Practical problems

1. A 1st stage dealer purchases 50 number of equipments from a manufacturer at an assessable value of Rs 1,000 per equipment attracting CENVAT at 12% an cess at 3%. Out of the above he sold to Mr. A and B 20 and 30 units respectively.

You are required to calculate the total input credit available at the disposal of the first stage dealer and the amount of credit require to be passed on to Mr. A and B if the first stage dealer keeps a margin of 20% on his cost price.

Solution

Total credit available at the disposal of the 1st stage dealer	
Total value of goods [50*1000]	50,000
Add: tax at 12%	6,000
Add: cess @3%	180
	56,180
credit available (6000+18)	**6180**
Mr. A 20 units*1200Rs[1000+20% on 1000=1200]	24000
Add: cenvat & cess [6180*20/50]	2472
	26472
Mr. B 30units * 1200Rs per unit	36000
Add: cenvat & cess [6180*30/50]	3708
	39708

The total credit available at the time of disposal is Rs 6180

2. A manufacturer sold some goods having an assessable value of Rs 28,000 by charging 6% excise duty and 3% cess. Later it was revealed that the exemption notification which had effect of the 6% rate was withdrawn on the date of sale and original rate of 85 was restored.

You are required to calculate the duty liability at the point of sale also the difference duty payable due to the lower rate wrongly applied.

Solution:

value of sale	28000
Add: 6% cenvat [28000*6%]	1680
Add: cess @3%	50.4
total duty payable	**1730.4**
Gross receipts [28000+1730.4]	**29730.4**

			difference duty payable
sale value	100	27467.11	
cenvat	8	2197.37	517.37
cess	0.24	65.92	15.52
gross receipts	108.24	29730.4	**532.89**

The difference duty payable is Rs 532.89

3. A manufacturer cleared certain goods valued at Rs 14,500 by charging 8% CENVAT He didn't charge cess 3%

You are required to determine the amount of difference CENVAT and cess.

Solution

Actual charged:

value of sale	14,500
Add: CENVAT@8%	1160
Gross receipts	15660

			difference duty payable
sale value	100.00	14,467.85	
cenvat	8.00	1,157.43	2.57
cess	0.24	34.72	34.72
gross receipts	108.24	15,660.00	37.29

4. A manufacturer clears equipments having on assessable value of Rs 27,200 the CENVAT applicable is at 12% and cess at 3%. You are required to calculate duty payable.

Ans: The Assessable Value	Rs.27,200.00
Cenvat at 12%	Rs. 3,264.00
Cess at 3%	Rs. 97.92
Total Duty Payable	Rs. 3,361.92

5. A manufacturer clears certain equipments. However, as on the date of verification of invoice, the invoice was mutilated and defaced but only one amount could be read as CENVAT at 12% amounting to Rs 8,340. You are required to find out the assessable value , cess at 3%, total value of invoice and total duty liability.

   1. In the Invoice, one item can be found out i.e., 12% Cenvat is Rs.8,340. Hence, to find out on what amount 12% will be Rs.8,340, we have to make calculation as follows:

      Rs.8,340 / 12 x 100 = 69,500. Hence, Rs.69,500 is the Assessable Value.

   2. Cess is calculated as a percentage of CENVAT. We know the CENVAT amount i.e., Rs.8,340. 3% Cess on Rs.8,340 = 250.20.
   3. Total duty payable is Rs.8,340 + Rs.250.20 = Rs.8,590.20
   4. Total Invoice Value = Assessable Value + Cenvat + Cess = 69,500 + 8,340 + 250.20 = Rs.78,090.20.

6. Mr. X removes certain goods for a total consideration (gross consideration) of Rs 1,26,370. The CENVAT applicable was 14% and cess 3%. You are required to calculate the Assessable value CENVAT and cess.

   In this case, the total consideration or gross consideration is given, which is inclusive of assessable value, cenvat and cess. Given the rate of duty, we can obtain the three amounts combined as follows:

Assume that A.V is	Rs.100.00
Cenvat at 14%	Rs. 14.00
Cess at 3% on Cenvat	Rs. 0.42.
Total	RS.114.42.

   From the above, it can be noted that, where the total is 114.42, the assessable value is Rs.100. Where the total is Rs.1,26,370, the assessable value can be found out as follows:

Rs.100 / Rs.114.42 x Rs.1,26,370 = Rs.1,10,443.97.

The Assessable Value	Rs.1,10,443.97
Cenvat at 14%	Rs. 15,462.16
Cess at 3% of cenvat	RS. 463.86
Total	RS.1,26,370.00

The total duty payable will be Cenvat + Cess = Rs.15,462.16 + Rs.463.86 = Rs.15,926.02.

7. The gross receipt on account of sale of an equipment is Rs2,35,070. The CENVAT applicable is 12.5% and cess. Calculate Assessable value, CENVAT and cess.
   In this case, the total consideration or gross consideration is given, which is inclusive of assessable value, cenvat and cess. Given the rate of duty, we can obtain the three amounts combined as follows:

Assume that A.V is	Rs.100.00
Cenvat at 14%	Rs. 12.50
Cess at 3% on Cenvat	Rs. 0.375
Total	RS.112.875

From the above, it can be noted that, where the total is 112.875, the assessable value is Rs.100. Where the total is Rs.2,35,070, the assessable value can be found out as follows:

Rs.100 / Rs.112.875 x Rs.2,35,070 = Rs.2,08,256.92.

The Assessable Value	Rs. 2,08,256.92
Cenvat at 12.50%	Rs. 26,032.12
Cess at 3% of cenvat	RS. 780.96
Total	RS.2,35,070.00

The total duty payable will be Cenvat + Cess = Rs.26,032.12 + Rs.780.96 = Rs.26,813.08.

8. An equipment was sold at a sum price of Rs 1,10,000 (excluding duties and taxes). The applicable CENVAT is 10% and cess 3%. It is further given to your information that the buyer of the equipment had advanced the manufacturer for an amount of Rs 1,00,000 at the time of placing the order and there is a time gap of 3 months between the order date and sale. The market rate of interest may be considered at 18% p.a. under simple interest. You are required to calculate the total duty payable.

solution:

In this case, the seller has sold the equipment for Rs.1,10,000 being the sale price, excluding duties and taxes. He has sold it at Rs.1,10,000, because, he had obtained financial assistance of Rs.1,00,000 for 3 months, without paying any interest. Hence, while invoicing, he has under-invoiced. This transaction lacking the concept of ‘ Price shall be the sole consideration for the transaction’ because, there is a favour from the buyer. Such amount is to be added to sale price to arrive at the Assessable Value.

It is calculated as follows:

Particulars	Amt.
Amount of Advance	1,00,000
Rate of Inteerest	18%
Period of availment	3 Months
Interest at 18% for 3 Months	4,500
Calculation of AV and Duty:	
Sale Price as per Invoice	1,10,000
Add: Interest	4,500
Assessable Value	1,14,500
CENVAT at 10%	**11,450**
PES at 2%	**229.00**
S&HEC	**114.50**
Total Duty Payable:	**11,793.50**

9. A manufacturer sold a machinery for Rs1,75,000 exclusive of duties and taxes. Applicable cenvat is 12% and cess 3%. Though the CENVAT was 12% on the date of completion of production, as on the date of removal there was a notification which had the effect of enhancing the duty liability by 2% it is further informed that the buyer had made interest free advance to the extent of Rs 1,50,000 for a period of four months. Market rate of interest can be assumed at 18%. However ,the buyer had charged a nominal interest of Rs 3,000. It is further observed that the buyer of the machinery was a regular supply of raw-material to the seller and in relation to the raw-materials supplied for fabrication of the machinery in question, he had allowed a special reduction of Rs 7,500; which was not available to other buyers of the buyer.

   You are required to calculate the duty liability being cenvat, primary education cess and secondary education and higher education cess.

   solution:

   In this case, the seller has sold the equipment for Rs.1,75,000 being the sale price, excluding duties and taxes. He has sold it at Rs.1,75,000, because, he had obtained financial assistance of Rs.1,50,000 for 4 months, at concessional rate of interest. Also, on purchase of raw-materials, a special discount of Rs.7,500 was availed. Hence, while invoicing, he has under-invoiced. This transaction lacking the concept of ‘ Price shall be the sole consideration for the transaction’ because, there is a favour from the buyer. Such amount is to be added to sale price to arrive at the Assessable Value.

It is calculated as follows:

Particulars	Amt.
Amount of Advance	1,50,000
Rate of Inteerest	18%
Period of availment	4 Months
Interest at 18% for 4 Months	9,000
Less: Interest paid by seller	3,000
Concession available – This is to be added to sale price.	**6,000**
Special reduction availed	**7,500**
Calculation of AV and Duty:	
Sale Price as per Invoice	1,50,000
Add: Interest	6,000
Add: Special reduction	7,500
Assessable Value	1,88,500
CENVAT at 14%	**26,390**
PES at 2%	**527.80**
S&HEC	**263.90**
Total Duty Payable:	**27,181.70**

10. If the above illustration, if the said machinery was non-excisable on the date of completion of the production and was excisable as on the date of removal with a cenvat liability of 14%and cess3% . what will be your answer considering the total duty payable.

Solution:

In this case it is categorically given to our understanding that the said machinery was non-excisable commodity on the date of completion of production. Hence these was no duty liability at on the completion of production and hence any increase in or decrease will not alter the character of being a non excisable commodity on the date of production and hence whatever be the liability on the date of removal, it will not be a liability for the commodity produced up to the date its enjoying the status of non excisable commodity.

In this situation the cenvat liability which has come into being on the date of removal which was not there on the date of production will result in introduction a new levy. However, if it were excisable will 0% canvat credit on the date of production and on the date of removal there is a positive duty rate it does not amount to introduction of new levy but only amounts to a change in the rate of duty and such changed rate as prevailing on the date of removal.

11. A manufacturer clears certain goods having an assessable value of Rs 1,00,000 on the date of completion of production the cenvat applicable was 14% and primary education cess 2%. By the date of removal, a new levy with a nomenclature of secondary and higher education cess of 1% was introduced. You are required to calculate the duty liability on the date of removal.

Note: In the case of an existing levy, i.e., the levy exists on the date of production and date of removal, the rate as prevailing on the date of removal will be considered.

However, If a levy is not in existence on the date of production, but it is newly introduced by the date of removal, such levy is not required to be paid in respect of goods already produced before introduction of such levy, even if the goods are removed subsequent to such introduction of levy.

It should also be noted that, 0% rate of existence is also an existing levy.

Assessable Value	1,00,000.00
CENVAT at 14%	14,000.00
Primary Education Cess @ 2%	280.00
Secondary Cess @ 1% not applicable, because it was a non-existent liability at the time of completion of production.	
Total Duty Payable	14,280

12. A manufacturer removes certain goods listed in the third schedule or covered under weights measurement Act or governed under section 4A of the central excise Act having an aggregate MRP of Rs 1,40,000 . The rate of abatement prescribed is 25%. The cenvat applicable is 12% and cess 3%.Calculate the total duty payable.

Solution:

Total MRP	1,40,000
Less: Abatement at 25@	35,000
Assessable Value	1,05,000
CENVAT at 12%	12,600
Cess at 3% on cenvat	378
Total Duty Payable	12,978

13. On clearance of a certain product, the cenvat calculated at 10% amounted to Rs 12,600 . The abetment prescribed is 30%. The applicable cess is at 3%. you are required to calculate the MRP of the product and Assessable value.

Cenvat Calculated at 10%	12,600
Hence, the AV is 12,600/10x100	1,26,000
The AV is after abatement of 30%. Hence, MRP is calculated as 1,26,000 / 70 x 100	1,80,000
Cess at 3% on Cenvat of Rs.12,600	378
MRP	1,80,000
AV	1,26,000
CENVAT	12,600
CESS	378
Total duty payable	12,978

14. There are two manufacturer M1 and M2 who clears 3000 units each to three state viz. Karnataka, Kerala and Tamilnadu, with 1000 units for each state. The MRP for these products are fixed at Rs100 in Karnataka, Rs110 in Kerala and Rs 120 in Tamilunadu.

    M1 has prepared packages in such a way that in contains all the three MRP's in each pockets. So that any 1000 pockets may be dispatched to any state .

    where as M2 has estimate 1000 pockets for each state separately and has mentioned only one MRP on the pocket as is relevant to the state to which it is intended to be dispatched.

    The abatement of the product is 25% . cenvat 12% and cess 3%. Calculate the total duty payable by M1 and M2.

    Solution:

    In the case of M1, as he mentions more than 1 MRP on the package, the highest of MRP is considered. Whereas in the case of M2, he mentions only 1 MRP as is relevant for the State in which it is sold. Hence, MRPs relevant to the State is to be considered.

Particulars	M1	M2
No. of units cleared in Karnataka	1000 Units	1000 Units
No. of units cleared in Kerala	1000 Units	1000 Units
No. of units cleared in Tamilnadu	1000 Units	1000 Units
Applicable Rates		
No. of units cleared in Karnataka	120 x 1000	100 x 1000
No. of units cleared in Kerala	120 x 1000	110 x 1000
No. of units cleared in Tamilnadu	120 x 1000	120 x 1000
Total MRP	3,60,000	3,30,000
Abatement at 25%	90,000	82,500
Assessable Value	2,70,000	2,47,500
CENVAT at 12%	32,400	29,700
CESS at 3%	972	891
Total duty payable	33,372	30,591

15. a manufacturer clears 6000 packets of milk powder each unit containing 500 grms of milk powder. The MRP applicable to Karnataka is Rs 240, Andra Rs.230 and Maharastra Rs 260.

Out of the total quantity of 6000 packets, 40% of the packets contain all the three MRP's and are dispatched to all the three states equally the remaining 60% packets are printed with only one MRP as applicable to the state to which these are dispatched, equally to all the three states. The prescribed abatement is 40%, cenvat 10%and cess3%. Calculate the duty payable.

Solution:

In the case of out of 6000 packets, 40% are cleared by declaring all the 3 MRPs on all the packet. Remaining 60% are quoted only with 1 MRP as is relevant to the particular State. Hence, in respect of 40% quantity, highest MRP is chosen and in respect of 60% quantity, the relevant MRP is to be applied.

Particulars	40% Quantity = 2400 packets	60% Quantity = 3600 packets
No. of units cleared in Karnataka	800 Units	1200 Units
No. of units cleared in Andhra	800 Units	1200 Units
No. of units cleared in Maharashtra	800 Units	1200 Units
Applicable Rates		
No. of units cleared in Karnataka	260 x 800	240 x 1200
No. of units cleared in Andhra	260 x 800	230 x 1200
No. of units cleared in Maharashtra	260 x 800	260 x 1200
Total MRP	624000	876000
Total MRP		1500000
Abatement		600000
Assessable Value		900000
CENVAT at 10%		90000
Cess at 3%		2700
Total Duty Payable		92700

16. If the above illustration in respect of 40% of quantity having three MRP's on each packet seems to have tamper to give an increase to 10% of the originally printed value and in respect of 60% quantity there are no changes, what will be your answer?

Solution:

In the case of out of 6000 packets, there is MRP alteration in respect of 40% packets and in respect of 60%, there is no alteration. Wherever there are original and altered prices, the highest of such prices will be chosen.

Particulars	40% Quantity = 2400 packets	60% Quantity = 3600 packets
No. of units cleared in Karnataka	800 Units	1200 Units
No. of units cleared in Andhra	800 Units	1200 Units
No. of units cleared in Maharashtra	800 Units	1200 Units
Applicable Rates		
No. of units cleared in Karnataka	286 x 800	240 x 1200
No. of units cleared in Andhra	286 x 800	230 x 1200
No. of units cleared in Maharashtra	286 x 800	260 x 1200
Total MRP	686400	876000
Total MRP		1562400
Abatement		624960
Assessable Value		937440
CENVAT at 10%		93744
Cess at 3%		2812.32
Total Duty Payable		96556.32

17. A manufacturer purchases 800 kgs of unbranded milk powder in bulk at Rs200 per kg which has suffered cenvat at 6% and cess at 3%. The selling price of Rs200 per kg is exclusive of duties and taxes. He repacked the milk powder into unit containers of 250grms and cleared them by declaring an MRP of Rs 280 on each packet. When it is repacked into unit containers the product will find a place in schedule III with an abatement of 30%. The cenvat applicable is 8% and cess 3%. You are required to calculate the output duty liability, input credit and net duty payable separately in respect of cenvat, primary and secondary and higher education cess. Assuming that the entire quantity purchased is repacked and sold.

Particulars	CENVAT	PEC	S&HEC
Out-put duty Calculation Packed into 250 Gms. For 800 KGs, x 4 = 3200 packets. Total MRP = 3,200 packets x 80 Per Packet = 2,56,000 – Abatement at 30% Rs.76,800. Hence, Assessable value will be Rs.1,79,200. Calculation CENVAT and CESS at 8% and 3% respectively.	14,336.00	286.72	143.36
Input Credit Calculation: 800 KG x Rs.200 Rs.1,60,000	9,600.00	192.00	96.00
Net duty payable	4736	94.72	47.36

Total duty payable = Rs.4736 + 94.725 + 47.36 = Rs.4,878.08

18. if in the above illustration, the manufacturer sells 60% of the quantity purchased as stated above and the remaining 40% is sold in bulk by keeping a margin of 20% on purchases price, what will be your answer.

    In this case, only 60% of the quantity sold in unit containers, is taxable u/s.4A of the Act. In respect of the remaining quantity, he will only be a dealer and there will not be any excise duty. Similarly, in respect of 40% of purchases, input credit will not be available.

Particulars	CENVAT	PEC	S&HEC
Out-put duty Calculation Packed into 250 Gms. For 800 KGs, x 4 = 3200 x 60% 1,920 packets. Total MRP = 1,920 packets x 80 Per Packet = 1,53,600 – Abatement at 30% Rs.46,080. Hence, Assessable value will be Rs.1,07,520. Calculation CENVAT and CESS at 8% and 3% respectively.	8,601.60	172.03	86.02
Input Credit Calculation: 800 KG x Rs.200 Rs.1,60,000	9,600.00	192.00	96.00
Less: In-eligible – 40%	3,840.00	76.80	38.40
Eligible Input Credit	5,760.00	115.20	57.60
Net duty payable	2,841.60	56.83	28.42

Total duty payable Rs.2,841.60 + 56.83 + 28.42 = Rs.2,926.85

19. A manufacturer furnishes the following particulars of his transaction for a particular tax period.

    `a) production of product A during the tax period 500 units

    b)opening balance of product A at the beginning of the tax period 160 units

    c) Removal of the goods during the tax period 600 units as follows

    - 130 units from out of opening stock
    - 470 units from out of production during the tax period.

    d)the rate of duty prior to the tax period cenvat 12% and primary education cess 2%

    e)the rate of duty on the date of removal cenvat 10%, primary education cess 2% and secondary and higher education cess 1%

    f) input credit at the begining of the tax period prior Rs 2,700

    g) selling price exclusive its tax at Rs 300 per unit.

    You are required to calculate the excise duty liability.

Solution:

Note: In the case of an existing levy, i.e., the levy exists on the date of production and date of removal, the rate as prevailing on the date of removal will be considered.

However, If a levy is not in existence on the date of production, but it is newly introduced by the date of removal, such levy is not required to be paid in respect of goods already produced before introduction of such levy, even if the goods are removed subsequent to such introduction of levy.

It should also be noted that, 0% rate of existence is also an existing levy.

	Rates on the date of production			Rates on the date of removal		
	CENVAT	PEC	S&HEC	CENVAT	PEC	S&HEC
On Op. Stock	12%	2%	Not existing	10%	2%	1%
On production during tax period	10%	2%	1%	10%	2%	1%
Rates applicable on Opening Stock Removal = 130 out of 160				10%	2%	Not existing
Rate applicable on units produced during tax period – 470 out of 500 units				10%	2%	1%
130 x 300 = AV = 39,000				3900	78	NA
470 x 300 = AV = 1,41,000				14100	282	141
Total output duty liability				18000	360	141

Total duty payable = Rs.18,000 + Rs.360 + Rs.141 = Rs.18,501

Less: Input credit at the beginning of the period = Rs. 2,700

Net duty payable = Rs.15,801

PROBLEMS ON SSI EXEMPTION

20. A manufacturing unit furnishes the following particulars of its transaction for the financial year 2013-14. All amounts furnished are exclusive of duties and taxes.
    a) Clearance of the goods in the domestic market manufactured on his own Rs 80,48,000
    b) Deemed manufactured goods cleared in domestic market Rs 2,80,00,000
    c) Goods manufactured and cleared to Nepal Rs 30,00,000
    d) Goods manufactured and exported to Srilanka Rs120,00,000
    e) Job work accepted which does not amount manufacture Rs 21,00,000
    f) Trading activity Rs 32,00,000

    In terms of notification 8/2003 as amended upto date you are required to opine whether the unit is eligible for SSI exemption during the financial year 2014-15.

    Solution:

    For the purpose of considering the eligibility for SSI exemption notification, the following items are to be considered.

    1.Clearance of the goods in the domestic market manufactured on his own Rs 80,48,000

    2.Deemed manufactured goods cleared in domestic market Rs 2,80,00,000

    3.Goods manufactured and cleared to Nepal Rs 30,00,000

    Total of the above 3 will be Rs.3,90,48,000. The inclusive items of turnover dos not exceed 400 lacs. Hence, the unit is eligible for SSI exemption during the financial year 2014-15.

21. The above unit assuming that will opt for SSI exemption and during 2014-15 it is capable of achieving 75% of the previous year turnover in all the categories of transaction and further assuming that the rate of tax as per notification is 8% plus cess, whereas the rate of tax or duty under the normal provisions is 14%.

    You are required to calculate the duty liability only in respect of first 3 categories of transaction making necessary assumptions where ever required.

    The eligible turnover for SSI exemption during 2013-14 is Rs.3,90,48,000.

    In the year 2014-15, the turnover in respect of the above will be Rs.2,92,86,000 (75% of 3,90,48,000).

    Once, the unit is eligible, it can avail concessional rate of duty only upto 150 lacs (8% + 3%). In excess of the above, whatever turnover is achieved, the rate of duty will be 14% + 3%.

Cenvat On First 150 lacs duty at 8% : 150,00,000 x 8%	Rs.12,00,000
Cess at 3%	Rs. 36,000
Total	Rs.12,36,000

    Balance Turnover (2,92,86,000 – 150,00,000) = 1,42,86,000

Cenvat On balance Rs.1,42,86,000 duty at 14% :	Rs.20,00,040.00
Cess at 3%	Rs. 60,001.20
Total	Rs.20,60,041.20

    Total out-put liability Rs.32,96,041.20 (Rs.12,36,000 + 20,60,041.20)

22. A manufacturer being eligible for opt SSI exemption notification during the financial year 2014-15, projects the following transaction based on which you are required to suggest him whether to avail the benefits of SSI exemption notification or not
    a) Eligible turnover 3,40,00,000 excluding duties and taxes.
    b) Input consumption is estimated at 70% of the clearance value, excluding duties and taxes
    c) 60% of the inputs attract duty at 14% and the balance at 6%.
    d) The duty on clearance of eligible product is 12%.

Particulars	If SSI exemption notification is opted for.	Not opted for
Out-put liability calculation:		
Turnover subjected to Concessional rate of duty	15000000	NIL
Turnover subject to Normal rate of duty	19000000	34000000
Out-put Cenvat at 8% (150 lacs x 8%)	NIL	NIL
Out-put Cenvat at 12% (190 lacs x 12%)	22,80,000	
Out-put Cenvat at 12% (340 lacs x 12%)		40,80,000
Total CENVAT liability	22,80,000	40,80,000
Cess at 3%	**68,400**	**1,22,400**
Total of CENVAT and CESS	**23,48,400**	**42,02,400**
Calculation of Input Credit:		
Total input purchased – (70% of 340 lacs)	2,38,00,000	2,38,00,000
Input Credit - 60% purchases – Input duty at 14% (238 lacs x 60% x 14%	19,99,200	19,99,200
Input Credit – 40% purchases – Input duty at 6%. (238 lacs x 40% x 6%)	5,71,200	5,71,200
Total input CENVAT	2570400	2570400
CESS at 3%	77112	77112
Total input credit	2647512	2647512
Calculation of Eligible Input Credit:		
Out of 340 lacs, 150 lacs is at concessional rate. Hence, no input credit. On the balance Rs.190 lacs, normal duty is paid. Input credit is available. In-eligible input credit = 26,47,512 x 150 / 340	11,68,020	0
Elibible input Credit	**14,79,492**	**26,47,512**
Net duty payable (23,48,400 – 14.79,492)	8,68,908	
Net duty payable (42,02,400 – 26,47,512)		15,54,888

By availing the SSI exemption, the net amount payable will be Rs.8,68,908.

By not availing SSI exemption, the net amount payable will be Rs.15,54,888.

Hence, in the instant case, the SSI notification benefit should be opted for.

23. A manufacturer furnishes the following particulars of his duties and taxes for the month of Jun-2014.
   a. Output CENVAT (Basic Tax) Rs.2,00,000
   b. Cess on Output Tax Rs. 6,000
   c. Input CENVAT (Basic Tax) Rs. 50,000
   d. Cess on Input CENVAT Rs. 1,500
   e. CENVAT on Capital Goods Rs. 12,000
   f. CESS on Capital Goods Rs. 360
   g. Input Service Tax Rs. 10,000
   h. CESS on Service Tax Rs. 300

You are required to determine the amount payable using GAR-7 for the month of Jun-2014.

	Particulars	Basic Tax	CESS
	Out-put Tax Liability	2,00,000	6,000
	Total out-put tax liability	2,00,000	6,000
	Input-Credit		
	Under Central Excise – on Inputs otherthan capital goods	50,000	1,500
	On Capital Goods	6,000	180
	Service Tax	10,000	300
	Total In-put Tax Liability	66,000	1,980
	NET TAX PAYABLE	1,34,000	4,020

Note: Input credit on Capital Goods is allowed upto 50% during the year in which the asset is purchased and put to use and the balance 50% is allowed in the next year.

The net amount payable of (Rs.1,34,000 + 4,020) Rs.1,38,020 is to be paid using GAR-7. The payment may be made through net banking or through the bank using hard copy of the challan.

24. A service provider raises an Invoice for Rs.1,40,000. No service tax is shown in the Invoice. The rate of service tax applicable is 12% and Cess 3%. Calculate the Service Tax payable.

Ans: The gross consideration of Rs.1,40,000 will be considered to be inclusive of taxes. Hence, the tax and cess contents in the gross consideration should be calculated as follows.

Gross Consideration Rs.1,40,000

Service Tax : 1,40,000 / 112.36 * 12 Rs. 14,951.94

Cess : 1,40,000 / 112.36 * 0.36 Rs. 448.55

Therefore, the total service tax and cess payable will be Rs.15,400.49 or 15,400.

25. From the following information, you are required to calculate the service tax payable for the month of Sep-2014.
    a. Advance received during Sep-2014 for which service is not rendered Rs.85,000.
    b. Service provided free of cost Rs.70,000
    c. An amount of Rs.80,000 was received during the month, in respect of which, service was provided during Jun-2012 and bill was raised on 15-06-2014.
    d. Bill raised in Sep-2014 for service rendered in Sep-2012, for which, no payment is received so far Rs.85,000.
    e. Bill raised in Sep-2014 for service rendered in Sep-2014, for which, no payment is received so far Rs.96,000.

    All the above amounts are exclusive of Service tax and Cess. The applicable rate of service tax is 12% and Cess 3% on Service Tax.

ANS:

a. As the amount has been received, Rs.85,000 is taxable in Sep-2014.
b. Service Provided free of cost is exempt from Tax.
c. Rs.80,000 is taxable during Jun-2012 and not in Sep-2014, because, Invoice is not raised within 30 days from the date of rendering of service.
d. Rs.85,000 is taxable during Sep-2012 and not during Sep-2014, because, Invoice is not raised within 30 days from the date of rendering of service.
e. Rs.96,000 is taxable during Sep-2014, because, the bill is raised within the same month.

Calculation of Taxable Service:

a.	Rs. 85,000
b.	Rs. 96,000
Total	Rs.1,81,000

Service Tax at 12%	Rs.21,720.00
Cess at 3%	Rs. 651.60
Total	Rs. 22,371.60 or Say Rs.22,372.

26. A manufacturer produced 600 units during Nov-2014. Selling price including Excise and Sales Tax Rs.1,800 per piece. Sale Tax 5.5%. Tariff as per notification is 8% and Cess 3%. Find out the Assessable value, total duty payable and total tax payable for the month of Nov-2014.

Ans: The method of charging excise duty and sale tax is as follows:

Assessable Value	100.00
Excise Duty 8%	8.00
Cess at 3%	0.24
TOTAL	108.24
Sales Tax at 5.5%	5.95
TOTAL INVOICE VALUE	114.19

In the given problem, it is stated that, the manufacturer has sold 500 pieces at Rs.1,500 each, including all duties and taxes.

The aggregate consideration will be Rs.1,800 x 600 units Rs.10,80,000

Where the Gross consideration is 114.19, Sales Tax is 5.95 (From the above model)

Where the gross consideration is Rs.10,80,000, Sales Tax is 5.95 / 114.19 x 10,80,000 = 56,274.63

Similarly, Excise duty will be (8 / 114.19 x 10,80,000) = 75,663.36

Cess will be (0.24 / 114.19 x 10,80,000) = 2,269.90

Total Excise and Cess payable is Rs.77,933.26

Total Sales Tax payable is Rs.56,274.63

Total of Duties, Cess and Tax Rs.1,34,207.89

Assessable Value will be (Rs.10,8,0,000 – 1,34,207.89) = Rs.9,45,792.11