

ICSI Professional Examination

June 2010

Choose the most appropriate answer – Non-dutiable goods means — (a) The product not given in the Tariff Act (b) The product given in the Tariff Act (c) The product given in the Tariff Act with rate of duty (d) The product given in the Tariff Act with zero rate of duty (CS Professional June 2010)

Choose the most appropriate answer – At the time of manufacture of Product-X, the rate of basic excise duty (BED) was 14% while at the time of removal the rate of duty was 9%. The duty applicable for the Product-X will be — (a) 14% (b) 9% (c) 11.5% (d) None of the above (CS Professional June 2010)

Choose the most appropriate answer – Excisable goods can be removed for export without payment of duty by using — (a) B-3 bond (b) B-2 bond (c) B-4 bond (d) B-7 bond (CS Professional June 2010)

Choose the most appropriate answer – Registration under the central excise law is not required if the turnover of an

SSI unit is — (a) Less than Rs.150 lakh (b) Less than Rs.90 lakh (c) Less than Rs.10 lakh (d) Less than Rs.100 lakh (CS Professional June 2010)

Choose the most appropriate answer – In the case of Excise Audit, 2000, selection of the assessee is based on — (a) Risk factor (b) Value of goods (c) Merit of the assessee (d) Any other factor (CS Professional June 2010)

Choose the most appropriate answer – Yearly audit is applicable where excise duty paid in cash is more than — (a) Rs.3 crore (b) Rs.1.5 crore (c) Rs.1 crore (d) Rs.4 crore (CS Professional June 2010)

Choose the most appropriate answer – Deemed export means — (a) Export through agent (b) Sale of goods to UN agencies (c) Local sale to a foreigner (d) None of the above (CS Professional June 2010)

Choose the most appropriate answer – As per Rule 7 of the drawback rules, the special brand rate of duty drawback

should be applied — (a) Within 90 days from the date of exports (b) Within 60 days from the date of exports (c) Within 30 days from the date of exports (d) Within 45 days from the date of exports (CS Professional June 2010)

Fill up the blanks – Excisable goods consumed within the factory for manufacture of final product is called _____. (CS Professional June 2010)

Fill up the blanks – Goods included in the _____ schedule of the Central Excise Act, 1944 are the same on which excise duty is payable under section 4A (CS Professional June 2010)

Fill up the blanks – MRP provisions are not applicable for packaged commodities meant for _____. (CS Professional June 2010)

Fill up the blanks – Duty rebate is not allowed if the rebate amount is less than _____. (CS Professional June 2010)

Fill up the blanks – As per section 2(38) of the Customs Act, 1962, 'stores' means goods for use in a _____. (CS Professional June 2010)

Fill up the blanks – Anti-dumping duty is imposed when export price is _____ than normal price in the exporting country (CS Professional June 2010)

Fill up the blanks – As per section 27 of the Customs Act, 1962, interest on delayed refund is payable after expiry of _____ months from the date of receipt of such order (CS Professional June 2010)

Following particulars are available in respect of consignment of goods imported - (i) Cost at the factory of the exporter : US\$ 20,000 (ii) Carriage/freight/insurance upto the port of shipment in the exporter's country : US\$ 400 (iii) Charges for loading on to the ship at the shipping port : US\$ 100 (iv) Freight charges of the ship for transport upto the Indian port : US\$ 1,200. Compute the assessable value for the purpose of levy/payment of customs duty (CS Professional June 2010)

Determine the basis of valuation under section 4 or section 4A of the Central Excise Act, 1944 in the following cases, citing case law wherever available — (i) Packaged products with MRP

printed/marked thereon, exported to Nepal (ii) A packaged commodity covered under MRP notification and also the Standard of Weights and Measures Act, 1976 unpacked and shown to the customer, tested and then sold to the customer (iii) Chocolates distributed as free gift along with his bottles of soft drinks (iv) Ice creams sold in bulk to hotels (v) Telephone instruments supplied in bulk to a service provider with MRP duly marked and the purchaser (*i.e.*, the service provider) lent the instruments to its customers/subscribers retaining ownership (CS Professional June 2010)

Examine the powers of the Central Government to exempt partly or wholly any goods subject to customs duty, and also whether the withdrawal thereof would come under the purview of the doctrine of estoppel. Cite relevant case law, if available (CS Professional June 2010)

What is the theory of 'unjust enrichment' ? What are statutory provisions to stop such practices ? (CS Professional June 2010)

Discuss the circumstances under which no custom duty is levied (CS Professional June 2010)

A small scale manufacturer has achieved turnover of Rs.1.52 crore during financial year 2009-10. Normal duty payable on the product is 10% plus education cess. Compute the excise duty payable by SSI unit — (i) If the unit wants to avail CENVAT credit; and (ii) If the unit wants to avail exemption and CENVAT credit (*Note : The turnover is without taxes and duties.*) (CS Professional June 2010)

What is 'importer exporter code' (IEC) number ? What is the procedure for obtaining IEC number ? (CS Professional June 2010)

When does e-payment of duty become mandatory under the Central Excise Act, 1944 ? (CS Professional June 2010)

Differentiate between 'Excise audit under section 14A' and 'special audit under section 14AA' of the Central Excise Act, 1944 (CS Professional June 2010)

Differentiate between 'Preferential rates of customs duty' and 'lower customs duty under trade agreements' under the Customs Tariff Act, 1975 (CS Professional June 2010)

Differentiate between 'Transit of goods without payment of duty' and 'transshipment of goods without payment of duty' under the Customs Act, 1962 (CS Professional June 2010)

Compare and contrast 'Rule 8' and 'Rule 9' of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 (CS Professional June 2010)

What are the provisions of CENVAT credit on capital goods ? Explain with relevant case law (CS Professional June 2010)

December 2009

Which of the following does not fall under the State List as stipulated in the Article 246 read with Schedule VII of the Constitution of India — (a) Excise on alcoholic liquors and narcotics (b) Taxes on consumption and sale of electricity (c) Taxes on advertisements in newspapers (d) Taxes on advertisements other than those contained in newspapers (CS Professional December 2009)

Choose the most appropriate answer — For the purpose of central excise, the following is a 'manufacture' — (a) Filtration/purification of commercial grade castor oil (b) Cutting and polishing of diamonds (c) Testing and quality control (d) Making coffee beans from raw coffee berries (CS Professional December 2009)

Choose the most appropriate answer — Under the central excise law, the following are not 'goods' — (a) Immovable iron and steel structures (b) Structures like bridges, lock gates, towers, trusses and column frames in

their movable state (c) Plates, rods, angles, sections, section tubes and the like in their pre-assembled or disassembled state (d) PSC girders manufactured in casting yard and not at site and then taken for launch on sub-structure (CS Professional December 2009)

Choose the most appropriate answer — Levy of excise duty in respect of the following does not fall within the exclusive powers conferred on the Parliament/Union Government by the Constitution of India — (a) Tobacco and other goods (b) Medicinal and toilet preparations (c) Medicinal and toilet

preparations containing alcoholic liquor, opium or narcotics (d) Alcoholic liquors for human consumption, opium and narcotic drugs (CS Professional December 2009)

Choose the most appropriate answer – In determination of the value of imported goods, the following costs are not to be added if they are not already included in the invoice price — (a) Commission and brokerage (b) Cost of containers which are treated as being one with the goods for customs purpose (c) Buying commission (d) Cost of packing whether labour or materials (CS Professional December 2009)

Choose the most appropriate answer – The form for 'bill of entry' for warehousing is printed on — (a) White paper (b) Yellow paper (c) Green paper (d) Light pink paper (CS Professional December 2009)

Choose the most appropriate answer – For offences committed under sections 132 to 135 of the Customs Act, 1962,

a court shall take cognizance — (a) Suo motu (b) When it is brought to the notice of a court by anybody (c) With the previous sanction of the Commissioner of Customs (d) None of the above (CS Professional December 2009)

Choose the most appropriate answer – An ad hoc exemption from customs duty to non-government organisation will be issued subject to condition — (a) That the imported goods will not be put to any commercial use (b) That the imported goods will not be sold, gifted or parted by the importer in any manner (c) That (a) and (b), as above, alongwith prior permission of the Ministry of Finance (d) None of the above (CS Professional December 2009)

Fill in the blanks – As per the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, the term 'produced' includes _____. (CS Professional December 2009)

Fill in the blanks – Under section 13 of the Customs Act, 1962, duty is not payable on pilfered goods only in case where the goods are pilfered after the unloading and before the issue of _____. (CS Professional December 2009)

Fill in the blanks – Section 18 of the Customs Act, 1962 provides for _____ of duty (CS Professional December 2009)

Fill in the blanks – Any goods on which import duty has not been paid and which are entered for exportation under section 74 of the Customs Act, 1962 shall be liable to _____ under section 113 of the Act (CS Professional December 2009)

Fill in the blanks – It follows from the definition of 'excise duties' that for anything to be liable to excise duties it must be goods and _____ and it must be produced or manufactured in India (CS Professional December 2009)

Fill in the blanks – Recording of sound or other phenomena on audio or video tape _____ under excise law (CS Professional December 2009)

Fill in the blanks – If the raw material is supplied on principal to principal basis (e.g. Bata Ltd. supplies raw materials to job workers), the supplier is _____ under excise law. (CS Professional December 2009)

Fill in the blanks – Under section 35(1), any person aggrieved by any decision or order passed under the Central Excise Act, 1944 by an officer lower in rank than a Commissioner may appeal to the Commissioner (Appeals) by filing an appeal within _____ from the date of communication of the order contested (CS Professional December 2009)

Discuss the essential ingredients of the concept of 'manufacture' under the Central Excise Act, 1944 and as outlined by the Supreme Court in Union of India vs. Delhi Cloth and General Mills and others (CS Professional December 2009)

In the following events, state when does the taxable event occur in the course of imports under the customs law with reference to the principles laid down by the Supreme Court in the cases of Garden Silk Mills Ltd. Vs. Union of India; and Kiran Spinning Mills Vs. CC : (i) Unloading of imported goods at the customs port; (ii) Date of entry into Indian territorial waters (iii) Date on which the goods cross the customs barrier and (iv) Date of presentation of bill of entry (CS Professional December 2009)

Discuss in brief the essential features of the following under central excise law and give one example of each : (i) Specific rates of duty; (ii) Tariff values; and (iii) Duty based on MRP (CS Professional December 2009)

An excisable product is covered under the provisions of the Standards of Weights and Measures Act, 1976 and falls in the category of 'specified goods' subject to excise duty on the basis of retail sale price. Following particulars are made available : MRP printed on the package is Rs.10,894 per unit. The price is inclusive of excise duty of 14% and education and secondary and higher education cess at the currently applicable rates as per the Finance Act, 2008. Compute the assessable value, excise duty and cess payable if it is eligible for an abatement of 38% (CS Professional December 2009)

Distinguish between conditions for availing CENVAT credit in respect of 'duty paid on inputs' and 'duty paid on capital goods' (CS Professional December 2009)

Write a note on 'compounded levy scheme' under the central excise law (CS Professional December 2009)

"Circulars of the Central Board of Excise and Customs cannot prevail over law laid down by the Apex Court." Examine the statement, considering the relevant provisions of the Central Excise Act, 1944 read with Article 141 of the Constitution of India and the relevant case(s) decided by the Apex Court (CS Professional December 2009)

"With the advent of VAT regime, the multiplicity of rates prevalent till then has been reduced to four broad categories." Elucidate (CS Professional December 2009)

Following particulars are available in respect of certain goods imported into India: FOB price : US\$30,000, Exchange rate : Notified by RBI Rs.50 = US\$1 Notified by CBEC Rs.48 = US\$1. Compute the assessable value as per the Customs Act, 1962 and the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 (CS Professional December 2009)

A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available : CIF value of the consignment : US\$25,000, Quantity imported : 500 kgs, Exchange rate applicable : Rs.50=US\$1

Basic customs duty : 20%, Education and secondary and higher education cess as applicable as per the Finance Act, 2008. As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$70 per kg. and the landed value of the commodity as imported. Appraise the liability on account of normal duties, cess and the anti-dumping duty. Assume that only 'basic customs duty' (BCD) and education and secondary and higher education cess are payable (CS Professional December 2009)

Anand Ltd. has imported certain goods which were confiscated on the grounds that the appellant had mis-declared some goods in terms of value and some were found mis-declared in terms of description, value and quality and that personal penalty was imposed on the company and its directors. Critically examine the above facts and the justifiability of the action taken, having regard to relevant recent judicial rulings (CS Professional December 2009)

June 2009

Choose the most appropriate answer - The exemption notification issued under section 5A of the Central Excise Act, 1944 is not applicable in respect of DTA clearance, unless specifically provided in the notification by — (a) SSI unit (b) EOU unit (c) Both (a) and (b) (d) None of the above (CS Professional June 2009)

Choose the most appropriate answer - Under the central excise law, any article, material or substance, capable of being bought and sold for a consideration shall be deemed to be — (a) Goods (b) Manufactured (c) Marketable and hence excisable (d) Produced (CS Professional June 2009)

Choose the most appropriate answer - Questions arising out of orders made by CESTAT are appealable to High Court except those relating to — (a) Classification and valuation (b) Duty drawback (c) Refund of excise duty (d) Advance ruling (CS Professional June 2009)

Choose the most appropriate answer - Value of export goods under the Customs Act, 1962 is not determined by — (a) Transaction value (b) Residual method (c) Computed value (d) Market value (CS Professional June 2009)

Choose the most appropriate answer - The term 'authorised representative' under section 35Q of the Central Excise Act, 1944 includes, among others — (a) All Company Secretaries (b) Company Secretaries with 10 years post qualification experience (c) Company Secretaries with certificate of practice (d) Physics graduates (CS Professional June 2009)

Choose the most appropriate answer - Under the Customs Act, 1962, an appeal before tribunal against the order of Commissioner shall be filed within — (a) 30 Days (b) 3 Months (c) 45 Days (d) None of the above (CS Professional June 2009)

Choose the most appropriate answer - Smuggled goods are liable to confiscation — (a) Only when they are in the same form (b) Even when the form has changed or mixed with other goods (c) Both (a) and (b) (d) None of the above (CS Professional June 2009)

Fill in the blanks - In case of fraud, collusion, willful mis-statement and suppression of facts, or contravention of any provision of the Central Excise Act, 1944 or Rules with intent to evade payment of duty, demand for duty can be raised _____. (CS Professional June 2009)

Fill in the blanks - Rules made by the Central Government and regulation made by the Central Board of Excise and Customs (CBE&C) can provide for penalty upto Rs. _____ on any person who violates any provision of rules or regulations (CS Professional June 2009)

Fill in the blanks - Persons claiming refund of excise duty under section 11B have to make an application within _____ from the 'relevant date' (CS Professional June 2009)

Fill in the blanks - Under the Customs Act, 1962, duty, interest, penalty or fine to be rounded off to _____. (CS Professional June 2009)

Fill in the blanks - The person from whom documents are seized is entitled to take _____ therefrom in presence of customs officer (CS Professional June 2009)

Fill in the blanks - Under section 46, an importer has to file a _____ for home consumption or warehousing (CS Professional June 2009)

Fill in the blanks - Assessee paying duty of Rs.1 crore or more per annum through personal ledger account (PLA) are required to submit annual financial information statement for each financial year by 30th November of succeeding year in prescribed form _____. (CS Professional June 2009)

Fill in the blanks - _____ can be granted in the case of lost, destroyed or abandoned goods under section 23 of the Customs Act, 1962 (CS Professional June 2009)

Explain briefly the term 'import manifest' (CS Professional June 2009)

A manufacturing company has imported certain second-hand machinery for its use and declared its value on the basis of the 'transaction value'. Can the declared value be rejected by the authorities and, if so, when and how? What are the details which the importer must submit in support of its claim? (CS Professional June 2009)

Under section 37B of the Central Excise Act, 1944 and section 151A of the Customs Act, 1962, the Central Board of Excise and Customs (CBE&C) issues various orders, instructions and directions to its officers from time to time. What is their binding effect? Are they binding on all departmental authorities including quasi judicial authorities like Commissioner (Appeals)? Are there any restrictions on such powers? Can they have retrospective effect? (CS Professional June 2009)

Hetal manufactures hair dye. It is packed in pouches, each pouch containing 3 grams, 3 pouches (sachets) are sold in one packet. The net weight of each pouch, as also the net weight of the commodity in 3 pouches and the maximum rate is printed on the pouches. Examine whether the provisions of section 4A of the Central Excise Act, 1944 will apply for the valuation purpose (CS Professional June 2009)

Commissioner of Central Excise can review the order but cannot issue fresh notice extending period of limitation. Comment (CS Professional June 2009)

What are the options available, in the context of CENVAT credit rules, to a manufacturer manufacturing both exempt and dutiable goods or service-provider providing taxable as well as exempt services, in respect of inputs/input services used partly for manufacture of dutiable goods/taxable services and partly for exempted goods/services ? (CS Professional June 2009)

Under certain circumstances, the central excise law allows an assessee to approach the Central Government with a request to revise appellate orders passed by the departmental authorities. Indicate the circumstances where such a possibility exists and the powers of the Central Government in this regard (CS Professional June 2009)

Write a note on excise concession on export of excisable goods (CS Professional June 2009)

Pranav and Parul, the petitioners, were engaged in the business of import in trading of textiles and some other consumable goods. During search, the statements of both the petitioners were recorded and the petitioners were arrested for the offence under sections 132 and 135 of the Customs Act, 1962 on account of alleged false declaration, false documents and evasion of customs duty. Simultaneously, adjudication proceedings were also initiated under the Act. The accused persons were exonerated by the competent authority/tribunal in the adjudication proceedings. Criminal proceedings were carried on simultaneously and petitioners were alleged to have committed offences punishable under sections 132 and 135(1)(b). Whether the criminal prosecution can be permitted to continue against both when the adjudication proceedings are in favour of them ? Discuss (CS Professional June 2009)

Eva Offshore Ltd. is engaged in drilling operations for exploration of offshore oil, gas and other related activities under contracts. The drilling operations are carried out at oil rigs/vessels which are situated outside the territorial waters of India. Until around November, 1993, the company was permitted to transship stores to the oil rigs without levy of any customs duty regardless of the fact whether oil rigs were operating within a designated area or non-designated area. Whether oil rigs engaged in operations in the exclusive economic zone/continental shelf of India, falling outside the territorial waters of India, are 'foreign going vessels' as defined by section 2(21) of the Customs Act, 1962, and are entitled to consume imported stores thereon without payment of customs duty in terms of section 87 of the Customs Act 1962 ? (CS Professional June 2009)

Arpit Alloys Ltd. imported a consignment of metal bars during July, 2008 by sea, weighing 5,300 tons from U.K. A bill of entry for home consumption was filed and an order for clearance was passed by the Assistant Commissioner. The company paid the applicable duty. Thereafter, delivery was taken and on examination by the company's representatives; it was found that only 5,000 tons of metal bars were available at the dock though duty was paid for the entire lot of 5,300 tons. Since there was no short landing of the cargo, the short delivery of 300 tons was also supported by the weightment certificate issued to the company by the port trust authorities. The company made a representation to the customs department for appropriate relief under the Customs Act, 1962. Examine (CS Professional June 2009)