II Semester M.B.A Degree Examination, Jan./Feb. 2018
(CBCS) (2014-15 and Onwards)
MANAGEMENT
Paper – 3 3.2 : Corporate Tax Planning and Management

Time: 3 Hours
Max. Marks: 70

SECTION – A

Answer any five of the following questions. Each question carries five marks: \((5 \times 5 = 25)\)

1. How should residential status of a company be determined as per the latest amendment applicable? Explain in detail, the concept of ‘Place of Effective Management’.

2. State and explain the various types of Customs Duty.

3. X Ltd., is engaged in the business of manufacture of hardware since 1999. During the previous year 2016-17, the following assets are acquired and put to use:

<table>
<thead>
<tr>
<th>(Rs. in Thousands)</th>
<th>Block 1</th>
<th>Block 2</th>
<th>Block 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of Depreciation</td>
<td>15%</td>
<td>30%</td>
<td>60%</td>
</tr>
<tr>
<td>Number of assets in the block</td>
<td>9</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Depreciated value of the block on 1/4/2016</td>
<td>4,500</td>
<td>6,250</td>
<td>1,250</td>
</tr>
<tr>
<td>Additions of plants (new) during the previous year 2016-17:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Plant A</td>
<td>14,250</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– Plant B</td>
<td>–</td>
<td>1,000</td>
<td>–</td>
</tr>
<tr>
<td>– Plant C</td>
<td>–</td>
<td>–</td>
<td>4,250</td>
</tr>
<tr>
<td>Sale of old plants (one plant in each block)</td>
<td>2,000</td>
<td>7,175</td>
<td>10,500</td>
</tr>
</tbody>
</table>

Plants A and C are acquired during May 2016 and put to use during September 2016. However, plant B which is also acquired during May 2016 is put to use during the last week of March 2017.
Find out the following:

a) Additional and normal depreciation for the assessment year 2017-18.
b) Capital gain on sale of old plants; and
c) Depreciated value of the blocks on April 1, 2017.

of final products. There was no openin
Calculate the tax payable.

5. Explain the importance of GST to Indian Economy.

6. Distinguish between Tax planning and Tax management and Tax evasion.

7. Mr. and Mrs. Khanna visited USA and
and a laptop computer of ₹ 98,500 whi
effects valued at ₹ 86,000 and a cam
Determine the customs duty payable.

SECTION – B

Answer any three questions. Each question carries ten marks: (3\times10=30)

8. Explain in detail the meaning and scope of “Supply” under GST Act.

9. Duty
   
   a) The total FOB value of the goods US $ 70,000.
   b) Quantity imported 200 metric tons.
   c) Ocean Freights US $ 10,000 and Insurance US $ 740.
   d) Landing charges @ 1% of CIF value.
   e) Exchange Rate US $ 1 = Rs. 63.
   f) Date of presentation of Bill of Entry 15th December 2017.
   g) Date of Entry inwards of the vessels is 2nd January 2018.
   h) Customs Duty Rates are as follows:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>As on 1/12/2017</th>
<th>As on 02/01/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Customs Duty</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Integrated Tax</td>
<td>10%</td>
<td>12%</td>
</tr>
</tbody>
</table>
10. Bharat Ltd., a company engaged in manufacture of electrical switches is a widely-held company. It is considering a major expansion of its production facility and import of latest technology which is expected to improve its profitability from the present rate of 20% to at least 25% (before tax). The finance manager has given the following proposals:

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital (Equity)</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>14% Preference Shares</td>
<td>20</td>
<td>20</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>16% Non-Convertible Debentures</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td>Term Loans from Institutions and Banks (20%)</td>
<td>-</td>
<td>40</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Lease Finance (22%)</td>
<td>40</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

i) The rate of dividend on equity has not been below 24% in the past.
ii) The tax rate payable by the company is 33.99%.

Your opinion with detailed reasons is sought on the above.

11. What are the charitable donations? What are the condition for allowing deduction in respect of these donations?

SECTION – C

12. Case study (Compulsory): (1x15=15)

**Statement of Profit and Loss**
(for the year ended 31st March, 2017)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>Figures as at the end of current reporting period (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Revenue from operations:</td>
<td></td>
<td>17,61,300</td>
</tr>
<tr>
<td>II. Other income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent from agricultural lands</td>
<td></td>
<td>950</td>
</tr>
<tr>
<td>Revenue from fisheries</td>
<td></td>
<td>3,700</td>
</tr>
<tr>
<td>Sale proceeds of cane</td>
<td></td>
<td>6,07,055</td>
</tr>
<tr>
<td>Transfer fees</td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>Profit on sale of motor</td>
<td></td>
<td>1,230</td>
</tr>
<tr>
<td>III. Total Revenue (I + II)</td>
<td></td>
<td>23,74,535</td>
</tr>
</tbody>
</table>
IV. Expenses:
   Cost of materials consumed
   Change in inventories of finished goods, work-in-progress and Stock-in-Trade
   Employee benefits expenses:
      Salaries and wage  1,20,495
   Finance costs:
      Interest on debentures  25,000
   Depreciation and amortization expenses  69,000
   Other expenses:
      Manufacturing expenses  8,85,295
      Excise duty  1,07,500
      Establishment charges  50,150
      General charges  13,750
      Director's fees  1,750
      Managing director's remuneration  41,000
      Cultivation expenses  4,57,500
      Taxation reserve  25,000
   Total expenses  17,96,440
   Profit for the period (III – IV)  5,78,095

   The following informations into consideration:

   i) Sales included cost of cane ₹ 6,12,000 on account of cane produced and consumed in the factory, the average market price of such cane being ₹ 6,75,000.
   ii) The motor sold during the year ₹ 3,230 was purchased in the past for ₹ 17,000, the depreciation claimed in respect thereof in past assessment being ₹ 15,000.
   iii) General charges include (a) ₹ 750 legal expenses incurred in defending a suit regarding the companies title to certain agricultural lands and (b) ₹ 9,000 paid to a Director for a trip to Hawaii to study modern methods of confectionery manufacture.
   iv) Depreciation in respect of all assets has been agreed at ₹ 50,000.
   v) The company has paid advance tax of ₹ 1,20,000.
III Semester M.B.A. Degree Examination, February 2017
(CBCS)
MANAGEMENT
Paper – 3.3.2 : Corporate Tax Planning and Management

Time : 3 Hours  Max. Marks : 70

SECTION – A

Answer any five of the following questions. Each question carries five marks : (5x5=25)

1. What is ‘Dividend Distribution Tax’? Explain briefly the provisions relating to Dividend Distribution Tax.

2. Explain the chargeability of Customs Duty.

3. What is ‘service’ for the purposes of Service tax? List the various declared services.

4. Explain briefly the various exceptions for levy of central sales tax.

5. M/s Dollar Ltd., a manufacturing concern furnishes the following particulars:
   i) Opening written down value under Income Tax of block plant and machinery – Rs. 5,00,000.
   ii) Purchase of plant and machinery (put to use before 01-10-2015) – Rs. 2,00,000.
   iii) Sale proceeds of plant and machinery which became obsolete - the plant and machinery was purchased on 1-4-2013 for Rs. 5,00,000 - Rs. 5,000.

Further, out of purchase of plant and machinery:
   a) Plant and machinery of Rs. 20,000 has been installed in office.
   b) Plant and machinery of Rs. 20,000 was used previously for the purpose of business by the seller.

Compute depreciation and additional depreciation as per Income Tax Act for the assessment year 2016-17.

6. Mr. Arnab Ghosh, a manufacturer, furnished the following particulars:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of machinery excluding taxes and duties</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Transit insurance shown separately</td>
<td>10,000</td>
</tr>
<tr>
<td>Packing charges</td>
<td>10,000</td>
</tr>
<tr>
<td>Extra charges for designing the machine</td>
<td>25,000</td>
</tr>
<tr>
<td>Outward freight beyond the place of removal</td>
<td>15,000</td>
</tr>
</tbody>
</table>

P.T.O.
Cash discount allowed to customer for full payment made in advance - 2%
VAT - 5% and Excise duty - 12.5%.
Calculate the excise duty payable by Mr. Arnab Ghosh, stating the reason for
inclusion or exclusion of duty.

7. Mr. Sarala, a proprietor of Royal Security Agency, received ₹ 2,00,000 by an
account payee cheque, as advance while signing a contract with Deepak
Chemicals Ltd. for providing security services. She received ₹ 5,00,000 by credit
card while providing the service and another ₹ 5,00,000 by a pay order on
Jan. 31, 2016 from Deepak Chemicals Ltd. All three transactions took place
during Jan. 2016. She seeks your advice about her liability towards value of
taxable service and the service tax payable by her.

SECTION - B

Answer any three questions. Each question carries ten marks: (3×10 = 30)

8. Explain in detail the provisions for chargeability of Excise Duty, by providing
suitable examples.

9. X Pvt. Ltd., a closely-held Indian Company, is engaged in the business of
manufacture of chemical goods (value of plant and machinery owned by the
company is Rs. 55 lakhs). The following information for the financial year 2015-16
are given:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale proceeds of goods (domestic use)</td>
<td>22,23,900</td>
</tr>
<tr>
<td>Sale proceeds of goods (export sale)</td>
<td>5,76,100</td>
</tr>
<tr>
<td>Amount withdrawn from general reserve (reserve was created in 1996-97 by debiting P and L A/c)</td>
<td>2,00,000</td>
</tr>
<tr>
<td>Amount withdrawn from Revaluation Reserve</td>
<td>1,50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,50,000</strong></td>
</tr>
</tbody>
</table>

Less: Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation (normal)</td>
<td>6,16,000</td>
</tr>
<tr>
<td>Depreciation (extra depreciation because of revaluation)</td>
<td>2,70,000</td>
</tr>
<tr>
<td>Salary and wages</td>
<td>2,10,000</td>
</tr>
<tr>
<td>Wealth-tax</td>
<td>10,000</td>
</tr>
<tr>
<td>Income-tax</td>
<td>3,50,000</td>
</tr>
<tr>
<td>Outstanding custom duty (not paid as yet)</td>
<td>17,500</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>60,000</td>
</tr>
<tr>
<td>Consultation fees paid to a tax expert</td>
<td>21,000</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,39,000</td>
</tr>
</tbody>
</table>

**Net profit** 14,56,500
For tax purposes the company wants to claim the following:
- deduction under Section 80-IB (30% of Rs. 14,56,500)
- depreciation under Section 32 is Rs. 5,36,000

The company wants to set-off the following losses/allowances:

<table>
<thead>
<tr>
<th></th>
<th>For tax purposes (Rs.)</th>
<th>For accounting purposes (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B/f loss of 2010-2011</td>
<td>14,80,000</td>
<td>4,00,000</td>
</tr>
<tr>
<td>Unabsorbed depreciation</td>
<td></td>
<td>70,000</td>
</tr>
</tbody>
</table>

Compute the tax liability of the company for the assessment year 2016-17 assuming that X Ltd., gets a long-term capital gain of Rs. 60,000 which is not credited in profit and loss account.

10. M/s. Yeshaswi Industries Ltd. has imported a machine from Japan at an F.O.B. cost of 1,00,000 yen (Japanese). The other expenses incurred were as follows:
   a) Freight from Japan to Indian port 10,000 yen;
   b) Insurance charges 5,000 yen;
   c) Designing charges paid to consultancy firm in Japan 15,000 yen
   d) M/s Yeshaswi Industries Ltd. spent Rs. 50,000 in India for development work connected with the machine.
   e) Transportation cost from Indian port to factory Rs. 15,000
   f) CBEC has announced exchange rate as 1 yen - Rs. 0.50. However the exchange rate prevailing in the market was 1 yen = Rs. 0.5104.
   g) M/s Yeshaswi Industries Ltd. made payment to the bank based on exchange rate of 1 yen = Rs. 0.5007.
   h) The commission payable to the agent in India was @5% of F.O.B. price in Indian rupees.
   i) The rate is basic customs duty is 8%. Similar goods are subject to 16% excise in India. Education cess and special CVD is as applicable. Find the customs duty and other duties payable.

11. Shri Arvind is a registered dealer in Jaipur (Rajasthan). He sells goods both inside the state and in the course of inter-state trade or commerce. From the following particulars find out taxable turnover and the tax payable under the CST Act:
   a) Goods worth Rs. 20,400 (being specified goods) sold to a registered dealer of Punjab.
   b) Goods worth Rs. 36,000 were purchased from Himachal Pradesh but while the goods were in transit, it was sold to a registered dealer of Delhi by transferring title deed of goods for Rs. 40,100.
c) Goods worth Rs. 22,000 were transferred to their branch at Calcutta.
d) Goods worth Rs. 35,500 were sold to the Government of Bihar. Out of this
Bihar Government returned goods worth Rs. 10,000 within two months from
the date of sale. It has been effected in the books of accounts.
e) Goods worth Rs. 16,480 (being specified goods) are sold to an unregistered
dealer of U.P. Such goods are taxable in the appropriate state @ 3%.
f) Undeclared goods amounting to Rs. 54,000 was sold to an unregistered dealer of
M.P. The rate of tax in respect of such goods in the appropriate state is 8%.
g) Goods amounting to Rs. 31,000 were sold to a firm of London in the course of
export outside India.
h) Goods amounting to Rs. 16,160 were sold to a registered dealer of Delhi. In
general such goods is taxable in the appropriate state at the rate of 1%.
i) Goods worth Rs. 37,400 taxable at the rate of 8% was sold to a registered
dealer of Ajmer (Rajasthan).
j) Goods worth Rs. 22,000 was invoiced to their agent at Aligarh (U.P.) but
while the goods was in transit, it was sold to an unregistered dealer of Agra
(U.P.) for Rs. 23,520. The rate of tax in respect of such goods in the appropriate
state is 12%.
The above selling prices include CST. The dealer has submitted all necessary
certificates and declarations.

SECTION – C

This is a compulsory question carrying fifteen marks: (1x15=15)

12. Case analysis:

J & Co., proposes to acquire a machine on 1-4-2016 for its business. It will cost
about Rs. 1,50,00,000. It is expected to have a working life of 3 years and a
scrap value at the end of the useful life is expected to be Rs. 40,00,000. If the
machine is purchased through borrowed funds, rate of interest is 15% per annum.
The loan is repayable in 3 annual installments of Rs. 50,00,000 each. If the
machine is acquired through lease, lease rent would be Rs. 60,00,000 per annum.
Profits before depreciation and tax are expected to be Rs. 1,00,00,000 every
year. Rate of depreciation is 30%. The discount factor may be assumed at 10%.

J & Co., seeks your advice whether it should

a) acquire the machine through own funds or borrowed funds; or
b) take it on lease.
PG – 1091

III Semester M.B.A. Degree Examination, February 2016
(CBCS) (2014-15 and Onwards)
MANAGEMENT
Paper – 3.3.2 : Corporate Tax Planning and Management

Time : 3 Hours
Max. Marks : 70

SECTION – A

Answer any five questions from the following each question carries 5 marks : (5×5=25)

1. A manufacturer has agreed to supply a machine on the following terms : 
   a) Price of the machine at Rs. 4,50,000 (Exclusive of taxes and duties)
   b) Packing for transportation of the machine Rs. 15,000
   c) Transport charges of machinery Rs. 25,000
   d) Development and tooling charges Rs. 40,000 (exclusive of Duties and taxes)
   e) CST @4%
   f) Octroi paid on machine supplied Rs. 2,000 (not recovered from party separately).
   g) Excise duty 12.5% h. Interest will be charged @ 16% on delayed payment beyond 30 days.
   h) Special discount Rs. 5,000 if advance of Rs. 2,00,000 is paid with order.
      Work out the excise duty liability based on the following additional information :
      i) Actual transportation cost is Rs. 20,000
      ii) Interest of Rs. 5,000 was charged as party has failed to make payment within 30 days.
      iii) The buyer paid advance with the order.

2. Being a tax expert suggest the government for alternative initiatives in corporate tax to increase the source to the government.

3. From the following details, compute the turnover and central sales-tax payable by a dealer :

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total inter-state sales (including CST)</td>
<td>25,00,000</td>
</tr>
<tr>
<td>a) Trade commission for which credit notes have to be issued separately</td>
<td>70,000</td>
</tr>
<tr>
<td>b) Installation charges charged separately</td>
<td>20,000</td>
</tr>
<tr>
<td>c) Excise duty</td>
<td>3,00,000</td>
</tr>
<tr>
<td>d) Freight, insurance and transport charges recovered separately in the invoice</td>
<td>80,000</td>
</tr>
</tbody>
</table>
e) Goods returned by dealers within six months of sale, but after the end of the financial year 40,000
f) Trade discount 10,000

Buyers have issued ‘C’ forms for all purchases. Sales tax rate within State is 5%.

4. Explain the import procedures for customs duty in India.

5. XYZ Ltd. is engaged in providing taxable services. Calculate the service tax payable by the assesse for the month of March 2015 from the information given below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Total invoices issued during March 2015 for services rendered during March 2015 (No amount is received as on 31-3-2015)</td>
<td>40,00,000</td>
</tr>
<tr>
<td>2) Invoices issued during March 2015 includes services rendered in Jammu and Kashmir</td>
<td>4,00,000</td>
</tr>
<tr>
<td>3) Advance received for services to be rendered in the month of June 2015 for which invoices are not issued as on 31-3-2015</td>
<td>18,00,000</td>
</tr>
<tr>
<td>4) Services rendered to Associated Enterprises for which no invoice is issued but accounting entry is made in the books of accounts in March 2015</td>
<td>1,50,000</td>
</tr>
<tr>
<td>5) Advances from clients in February 2015 for which no service has been rendered till date</td>
<td>6,00,000</td>
</tr>
<tr>
<td>6) Invoice issued for the service rendered in February 2015 against which no amount is received till date</td>
<td>8,00,000</td>
</tr>
</tbody>
</table>

The above accounts are inclusive of service tax and cess at applicable rates. XYZ Ltd. is not eligible for small Service Provider’s exemption in financial year 2014-15.

6. PQR and Co. is an Indian company carrying business in India and Germany. The control and management is wholly situated in India during the year 31st March 2015. Its income accruing or arising in Germany in that year exceeded its income accruing or arising in India. Determine the residential status of the company with reasons.

7. An Indian resident goes to Bhutan on tour. He purchases color TV of Rs. 18,000, a laptop computer of Rs. 79,000, a new digital camera of Rs. 40,000, his personal effects of Rs. 25,000 and a computer of Rs. 30,000 and hair dryer of Rs. 2,000 in a duty free shop in Bhutan and brings the same to India. What is the duty payable?

a) If he returns on 3rd day by air
b) If he returns on 3rd day by land route
c) If he returns on 11th day by air
d) If he returns on 11th day by land route.
SECTION – B

Answer any three questions from the following each question carries 10 marks: (3\times10=30)

8. Explain the tax provisions as implication on management decision in the following areas:
   a) Product make or buy
   b) Repair or replace.

9. Ram and Sham want to start a business, the estimated profit of which for the year is Rs. 12,00,000 they have two options for selecting a form of organisation.
   a) A partnership firm
      i) 10% interest on capital of Rs. 10,00,000 each
      ii) Salary of Rs. 2,00,000 p.a. each
      iii) Equal distribution of remaining profits
   b) A company
      i) Rs. 6,00,000 each as a share capital and Rs. 3,00,000 each as a loan at 10%
      ii) Salary of Rs. 2,00,000 p.a. each
      iii) Distribution of remaining profits as dividend equally

Which option is better for tax point of view?

10. The following is the P and L A/c of the Indian Co. Ltd. for the year ended 31st March 2015.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rs.</th>
<th>Particulars</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To salaries, wages</td>
<td>6,00,000</td>
<td>By Domestic sales</td>
<td>50,00,000</td>
</tr>
<tr>
<td>To rent, rates</td>
<td>4,00,000</td>
<td>By export sales</td>
<td>20,00,000</td>
</tr>
<tr>
<td>To repairs</td>
<td>2,40,000</td>
<td>By transfer from general reserve</td>
<td>4,00,000</td>
</tr>
<tr>
<td>To selling expenses</td>
<td>7,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To depreciation</td>
<td>10,00,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To income tax</td>
<td>7,20,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To proposed dividend</td>
<td>5,40,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To net profit</td>
<td>74,00,000</td>
<td></td>
<td>74,00,000</td>
</tr>
</tbody>
</table>

Other information:

1) The company has LTCG of Rs. 2,00,000 which is not credited to P and L A/C.
2) Foreign Exchange remittance of Rs. 14,00,000.
3) Depreciation U/S 32 is Rs. 9,00,000.
4) The company wants to set off the following:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>For Tax Purpose</th>
<th>For Accounting Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brought forward loss of 2012-13</td>
<td>10,00,000</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Unabsorbed depreciation</td>
<td>4,00,000</td>
<td>4,00,000</td>
</tr>
</tbody>
</table>

You are required to compute:

a) Book profit as per 115JB
b) Total income of the company
c) Tax liability of the company.

11. a) Discuss the valuation of excisable goods in excise duty.
     b) Explain the different types of forms used in CST with its importance.

SECTION – C
Case Study (Compulsory)

12. An importer has imported a machine from USA at FOB cost of $20,000. (1x15=15)
Other details are as follows:

a) Freight from USA to Indian port was $ 1,000.
b) Insurance was paid to insurer in India : Rs. 8,000.
c) Design and development charges of $3,000 were paid to a consultancy firm in USA.
d) The importer also spent an amount of Rs. 50,000 in India for development work connected with the machinery.
e) Rs. 15,000 were spent in transporting the machinery from Indian port to the factory of importer.
f) Rate of exchange as announced by RBI was : Rs. 66.75 = One US$.
g) Rate of exchange as announced by CBE and C (Board) by notification under Section 14(3)(a) (i) : Rs. 66.70 = One US$.
h) Rate at which bank recovered the amount from importer : Rs. 66.35 = One US$.
i) Foreign exporters have an Agent in India. Commission is payable to the agent in Indian Rs. @5% of FOB price.

Customs duty payable was 10%. If similar goods were produced in India, excise duty payable as per tariff is 12%. There is an excise exemption notification which exempts the duty as is in excess of 10%. Education cess is as applicable. Special CVD is payable at applicable rates. Find customs duty payable. How much CENVAT can be availed by importer, if he is a manufacturer?