

Types of Duty

Question 1

Who has the powers to under Customs Act 1962:-

- (i) appoint inland container depots;
- (ii) appoint land customs stations;
- (iii) specify limits of customs area;

Answer

- (i) **Section 7** of the Customs Act, 1962 **empowers the Central Board of Excise and Customs** to appoint inland container depots.
- (ii) **Section 7** of the Customs Act, 1962 **empowers the Central Board of Excise and Customs** to appoint land customs stations.
- (iii) **Section 8** of the Customs Act, 1962 **empowers the Commissioner of Customs** to specify limits of customs area.

Question 2

Assessable value of certain goods imported from USA is ₹ 10,00,000. The packet contains 10,000 pieces with maximum retail price of ₹ 200 each. The goods are assessable under section 4A of the Central Excise Act, 1944, after allowing an abatement of 40%. The excise duty rate is 8% ad valorem. Calculate the amount of additional duty of customs under section 3(1) of the Customs Tariff Act, 1975 assuming basic customs duty @ 10% ad valorem

Answer

As the goods are assessable under section 4A of the Central Excise Act, 1944, additional duty of customs will be payable on the basis of maximum retail price printed on the packing; less abatement as permissible [proviso to section 3(2) of the Customs Tariff Act.]

	₹
Maximum retail price [10,000 pieces x ₹ 200/]	20,00,000
Less : Abatement 40%	<u>8,00,000</u>
Assessable value under section 3(2)	<u>12,00,000</u>
Additional duty of customs @ 8%	96,000
Add : Education Cess @ 2% on Additional Duty of Customs	1,920
Secondary and Higher Education Cess @ 1% on Adl. Duty.	<u>960</u>
Additional customs duty payable	<u>98,880</u>

3.2 Indirect Tax Laws

Question 3

What will be the dates of commencement of the definitive anti-dumping duty in the following cases under section 9A of the Customs Tariff Act, 1975 and the rules made thereunder:

- (i) *where no provisional duty is imposed;*
- (ii) *where provisional duty is imposed;*
- (iii) *where anti-dumping duty is imposed retrospectively from a date prior to the date of imposition of provisional duty.*

Answer

The Central Government has power to levy anti-dumping duty on dumped articles in accordance with the provisions of section 9A of the Customs Tariff Act, 1975 and the rules framed thereunder.

- (i) In a case where no provisional duty is imposed, the date of commencement of anti-dumping duty will be **the date of publication of notification**, imposing anti-dumping duty under section 9A(1), in the Official Gazette.
- (ii) In a case where provisional duty is imposed under section 9A(2), **the date of commencement of anti-dumping duty will be the date of publication of notification, imposing provisional duty under section 9A(2)**, in the Official Gazette.
- (iii) In a case where anti-dumping duty is imposed retrospectively under section 9A(3) from a date prior to the date of imposition of provisional duty, the date of commencement of anti-dumping duty will be **such prior date as may be notified in the notification imposing anti-dumping duty retrospectively, but not beyond 90 days from the date of such notification of provisional duty.**

Question 4

State briefly the provisions of refund on anti-dumping duty in certain cases.

Answer

According to the provisions of **section 9AA** of the Customs Tariff Act, 1975, where an importer proves to the satisfaction of the Central Government that he has paid any anti-dumping duty imposed on any article, in excess of the actual margin of dumping in relation to such article, he shall be entitled to refund of such excess duty. However, the importer will not be entitled for **refund of provisional anti-dumping duty** under section 9AA as it is refundable under section 9A(2) of the said Act.

Question 5

Miss Priya imported certain goods weighing 1,000 kgs. with CIF value US\$ 40,000. Exchange rate was 1 US\$ = ₹ 45 on the date of presentation of bill of entry. Basic customs duty is chargeable @ 10% and education cess as applicable. There is no excise duty payable on these goods, if manufactured in India.

As per Notification issued by the Government of India, anti-dumping duty has been imposed on these goods. The anti-dumping duty will be equal to difference between amount calculated @ US \$ 60 per kg and landed value of goods. You are required to compute custom duty and anti - dumping duty payable by Miss Priya.

Answer

Computation of customs duty payable:-

Particulars	₹
Total CIF value in INR = US \$ 40,000 x ₹ 45	18,00,000
Add: Landing charges @1%	<u>18,000</u>
Assessable value (AV)	<u>18,18,000</u>
Basic customs duty (BCD) @10%	1,81,800
Education cess (EC) @ 2% on BCD	3,636
Secondary and higher education cess (SAHEC) @ 1% on BCD	<u>1,818</u>
Landed value of imported goods	<u>20,05,254</u>
Total customs duty payable (BCD + EC+ SAHEC)	<u>1,87,254</u>

Computation of Anti dumping duty payable:-

Particulars	₹
Value of goods in INR as per Notification = 1,000 Kgs x US \$ 60 x ₹ 45	27,00,000
Less : Landed value of goods	<u>20,05,254</u>
Anti-dumping duty payable	<u>6,94,746</u>

Self-examination Questions

Question 1

Differentiate between protective duty and safeguard duty.

Question 2

Briefly examine the nature and significance of the levy of anti dumping duty under the Customs Tariff Act, 1975.

Question 3

Write a brief note on education cess on customs duty.

Question 4

Discuss the provisions governing the levy of additional duty of customs chargeable under section 3(5) of the Customs Act, 1962.