

1 A manufacturer furnishes the following particulars of his turnover during the financial year 2013-14	
a	Turnover of exempted goods 40,00,000
b	Goods cleared under brand name of M/s. ABC Pvt Ltd. 80,00,000
c	Trading turnover 35,00,000
d	Exports to Bhutan 35,00,000
e	Trading turnover of non-excisable goods 60,00,000
f	Goods manufactured and sold attracting duty at the rate of 12%(Excluding duties) 1,40,00,000
You are required to determine whether the manufacturer is eligible or not for opting of exemption notification No.8/2003.	
Ans: As per the notification, the turnover furnished under reference b,c and e are not to be considered for calculation of Rs.400 lacs limit Hence, the total of a,d,f will be Rs.215 lacs.  In the instant case, the turnover of the manufacturer during the financial year 2013-14 has not exceeded Rs.400 lacs and is only Rs.215 lacs. Hence, the manufacturer is eligible for availing the benefit of exemption notification during the financial year 2014-15.	

2 If in the above illustration, the amount furnished under (f) is Rs.325 lacs, inclusive of excise duty at 12% and Cess at 3%, what will be your answer relating to eligibility during 2014-15	
The turnover of Rs.325 is to be segregated as follows to know the value of clearances, excluding duty. $\text{Rs.325} / 112.36 * 100 = \text{Rs.289.25 lacs}$ Substituting Rs.289.25 for (f) above, the turnover will be	
a	Turnover of exempted goods 40,00,000
d	Exports to Bhutan 35,00,000
f	Goods manufactured and sold attracting duty at the rate of 12%(Excluding duties) -
	2,89,24,884
	Turnover in the previous year 3,64,24,884
Then also, the turnover will not exceed Rs.400 lacs. Hence, the unit is eligible during the financial year 2014-15	

3 A manufacturer clears certain goods for an aggregate consideration of
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Rs.325000, which includes CENVAT at 12%, CESS at 3% on CENVAT.  
You are required to calculate the assessable value, cenvat and cess.

Ans: Make a mode of aggregate value, keeping value as 100.

Value	100.00
12% cenvat	12.00
3% cess on cenvat	0.36
Aggregate value	112.36

From the above, it is clear that, where the aggregate value is Rs.112.36, the value will be Rs.100  
Hence, for the aggregate value of Rs.3.25,000 the value will be as follows:

Rs.3,25,000 / 112.36 * 100 = 2,89,248.84.	289248.84
Cenvat at 12%	34709.86
Cess at 3%	1041.30
TOTAL	325000.00

4 A manufacturer informs that he has made clearance of goods and the amount of Cess at 3% is Rs.340. The applicable rate of CENVAT was 12%. You are required to calculate the assessable value, the amount of CENVAT and Value of Invoice.

Assume a value of Rs.100 and made a model as follows:

Assessable Value	100.00
CENVAT 12%	12.00
CESS 3%	0.36
TOTAL	112.36

In the above model, you know the value of CESS only, which is stated to be Rs.340.

From the table it is clear that, where Cess is 0.36, the value will be Rs.100.

So, where the amount of Cess is Rs.340, the value will be as follows:

100 / 0.36 * 340	94444.44
Add: CENVAT at 12%	11333.33
Add: CESS at 3%	340.00
Total value of Invoice.	106117.78

5 A manufacturer removes certain goods for an aggregate consideration

of Rs.1,26,000, which included 14% CENVAT on the assessable value and 3% Cess on CENVAT. You are required to find out the Assessable value, CENVAT and CESS.

ANS:

Assume a value of Rs.100 and construct a model to calculate Total Value.

Assessable Value		100.00
CENVAT	14%	14.00
CESS	3%	0.42
Aggregate Value		114.42

Where the aggregate consideration is Rs.114.42, AV is Rs.100  
Hence, Value for aggregate consideration of Rs.1,26,000 will be

Rs.1,26,000 / 114.42 * 100 =	AV	1,10,120.61
	CENVAT	15416.89
	CESS	462.51
	TOTAL	126000.00

6 A manufacturer engaged in a job work furnishes the following particulars of his transactions for the tax period Mar-2015.

a	Aggregate consideration Received	540000.00
b	Materials Used (Excl duties and cess 12.36%)	340000.00
c	Margin of profit as % of aggregate consideration	0.20

The job work attracts duty at 14% and Cess at 3%.

You are required to calculate Out-put CENVAT, Input Credit, Net duty payable and also the Service Tax liability at 12% + 3% Cess, assuming that he has a service tax credit of Rs.21,000 at the end of the tax period. Make necessary assumptions.

Aggregate consideration	540000.00
Less: Margin	108000.00
Total cost of job work	432000.00
Less: Cost of materials used	340000.00
Cost of Labour	92000.00

Where the Margin is 20% on sale, it will be 25% on Cost.

1	Material		Labour
	Cost	340000	92000.00
	Margin	85,000	23000.00
	Total	425000	115000

	Cenvat 14.42%	53561.44	Ser Tax 12.36 %	12650.41
	Total out put duty and service tax liability			66211.85
Calculation of Input Credit:				
2	Input Credit:			
	CENVAT credit at 12.36 % on Rs.340000			42024.00
	Service Tax credit as given			21000.00
	Total input credit			63024.00
3	Net tax payable.			3187.85

7 A manufacturer engaged in selling of milk powder in the unit container of 250 gms each, sells the goods at an MRP of Rs.800 per KG. in Karnataka, Rs.840 in Kerala and Rs.880 in the State of Tamil Nadu. All the packages are uniform and contains all the 3 MRPs on all packages. Abatement prescribed is 30%. The rate of duty is 12 % and CESS 3%. The total number of packages sold is 630 of 250 grams each. Calculate CENVAT, CESS and Total duty payable.

1	Number of packages sold of 250 gms each			630.00
	Total number of KGs sold			157.50
	MRP Per KG Rs.880 (There is more than 1 MRP)			880.00
	Total MRP			138600.00
	Less: Abatement at 30%			41580.00
	Assessable Value			97020.00
		CENVAT	0.12	11642.40
		CESS	0.03	349.27
		Total Duty		11991.67

8 If in the above illustration, the number of packets sold in Karnataka is 300, Kerala 150 and Tamil Nadu 180 and the method of packing remains the same, all other information given being equal, what is the duty payable.

As the method of packing, i.e., all the MRPs are there on all the packets, the highest rate is to be chosen. Hence, the answer will be the same.

9 A manufacturer dealing in III Schedule goods (tea powder) furnishes the following information for the tax period Mar-2015.

- 1 Purchase of bulk tea powder 200 KGs for an aggregate consideration of Rs.2,56,000, which is inclusive of CENVAT and CESS at 12% and 3% respectively.
- 2 He repacks the tea powder in unit containers of 250 gms each and marks MRP / RSP Rs.380 in Karnataka, Rs.390 in Andhra Pradesh

and Rs.400 in Maharashtra. The rate of duty applicable is 14% and Cess 3%. You are required to calculate CENVAT, CESS and Total duty Payable, if

- (a) All the packages contains all the MRPs  
 (b) The package contains only 1 MRP relevant to the State.  
 The abatement can be taken at 20%.

The number of units sold in Karnataka 500, Andhra Pradesh 200 and Maharashtra 100.

ANS:

States	MRP	Units sold
Karnataka	380.00	500.00
Andhra	390.00	200.00
Maharashtra	400.00	100.00

(a) if all the MRPs are marked on all containers, highest should be chosen.

No. of packets sold	800.00	
Highest Rate	400.00	
Total MRP	320000.00	
Less: Abatement at 20%	64000.00	
Assessable Value	256000.00	
	CENVAT 14%	35840.00
	CESS 3%	1075.20
	Total Output duty	36915.20
Less: Input Credit		
Rs.2,56,000 / 112.36 * 12.36	28160.91	
Net duty payable	8754.29	

(b) if only 1 MRP as relevant to the State is declared on units

States	MRP	Units sold	MRP
Karnataka	380.00	500.00	190000.00
Andhra	390.00	200.00	78000.00
Maharashtra	400.00	100.00	40000.00
	Total MRP		308000.00
	Less: Abatement		61600.00
	Assessable Value		246400.00
		CENVAT 14%	34496.00
		CESS 3%	1034.88
	Total Output duty		35530.88
Less: Input Credit			
Rs.2,56,000 / 112.36 * 12.36		28160.91	
Net duty payable		7369.97	

10 If in the above illustration, there is no data as to the number of units sold in each State, what will be your answer under Option (a) and (b)

Ans:

Option (a) Same as (a) above i.e Rs. 8754.29

Option (b)

(b) if only 1 MRP as relevant to the State is declared on units

States	MRP	Units sold	MRP
Karnataka	380.00	267.00	101460.00
Andhra	390.00	267.00	104130.00
Maharashtra	400.00	266.00	106400.00
	Total MRP		311990.00
	Less: Abatement		62398.00
	Assessable Value		249592.00
		CENVAT 14%	34942.88
		CESS 3%	1048.29
	Total Output duty		35991.17
	Less: Input Credit		
	Rs.2,56,000 / 112.36 * 12.36		28160.91
	Net duty payable		7830.26