

ICWAI
Objective Type questions and Answers on Indirect Tax

1. Multiple Choice Questions

- (1) Excise duty can be levied on those goods which are
 - (a) Manufactured in India
 - (b) Sold in India
 - (c) Removed from the factory
 - (d) None of the above
- (2) Dutiable goods means
 - (a) Goods are subject to Central Excise duty
 - (b) Goods which are exempted from excise duty
 - (c) Non excisable goods
 - (d) Goods not at all mentioned in the Central Excise Tariff
- (3) Place of Removal under Central Excise means
 - (a) Removing the goods from the place of distributor
 - (b) Removing the goods from the place of customs station
 - (c) Removing the goods from the place of factory
 - (d) None of the above
- (4) Non-Dutiable goods means
 - (a) Name of the product not mentioned in the Tariff Act
 - (b) Name of the product mentioned in the Tariff Act
 - (c) Name of the product mentioned in the Tariff Act with the Rate of Duty
 - (d) Name of the product mentioned in the Tariff Act with the Zero Rate
- (5) Payment of Central Excise Duty depends up on
 - (a) Removal goods from the place of removal
 - (b) Manufacture of goods in the factory
 - (c) Deemed manufacture of goods
 - (d) Removal goods for branch transfer
- (6) The excise duty on alcoholic goods manufactured by the manufacturer is payable to
 - (a) State Government
 - (b) Central Government
 - (c) Corporation
 - (d) Local authority
- (7) Which of the following duties is covered under the First Schedule of the Central Excise Tariff Act?
 - (a) Basic Excise duty
 - (b) Special Excise Duty
 - (c) Additional Excise Duty
 - (d) Education Cess
- (8) Which of the following duties is under the purview of the State Government?
 - (a) Central Excise duty
 - (b) Customs duty
 - (c) Service tax
 - (d) VAT
- (9) Which are the goods still under the physical control?
 - (a) Plastic products
 - (b) Cigarette products
 - (c) Apparel products
 - (d) Glass products
- (10) At the time of manufacture of product X attracts 14% BED. At the time of removal the rate of duty is 8%. Which is the duty attracts for the product X
 - (a) 14%
 - (b) 8%
 - (c) 11% (Average)
 - (d) Zero (Because the rate has changed)

Answer:

- (1) (a)
- (2) (a)
- (3) (c)
- (4) (d)
- (5) (a)
- (6) (a)
- (7) (a)
- (8) (d)
- (9) (b)
- (10) (b)

2. Fill in the Blanks

- (1) Central Excise duty can be levied at the time of _____
- (2) Goods at the time of manufacture, not mentioned in the Central Excise Tariff Act, can be called _____

- (3) Central Excise Tariff Act, 1985 contains _____ sections
- (4) Goods are classified under Central Excise Tariff Act based on the _____ of Nomenclature having _____ digit classification
- (5) The goods included in the _____ Schedule of Central Excise Act are same as those on which excise duty is payable under section 4A of the Act.
- (6) Goods at the time of manufacture, mentioned in the Central Excise Tariff Act, can be called _____
- (7) Goods are classified under Central Excise Tariff Act based on the _____ system
- (8) There are _____ Chapters under the Central Excise classification
- (9) Labelling and relabelling comes under _____
- (10) Service tax came into force from _____ Finance Act

Answer:

- (1) Manufacture of goods in India
- (2) Non excisable goods
- (3) 20-sections
- (4) Harmonized System Eight
- (5) Third.
- (6) Excisable goods
- (7) Harmonized System of Nomenclature
- (8) 96 chapters
- (9) Third Schedule of Central Excise
- (10) 1994

3. Say Yes or No, Give Reasons

- (1) All goods manufactured are subject to central excise duty.
- (2) All Excisable goods are dutiable goods
- (3) No duty can be levied if the goods manufactured by the manufacturer is not movable but marketable
- (4) Goods has been defined in the Central Excise Act
- (5) Manufacturer includes deemed manufacturer
- (6) There is no difference between levy and collection
- (7) Duty can also be collected even if the goods are non-excisable at the time of manufacturer, but are excisable at the time of removal of goods from the place of removal.
- (8) Duty rates are specified in the Central Excise Act, 1944
- (9) Central Excise Duty Rate is indicated against each tariff item and not against heading or sub-heading.
- (10) Manufacture includes any process incidental or ancillary to the completion of a manufactured product.
- (11) Marketability is essential to levy the central excise duty
- (12) Goods mentioned in the First Schedule or Second Schedule to the Central Excise Tariff Act, 1985 are called non-excisable goods.
- (13) Manufacturer is not defined under Central Excise Tariff Act.
- (14) Brand name owner is a manufacturer even though under contract a third party completely manufactures the product
- (15) Classification is irrelevant, since all products attract 14% duty
- (16) Circulars can be issued by the Government of India

Answer:

- (1) No. Goods manufactured in India may be excisable goods or non-excisable goods. No central excise duty, if the goods are non-excisable.
- (2) No. Excisable goods may be dutiable or non-dutiable goods.
- (3) Yes. No duty can be levied if the goods manufactured by the manufacturer is not movable but marketable as per the decision of the Supreme court of India in the case of Union of India v Delhi Cloth and General Mills Ltd.
- (4) No. The term goods has not been defined in the Central Excise Act, 1944.
- (5) Yes. Manufacturer includes deemed manufacturer
- (6) No. The term "LEVY" means imposition of tax/duty. Collection of duty is postponed to the stage of removal of goods. [Rule 4 of the Central Excise Rules, 2002]
- (7) No. Duty can not be collected if the goods are non-excisable at the time of manufacture, but are excisable at the time of removal.
- (8) No. Duty rates are specified in the Central Excise Tariff Act, 1985.
- (9) Yes. Duty Rate is indicated against each tariff item and not against heading or sub-heading.
- (10) Yes. Manufacture includes any process incidental or ancillary to the completion of a manufactured product.
- (11) Yes. Marketability is essential to levy the central excise duty.
- (12) No. Goods mentioned in the First Schedule or Second Schedule to the Central Excise Tariff Act, 1985 is called excisable goods.
- (13) No. The term manufacturer has been defined under section 2(f) in the Central Excise Act, 1944. The definition under section 2(f) is not exhaustive but inclusive.
- (14) No. Brand name owner is not a manufacturer even though under contract a third party completely manufactures the product.
- (15) No. Classification is relevant, even though all products attract 14% duty.
- (16) No. Circulars can be issued by the Central Board of Excise and Customs (CBEC).

4. Multiple Choice Questions

- (1) As per Rule 15 the Central Excise Rules, 2002, the option of paying duty is available to those manufacturers who manufacture

- (a) Aluminium circles
 (b) Plastic Products
 (c) Gold Products
 (d) Agriculture Products
- (2) Goods specified under Standards of Weights and Measures Act, 1976 as well as in the notification issued by the Government of India along with rate of abatement can be assessed under
 (a) Maximum Retail Price
 (b) Transaction Value
 (c) Retail Price
 (d) Whole Sale Price
- (3) Captively Consumed Goods means
 (a) Goods manufactured and consumed within the factory
 (b) Goods manufactured
 (c) Goods purchased and used in the factory
 (d) Goods received from branch
- (4) Interconnected undertakings means
 (a) Head office and Branch office
 (b) Holding and subsidiary companies
 (c) Group of companies
 (d) Companies under the same management
- (5) Which one of the following will come under the Specific Rate of Duty?
 (a) Cigarette product
 (b) Wood product
 (c) Plastic product
 (d) Diesel product
- (6) What percentage should be added to the cost of production in the case of captive consumption?
 (a) 15%
 (b) 10%
 (c) 0%
 (d) 20%
- (7) MRP product Assessable value will be calculated as
 (a) Transaction basis
 (b) MRP less abatement
 (c) Percentage of tariff value
 (d) None of the above
- (8) Which one of the following will form part of transaction value
 (a) Transportation charges from the place of removal to the place of buyer
 (b) Transportation charges from the place of factory to the place of branch
 (c) Transportation charges from the place of distributor to the place of buyer
 (d) Transportation charges from the place of buyer to any other place
- (9) Assessable does not include one of the following
 (a) Cost of material
 (b) Cost insurance
 (c) Cost of transportation
 (d) Interest on delayed payment
- (10) As per Rule 10 of the Central Excise Valuation Rules, the concept of interconnected undertakings means
 (a) Associate companies
 (b) Group companies
 (c) Holding and Subsidiary companies
 (d) None of the above

Answer:

- (1) (a)
 (2) (a)
 (3) (a)
 (4) (b)
 (5) (a)
 (6) (b)
 (7) (b)
 (8) (b)
 (9) (d)
 (10) (c)

5. Fill in the Blanks

- (1) Specific Duty means duty is payable based on the _____ and _____ by the assessee
 (2) Provisions under section 4A have _____ effect over section 4 of the Central Excise Act
 (3) Production 1500 units, quantity sold 510 units @ 250 per unit, 840 units @ 200 per unit, sample clearances 35 units and the balance 150 units are in stock. Hence, the assessable value is Rs. _____
 (4) Excisable goods consumed within the factory for the manufacture of final product is called _____
 (5) X Ltd (Holding Company) sold goods to Y Ltd (Subsidiary Company) at Rs. 1, 00,000. In turn Y Ltd sold goods to Z Ltd (unrelated person) at Rs. 1, 10,000, then the assessable value in the hands of X Ltd _____.
 (6) Assessable in case of captive consumption is the cost of production plus _____

- (7) The transaction value cannot be considered as assessable value if, any one or part of the conditions_____.
- (8) MRP provisions are not applicable for packaged commodities meant for_____.
- (9) Compound Levy Scheme is an_____schemes.
- (10) Dharmada Charges recovered from the buyer is form part of_____.

Answer:

- (1) Length and weight of the product
- (2) Overriding
- (3) Rs. 3, 02,500
- (4) Captive consumption
- (5) Rs. 1, 10,000
- (6) @10%
- (7) Not satisfied
- (8) Industrial or institutional consumers.
- (9) Optional
- (10) Assessable Value

6. Say Yes Or No, Give Reasons

- (1) Specific Duty means duty is payable by the assessee on excisable goods based on the value of goods.
- (2) Compound levy scheme means an optional scheme
- (3) Maximum Retail Price means not exclusive of duties and taxes
- (4) Transaction value is applicable only when conditions specified in the provisions are satisfied.
- (5) Dharmada charges collected from the buyer are not includible in the assessable value.
- (6) Excise duty and sales tax has to be included in the assessable value
- (7) There is no basis of valuation under Central Excise Law
- (8) Insurance charges from the place of depot to the place of buyer shall form part of assessable value
- (9) Captive consumption goods need not be certified by the Cost Accountant
- (10) Cash discount does not form part of assessable value.

Answer:

- (1) No. Specific Duty means duty is payable by the assessee on excisable goods based on the length and weight of the products.
- (2) Yes. Compound levy scheme means an optional scheme
- (3) Yes. Maximum Retail Price means not exclusive of duties and taxes
- (4) Yes. Transaction value is applicable only when conditions specified in the provisions are satisfied.
- (5) No. Dharmada charges collected from the buyer are includible in the assessable value.
- (6) No. Excise duty and sales tax has to be excluded in the assessable value
- (7) No. There are five basis of valuation under Central Excise Law
- (8) No. Insurance charges from the place of depot to the place of buyer shall not form part of assessable value
- (9) No. Captive consumption goods need be certified by the Cost Accountant
- (10) Yes. Cash discount does not form part of assessable value.

7. Multiple Choice Questions

- (1) ARE -1 Form should have following colors
- (a) White; Buff; Pink and Green
- (b) White; Buff; Red and Green
- (c) White; Buff; Black and Green
- (d) White; Buff; Rose and Green
- (2) CT- 1 form will be issued by the Merchant exporter to the Manufacturer for clearing the goods
- (a) Without payment of Central Excise
- (b) Avoidance of Central Excise duty
- (c) With payment of reduced rate of Central Excise Duty
- (d) With payment of full amount of Central Excise Duty.
- (3) Certificate of procurement of goods under procedure for export Warehousing can be done under the
- (a) CT-3 Form
- (b) CT-2 Form
- (c) ARE -1
- (d) Bond -1
- (4) The Letter of Undertaking is valid for a period of
- (a) 12 months from the date of acknowledgement by the department.
- (b) 15 months from the date of acknowledgement by the department
- (c) 24 months from the date of acknowledgement by the department
- (d) 6 months from the date of acknowledgement by the department
- (5) Excisable goods removed for re-warehousing and export therefrom without payment of duty by using the
- (a) B-3 Bond
- (b) B-2 Bond
- (c) B-4 Bond
- (d) B-7 Bond
- (6) Some times; if in the view of the Central Excise Department the manufacturer carries risk (namely discrepancies) the Department may ask him to submit the Bond in.
- (a) B-1 with security or surety
- (b) B-2 with security and surety
- (c) B-3 with security
- (d) B-4 with surety

- (7) CT-1 form received by the manufacturer from
 (a) Merchant exporter
 (b) EOU unit
 (c) Manufacturer
 (d) First stage dealer
- (8) The Export Oriented Units can procure indigenous material without payment of central excise duty. These units have to issue
 (a) CT -3 certificate
 (b) CT-4 certificate
 (c) CT-1 certificate
 (d) CT-2 certificate
- (9) If proper invoice for export along with the packing list and ARE -1 form in
 (a) Sixtuplicate
 (b) Duplicate
 (c) Triplicate
 (d) Quadruplicate
- (10) No rebate is allowed if the rebate amount is less than
 (a) Rs. 500
 (b) Rs. 1,000
 (c) Rs. 2,000
 (d) Rs. 4,000

Answer:

- (1) (a)
 (2) (a)
 (3) (b)
 (4) (a)
 (5) (a)
 (6) (a)
 (7) (a)
 (8) (a)
 (9) (a)
 (10) (a)

8. Fill in the Blanks

- (1) No rebate is allowed if the rebate amount is less than _____
- (2) Goods can be removed by executing a bond in case of merchant exporter with _____ or without _____
- (3) Proof of export which is issued by the customs authorities by certifying the _____
- (4) _____ certificate is required only when bond is executed by the merchant exporter.
- (5) The goods exported to _____ and _____ not eligible for rebate
- (6) An exporter who executes a bond to exempt himself from payment of excise duty will not be eligible to claim _____
- (7) Bond is executed by the Merchant Exporter he may be required to obtain a _____ from his banker for a specified amount.
- (8) _____ is called as general bond with Surety/Security for removal of goods without payment of duty
- (9) In case of security bond in the form of cash deposit no _____ can be allowed
- (10) If goods are sealed by excise officer such a sealing is called _____

Answer:

- (1) Rs. 500
 (2) with sealing or without sealing
 (3) ARE-1 Form
 (4) CT-1
 (5) Nepal and Bhutan
 (6) Rebate
 (7) Bank Guarantee
 (8) B-1 Bond
 (9) Interest
 (10) One Time Bottle Seal

9. Say Yes or No, Give Reasons

- (1) Export of goods with invoice but without the packing list can be exported
- (2) ARE -1 Form need not be prepared if the goods are exported under Bond.
- (3) Merchant exporter means a person engaged in manufacturing of goods for exporting or intending to export goods.
- (4) CT-1 forms will be issued by the superintendent of Customs to the merchant exporter on execution of bond (namely B - 1)
- (5) ARE-1 Form is to be prepared by the exporter in quadruplicate
- (6) Bonds under Central Excise are always secured
- (7) No duty is payable on exported goods. Therefore there is no need of valuation and classification
- (8) Self-sealing can be done by any person of the unit
- (9) ARE-1 form is not required to be prepared by the exporter.
- (10) Export has to be completed within 3 months from the date of removal from the factory

Answer:

- (1) No. Export of goods with invoice and with the packing list can be exported
- (2) No. ARE -1 Form need to be prepared even if the goods are exported under Bond.
- (3) No. Merchant exporter means a person engaged in purchase of excisable goods for the purpose of exporting or intending to export goods.
- (4) No. CT-1 forms will be issued by the superintendent of central excise to the merchant exporter on execution of bond (namely B-1)
- (5) No. ARE-1 form is to be prepared by the exporter in sixuplicate
- (6) No. Bonds under Central Excise may be secured or unsecured.
- (7) No. classification and valuation is required for the purpose of determining the duty draw-back or DEPB license etc.
- (8) No. Sealing of Goods for Export which may be self-sealing or under seal of Central Excise.
- (9) No. ARE-1 form is required to be prepared by the exporter.
- (10) No. Export has to be completed within 6 months from the date of removal from the factory

10. Multiple Choice Questions

- (1) The unutilized CENVAT Credit can be carried forward
 - (a) Up to 6 months
 - (b) Up to 8 years
 - (c) Without any time limit
 - (d) Up to 10 years.
- (2) Cenvat Credit on capital goods can be claimed in the year in which it is purchased
 - (a) Up to 50%
 - (b) Up to 100%
 - (c) Up to 25%
 - (d) Up to 75%
- (3) Cenvat Credit on goods other than capital goods can be utilized
 - (a) As soon as goods received into the factory
 - (b) Only after payment actually made
 - (c) Only after the goods actually sold
 - (d) As soon as manufacture takes place
- (4) Cenvat Credit is not applicable if the following goods are purchased
 - (a) Light Diesel Oil
 - (b) Steel products
 - (c) Plastic products
 - (d) Wood products
- (5) Cenvat Credit can be adjusted against
 - (a) Dutiable goods manufactured
 - (b) Non-dutiable goods manufactured
 - (c) Non-excisable goods manufactured
 - (d) All excisable goods manufactured
- (6) Which of the following items is a capital goods
 - (a) Tools, hand tools
 - (b) Raw materials
 - (c) Consumables
 - (d) Accessories
- (7) Depreciation under section 32 of the Income-tax Act, 1961 should not have been claimed
 - (a) On the cost portion of the Capital Goods
 - (b) On the excise portion of the Capital Goods.
 - (c) On the portion of other than Capital Goods
 - (d) On the portion of Factory Building
- (8) Cenvat credit can be utilized for payment of excise duty levied on any
 - (a) Final products
 - (b) Input products
 - (c) Exempted products
 - (d) Intermediary non-dutiable products
- (9) Personal Ledger Account must be prepared in
 - (a) Triplicate
 - (b) Single
 - (c) Double
 - (d) Quadruplicate
- (10) Cenvat credit on inputs other than capital goods can be allowed at
 - (a) 100%
 - (b) 50%
 - (c) 25%
 - (d) 0%
- (11) A unit availing SSI exemption can avail of CENVAT credit on capital goods but such credit can be utilized only
 - (a) if the value of capital goods exceeds Rs. 100 lakh
 - (b) after clearance of Rs. 150 lakh
 - (c) if the capital goods are exported

Answer:

- (1) (c)

- (2) (a)
- (3) (a)
- (4) (a)
- (5) (a)
- (6) (a)
- (7) (b)
- (8) (a)
- (9) (a)
- (10) (a)
- (11) (b)

11. Fill in the Blanks

- (1) Motor vehicles are not _____ goods for purpose of Manufacture
- (2) In respect of capital goods sent for job work these should be brought back within _____ days from the date of dispatch.
- (3) The Second Stage Dealer means a dealer who purchases goods from a _____
- (4) The PLA is credited when duty is deposited in bank by _____ challan
- (5) Depreciation should not be claimed by the manufacturer who avails the Cenvat credit on _____
- (6) The term _____ means raw-materials, consumables, accessories used to manufacture the finished product.
- (7) Don't maintain separate set of accounts but pay an amount equal to _____ of the value of exempted goods and forego the Cenvat credit of inputs utilized exclusively for manufacture of exempted final product.
- (8) Balance of CENVAT Credit Receivable (inputs) Account and PLA Account are shown as _____ in the Assets side of the Balance Sheet.
- (9) Due date of payment of Central Excise Duty for the month of March is _____
- (10) Input tax credit on capital goods can be _____ against the duty payable final products.

Answer:

- (1) Capital
- (2) 180 days.
- (3) First Stage Dealer
- (4) GAR-7
- (5) Capital Goods
- (6) In the manufacture
- (7) 10%
- (8) Current Assets.
- (9) 31st March
- (10) Claimed.

12. Say Yes or No, Give Reasons

- (1) Cenvat credit can be taken as soon as the inputs are dispatched by the supplier
- (2) Cenvat cannot be utilized for payment of duty on waste
- (3) Cenvat credit on capital goods is restricted to 50% of the duty in the year of the receipt
- (4) If there is no excise duty final products, cenvat credit cannot be claimed in the case of sale in DTA
- (5) When credit has been taken on input goods and the same is removed for home consumption, excise duty is not payable
- (6) In September 2008, the Government came out with the Cenvat Credit Rules, 2004 by merging the Cenvat Credit Rules, 2002 and the Service Tax Credit Rules, 2002.
- (7) The term "Capital goods" under Cenvat Rules is DIFFERENT from the term capital goods as understood in accounting or in income-tax
- (8) In the case of goods cleared for DTA for input credit to be claimed, the finished product should suffer at least Re 1 of excise duty
- (9) If a single invoice covers goods falling under different sub-heading, separate entries shall be made for each of such sub-heading
- (10) In case of inputs and capital goods Cenvat credit is available as soon as input is received in the factory.

Answer:

- (1) Yes. Cenvat credit can be taken as soon as the inputs are received by the manufacturer.
- (2) No. Cenvat can be utilized for payment of duty on waste
- (3) Yes. Cenvat credit on capital goods is restricted upto 50% of the duty in the year of the receipt and the balance in the subsequent year or years.
- (4) Yes. Cenvat credit cannot be claimed in the case of sale in DTA if the final products are non-dutiable.
- (5) No. Cenvat credit not allowed on those goods which are cleared as such for domestic tariff area.
- (6) No. In September 2004, the Government came out with the Cenvat Credit Rules, 2004 by merging the Cenvat Credit Rules, 2002 and the Service Tax Credit Rules, 2002
- (7) Yes. The term "Capital goods" under Cenvat Rules is DIFFERENT from the term capital goods as understood in accounting or in income-tax
- (8) Yes. goods cleared for DTA for input credit to be claimed, the finished product should suffer at least Re 1 of excise duty
- (9) Yes. Single invoice covers goods falling under different sub-heading, separate entries shall be made for each of such sub-heading
- (10) Yes. Input goods and capital goods Cenvat credit is available as soon as input is received in the factory.

13. Multiple Choice Questions

- (1) A manufacturer being eligible for SSI related exemptions is linked to his turnover in the previous year

- (a) Less than Rs. 400 Lakhs
 (b) Less than Rs. 150 Lakhs
 (c) Less than Rs. 90 Lakhs
 (d) Less than Rs. 350 Lakhs
- (2) SSI Exemption scheme adopted by the manufacturer he is not required to pay the central excise duty up to
 (a) Rs. 150 Lakhs on dutiable goods
 (b) Rs. 300 Lakhs on dutiable goods
 (c) Rs. 400 Lakhs on dutiable goods
 (d) Rs. 100 Lakhs on dutiable goods
- (3) Value of captive consumption goods is forming part of the Rs.400 Lakhs turnover, if the final product
 (a) Exempt in any notification
 (b) Not exempt in any notification
 (c) Exempt under Notification 8/2003
 (d) None of the above
- (4) Industries are not eligible for SSI exemption irrespective of their turnover.
 (a) Automobiles
 (b) Plastic
 (c) Paper
 (d) Electronic and Electrical
- (5) The due date for filing Quarterly return ER -3 under Central Excise is
 (a) 20th of the following month.
 (b) 10th of the following month
 (c) 5th of the following month
 (d) 15th of the following month
- (6) The due date for payment of Central Excise Duty by the SSI unit for the month of April is
 (a) 15th of the following month
 (b) 15th of October
 (c) 10th of the following month
 (d) 5th of the following month
- (7) Frequency of audit for SSI unit paying central excise duty is less than Rs. 10 Lakhs.
 (a) Once in 2 years
 (b) Once in 5 years
 (c) Once in 10 years
 (d) Every year.
- (8) Job worker is exempt from basic excise duty if the supplier of raw material had undertaken payment of excise duty under
 (a) Notification 24/86 Central Excise Law
 (b) Notification 214/86 Central Excise Law
 (c) Notification 8/2003 Central Excise Law
 (d) Notification 18/2003 Central Excise Law
- (9) Registration is not required if the turnover for small scale units
 (a) Less than Rs. 150 Lakhs
 (b) Less than Rs. 90 Lakhs
 (c) Less than Rs. 100 Lakhs
 (d) Less than Rs. 10 Lakhs
- (10) What is to be done if turnover exceeds Rs 90 lakhs but is less than Rs 150 lakhs?
 (a) Declaration to be filed
 (b) No Declaration to be filed
 (c) Declaration may be filed
 (d) Declaration must be filed after attaining Rs. 150 Lakhs

Answer:

- (1) (a)
 (2) (a)
 (3) (a) ..
 (4) (a)
 (5) (a)
 (6) (a)
 (7) (b)
 (8) (b)
 (9) (a)
 (10) (a)

14. Fill in the Blanks

- (1) SSI exemption is available only when the turnover in the previous year turnover is less than
 (2) SSI unit can clear the excisable goods upto _____ without payment of duty.
 (3) Quarterly return _____ to be filed before the due date _____ of the following month by the SSI units claiming the exemption notification
 (4) Payment of duty is on monthly basis and has to be made on or before _____ of the following month
 (5) No declaration needs to be given to the department if the previous year turnover is less than

- (6) A Job worker is exempt from basic excise duty if the supplier of raw material had undertaken payment of excise duty under Notification _____ of Central Excise
- (7) SSI units will get the Cenvat Credit only over and above _____ taxable turnover during the current year.
- (8) Registration is not required for SSI units if the turnover during the previous year is less than _____ of taxable turnover.
- (9) Audit of SSI units is conducted once in _____ number of years
- (10) Export turnover is _____ for the calculation of turnover under the notification 8/2003.

Answer:

- (1) Rs. 400 Lakhs
- (2) Rs. 150 Lakhs
- (3) ER-3, 20th
- (4) 15th of the following month
- (5) Rs. 90 Lakhs
- (6) 214/1986
- (7) Rs. 150 Lakhs.
- (8) Rs. 150 Lakhs.
- (9) Two to five
- (10) Exempted.

15. Say Yes or No, Give Reasons

- (1) The Government of India issued Notification No. 8/2003 providing relaxation from central excise duty, without any conditions.
- (2) If in a previous year the turnover of a manufacturer is equal to Rs.4 crores then he can in the current year claim the exemption benefits available to a SSI.
- (3) SSI units opted the exemption notification benefit can pay duty if the dutiable goods cleared from the factory exceeds Rs.150 lakhs and claim Cenvat credit on inputs.
- (4) Manufacturers who have Cenvat credit (on capital goods plus on other than capital goods) which is more than the duty payable on exempted turnover will opt for SSI exemption benefit.
- (5) Clearance of excisable goods without payment of duty to 100% EOU unit will form part of turnover to calculate the threshold limit of Rs.4 crores.
- (6) Sales to Nepal and Bhutan is considered as an export sales.
- (7) Export procedures are very tough for SSI units.
- (8) Exempted units from central excise duty are also exempted from registration.
- (9) Audit of SSI unit is conducted every year.
- (10) There is no difference between method of calculation of Rs.400 Lakhs and Rs.150 Lakhs.

Answer:

- (1) No. The Government of India issued Notification No. 8/2003 providing relaxation from central excise duty, with conditions.
- (2) No. Previous year the turnover of a manufacturer is equal to Rs.4 crores then he cannot claim in the current year exemption benefits available to a SSI.
- (3) Yes. SSI units opted the exemption notification benefit can pay duty if the dutiable goods cleared from the factory exceeds Rs. 150 lakhs and claim Cenvat credit on inputs.
- (4) No. Manufacturers who have Cenvat credit (on capital goods plus on other than capital goods) which is more than the duty payable on exempted turnover may not opt for SSI exemption benefit.
- (5) No. Clearance of excisable goods without payment of duty to 100% EOU unit will not form part of turnover to calculate the threshold limit of Rs.4 crores.
- (6) No. Sales to Nepal and Bhutan considered as home clearance.
- (7) No. Export procedures are not tough for SSI units.
- (8) Yes. Exempted units from central excise duty are also exempted from registration.
- (9) No. Audit of SSI unit is conducted not on yearly basis.
- (10) Yes. There is a difference between method of calculation of Rs.400 Lakhs and Rs.150 Lakhs.

16. Multiple Choice Questions

- (1) Registration is compulsory for the dealer who intends to act as
 - (a) First Stage Dealer
 - (b) Third Stage Dealer
 - (c) Dealer
 - (d) Purchaser
- (2) An application for registration under central excise law is required to be made in
 - (a) Form A-1
 - (b) Form B-1
 - (c) Form CT-1
 - (d) Form ARE-1
- (3) The DSA shall be preserved for
 - (a) Five Years
 - (b) Two Years
 - (c) One Year
 - (d) Six Months
- (4) The excise duty payable by the manufacturer is based on
 - (a) Invoice
 - (b) Gate Pass
 - (c) Lorry receipt

- (d) Debit Note
- (5) Which one of the following is to be submitted by the manufacturer on a monthly basis
- (a) ER - 1
(b) ER - 3
(c) ER - 5
(d) ER - 7
- (6) Original invoice has to be issued to the
- (a) Buyer
(b) Transporter
(c) Central Excise Department
(d) Consignment Agent
- (7) The penalty for non-registration is
- (a) Amount of duty of contravening goods or Rs 10,000 whichever is higher
(b) Amount of duty of contravening goods or Rs 10,000 whichever is less
(c) Amount of duty of contravening goods or Rs 1,000 whichever is higher.
(d) Amount of duty of contravening goods or Rs 5,000 whichever is higher
- (8) The due date of payment of tax through e-payment is
- (a) 6th of the following month
(b) 5th of the following month
(c) 31 st of every month
(d) 15th of the following month
- (9) LTU will be headed by
- (a) Chief Commissioner of CBDT or of CBEC
(b) Chief Commissioner of CBEC
(c) Commissioner of Central Excise
(d) Commissioner of Income Tax.
- (10) CIN stands for
- (a) Challan Identification Number
(b) Cash Identification Number
(c) Commission Identification Number
(d) Central Information Number.

Answer:

- (1) (a)
(2) (a)
(3) (a)
(4) (a)
(5) (a)
(6) (a)
(7) (a)
(8) (a)
(9) (a)
(10) (a)

17. Fill in the Banks

- (1) The 15 digit PAN based registration number is called _____
- (2) Registration under Central Excise can be granted in the name of a minor, provided a legal guardian undertakes to _____
- (3) The penalty for delayed submission of return can extend upto _____
- (4) The term GAR means _____
- (5) A LTU is an undertaking which has paid central excise or service tax of more than _____ during the previous year.
- (6) The first page and the last page of the DSA shall be duly authenticated by the _____ or _____ person
- (7) LTUs will get facilities of payment of tax through _____ system.
- (8) Every assessee compulsorily files the annual installed capacity statement before 30th April of the succeeding financial year in the _____ Form
- (9) The due date of payment of tax through e-payment is 6th of the following month by the manufacturers and by 16th of the following month in the case of SSI units. In the case of March month the due is _____
- (10) When goods are removed from the factory of the manufacturer to some other premises for purposes of "Testing" or for "any other process not amounting to manufacture", excise duty need not be paid provided the permission of _____ of Central Excise is obtained.

Answer:

- (1) Excise control code
(2) Conduct the business
(3) Rs. 5,000
(4) Government Account (Receipt and Payment) Rules
(5) Rs. 5 crore.
(6) manufacturer or his authorized person
(7) single window
(8) ER - 7
(9) 31st March

(10) Commissioner

18. Say Yes or No, Give Reasons

- (1) Application for registration as a manufacturer should be made Form A-1
- (2) A 5 digit PAN based registration number (ECC) will be allotted to the assessee
- (3) There is no penalty for non-registration, even when registration under the statute is compulsory
- (4) Daily Stock Account can be updated once in month
- (5) Invoice under central excise law is required to be made in triplicate
- (6) Payment of duty can be made once in six months
- (7) E-payment is mandatory for those manufactures who have paid central excise duty is Rs 50 lacs or more during the preceding financial year.
- (8) If the assessee mentions CIN in the Return, it is not necessary to attach the copy of challan with the Return.
- (9) Challan Identification Number (CIN) has three parts.
- (10) 100% EOU has to submit the monthly return in ER-2 Form.

Answer:

- (1) Yes. Application for registration as a manufacturer should be made in Form A-1
- (2) No. A 15 digit PAN based registration number (ECC) will be allotted to the assessee
- (3) No. There is penalty for non-registration which is Rs. 10,000 or duty on contravening goods whichever is higher
- (4) No. Daily Stock Account should be updated on daily basis, two days delay is allowed.
- (5) Yes. Invoice under central excise law is required to be made in triplicate
- (6) No. Payment of duty can be made on monthly basis
- (7) Yes. E-payment is mandatory for those manufactures who have paid central excise duty is Rs 50 lacs or more during the preceding financial year.
- (8) Yes. If the assessee mentions CIN in the Return, it is not necessary to attach the copy of challan with the Return.
- (9) Yes. Challan Identification Number (CIN) has three parts.
- (10) Yes. 100% EOU has to submit the monthly return in ER-2 Form.

19. Multiple Choice Questions

- (1) Desk Review audit is a part of
 - (a) Special Audit
 - (b) C & AG Audit
 - (c) Excise Audit 2000
 - (d) Investigation
- (2) In the case of Excise Audit 2000, selection of assessee is based on
 - (a) Risk factor
 - (b) Non-risk factor
 - (c) Merit of assessee
 - (d) Value of goods
- (3) Time period to issue notice before commencing the audit.
 - (a) 20 days
 - (b) 5 days
 - (c) 25 days
 - (d) 15 days
- (4) Cenvat credit audit can be ordered by
 - (a) The Chief Commissioner of Central Excise.
 - (b) The Commissioner of Central Excise
 - (c) The Assistant Commissioner of Central Excise
 - (d) The Deputy Commissioner of Central Excise
- (5) Yearly audit is applicable for those units who paid the central excise duty by way of cash more than
 - (a) Rs.300 Lakhs
 - (b) Rs. 150 Lakhs
 - (c) Rs. 100 Lakhs
 - (d) Rs.90 Lakhs

Answer:

- (1) (c)
- (2) (a)
- (3) (d)
- (4) (b)
- (5) (a)

20. Fill in the Blanks

- (1) Units paying duty more than Rs 3 crore has audit _____
- (2) C & A G submits the report to the _____, who causes these to be laid before each House of Parliament.
- (3) Valuation Audit carried out by _____.
- (4) The expenses of Cenvat credit audit and audit fees shall be paid by _____.
- (5) The maximum time limit for submission of such cost audit report is _____ days from the date of receipt of cost audit order by the manufacturer
- (6) C & AG submits the report to the _____, who causes these to be laid before each House of Parliament.
- (7) The audit plan should be documented in the _____.

- (8) The Cost Accountant has to submit his audit report within the time specified by the _____.
- (9) Road checks are carried out by the department authorities to check whether all goods moving are accompanied by _____ documents or not.
- (10) A minimum of _____ notice should be given to the assessee before commencing the audit.
- (11) Stock taking can be done by the superintendent or Inspector of central excise for _____ and _____.

Answer:

- (1) Yearly
- (2) The President of India.
- (3) Cost Accountant
- (4) Excise Department
- (5) 180 days
- (6) The President of India.
- (7) Working papers
- (8) Commissioner or Commissioner of Central Excise.
- (9) Duty paying.
- (10) 15 days.
- (11) Finished goods and Cenvat goods

21. Say Yes or No, Give Reasons

1. Excise audit is compulsory every year if the payment of excise duty is more than 3 crores.
2. There are three types of excise audits under Central Excise Law.
3. Desk review audit can be conducted by a practicing Chartered Accountant or a practicing Cost Accountant in the premises of manufacturer.
4. Valuation audit can be ordered by the Superintendent of Central Excise
5. The expenses and audit fees shall be paid by Assessee
6. Returns are filed by the assessee without verification by the Excise department. Hence no audit is required to be conducted.
7. Central Excise Revenue Audit (known as CERA Audit) conducted by the Cost Accountant or Chartered Accountant.
8. The desk review is a part of the internal audit procedure and the services of the professionals are taken to help the department.
9. Valuation Audit can be ordered only with the prior approval of Chief Commissioner of Central Excise.
10. The desk review audit should be completed in 5-7 working days

Answer:

- (1) Yes. Excise audit is compulsory every year if the payment of excise duty is more than 3 crores.
- (2) Yes. There are three types of excise audits under Central Excise Law.
- (3) No. Desk review audit can be conducted by a practicing Chartered Accountant or a practicing Cost Accountant in the premises of Department.
- (4) No. Valuation audit can be ordered by the Assistant or Deputy Commissioner of central excise after getting the prior permission of Chief Commissioner of Central Excise.
- (5) No. The expenses and audit fees shall be paid by the department.
- (6) No. Returns are filed by the assessee without verification by the Excise department. Hence audit is required to be conducted.
- (7) No. Central Excise Revenue Audit (known as CERA Audit) conducted by the C and A G department.
- (8) Yes. The desk review is a part of the internal audit procedure and the services of the professionals are taken to help the department.
- (9) Yes. Valuation Audit can be ordered only with the prior approval of Chief Commissioner of Central Excise.
- (10) Yes. The desk review audit should be completed in 5-7 working days.

22. Fill in the Blanks

- (1) Service Tax is a tax on _____.
- (2) Service Tax is applicable to the whole of India except the statue of _____.
- (3) Registration is mandatory if the value of taxable services exceeds Rs. _____ during the financial year.
- (4) Form _____ is used for applying for registration under Service Tax.
- (5) The Due date of payment of service tax for the month is _____ of the succeeding month.
- (6) The effective rate of service tax including Education Cess is _____.
- (7) Registered premises means all premises from where an assessee is providing _____.
- (8) The present rate of service tax is _____ plus _____ plus.
- (9) The Service tax provider is required to issue (within 14 days of completion of service) an _____ signed by him or a person authorized by him.
- (10) If service tax payment is made through internet banking, such e-payment can be made by _____ of the following month or following quarter as the case may be.

Answer:

1. Value of taxable services
2. Jammu and Kashmir
3. Rs.9,00,000
4. ST-1
5. 5th
6. 12.36%
7. Taxable services

8. 12% plus 2% plus 1%
9. Invoice.
10. 6th

23. Say Yes Or No, Give Reasons

- (1) The list of records needs to be maintained is not provided in the Service Tax Rules
- (2) Single registration in the case of multiple services rendered is possible subject to conditions
- (3) The due date for monthly return for service tax is the 25th of the succeeding month in the case of a company
- (4) A service provider is the person who renders the service
- (5) GAR-7 is the form used to pay Service tax
- (6) Service tax records are to be maintained at the registered premises of the service provider.
- (7) For any delayed payment of service tax, interest cannot be levied.
- (8) If Service tax paid during the previous year is in excess of Rs. 50 lakhs then e-payment is mandatory
- (9) Single Registration is possible with the permission from Department, only when the assessee maintains centralized billing or centralised accounting for multiple services provided from more than one premises.
- (10) If the last day of payment and filing return is a public holiday, tax should be paid and return filed on the previous working day.

Answer:

- (1) No. This list is to be submitted once at the time of filing his first S.T.3 return. Sales register, Purchase register, Cash book, Petty cash book, General ledger, etc.
- (2) Yes. Single registration in the case of multiple services rendered is possible subject to conditions
- (3) No. The due date for submitting the return is half yearly 25th October and 25th April. There is no monthly return concept in the service tax provisions.
- (4) Yes. A service provider is the person who renders the service
- (5) Yes. GAR-7 is the form used to pay Service tax
- (6) Yes. Service tax records are to be maintained at the registered premises of the service provider.
- (7) No. For any delayed payment of service tax, interest mandatory.
- (8) Yes. If Service tax paid during the previous year is in excess of Rs. 50 lakhs then e-payment is mandatory
- (9) Yes. Single Registration is possible with the permission from Department, only when the assessee maintains centralized billing or centralised accounting for multiple services provided from more than one premises.
- (10) No. If the last day of payment and filing return is a public holiday, tax can be paid and return can be filed on the next working day.

24. Multiple Choice Questions

- (1) Service tax can be levied on the
 - (a) Taxable services
 - (b) Exempted services
 - (c) Partly exempted and partly taxable services
 - (d) On purchase of input goods
- (2) Value of works contract includes
 - (a) Cost of consumables, electricity
 - (b) Value of transfer of property in goods
 - (c) Value of VAT or Sales Tax on the above
 - (d) None of the above
- (3) A person who neither intends to hold nor holds any title to the goods or services is called
 - (a) Pure Agent
 - (b) Dealer
 - (c) Service tax provider
 - (d) Manufacturer
- (4) Under Service Tax (Determination of Value) Rules, 2006, Act means
 - (a) The Finance Act, 1994
 - (b) The Central Excise Act, 1944
 - (c) Central Excise Tariff Act, 1985
 - (d) Central Sales Tax Act, 1956
- (5) Service tax is not applicable to the state of
 - (a) Jharkhand
 - (b) Himachal Pradesh
 - (c) Tripura
 - (d) Jammu and Kashmir
- (6) The importer of service is liable to pay service tax only when the service provider having
 - (a) No place of business in India
 - (b) Place of business in India
 - (c) Permanent address in India
 - (d) None of the above
- (7) The service tax paid on input services claimed as Cenvat credit after the export of service
 - (a) Can be claimed rebate (i.e. duty drawback)
 - (b) Cannot be claimed any rebate
 - (c) Can be claimed as refund
 - (d) None of the above

- (8) If the immovable property in respect of which service is rendered outside India the service is considered an export
- Irrespective of where the payment has come from
 - Only when payment came from overseas.
 - Partly from overseas
 - Even without payment received from an importer.
- (9) The value of any taxable service, as the case may be, does not include
- The rail fare collected by rail travel agent
 - Value of services collected by rail travel agent
 - Services provide by the consultant
 - None of the above
- (10) Which of the following services does not come under export of service?
- Air transport of passengers embarking for international travel
 - Export of services with respect to immovable property
 - Export of services with respect to management consultancy services
 - None of the above.

Answer:

- (a)
- (a)
- (a)
- (a)
- (d)
- (a)
- (b)
- (a)
- (a)
- (a)

25. Fill in the Blanks

- Service tax liability is dependent upon the type of the _____ who provides the taxable service
- Service tax can be levied on the _____ and _____
- Services provided by Central or State Government are taxable unless these services are _____
- If the value is not ascertainable then _____ should be referred for arriving the value of such services.
- Out of pocket expenses incurred are _____ in the value of taxable service.
- The expenditure or costs incurred by the service provider as a _____ of the recipient of service shall be excluded from the value of the taxable service
- Receipt of advance money is not _____
- Taxable event in the case of import is the date of _____
- Service tax is payable on _____ of taxable service actually received and not on amount billed, even though taxable event arises.
- The costs incurred by the service provider as a _____ of the recipient of service shall be excluded from the value of the taxable service

Answer:

- Person.
- Taxable Service and Value of Taxable Service
- "statutory services"
- Service Tax (Determination of Value) Rules, 2006.
- Includible.
- Pure Agent
- a taxable event
- actual import
- The value.
- Pure Agent

26. Say Yes or No, With Reasons

- If a service is rendered free service tax is not payable because the value of the service is zero and no amount is received from the customer.
- There is concept of pure agent that exists for the purpose of service tax valuation.
- The value of goods transferred to the job worker is not included in the assessable value of service.
- Service Tax can be levied on an advance payment received.
- The central excise officer has the power to determine the value of the services after providing an opportunity to be heard to the assessee.
- Services delivered by a person having a place of business in Jammu and Kashmir to a person having a place of business in Andhra Pradesh is subject to service tax.
- Statutory services are also taxable services.
- Some services are taxable when provided to "any person". If a service falls in that category, service provided on sub-contract basis will be liable to pay service tax.
- A person having a place of business in Andhra Pradesh provides to a person having a place of business in Jammu and Kashmir. Such service is liable to service tax law.
- The airfare collected by air travel agent in respect of service provided by him does not include in the value of services.

Answer:

- (1) Yes. If a service is rendered free service tax is not payable because the value of the service is zero and no amount is received from the customer.
- (2) Yes. There is concept of pure agent that exists for the purpose of service tax valuation.
- (3) Yes. The value of goods transferred to the job worker is not included in the assessable value of service.
- (4) Yes. Service Tax can be levied on an advance payment received.
- (5) Yes. The central excise officer has the power to determine the value of the services after providing an opportunity to be heard to the assessee.
- (6) Yes. Services delivered by a person having a place of business in Jammu and Kashmir to a person having a place of business in Andhra Pradesh is subject to service tax, place of delivery of service is important.
- (7) No. Statutory services are not taxable services
- (8) Yes. Some services are taxable when provided to "any person". If a service falls in that category, service provided on sub-contract basis will be liable to pay service tax.
- (9) No. A person having a place of business in Andhra Pradesh provides to a person having a place of business in Jammu and Kashmir. Such service is liable to service tax law.
- (10) Yes. The airfare collected by air travel agent in respect of service provided by him does not include in the value of services.

27. Multiple Choice Questions

1. Service tax liability arises only when the taxable turnover of the previous year exceeds
 - (a) Rs. 10,00,000
 - (b) Rs. 9,00,000
 - (c) Rs. 8,00,000,
 - (d) Rs. 7,00.000
2. No service tax will be levied on value of goods and material supplied to the service recipient while providing service, provided Cenvat Credit on such goods and material is
 - (a) not taken
 - (b) taken
 - (c) partly reversed
 - (d) none of the above
3. One of the following services is a "reverse charge"
 - (a) Mutual Fund distributors services
 - (b) Management consultancy services
 - (c) Telecommunication services
 - (d) Information Technology services
4. Services rendered to the Reserve Bank of India is
 - (a) taxable service
 - (b) exempted service
 - (c) partly exempted
 - (d) none of the above
5. Importer of service is liable to pay service tax only when
 - (a) provider of service has no place of business in India
 - (b) provider of service has place of business in India
 - (c) import of service is not taxable in India
 - (d) provider of service is related to the importer
6. Services are taxable only when defined under
 - (a) Section 65(105) of Finance Act, 1994
 - (b) Section 64(105) of Finance Act, 1994
 - (c) Service Tax Rules
 - (d) Section 4 of the Central Excise Act, 1944
7. Which one of the following service is called reverse charge
 - (a) Service provider is liable to pay service tax
 - (b) Service receiver is liable to pay service tax
 - (c) No one is liable to pay service tax
 - (d) Whose services are exempted from service tax
8. Services provided to United Nations employees for their personal purposes is
 - (a) Liable to pay service tax
 - (b) Not liable to pay service tax
 - (c) Partly liable to pay service tax
 - (d) None of the above
9. ACA firm had a turnover of Rs. 17 lakhs in Y1. Its turnover was Rs. 5 lakhs in Y2, Rs. 8 lakhs in Y3 and Rs. 5 lakhs in Y4. In which years is the firm liable to pay service tax?
 - (a) Y1 and Y2
 - (b) Y1, Y2 and Y3
 - (c) Y2 and Y3
 - (d) None of the above
10. Exemption turnover of Rs. 10 lakhs for *previous year* it is the value of taxable service rendered and for the current year
 - (a) Value of taxable service received
 - (b) Value of taxable services rendered
 - (c) Value of taxable services partly received and partly rendered

- (d) None of the above.

Answer:

- (1) (a)
 (2) (a)
 (3) (a)
 (4) (b)
 (5) (a)
 (6) (a)
 (7) (b)
 (8) (b)
 (9) (a)
 (10) (a)

28. Fill in the Blanks

- If the taxable services exceed _____ but is less than _____ then the service provider will have to register with the Superintendent of Central Excise under the Service Tax provisions.
- For certain services service tax liability is to be paid by the service receiver is called _____
- Services provided to Special Economic Zones (or) services provided by Special Economic Zones are _____
- Service tax liability is exempted if the turnover is less than or equal to _____
- If the taxable turnover during the current year 2008-09 exceeds _____ then there is no exemption limit in the year 2009-10.

Answer:

- (1) Rs. 9,00,000 but less than Rs. 10,00,000
 (2) Reverse charge
 (3) Non Exempted Services
 (4) Rs. 10,00,000
 (5) Rs. 10,00,000.

29. Multiple Choice Questions

- What is the due date for payments of service tax in the case of a partnership firm?
 - 5th day of the month immediately following every month
 - 25th day of the month immediately following every quarter
 - 5th day of the month immediately following every quarter
 - 25th day of the month immediately following every month
- 'A Ltd' enters into an advertising contract with 'B Ltd.' for a sum of Rs. 15,000 on 5-6-2006. 'A Ltd.' receives an advance of Rs. 10,000 on 06.06.2006 and the balance amount on the completion services of service on 12.07.2006. The service tax payable by 'AB Ltd.' is:
 - Rs. 1836 by 25-8-2006
 - Rs. 1224 by 25-6-2007 and Rs. 612 by 25-8-2006
 - Rs. 1836 by 5-8-2006
 - Rs. 1224 by 5-7-2006 and Rs. 612 by 5-8-2006
- 'Y Ltd' provides management consultancy services to 'X' for a consideration of Rs. 20,000 . 'Y Ltd.' raises the bill on 'X' on 05.06.2006. 'Y Ltd.' receives the payment from 'X' on 15.07.2006. When should 'Y Ltd.' pay the service tax?
 - on or before 5-8-2006
 - on or before 5-7-2006
 - on or before 31 -7-2006
 - on or before 30-6-2006
- Service tax is payable to the credit of the Central Government in:
 - Form ST-3
 - GAR -7 challan
 - Form F
 - None of the above
- Adjustment of excess of service tax can be allowed on the basis of
 - Pro-rata
 - Total amount at time
 - Only 80%
 - Only 50%
- Penalty for not maintaining the proper books of accounts may extend to
 - Rs. 5,000
 - Rs. 50,000
 - Rs. 2,500
 - Rs. 1,000
- An assessee is allowed to rectify mistakes and file revised return
 - Within 90 days from the date of filing of the original return
 - Within 180 days from the date of filing of the original return
 - Without any time limit
 - None of the above
- E- payment of service tax is mandatory only when the payment of service tax exceeds
 - Rs. 50 Lakhs
 - Rs. 5 Lakhs
 - Rs. 10 Lakhs

- (d) Rs. 15 Lakhs
9. How much abatement will be allowed to Mandap Keeper, Hotels and Convention Services providing full catering services
- (a) 40%
 (b) 60%
 (c) 100%
 (d) 50%
10. Cenvat credit is not allowed if the input services are exclusively used in the output services
- (a) Exempted service
 (b) Export of services
 (c) Taxable export of services

Answer:

- (1) (c)
 (2) (d)
 (3) (a)
 (4) (b)
 (5) (a)
 (6) (a)
 (7) (a)
 (8) (a)
 (9) (a)
 (10) (b)

30. Fill in the Blanks

- Abatement is an amount that can be _____ from the value of the service.
- In the case of Individuals the due date for payment of service tax for the III quarter is _____
- In the case of companies the service tax for October is payable on or before _____ of _____
- For all assessees the due date for payment of service tax for the service rendered in the month of March is _____
- E-payment of service tax has been made mandatory for assessees who have paid service tax of more than Rs. _____ during the last financial year or during the current financial year
- Half yearly return has to be filed using Form _____ ; The number of copies should be _____
- The time limit for filing revised return is _____ days from the date of _____
- Penalty for not obtaining registration is Rs. _____ per day for every day of default or Rs. _____ whichever is higher.
- The penalty will be reduced to _____ %, if tax, interest and penalty are paid within 30 days from the date of receipt of order of Central Excise Officer.
- The facility of e-payment of service tax has also been introduced from _____

Answer:

- (1) Deducted
 (2) 5th of January
 (3) 5th of November
 (4) 31st March
 (5) Rs. 50,00,000
 (6) ST - 3 , triplicate
 (7) 90 days from the date of filing the original return.
 (8) Rs. 200 per day or Rs. 5, 000.
 (9) 25%.
 (10) 11.05.2005

31. Say Yes or No, Give Reasons

- It is necessary to specify the heading under which the service being provided is falling.
- Service provided from India with respect to immovable property situated abroad is called export of services.
- There can be no reversal of Cenvat credit on input service towards Interior decorator services used to produce partly dutiable goods as well as non dutiable goods.
- There can be no reversal of Cenvat credit on input services for an output service provider if the final services are deemed exports.
- Due date of payment of service tax for e-payer is the 6th of following month including the dues for March month.
- Service tax will be paid by an individual on monthly basis
- Due date of submission of half yearly return ST - 3 is 30th September
- Revised returns can be filed with in 90 days from the date of original return filed by the assessee
- E- payment of service tax is compulsory for every assessee
- Provisional assessment is not applicable at any given case under service tax provisions.

Answer:

- (1) Yes. Specify the heading under which the service being provided is falling is necessary for the purpose of classification.
- (2) Yes. Service provided from India with respect to immovable property situated abroad is called export of services.
- (3) No. There should be reversal of Cenvat credit on input service towards Interior decorator services used to produce partly dutiable goods as well as non dutiable goods.
- (4) Yes. There can be no reversal of Cenvat credit on input services for an output service provider if the

final services are deemed exports.

- (5) No. Due date of payment of service tax for e-payer is the 6th of following month except the dues for March month.
- (6) No. Service tax will be paid by an individual on quarterly basis
- (7) No. Due date of submission of half yearly return ST-3 is 25th October and 25th April.
- (8) Yes. Revised returns can be filed within 90 days from the date of original return filed by the assessee
- (9) No. E- payment of service tax is not compulsory for every assessee
- (10) No. Provisional assessment is applicable under service tax provisions.

32. Multiple Choice Questions

- (1) Voluntary registration if turnover does not exceed
 - (a) Rs. 10,00,000
 - (b) Rs. 1.00,000
 - (c) Rs. 12,00,000
 - (d) Rs.50,00,000
- (2) Registration is Compulsory based on transactions (irrespective of turnover) if the dealer falls under the following categories
 - (a) Dealer is an importer
 - (b) Dealer selling goods within the state
 - (c) Dealer is dealing with the exempted goods
 - (d) None of the above.
- (3) Dealer is liable to pay tax at Special rates as specified in Schedule.
 - (a) Eligible to avail the VAT credit
 - (b) Not eligible to avail the VAT credit
 - (c) 50% of VAT eligible for credit
 - (d) Eligible to avail the VAT credit after registered under VAT
- (4) The prescribed authority may cancel the registration of a VAT dealer, where the VAT dealer:
 - (a) Has no fixed place of business
 - (b) Has place of business
 - (c) Has place of residence
 - (d) None of the above
- (5) Compulsory registration under VAT applicable if the dealer
 - (a) deals with inter-state sales
 - (b) deals with exempted goods
 - (c) buying and selling goods in the state
 - (d) none of the above

Answer:

- (1) (a)
- (2) (a)
- (3) (b)
- (4) (a)
- (5) (a)

33. Say Yes or No, With Reasons

- (1) There are two types of registration (i) Compulsory Registration (ii) Voluntary Registration.
- (2) Dealers whose Voluntary Registration always rejected by the department
- (3) Dealer dealing with inter-state sales has to compulsorily register under the State VAT.
- (4) Registration is also available under VAT for TOT dealers or compounding tax opted dealer.
- (5) A certificate of registration under VAT is not available.

Answer:

- (1) Yes. There are two types of registration (i) Compulsory Registration (ii) Voluntary Registration.
- (2) No. Dealers whose Voluntary Registration always not rejected by the department
- (3) Yes. Dealer dealing with inter-state sales has to compulsorily register under VAT.
- (4) Yes. Registration is also available under APVAT for TOT dealers
- (5) Yes. A certificate of registration under VAT is in the Form VAT 105

34. Multiple Choice Questions

- (1) How many Schedules are there under the VAT Act.
 - (a) Five Schedules
 - (b) Six Schedules
 - (c) Seven Schedules
 - (d) Eight Schedules
- (2) Goods specified under Schedule V will be taxed at the rate of
 - (a) 0%
 - (b) 1%
 - (c) 4%
 - (d) 12.5%
- (3) Under which Schedule do Bullion and Specie come?
 - (a) Schedule 1
 - (b) Schedule II
 - (c) Schedule III
 - (d) Schedule IV
- (4) The point of levy of tax for Aviation and other motor spirit is the point of
 - (a) First sale in the State

- (b) Second sale in the State
(c) First and Second sale in the State
(d) Third sale in the State
- (5) Sale of taxable goods in the course of inter-state trade or commerce falling within the scope of section 3 of the Central Sales Tax Act, 1956 are called
(a) Zero rated sales
(b) Exempted sales
(c) Non-exempted sales (d) Taxable sales
- (6) VAT rate on all kinds of Pulses and Dhalls is
(a) 1%
(b) 4%
(c) 12.5%
(d) 0%
- (7) At the point of first sale in the state the following product attracts 32.55% of VAT
(a) Petrol
(b) Machinery
(c) Liquor
(d) Diesel Oil
- (8) Abbreviate ITC
(a) Input Tax Code
(b) Input Tax Credit
(c) Initial Tax Credit
(d) In-house Tax Credit
- (9) Sale of vegetables and fruits other than those cured, frozen, preserved, processed, dried, dehydrated or canned are called
(a) Exempted sales
(b) Taxable sales
(c) Partly exempted sales
(d) Special sales
- (10) Kerosene sold through public distribution system will attract VAT rate
(a) 0%
(b) 1%
(c) 4%
(d) 12.50%

Answer:

- (1) (b)
(2) (d)
(3) (c)
(4) (a)
(5) (d)
(6) (b)
(7) (a)
(8) (b)
(9) (a)
(10) (c)

35. Say Yes or No, Give Reasons

- (1) Input Tax Credit can be allowed in respect of Schedule VI goods
(2) Gold and Jewellery are liable to tax under VAT @ 1%
(3) Goods that fall under the Schedule I will get Input Tax Credit
(4) Generally sale of books, periodicals and journals are exempted goods under VAT.
(5) VAT rates are common for all the products specified in Schedule V
(6) The first seller of special goods in Andhra Pradesh is liable to pay. The second seller of these goods is not liable to charge and pay tax on his sales.
(7) Liquor, at the point of first sale in the State of Andhra Pradesh, is subject to VAT @ 70%
(8) VAT rate is zero in respect of sales of goods to any unit located in the Special Economic Zone.
(9) Sugar product is listed in the First Schedule and is exempt from VAT.
(10) All intangible goods including copyright, patent, rep license, DEPB are subject to VAT @4%

Answer:

- (1) No. Input Tax Credit can not be allowed in respect of Schedule VI goods. These goods are subjected to tax at special rates.
(2) Yes. Gold and Jewellery are liable to tax under VAT @ 1%.
(3) No. Goods that fall under Schedule I will not get Input Tax Credit. Because these goods are exempted goods.
(4) Yes. Generally sale of books, periodicals and journals are exempted goods under APVAT.
(5) Yes. VAT rates are common for all the products specified in Schedule V.
(6) Yes. The first seller of special goods in Andhra Pradesh is liable to pay. The second seller of these goods is not liable to charge and pay tax on his sales.
(7) Yes. Liquor, at the point of first sale in the State of Andhra Pradesh, is subject to VAT @ 70%.
(8) Yes. VAT rate is zero in respect of sales of goods to any unit located in the Special Economic Zone.
(9) Yes. Sugar product is listed in the First Schedule and is exempt from VAT.

(10) Yes. All intangible goods including copyright, patent, rep license, DEP B are subject to VAT @4%.

36. Multiple Choice Questions

- (1) Input Tax Credit (ITC) can be claimed if the inputs are used for
 - (a) business purpose
 - (b) personnel purpose
 - (c) distributing as free sample
 - (d) captive consumption
- (2) Every registered dealer must file return for each month on or before
 - (a) 20th of the succeeding month
 - (b) 10th of the succeeding month
 - (c) 5th of the succeeding month
 - (d) End of the current month
- (3) ITC can be claimed against inter-state sale only when those sales are supported by
 - (a) Form C
 - (b) Form D
 - (c) Form H
 - (d) Form I
- (4) The period covered by the return is called a Tax Period and will cover a
 - (a) Calendar month
 - (b) Calendar year
 - (c) Half a month
 - (d) Six months
- (5) The method under which tax is imposed at each stage of sales on the entire sale value and the tax paid at the earlier stage is allowed as set-off is called
 - (a) Invoice method
 - (b) Subtraction method
 - (c) Deductive method
 - (d) Value addition and deletion method
- (6) Under Invoice method, tax credit can't be claimed unless and until the
 - (a) Tax Invoice is produced
 - (b) Tax amount paid
 - (c) Goods are delivered
 - (d) Actual sales take place
- (7) VAT paid at reduced rate is called
 - (a) Compounding Levy of tax
 - (b) Non-compounding levy of tax
 - (c) Value added tax
 - (d) Sales tax
- (8) Sales returns is allowed as a deduction from the taxable turnover of goods if the goods are returned with in
 - (a) Six months of sales
 - (b) Twelve months of sales
 - (c) Three months of sales
 - (d) One month of sales
- (9) Product X is taxable @ 4% and Product Y is taxable @12.5%. Product X is sold for Rs. 100,000 and Product Y for Rs. 50,000. Total input tax credit is available for Rs. 5,000. What would be the net VAT payable?
 - (a) Rs. 5,250
 - (b) Rs. 5,000
 - (c) Rs. 2,500
 - (d) Rs. 10,250
- (10) A dealer in Andhra Pradesh paid CST of Rs. 1,000 on inter-state purchases. VAT payable by him on local sales is Rs. 1,250. The Net VAT payable is.
 - (a) Rs. 250
 - (b) Rs. 1,250
 - (c) Rs. 1,000
 - (d) Rs. 750

Answer:

- (1) (A)
- (2) (a)
- (3) (a)
- (4) (a)
- (5) (a)
- (6) (a)
- (7) (a)
- (8) (b)
- (9) (a)
- (10) (b)

37. Fill up the Blanks

- (1) VAT is a _____ point tax and helps to remove _____ effect.
- (2) There are two types of dealers _____ and _____ .

- (3) Input Tax is applicable only to _____ .
- (4) Application for registration under APVAT can be made using Form No. _____ .
- (5) Schedule I lists the items that are _____ from the VAT
- (6) The Input Tax Credit for VAT paid goods is not available for goods not meant for _____ .
- (7) The due date for filing of Monthly VAT return is _____ in the Form _____ .
- (8) There are three methods for computation of VAT namely _____ and
- (9) Input Tax Credit can be claimed against inter-state sale only when those sales are supported by Form
- (10) The Department can reject the Voluntary Registration application made by dealer if he does not have a

Answer:

- (1) Multi point, cascading effect.
- (2) VAT Dealer and TOT Dealer.
- (3) VAT Dealer
- (4) VAT 100
- (5) Exempt
- (6) Business
- (7) 20th of the succeeding month, Form 200
- (8) Addition method, Invoice method and subtraction method
- (9) Form 'C'
- (10) Place of business

38. Say Yes or No, Give Reasons

- (1) Taxable sales does not included Zero rated Sales
- (2) Zero rates and Exempted sales are one and the same
- (3) There is no such concept as Voluntary registration in VAT
- (4) Schedule VI lists the items that are charged to tax at Special rates
- (5) Schedule V is a residuary head. Any items that does not find a place under Schedule I, II, III or IV can be classified under this schedule
- (6) Input Tax credit can also be availed on Capital Goods
- (7) TIN means Tax Identification Number which is nothing but the Unique VAT registration number allotted to all registered dealers
- (8) Input Tax Credit can be availed for the Zero rates Sales
- (9) Input Tax Credit can be availed on Inter state purchases, or goods received by consignment sales or stock transfer to this state.
- (10) The dealer passes the following entry to record utilization of Input tax paid in the purchase of Raw Materials

VAT Payable Account		Dr.
To VAT Credit Receivable (inputs)	A/c	

Answer:

- (1) No. Taxable sales includes Zero rated Sales
- (2) No. Zero rates and Exempted sales are not one and the same
- (3) No. Voluntary registration in VAT is available.
- (4) Yes. Schedule VI lists the items that are charged to tax at Special rates
- (5) Yes. Schedule V is a residuary head. Any items that does not find a place under Schedule I, II, III or IV can be classified under this Schedule
- (6) Yes. Input Tax credit can also be availed on Capital Goods
- (7) Yes. TIN means Tax Identification Number which is nothing but the Unique VAT registration number allotted to all registered dealers
- (8) Yes. Input Tax Credit can be availed for the Zero rates Sales
- (9) No. Input Tax Credit can be availed on Inter-state purchases, or goods received by consignment sales or stock transfer to this state.
- (10) Yes. The dealer passes the following entry to record utilization of Input tax paid in the purchase of Raw Materials

VAT Payable Account		Dr.
To VAT Credit Receivable (inputs)	A/c	
