taxes

Time: 02:30pm – 05:30pm **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 (a) What are the different categories of residential status? Explain how these categories are determined and affect the tax liability of an assesses? **07**

Q.1 (b) Define following terms according to Income Tax Act, 1961 (With Section) (Any Seven) **07**

1) Previous Year	2) Business
3) Person	4) Transfer
5) Assessee	6) Previous Year
7) Assessment Year	8) Business

Q.2 (a) Explain deduction **07**

1) u/s 80 C (Saving in specified Income),
2) u/s 80 CCC(in respect of contribution to certain pension fund)
3) u/s 80 D (Payment of Medical Insurance Premium)

Q.2 (b) Explain any 7 incomes which are excluded from computation of total Income with brief explanation. **07**

OR

Q.2 (b) Mr. Krishh, a company employee has furnished following information **07**

Basic pay	Rs. 1,20,000
Commission	Rs.24,000
Bonus	Rs.10,000
Uniform Allowance	Rs.6000 (60% utilized for uniform),
Education Allowance	Rs.3,600
Transport Allowance.	Rs.12,000

Her employer has paid income tax of Rs.6000 and professional tax of Rs.2000 on her behalf. A rent free unfurnished flat is provided in a place where population is,
a) more than 4 lakhs or
b) less than 4 lakhs.
Determine the taxable value of rent free flat.

Q.3 (a) What is Service Tax? Mention any 12 services which are subject to service tax. **07**

Q.3 (b) Mr. Samir, a Chartered Accountant raises invoice for following services rendered to his clients. Compute liability of service tax @ 12.36% **07**

1. Honorarium for arranging the marriage of his client's daughter	10,000
2. Filing sales Tax Return	2,20,000
3. Preparation of Excise records	10,000
4. Audit of a Sales tax dealer under VAT	20,000
5. Tax Audit	2,80,000
6. Consultancy and filing of tax returns	20,000
7. Certification of Annual Return to be filed before a Registrar	10,000
8. Lending signature on a prospectus as an Expert	2,12,000
9. Signature on a prospectus as director of the Company	8,000
10. Working out a diversification plan for a Company	3,00,000.
11. Giving identification before a Notary attesting signature identifying a client	5,000.

OR

Q.3 (a) Answer the following in brief (1 marks each) **07**

1) Empower, a proprietorship concern, is a coaching institute to prepare students for GMAT. Whether the entity would be liable to service tax.
2) Mr. Batavia the owner of "Empower classes" a private coaching centre imparts tuitions from her home for GMAT? Whether the entity would be liable to service tax.
3) Mr. Batavia, the owner of "Empower classes" a private coaching centre imparts tuitions to the students at their homes for GMAT? Whether the entity would be liable to service tax.
4) Smart Tutorial offer postal coaching to SSC students. Whether the fee charged by them will be chargeable to service tax.
5) PLANET Ltd hires PLUTO Academy to deliver training on communication skills for its employees. Whether fee paid to Shiva Academy for their services would be chargeable to service tax?
6) LEELA, HR manager for RAM Ltd imparts training to the employees of RAM Ltd. Whether the fees paid to LEELA would be chargeable to service tax?
7) Mr. Singh Saheb is taking the tuition in his personal capacity and charges fee of only Rs. 1,00,000. Would he be liable to pay service tax? If so what should be the billed amount?

Q.3 (b) Which persons have to get themselves registered under the Service Tax Rules? What is the procedure for filing of returns? **07**

Q.4 (a) Define and explain as per the provisions of VAT. **07**
(a) Business (b) Dealer (c) goods (d) Importer (e) manufacture

Q.4	**(b)**	Explain with reasons whether the following are Sales as per the provisions of VAT Act. 1) Free Sample 2) Pledge of Goods 3) Works Contract by a contractor 4) Canteen Sale of College 5) Construction of a Bridge 6) Interior decoration consultancy by architect 7) Interior decoration by architect with supply of material 8) Transfer of goods from Head Office to OMS Branch 9) Gift of goods to a Charitable Institution 10) Fridge on installment basis returned back within 6 months 11) Selling textbooks by educational institutions 12) Sale of vacant plot of land 13) Contract for arranging Khanna's daughter's wedding 14) Sale of food and drinks by US Club to its members	**07**
		OR	
Q.4	**(a)**	i) Explain with reasons whether the following are Goods as per the provisions of the VAT Act. 1) Mango Trees 2) Equity Shares of ABC Ltd. 3) Residential Flat used for business 4) Malai Kulfi 5) SIM cards for mobile phones 6) Trademarks 7) Newspapers 8) Sale of goodwill ii) Explain with reasons whether the following are Dealers as per the provisions of VAT Act. 1) Sale of Confiscated car by IDBI Bank 2) Auctioneer 3) Machinery Sold by State Government 4) Sales of Food at concessional rates by Club to its members 5) Jewellery sold by household person 6) Sale of packaged drinking water by airline companies	**07**
Q.4	**(b)**	Define and explain as per the provisions VAT. (a) sales (b) Resale (c) purchase price (d) Service (e) Turnover of sales	**07**
Q.5	**(a)**	List out the exemptions as available to goods under Schedule A.	**07**
Q.5	**(b)**	Explain in detail the particulars in respect of the Composition Scheme if the same have to be availed of by a) Bakers b) Retailers c) Restaurants d) Second Hand Vehicle Dealers.	**07**
		OR	
Q.5	**(a)**	Explain 'incidence of tax' under the VAT Act with explanation and examples. (Sec – 3)	**07**
Q.5	**(b)**	What is set off? What are the conditions for set off? In what circumstances tax paid can be refunded?	**07**

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