

APPLIED INDIRECT TAXATION

CENTRAL EXCISE

Objective -Type Questions :

Q1. Choose the correct answer :

- (a) Annual financial information statement is required to be submitted by the assessee paying duty of Rs.
- (i) 50 lakh or more in a year through PLA
 - (ii) 1 crore or more in a year through PLA
 - (iii) 1 crore through PLA and/or through Cenvat credit in a year
 - (iv) All the assesses irrespective of duty paid [Ref : Q5. (a)(i), Dec '08 / Paper-8]
- [Hint : (2)]
- (b) Cenvat credit availed should be utilized only within a period of
- (i) 1 year
 - (ii) 3 years
 - (iii) End of financial year in which the input was purchased
 - (iv) No time limit for utilization [Ref : Q5. (a)(ii), Dec '08 / Paper-8]
- [Hint : (4)]

Q2. Fill up the blanks :

- (i) Recording of sound on duty paid magnetic cassette _____ (is/is not) manufacture for the purposes of excise duty.
- (ii) Present Cenvat Credit Rules have been issued in the _____ .
- (iii) Where Company X amalgamates with Company Y, goods can be removed from factory of X to Y, _____ (after/ without) payment of excise duty under rule _____ of Cenvat Credit Rules. [Ref : Q5. (c), Dec '08 / Paper-8]

Q3. Fill up the blanks :

- (i) Ownership of raw materials is _____ (relevant/not relevant) for excise duty liability
- (ii) Goods were removed by the manufacturer without payment of excise duty on premise that the goods are exempt. Later it transpires that such goods are excisable at 15% (all inclusive). The manufacturer has invoiced at Rs. 11,500/-. The assessable value is Rs. _____. [Ref : Q5. (a)(i), (ii), June '08 / Paper-8]

Q4. State with reasons, whether *True* or *False* :

- (i) Waste and scrap are always treated as excisable goods.
- (ii) In exceptional circumstances, goods can be cleared from factory without payment of excise duty and stored in any other premises. [Ref : Q5. (b)(i), (ii), June '08 / Paper-8]

Q5. How is the value determined for excise duty purposes when sales are made to or through a related person? [Ref : Q6. (a), June '08 / Paper-8]

Q6. Fill up blanks :

- (a) Goods covered by Central Excise tariff but fully exempt from duty are _____ (excisable/not excisable) goods.
- (b) SSI units whose turnover exceeds Rs. _____ per annum have to furnish declaration in prescribed form for central excise purposes. [Ref : Q6. (a)(iii), (v), Dec. '07 / Paper-8]

Q7. State with reasons, whether true or false.

- (a) The peak rate of basic customs duty on non-agricultural products is 15%.
- (b) Cenvat credit on capital goods has to be availed in full in the year of purchase. [Ref : Q6. (b)(i), (ii), Dec. '07 / Paper-8]

Q8. Choose the correct answer :

- (a) In order to attract excise duty under the Central Excise Act, 1944, goods must be
 - (i) Movable
 - (ii) Movable or immovable
 - (iii) Immovable
 - (iv) None of the above. [Ref : Q5. (A)(i) June '07 / Paper-8]

Q9. State with reason whether true or false :

- (a) There is provision for payment of Central Excise Duty "under protest".
- (b) Goods mentioned in Central Excise tariff but fully exempt from excise duty are not "excisable goods".
- (c) On 14.3.2007, Central Excise or customs authorities can make a provisional attachment of property of a person to whom a show cause notice has been issued.

[Ref : Q5. (B)(a), (b), (e) June '07 / Paper-8]

Q10. Answer the following given brief comments where applicable :

- (i) Fill in the blanks :
Captive consumption means
- (ii) An SSI unit manufacturing goods with other's brand name is not entitled to any exemption from duty. However, it can avail SSI exemption, if goods are manufactured in a specified area. Which is that area?
- (iii) A dealer in Patna sold to a ship, goods for consumption on board the ship at Mumbai port. The sale will be

- (A) Inter-State sale
 - (B) Sale in course of export
 - (C) Inter-State sale within Maharashtra
 - (D) None of above
- (v) An assessee was availing SSI exemption from 1-4-2005. He crossed turnover of Rs. 100 lakhs on 15-11-2005 and started payment of excise duty. He had received machinery on 10-11-2005 on which excise duty paid was Rs. 3,20,000. He intends to avail Cenvat credit of this duty. Can he do so?
- (vi) State True or False :
Trade discount is permissible as deduction from assessable value for Central Excise, only if it is given before removal from factory. Discount given later is not allowable as deduction.
- (vii) State True or False :
Dharmada (Charity) charged in invoice is required to be included while calculating Assessable Value for purpose of Central Excise.
- (viii) Fill up the blanks :
A SSI unit is eligible for exemption up to Rs. _____ lakhs. However, if its turnover in the previous financial year was more than Rs. _____ lakhs, it is ineligible for exemption from duty in current year. [Ref : Q5. (a) Dec. '06 / Paper-8]

Q11. Following transactions took place in a month :

- (i) The manufacturer received inputs with Invoice evidencing payment of duty of Rs. 42,800 on 2nd. The invoice was marked 'Original for Buyer'.
 - (ii) 400 pieces of final products were dispatched under invoice on 6th. Assessable value was Rs. 80 per piece and excise duty rate was 16%.
 - (iii) 1,000 pieces of input T were sent outside for job work on 10th. When the inputs were received, credit of duty of Rs. 15,000 was taken on those inputs.
 - (iv) Some inputs were purchased from a manufacturer in Chennai in March, 2004. These were directly dispatched from factory of the supplier to factory of job worker. Duty paid on the inputs is Rs. 40,000. Out of those inputs, 45% on inputs were received after carrying out the job work, on 18th.
 - (v) Goods worth Rs. 2,00,000 were dispatched on 24th. Rate of duty was 16%.
- There was no opening balance in PLA or Cenvat credit account at the beginning of the month. Calculate the amount of excise duty payable. [Ref : Q5. (b) Dec. '06 / Paper-8]

Q12. Answer any eight from the following :

- (a) Value of software loaded on computer at the time of clearance from factory, is required to be _____ [excluded/included] for purpose of valuation of computer, under section 4 of Central Excise Act.
- (b) A company has factory in Surat and HO in Mumbai. It pays audit fees from Mumbai, for auditing its annual accounts. The Auditor charged service tax in his Invoice. Can the

company avail Cenvat credit of that service tax?

- (c) A manufacturer purchased certain inputs from 'X'. The assessable value is Rs. 10,000 and excise duty Rs. 1,632 (including education cess) [Total invoice Rs. 11,632]. The manufacturer paid only Rs. 10,200 to 'X' in full settlement of his Bill. How much Cenvat credit can be availed by the manufacturer?
- (d) An assessee cleared some goods on payment of excise duty, considering value as Rs. 20,000. Later, he found that actual value was Rs. 24,000. Which document he should prepare to pay the differential duty so that buyer can avail Cenvat credit?
- (e) Excise Departmental appeal against order passed by Commissioner (Appeals) can be filed when it is authorized by _____.

[Committee of two Commissioners/ Committee of two Chief Commissioners/
Chief Commissioner/ Board i.e. CBE & C]

[Ref: Q5. (a), (iii) - (viii) June '06 / Paper-8]

Q13. An assessee cleared his manufactured final products during January 2006. The duty payable for the month on his final products was as follows : Basic duty — Rs. 48,000; NCCD — Rs. 2,000; Education cess — As applicable. During the month, he received various inputs on which total duty paid by suppliers of inputs was as follows; Basic duty — Rs. 40,000 plus applicable education cess; Special Excise Duty — Rs. 4,000 plus applicable education cess. Service tax paid on input services was as follows; Service tax — Rs. 8,000. Education cess — Rs. 160. How much duty the assessee will be required to pay through account current for the month of January 2006?

[Ref: Q5. (b), June '06 / Paper-8]

Q14. Answer the following :

- (i) Fill in the blanks : An EOU unit is required to execute a _____ bond.
- (ii) An EOU unit can obtain indigenous material without payment of duty on submission of _____ certificate.
- (iii) A registered dealer has procured some goods from depot of a manufacturer. Is the registered dealer 'first stage dealer' or 'second stage dealer'?

[Ref: Q5. (a) Dec. '05 / Paper-8]

Q15. Selling price of a product is Rs. 10,000. It is inclusive of outward freight of Rs. 250, packing charges of Rs. 200, CST @4%, excise duty @ 16% and education cess @2%. Find the Assessable Value.

[Ref: Q5. (b) Dec. '05 / Paper-8]

Q16. State the basic two requirements that should be satisfied for treating something as "goods" for the purpose of levy of Excise Duty.

XYZ situated in Kolkata placed order for a certain product with the manufacturer ABC in Mumbai. The product manufactured to the buyer's specification by ABC is transferred by ABC to its branch in Kolkata. The Excise authorities refused to treat the transfer from Mumbai to Kolkata branch as "Branch Transfer" and treated it as "Sale". Are they justified in doing so?

[Ref: Q5. (c) Dec. '05 / Paper-8]

Q17. Fill up the blanks : (With the appropriate expression out of those put in brackets where applicable).

- (a) SSI units paying duty under notification No. 9/2003-CE have to pay excise duty on _____ (monthly/quarterly/half yearly) basis. They have to file return within the prescribed time on _____ (monthly/quarterly/half yearly/yearly) basis.
- (b) A registered dealer has procured some goods from depot of a manufacturer. The registered dealer is _____ ('first stage dealer'/'second stage dealer'). Invoice of second stage dealer is _____ (required/not required) to be authenticated by Inspector of Central Excise.
- (c) EOU units can sell part of their production in domestic market up to _____ % of their FOB value of exports in previous year, with permission from _____ .
- (d) W.e.f. 1-11-2004, assessee paying duty of rupees _____ or more per annum through PLA, should file Annual Financial Information Statement for the preceeding financial year by _____ of succeeding year in Form ER-4.
- (e) Where an assessee has opted for provisional assessment of central excise duty, if differential duty is found to be payable on finalization of assessment, the rate of interest chargeable under section 11AA or 11AB is _____ %. The time limit for finalization of provisional assessment is _____. The said time limit for finalization or provisional assessment can be extended for a further period of _____ .
- (f) W.e.f. 10-9-2004, a manufacturer producing both exempt as well as non-exempt services, not maintaining separate accounts would pay excise duty at _____ %. Education cess is _____ (payable/not payable) on the same. [Ref : Q5. June '05 / Paper-8]

Descriptive & Practical Questions :

- Q1. (a) Briefly explain about Duty Entitlement Pass Book (DEPB) Scheme.
 (b) Is it correct to say that for chargeability to excise duty purposes, an occasional sale does not mean that the impugned product is marketable? [Ref : Q6. (a), (d), Dec. '08 / Paper-8]
- Q2. Briefly discuss about the general exemption and concessions given to SSI units for excise duty purposes. [Ref : Q7. (a), Dec. '08 / Paper-8]
- Q3. Meaning of "Accessory" for excise duty purposes. [Ref : Q8. (d), Dec. '08 / Paper-8]
- Q4. (a) Vasudha Electronics Ltd. having its factory at Delhi, furnishes the following information :
 - (i) 3000 Units sold at factory gate
 - (ii) 6000 Units sold to dealers in Nagpur. Actual transport expenses Rs. 30,000 charged.
 - (iii) 1000 Units sold to dealers in Lucknow, actual transport expenses Rs. 10,000, but charged to dealers at Rs. 12,000.
 - (iv) Invoice price for the above is Rs. 10,000 per unit, excluding transport charges and all item below :
 - (1) Sales tax shown separately Rs. 40,000
 - (2) Octroi shown separately Rs. 18,000

(3) *Dharmada* shown separately collected from dealers Rs. 12,000.

The basic rate of excise duty is 16%.

Determine the total excise duty payable, assuming that the dealer is not entitled to any exemption. [Ref: Q7. (a), Dec. '07 / Paper-8]

(b) Discuss whether Cenvat credit can be availed in respect of goods used for manufacture of capital goods within the factory and in respect of inputs for effluent treatment plant.

[Ref: Q7. (b), Dec. '07 / Paper-8]

Q5. (a) Define the term Large Taxpayer Unit (LTU) under the Central Excise Law.

(b) Is it compulsory for a taxpayer to join LTU Scheme?

(c) Briefly discuss about the "Other taxes" which are deductible in arriving at the "transaction value" under the Central Excise Act.

(d) S V Ltd. purchase a Boring-Drilling Machine at a cum-duty price of Rs. 32,14,476. The excise duty rate charged on the said machine was @ 16% plus education cess @ 2%. The machine was purchased on 1.4.2005 and disposed off on 1.10.2006 for a price of Rs. 12 lakhs. The company was claiming depreciation @ 25% following straight-line method. In the light of the said information, answer the following questions :

(i) What was the excise duty paid on the machine ?

(ii) What is the Cenvat credit allowable?

(iii) What is the amount of Cenvat credit reversible or duty payable at the time of clearance of the said machinery? [Ref: Q6. June '07 / Paper-8]

Q6. (a) Elaborate the concept of transaction values as assessable value under Central Excise Act, 1944.

(b) Enumerate the circumstances when raw material supplier will be treated as manufacturer of goods. [Ref: Q6. (a), (b) Dec. '06 / Paper-8]

Q7. (a) (i) 500 pieces of inputs were received. Duty paid on these goods was Rs. 2,500. These were issued to production. While on production line, a fire broke out and 200 pieces of inputs lying on the shop floor were destroyed.

(ii) 1000 litres were received on which duty paid was Rs. 18,000. These were issued to production. Out of these, 940 litres of final products were manufactured. 60 litres of inputs were lost in process. Discuss eligibility of Cenvat credit in the above cases.

[Ref: Q7. (a), Dec. '06 / Paper-8]

(b) A manufacturing unit undertook the following job work ;

(i) Machining of raw materials supplied by the customer. The material was sent under Cenvat challan. Job work charges were Rs. 30,000. Cost of the raw materials was Rs. 3,50,000. These were returned after job work.

(ii) Repairs of a component : Original cost of component was Rs. 25,000 Repair charges were Rs. 3,000. The component was sent by customer under cover of his letter.

If excise duty is payable @ 15%, find out total duty payable and procedure to be followed by manufacturer for despatch in each case after carrying out the work.

[Ref: Q7. (b), Dec. '06 / Paper-8]

- Q8. Turnover of an SSI Unit during financial year 2005-06 was as follows : (i) Clearances under his own brand name – Rs. 110 lakhs, (ii) Clearances of goods bearing other's brand name, on full payment of duty – Rs. 180 lakhs, (iii) Waste and scrap – Rs. 10 lakhs, (iv) Goods which were exempt from duty – Rs. 225 lakhs, (v) Job work done under notification no. 217/86 – CE-Job charges – Rs. 30 lakhs, Cost of material on which job work done – Rs. 120 lakhs, (vi) Export – Rs. 90 lakhs. Can be avail SSI exemption during 2006-07? [Ref: Q6. (a), June '06 / Paper-8]
- Q9. A manufacturer sold the goods @ Rs. 300 per piece without charging excise duty, as he was under impression that his product was exempt from duty. Later, it was found that the product was dutiable @ 16%. Excise Department claimed that since goods were removed without duty, assessable value should be Rs. 300 and duty @ 16% plus education cess of 2% is payable on assessable value of Rs. 300. Assessee contended that price of Rs. 300 should be taken as cum-duty price and actual duty payable should be calculated by back calculations. Who is correct? Explain and determine the correct duty payable per piece. [Ref: Q7. (c), June '06 / Paper-8]
- Q10. (a) Discuss provision relating to 'deemed manufacture' in respect of goods covered under MRP provisions of valuation.
(b) Discuss the circumstances when and Advance Ruling will be void under Central Excise Act, 1944. [Ref: Q8. (a), (b), June '06 / Paper-8]
- Q11. (a) Explain provisions in Cenvat Credit Rules in respect of 'Input service distributor'. [Ref: Q6. (a), Dec. '05 / Paper-8]
- Q12. (a) Machining of raw materials supplied by the buyer. The material was sent under Cenvat challan. Job work charges were rs. 30,000. Cost of raw material was Rs. 3,50,000. These were returned after job work.
(b) Processing of inputs sent by a buyer under his own (buyer's) challan. Processing charges were Rs. 10,000 and cost on inputs was Rs. 2,00,000.
(c) Repairs of a component. Original cost of component was Rs. 25,000 and repairs charges were Rs. 3,000. The component was sent by customer under cover of his letter.
In all this cases, raw material was sent by customer. Excise duty payable is 16% plus education cess of 2%. You are required to (a) Find total duty payable, (b) Produced to be followed by manufacturer for dispatch in each case after carrying out job work. [Ref: Q7. (a), (b), (c) Dec. '05 / Paper-8]
- Q13. House mark and Brand name under the Central Excise Act, 1944. [Ref: Q8. (c), Dec. '05 / Paper-8]
- Q14. A SSI unit, which is a partnership firm, has achieved turnover of Rs. 90 lakhs in 2003-04. It is receiving good orders and his turnover may cross Rs. 100 lakhs in current year. It is planning to start another unit so that SSI exemption can be availed for both the units. The firm approaches you for advise. Advise them the legal position with reference to clumping provisions of the Central Excise Act. [Ref: Q6. (a), June '05 / Paper-8]
- Q15. Briefly discuss about inter-changeability of duties for Cenvat credit. [Ref: Q7. (c), June '05 / Paper-8]

Q16. (a) A small scale manufacturer having a SSI Unit has achieved turnover of Rs. 1.52 crores during the year ended 31-3-2004. Normal duty payable on the product is 16%. Find the total excise duty payable by the manufacturer during the year :

(i) if the unit has availed CENVAT Credit;

(i) If the unit has not availed CENVAT Credit.

(The turnover mentioned above is without taxes and duties)

(b) Describe the Constitutional provisions under which central excise duty is imposed.

(c) Explain the penal provisions relating to vexatious search, seizures, etc. by Central Excise officer. [Ref: Q6. (a), (b), (c) Dec. '04 / Paper-8]

Q17. Surrender of registration certificate/ deregistration under the Central Excise act, 1944.

[Ref: Q8. (a), Dec. '04 / Paper-8]

Q18. An assessee has factory in Kolkata. As a sales policy, he has fixed uniform price of Rs. 2,000 per piece (excluding taxes) for sale anywhere in India. Freight is not shown separately in his invoice. During the FY 2003-04, he made following sales : (i) Sale at factory gate in Kolkata – 1,200 pieces-no transport charges; (ii) Sale to buyers in Gujarat 400 pieces-actual transport charges incurred -Rs 28,000; (iii) Sale to buyers in Bihar – 400 pieces-actual transport charges incurred Rs. 18,000; (iv) Sale to buyers in Kerala 1,000 pieces-actual transport charges Rs. 54,800. Find the assessable value per piece. [Ref: Q6. (a), June '04 / Paper-8]

Q19. Manufacturer under the Central Excise Act, 1944.

[Ref: Q8. (c), June '04 / Paper-8]

CUSTOMS LAWS

Objective -Type Questions :

Q1. Choose the correct answer :

(a) For purpose of valuation of imported goods, foreign exchange rate to be considered is as applicable on date of

(i) grant entry inwards

(ii) presentation of bill of entry

(iii) grant of entry inward or presentation of bill of entry whichever is later

(iv) grant of entry inward or presentation of bill of entry whichever is earlier

[Ref: Q5. (a) (iii) Dec. '08 / Paper-8]

Q2. State with reasons whether true or false (answers without reasoning will not deserve any credit) :

(a) For determining the customer's value or assessable value as per section 14(1) of the Customs Act, special discount limits to exclusive agents is not admissible.

[Ref: Q5. (b) (i) Dec. '08 / Paper-8]

Q3. Fill up the blanks :

- (a) Where an importer proves that the anti-dumping duty imposed is more than the _____ of dumping, he will be entitled to refund under section _____ of dumping, he will be entitled to refund under section _____ of the Customs Tariff Act, 1975.
- (b) Education cess _____ (is/ is not) payable on safeguard duty payable under section 8C of the Customs Tariff Act, 1975. [Ref : Q5. (c) (iv), (v) Dec. '08 / Paper-8]

Q4. Fill up the blanks :

- (iii) Customs duty is levied section _____ of the Customs act.
- (iv) Foreign visitors are permitted to bring articles upto Rs. _____ for making gifts, without payment of duty. [Ref : Q5. (a) (iii), (iv) June '08 / Paper-8]

Q5. State *with reasons*, whether True or False :

- (a) Since the Government wants to encourage exports, there is export (customs) duty on very few items.
- (b) There is no "fast tract clearance" for any importer towards clearance of imported goods.
- (c) Importers can store imported goods without payment of duty in public warehouse of private warehouse. [Ref : Q5. (b) (iii), (iv), (v) June '08 / Paper-8]

Q6. Fill up blanks :

- (a) Import manifest is required to be filed by the person in charge of vessel _____ arrival of vessel.
- (b) The relevant date for foreign trade rate for customs valuation is _____ .
- (c) State Government _____ (can/ cannot) waive the condition of submission of C Form by issue of notification. [Ref : Q6. (a) (i), (ii), (iv) Dec. '07 / Paper-8]

Q7. State with reasons, whether true or false.

- (a) There is no provision under the Customs Act for remission of customs duty on goods lost, damaged or pilfered. [Ref : Q6. (b), (iv) Dec. '07 / Paper-8]

Q8. Choose the correct answer :

- (a) Imported goods can be kept in custom bonded warehouse up to _____ days without payment of any interest. Beyond that period interest payable is _____ per cent. [Ref : Q5. (a), (i) June '07 / Paper-8]

Q9. State with reasons whether true or false :

- (a) Central Government is empowered to make Rules providing for the manner of determination of the sale price for a works contract, under the CST Act, 1956. [Ref : Q5. (b), (d) June '07 / Paper-8]

Q10. Following transactions took place in a month :

- (a) An imported consignment of raw materials was received on 19th. The materials were not imported directly, but was purchased from an importer. The invoice of importer showed

that customs duty paid was Rs. 26,000, special duty of Rs. 3,000, additional customs duty paid Rs. 13,200 and anti dumping duty paid was Rs. 5,400. The importer is registered with Central Excise authorities.

[Ref: Q5. (b), (v) Dec. '06 / Paper-8]

Q11. Answer any eight from the following :

- (a) If customs duty is evaded by suppression of facts or fraud or wilful misstatement, there is mandatory penalty equal to _____. [value of goods, duty and interest payable, twice the duty and interest payable, customs duty payable]
- (b) Imported goods can be kept in customs bonded warehouse without payment of interest for a period of _____ days. [30, 60, 90, 180]
- (c) State correct or wrong : Countervailing duty (CVD) is payable on assessable value plus basic customs duty plus anti-dumping duty. [Ref: Q5. (a), (i),(ii),(v) June '06 / Paper-8]

Q12. Fill up the blanks : (With the appropriate expression out of those put in brackets where applicatble).

- (a) Advance license is _____ (transferable/not transferable). Advance license _____ (can be/cannot be) issued for deemed exports.
- (b) Duty drawback on re-export is allowable if goods are re-exported within _____ years from date of import _____ of customs duty which was paid while importing the goods is allowed as duty drawback u/s. 74 of Customs Act.
- (c) Education cess is _____ (payable/not payable) on Safeguard duty levied under section 8B of the Customs Act. [Ref: Q5. (a), (iii)(iv)(x) June '05 / Paper-8]

Q13. An importer has imported a machine from UK at FOB cost of 10,000 UK Pounds. Other details are a follows :

- (a) Freight from UK to Indian port was 700 pounds
- (b) Insurance was paid to insurer in India : Rs. 6,000
- (c) Design and development charges of 2,000 UK
- (d) The importer also spent an amount of Rs. 50,000 in India for development
- (e) Rs. 10,000 were spent in transporting the machinery from Indian port to the factory of importer.
- (f) Rate of exchange as announced by RBI was : Rs. 68.82 = one UK Pound.
- (g) Rate of exchange as announced by CBE & C (Board) by notification under section 14(3) (a)(i) : Rs. 68.70 = One UK Pound.
- (h) Rate at which bank recovered the amount from importer : Rs. 68.35 = One UK Pound.
- (i) Foreign exporters have an Agent in India. Commission is payable to the agent in Indian in Rupees @5% of FOB price.

Customs duty payable was 25%. If similar goods were produced in India, excise duty payable as per tariff is 25%. There is an excise exemption notification which exempts the duty as is in excess of 16%. Find customs duty payable if (a) Importer is manufacturer using the goods himself (b) Importer is a trader who has imported goods for subsequent sale in India.

[Ref: Q5. (i)-(ix) Dec. '04 / Paper-8]

Q14. Answer the following :

- (a) Fill in the blanks : An EOU unit is required to execute a _____ bond.

[Ref: Q5. (a), (i) Dec. '05 / Paper-8]

Descriptive & Practical Questions :

Q1. After visiting USA, Mrs. & Mr. Saxena brought to India a lap-top computer valued at Rs. 1,80,000, personal effects valued at Rs. 90,000 and a personal computer worth Rs. 53,000. What is the customs duty payable? [Ref: Q6. (a), Dec. '08 / Paper-8]

Q2. Can an importer, exporter or 'person in charge' amend the documents submitted to customs authorities? If yes, from what date is the amendment effective?

[Ref: Q7. (b), Dec. '08 / Paper-8]

Q3. What is the "taxable event" in the case of export of goods under customs law? Is export duty payable in case of applicable goods where ship travels 40 nautical miles from Indian port, title passes to the buyer, but the ship returns to India because of engine trouble? What is the relevant date for export duty? [Ref: Q7. (d), Dec. '08 / Paper-8]

Q4. Similar goods under Customs Law.

[Ref: Q8. (c), Dec. '08 / Paper-8]

Q5. Customs value (Assessable Value) of imported goods is Rs. 2,00,000.

Basic customs duty payable is 10%.

If the goods were produced in India, excise duty payable would have been 14%.

Education Cess is 2% and Special Education Cess is 1%.

Special CVD is payable at appropriate rates.

Find the customs duty payable.

What are the duty refunds/Cenvat credits available if the importer is

- (i) manufacturer,
- (ii) service provide
- (iii) trader?

[Ref: Q6. (a), June '08 / Paper-8]

Q6. (a) Briefly explain the provisions under the Customs act relating to import through courier.

- (b) Who can file refund claims under the Customs act? [Ref: Q7. (a), (b), June '08 / Paper-8]

Q7. (a) What is the effective rate of customs duty on baggage?

- (b) Can gold be brought into India? What is the customs duty payable thereon? Can such gold be subsequently sold in India?

(c) Briefly discuss about the Deductive value method for customs valuation.

[Ref: Q8. (a), (b), (c), Dec. '07 / Paper-8]

Q8. Relevant date for rate and valuation of customs duty for imports through post and imports and baggage. [Ref: Q10. (c), Dec. '07 / Paper-8]

- Q9. (a) How is value determined for purposes of special CVD under the Customs Tariff Act?
(b) Write brief note on Anti-dumping Duty.
(c) Briefly discuss about EDI system of assessment under the Customs Act.
[Ref: Q7. (a),(b), (c) June '07 / Paper-8]
- Q10. What is "Interest-free period" in respect of warehoused goods under the Customs Act, 1962? Is interest payable when warehoused goods are exempt from duty on the date of clearance?
[Ref: Q8. (c), June '07 / Paper-8]
- Q11. An Indian company imported certain consumer goods from abroad with MRP printed in packing cartons. In respect of similar goods manufactured in India, excise duty is payable on basis of MRP. The importer will be using the goods for further processing. Customs authorities contend that CVD will be calculated based on the MRP printed in the goods. Is this proper? Will your answer be different, if the goods are imported for retail sales?
[Ref: Q7. (c), Dec. '06 / Paper-8]
- Q12. Write a note on first appraisalment and second appraisalment systems under the Customs Act, 1962.
[Ref: Q8. (b), Dec. '06 / Paper-8]
- Q13. Mr. & Mrs. Bapat visited Germany as tourist and brought a personal computer for Rs. 52,000 and a laptop computer for Rs. 78,000 while returning to India, besides their personal effects valued at Rs. 1,33,000. What is the customs duty payable, if duty on baggage is 35% plus education cess of 2%.
[Ref: Q6. (c), June '06 / Paper-8]
- Q14. Customs Valuation Rules provide that if valuation is not possible on the basis of transaction value of identical goods, valuation can be done on basis of transaction value of 'similar goods'. What are the distinctions and similarities between 'identical goods' and 'similar goods'?
[Ref: Q7. (a), June '06 / Paper-8]
- Q15. (a) Discuss the circumstances when an Advance Ruling will be void under Central Excise Act, 1944.
(b) Write a short note on Provisional Assessment under Customs Act, 1962.
[Ref: Q8. (b), (c), June '06 / Paper-8]
- Q16. State purpose and use of 'Yellow Bill of Entry'.
[Ref: Q6. (c), Dec. '05 / Paper-8]
- Q17. Unaccompanied Baggage under Customs Act, 1962.
[Ref: Q8. (b), Dec. '05 / Paper-8]
- Q18. Briefly explain the provision in respect of 'burden of proof' in respect of goods covered under section 123 of Customs Act, 1962. List at least four articles which are covered under these provisions.
[Ref: Q7. (a), June '05 / Paper-8]
- Q19. FOB Cost of an article imported on 10-12-2004 is 3000 UK Pounds. Insurance and transport costs are not available. On the date of filling of Bill of entry, RBI rate of USD was Rs. 43.37 and inter-Bank closing rate was Rs. 43.38 per USD and Rs. 69.38 per UK pound. Exchange rate as per Customs notification was Rs. 69.78 per UK Pound. Assuming customs duty of 20% and excise duty payable on similar product in India as 16%, find the total duty payable.
[Ref: Q7. (b), June '05 / Paper-8]

- Q20. What is meant by “Indian customs water” under the Customs Act, 1962?
[Ref: Q8. (b), June '05 / Paper-8]
- Q21. Provisional Assessment under Customs Act, 1962. [Ref: Q8. (b), Dec. '04 / Paper-8]
- Q22. What is the purpose of ‘safeguard duty’? What are the restrictions of WTO in respect of safeguard duty? Can it be imposed on provisional basis? [Ref: Q6. (b), June '04 / Paper-8]
- Q23. (a) Mr. A, a person holding Indian passport, brings 1 kg gold, out of which Rs. 3,60,000 are in form of biscuits and balance of Rs. 40,000 in form of gold jewellery which he was using abroad (valued at international rates). What is the duty payable if (i) the person is returning after 3 months stay; (ii) the person is returning after 9 months stay abroad and the gold belongs to him; (iii) the person is returning after 8 months stay abroad and the gold belongs to his friend, who has given it only for carrying to India. (iv) He is returning after 18 months stay abroad (ignore difference due to minor impurities in jewellery).
(b) Define “Indian Customs Waters”. What is its significance in terms of Customs Act, 1962.
[Ref: Q7. (a), (b) June '04 / Paper-8]
- Q24. Customs value as per section 14(1) of the Customs Act, 1962. [Ref: Q8. (b), June '04 / Paper-8]

SERVICE TAX

Objectives -Type Questions :

- Q1. (a) Answer the following :
(i) Fill in the blanks : An EOU unit is required to execute a _____ bond.
[Ref: Q5. (a), Dec. '05 / Paper-8]

CENTRAL SALES TAX ACT & VAT ACT

Objectives -Type Questions :

- Q1. State with reasons whether true or false (answers without reasoning will not deserve any credit) :
(a) For matters of omission other than those covered by section 10 of the CST Act, the State Law provisions will apply.
(b) Declared goods under the CST Act, are those goods which are declared to be goods of special important by way of notification in the Official Gazette by the Central Government each year.
[Ref: Q5. (b), (ii), (iii) Dec. '08 / Paper-8]
- Q2. Fill up the blanks :
(a) Application for registration under the Central Sales-tax Act, 1956 should be filed within _____ days.
[Ref: Q5. (a), (vi) June '08 / Paper-8]

Q3. State with reasons, whether True or False :

- (a) Security demanded from dealer under the Central Sales-tax Act, 1956 can be satisfied in the form of Surety Bond. [Ref: Q5. (b), (vi) June '08 / Paper-8]

Q4. Choose the correct answer :

- (a) The following is not liable to sales-tax under CST Act, 1956 :
- | | |
|---------------------|--------------------|
| (a) Newspapers | (c) Sim cards |
| (b) Lottery tickets | (d) Trade licenses |
- (b) R of Coimbatore, Tamil Nadu sold to a Malaysian Ship at Kochi port in Kerala, some goods for consumption on board the ship; such sale will be
- | | |
|----------------------|---|
| (a) Intra-State sale | (c) Export sale as it is a foreign ship |
| (b) Inter-State sale | (d) Sale in the course of import |

[Ref: Q5. (a), (ii)(iii) June '07 / Paper-8]

Q5. State with reasons whether true or false :

- (a) Customs Officer should pass an adjudication order in all situations where the assessment is done contrary to the claim of importer/exporter. [Ref: Q5. (b), (f) June '07 / Paper-8]

Q6. Answer the following giving brief comments where applicable :

- (a) VAT rate of gold, is sold within State of Gujarat, is 1%. If gold is sold to a unregistered buyer in Delhi, the CST rate will be

- | | |
|---------|---------|
| (A) Nil | (C) 4% |
| (B) 1% | (D) 10% |

[Ref: Q5. (a), (iv) Dec. '06 / Paper-8]

Q7. Answer the following :

- (a) State true or false : Petrol is 'declared goods' under CST Act.
- (b) State true or false : State Government can waive condition of submission of C Form by issue of a notification under CST Act. [Ref: Q5. (a), (iii)(iv) Dec. '05 / Paper-8]

Descriptive & Practical Questions :

Q1. W dispatches goods from Karnataka and arises invoice on X in Madhya Pradesh, W charges 3% CST and pays the same in Karnataka. During the course of movement of goods, X sells goods to Y in West Bengal and Y ultimately sells goods to Z in Kolkata. Z takes delivery of goods and the movement of goods comes to end. Sales from X to Y and Y to Z are by transfer of lorry way bill receipts. Explain the forms to be issued so that the first and subsequent sales are exempt from central sales tax. [Ref: Q6. (b), Dec. '08 / Paper-8]

Q2. Explain briefly the provisions CST Act, relating to Inter-State sale by transfer of document of title go goods. [Ref: Q7. (c), Dec. '08 / Paper-8]

Q3. Write short notes :

- (a) "Place of business" under the CST Act;
- (b) Appeals to appellate authority under the CST Act. [Ref: Q8. (a), (b), Dec. '08 / Paper-8]

Q4. Is it correct to say that every dealer, who in the course of inter-State trade or commerce sells the goods, shall be liable to pay Central sales tax? Explain in details who are all 'dealers'.
[Ref: Q8. (a), June '08 / Paper-8]

Q5. What are the Central sales tax rates applicable for inter-state sale of declared goods?
[Ref: Q8. (b), June '08 / Paper-8]

Q6. State with reasons, whether true or false.
(a) As per section 20 of the Central Sales tax Act, 1956 appeal may be filed within 90 days from the date on which the order is served on the aggrieved person.
[Ref: Q6. (b), Dec. '07 / Paper-8]

Q7. What is meant by 'place of business' under the Central Sales tax Act, 1956? What should a dealer do towards registration, if he has more than one place of business?
[Ref: Q9. (a), Dec. '07 / Paper-8]

Q8. What are the acts of omission or commission which attract the penal provisions of section 10 of the Central Sales tax Act?
[Ref: Q9. (b), Dec. '07 / Paper-8]

Q9. A dealer makes inter-state sale of goods which are generally exempt within the State, to registered as well as unregistered dealers? Should he obtain any Central Sales-tax Form from the buyers?
[Ref: Q9. (c), Dec. '07 / Paper-8]

Q10. (a) Liability of a company in liquidation, under the Central Sales-tax Act.
(b) Meaning and relevance of 'Crossing Customs frontiers of India' under the Central Sales-tax Act.
[Ref: Q10. (a), (b) Dec. '07 / Paper-8]

Q11. Explain the term "Crossing the customs frontiers of India" as per the Central Sales-tax Act, 1956.
[Ref: Q8. (a), June '07 / Paper-8]

Q12. Mr. Ashoke Kumar, a first stage dealer in packing machinery in the city of Mumbai, furnished the following data :

(i) Total inter-State sales during financial year 2006-07 CST not shown separately	Rs. 92,50,000
(ii) Above Sales include :	
Excise Duty	9,00,000
Freight (of this Rs. 50,000 is not shown separately in invoices)	1,50,000
Insurance charges incurred prior to delivery of good	32,000
Installation and commissioning charges shown separately	15,000

Determine the turnover and CST payable, assuming that all transactions were covered by valid "C" Forms.
[Ref: Q8. (b), June '07 / Paper-8]

Q13. The gross turnover of a dealer for the financial year 2005-06 is Rs. 54 lakhs (including CST). The CST on goods transacted by the company are subject to local State Sales-tax @ 7%.

The dealer made inter-State sales of Rs. 24 lakhs to registered dealers, which includes erection charges of Rs. 3 lakhs, excise duty of Rs. 1.50 lakhs and packing charges of Rs. 60,000. Freight and delivery charges shown separately in the invoice is Rs. 60,000.

The dealer also made inter-state sales aggregating to Rs. 30 lakhs to unregistered dealers, which included excise duty of Rs. 2.50 lakhs and transport charges of Rs. 1 lakh charged

separately in the invoice. There was a sales return of goods worth Rs. 50,000 (invoice value) within 6 months in respect of sales to unregistered dealers.

Calculate the CST payable and turnover of the company. [Ref: Q8. (c), Dec. '06 / Paper-8]

Q14. Discuss the circumstances when an Advance Ruling will be void under Central Excise Act, 1944. [Ref: Q8. (b), June '06 / Paper-8]

Q15. From Central sales tax point of view, distinguish between goods returned by buyer and goods rejected by buyer. [Ref: Q6. (b), Dec. '05 / Paper-8]

Q16. Aggregate sale price under CST Act, 1956. [Ref: Q8. (a), Dec. '05 / Paper-8]

Q17. Briefly explain the term "dealer" as per the Central Sales-tax Act, 1956. [Ref: Q6. (b), June '05 / Paper-8]

Q18. Gross inter-state sales of ZX Co. Ltd., Patna, Bihar, were Rs. 18,00,000 during 2004-05 (April 04 – March 05). CST was not shown separately in invoices. Other information are as follows :

- (i) If product P is sold within State of Bihar, sales tax rate is 8%.
- (ii) Sale of Rs. 8 lakhs are inclusive of erection expenses of Rs. 1,00,000, excise duty of Rs. 76,000 and packing charges of Rs. 25,000. The sale price is also inclusive of trade discount of Rs. 24,000, which has been later given by issuing a Credit Note. Buyers of these goods have issued Form 'C' for these purchases.
- (iii) Balance sale of Rs. 10 lakhs are inclusive of excise duty of Rs. 95,000 and outward freight of Rs. 30,000. The freight was charged separately in Invoice. Buyers of these goods have not issued any declaration under Central Sales Tax Act. Out of these sales, goods of Rs. 2 lakhs were returned by customers. The goods were dispatched in February 04 and returned in June 04, i.e. after end of the accounting year.

Find the turnover and CST payable. [Ref: Q8. (a), June '05 / Paper-8]

Q19. M/s. Snow White Ltd., Mumbai sells iron rods to M/s. Hyderabad Ltd. in Vijaywada, (both of them are registered dealers), for a value of Rs. 10,00,000 inclusive CST @ 4%. The local sales tax on iron in Mumbai is 3%. Ascertain the CST payable.

If Hyderabad Ltd. were unable to submit Form 'C' being an unregistered dealer, what will be the CST liability, if the local sales tax rate is 12%? Note — Iron rods are not declared goods.

[Ref: Q7. (a), Dec. '04 / Paper-8]

Q20. Inter-State sales of Deepak Brothers, Bhopal, MP of product X was Rs. 6 lakhs during the year ended 31st March, 2004. The same is inclusive of sales tax charged in invoices at appropriate rates. The goods were liable to tax @4% if sold within State of MP. Out of the goods sold, goods of Rs. 50,000 were returned. These were sold by Deepak Brothers in February, 2004 and returned by buyer in May 04 as they were in excess of his requirements. Some goods of Rs. 30,000, dispatched in December, 2003 were rejected by a buyer and sent back in November 2004. Find the taxable turnover and CST if C form was received from all buyers.

[Ref: Q7. (b), Dec. '04 / Paper-8]

Q21. What is the Compound levy scheme under Central Excise Act, 1944? Explain giving instances where it is applicable. [Ref: Q7. (c), Dec. '04 / Paper-8]

Q22. Deemed Sales under CST Act, 1956. [Ref: Q8. (c), Dec. '04 / Paper-8]

Q23. Document of title of goods. [Ref: Q8. (a), June '04 / Paper-8]