**SWAMY ASSOCIATES**

**EXAMINATION FOR TRAINEE AUDITORS - 31.10.2015**

**Time 60 Minutes. No. of questions : 40**

1. A sends his inputs to B. B undertakes certain processes on the inputs and return the same to A. A uses such goods in further manufacturer. Which of the following terms best describes B.

A) Principal. B) Vendor C) Sub contractor. D) Job worker.

2. Colour TVs are leviable to excise duty based on MRP. MRP of one set is Rs.14,000. Rate of duty is 12.5 %. What further information is absolutlely essential to assess the duty liability?

A) Chapter heading. B) No. of units sold.

C) Abatement. D) Buyer name.

3. Which of the following service is not eligible for cenvat credit?

A) Construction of factory. B) Insurance of Stock.

C) Legal Service. D) Technical know how.

4. ABC Pvt. Limited has engaged PQR Pvt. Ltd. to construct their additional factory building. The contract value is Rs.20 lakhs, which is inclusive of all materials. How much service tax is payable by ABC Pvt. Ltd. under reverse charge?

A) Rs.1,12,000 B) Rs.56,000

C) NIL D) Rs.98,000.

5. Rane NSK Limited have incurred the following amounts towards freight in June 2015. What is their service tax liability under GTA service, under reverse charge.

|  |  |  |
| --- | --- | --- |
| Date | Amount | Remarks |
| 1.6.15 | Rs.3000 |  |
| 2.6.15 | Rs.1000 |  |
| 5.6.15 | Rs.7000 |  |
| 8.6.15 | Rs.13000 |  |
| 10.6.15 | Rs.1200 |  |
| 15.6.15 | Rs.3500 |  |
| 19.6.15 | Rs.4000 | 4 trips of Rs.1000 each |
| 24.6.15 | Rs.6500 |  |

A) Rs.1,386 B) Rs.1,646 C) Rs.1,372 D) Rs.1,554

6. On 31st January 2015, Siemens had Rs.13,26,750 as balance in their Cenvat Credit Account which includes Rs.6,50,150 availed towards input services. They have availed an input credit of Rs.2,50,000 on 1st February 2015; Rs.1,24,000 as input service credit on 4th February 2015. On 5th February 2015 they have to pay a duty of Rs.20,00,000 for their clearance of final products during January 2015. How much cenvat credit they can utilise?

A) Rs.15,75,750 B) Rs.13,26,750

C) 17,00,750 D) 3,74,000

7. Danfoss has imported certain capital goods during March 2015, as per the details below.

Value Rs.10,00,000

Basic Customs duty Rs. 1,00,000

CVD Rs.1,37,500

SAD Rs. 49,500

How much cenvat credit they can avail during March 2015?

A) Rs.2,87,000 B) Rs.93,500

C) Rs.1,18,250 D) Rs.1,87,000

8. Till what turnover, a SSI manufacturer need not pay excise duty in a year?

A) Rs.1 Crore. B) Rs.1.5 Crore.

C) Rs.4 Crores. D) Rs.2 Crores.

9. Till what turnover, a small service provider need not pay service tax in a year?

A) Rs.10 lakhs. B) Rs.1.5 Crore.

C) Rs.8 lakhs. D) Rs. 12 lakhs.

10. What is the due date for filing ST 3 return for April to September 2015?

A) 30.09.2015 B) 31.10.2015

C) 25.10.2015 D)10.10.2015

11. If inputs are removed outside for further processing, within how many days it has to come back?

A) 180 days B) 60 days C) 2 years D) 30 days.

12. Which rule deals with reversal of credit by a manufacturer of dutiable and exempted goods?

A) Rule 6 of Cenvat Credit Rules.

B) Rule 6 of Central Excise Rules.

C) Rule 6 of Service Tax Rules.

D) None of the above.

13. What is the value of trading to be considered for reversal of proportionate credit, in the below example.

Sales : Rs.10,50,000 Purchase : Rs.10,00,000

A) Rs.10,50,000 B) Rs.10,00,000

C) Rs.50,000 D) Rs.1,00,000

14. What is the interest rate for delayed payment of excise duty?

A) 24 % PA. B) 1 % PM. C) 18 % PA

D) 18 % upto 6 months.

24 % for 6-12 months.

30 % for > 12 months.

15. The following cenvat credit balance is available with a manufacturer on 30.06.15.

Input Credit : Rs.1,15,000

Input service Credit : Rs.2,05,000

Capital goods credit : Rs.1,75,000

What is the maximum amount of credit that can be used while paying duty for the month of June 2015?

A) Rs.3,20,000 B) Rs.2,90,000

C) Rs.1,75,000 D) Rs.4,95,000

16. HCL has its corporate office at Mumbai and factories at Gurgaon, Pondy and Chennai. AT corporate office, they have received invoices with service tax and they have to distribute it to the factories. The turnover of the factory in the previous year are, Gurgaon Rs.120 Crores. Pondy 50 Crores and Chennai Rs.130 Crores. Credit to be distributed is Rs.15,00,000. How much credit will be distributed to Chennai?

A) Rs.7,50,000 B) Rs.6,50,000

C) NIL D) Rs.15,00,000

17. In the above example, the turnover of Chennai also includes Rs.30 crores in respect of exempted goods. How much credit can then be distributed to Chennai?

A) Rs.5,00,000 B) Rs.1,50,000

C) Rs.6,50,000 D) Rs.5,55,555

18. Last month, IM Gears has cleared goods under Invoice No. 43, by paying duty of Rs.15,000. The goods are returned to them for quality defect. What can be done with the duty paid?

A) Refund to be claimed from Department. B) Should be recovered from the buyer.

C) Credit can be taken. D) Nothing can be done.

19. What is the document to be prepared for Export of goods?

A) ER1 B) ARE 1 C) EXP 1 D) Challan.

20. Instead of taking credit of Rs.12,454, a manufacturer has taken credit of Rs.22,454. How much credit he has to reverse?

A) Rs.22,454 B) Rs.12,454

C) NIL D) Rs.10,000

21. When can cenvat credit on inputs be taken?

A) After receipt of inputs. B) After receipt of invoice.

C) After making payment. D) In the subsequent financial year.

22. X Ltd. received an invoice dated 03.06.2015 for input service and availed the cenvat credit of service tax on 09.07.2015. What is the latest date by which they have to make the payment for the invoice, otherwise leading to reversal of credit.

A) 08.10.2015 B) 02.09.2015

C) 08.01.2016 D) 02.12.2015

23. Inputs were received in the month of February 2015, on payment of Rs.12000 as Excise Duty; Rs.240 as Education CESS; and Rs.120 as Secondary Education CESS and credit was availed. With effect from 01.03.2015, Education CESS / Secondary Education CESS were exempted. When these inputs are removed as such in April 2015, how much credit has to be reversed in total?

A) Rs.12,000 B) Rs.6000

C) Rs.12,360 D) Rs.12,240

24. M/s Everron are a manufacturer of excisable goods. They have cleared the goods to their depot at Bangalore. Shri. Mahesh has purchased the goods from the Bangalore Depot and sold it Shri. Ramesh. What is the status of Shri. Mahesh.

A) Debtor B) First Stage Dealer

C) Second Stage Dealer. D) Job worker.

25. M/s Flavour is providing taxable services. They have imported certain machines for providing the service and they have paid Rs.5,00,000 as CVD and Rs.1,00,000 as SAD on the said machines. The import was made in March 2015. How much credit they can take in March 2015?

A) Rs.3,00,000 B) Rs.5,00,000

C) Rs.2,50,000 D) Rs.3,50,000

26. In the above example, what will be your answer if M/s Flavour is a manufacturer of excisable goods and the machines are imported for that purpose.

A) Rs.3,00,000 B) Rs.6,00,000

C) Rs.2,50,000 D) Rs.3,50,000

27. M/s Carborandum have to pay a duty of Rs.2,55,000 for the month of July 2015. They had cenvat credit balance of Rs.1,20,000 and debitted the same within the due date. They have paid the balance amount only on 23.08.2005. How much interest they have to pay?

A) Rs.1,198 B) Rs.2,264 C) Rs.1,065 D) Rs.24,300

28. Match the following.

a. ER-2 i. Monthly return on principal inputs.

b.ER-3 ii. Return on Annual Installed capacity

c.ER-6 iii. Monthly return for EOU.

d.ER-7 iv. Return for 2 % duty manufacturers.

e. ER-8 v. Quarterly return for SSI.

A) a-iii; b-v; c-iv; d-ii; e-i B) a-ii; b-v; c-iv; d-iii; e-i

C) a-iii; b-v; c-i; d-ii; e-iv. D) None of the above.

29. What is the abatement percentage for legal services?

A) 50 % B) 75% C) NIL D) 10%

30. For which of the following services, no reverse charge is applicable?

A) Works Contract Service. B) Security Services.

C) Service provided by Govt. D) Chartered Accountant Service.

31. Which of the following document is not relevant for a pure manufacturer?

A) Invoice. B) Job work challan.

C) Invoice for output service D) Invoice for input service.

32. Which is the portal for e-payment / e-filing under Excise and Service Tax?

A) www.aces.gov.in B) www.cbec.gov.in

C) www.aces.tn.gov.in D) www.cestat.gov.in

33. Cenvat Credit of service tax paid by the service provider can be taken immediately but the payment for the bill has to be made within \_\_\_\_\_\_ month(s).

A) 1 month B) 2 months

C) 3 months C) 6 months

34. M/s Paytm Limited have received an invoice for Rs.10000 towards works contract service. 50 % Service tax on 40 % of the value, i.e. Rs.280 has been paid by the service provider and balance Rs.280 has been paid by M/s Paytm under reverse charge. They have immediately availed credit of Rs.560. But payment for the bill has not been made within the time prescribed. How much credit they have to reverse?

A) Rs.280 B) Rs.560 C) Rs.140 D) NIL

35. Which of the following duties is still leviable.

A) Education CESS on Excise Duty B) Education CESS on Service Tax.

C) Secondary Education CESS on Service Tax

D) Education CESS on Customs duty.

36. Which of the below information will not be available on an Excise Invoice?

A) Value of goods. B) Rate of duty of Excise.

C) Sale price of the goods D) Buyer's CE Registration No.

37. What is the full form of GST?

A) General Service Tax B) Goods and Services Tax.

C) Gross Sundry Tax D) General Special Tax.

38. Which section of the Central Excise Act, deals with valuation?

A) Section 12. B) Section 9.

C) Section 4 A D) Section 11 A

39. Which one of the following cannot generally be considered as eligible capital goods for taking credit?

A) Goods Transport Lorry.

B) Computer for monitoring manufacturing process.

C) Hand Tools. D) Lathe Machine.

40. Exemption from payment of duty of excise is granted through,

A) Various sections of the Central Excise Act.

B) Rule 12 of the Central Excise Rules, 2002.

C) Central Excise (Grant of Exemption) Rules, 2000.

D) Notification 12/2012 CE.

\*\*\*\*\*\*\*\*\*\*

**ANSWER KEY**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Q** | **A** | **Q** | **A** | **Q** | **A** | **Q** | **A** |
| 1 | D | 11 | A | 21 | A | 31 | C |
| 2 | C | 12 | A | 22 | B | 32 | A |
| 3 | A | 13 | D | 23 | C | 33 | C |
| 4 | C | 14 | C | 24 | B | 34 | A |
| 5 | A | 15 | D | 25 | C | 35 | D |
| 6 | B | 16 | B | 26 | D | 36 | D |
| 7 | C | 17 | C | 27 | A | 37 | B |
| 8 | B | 18 | C | 28 | C | 38 | C |
| 9 | A | 19 | B | 29 | C | 39 | A |
| 10 | C | 20 | D | 30 | D | 40 | D |