

PARUL UNIVERSITY
FACULTY OF COMMERCE
M.Com.(Hons) Summer 2017 – 18 Examination

Semester: 4

Subject Code: 16201254

Subject Name: Indirect Taxes - Customs Duty and GST

Date: 15/05/2018

Time: 10.30 am to 1.00 pm

Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**A) Choose the correct option. (Each of one mark)****(06)**

1. Which of the following taxes have been subsumed in GST?

a) Central Sales Tax	b) Central excise Duty
c) VAT	d) All of the Above
2. GST is levied on supply of all goods and services except:

a) Alcoholic liquor for human consumption	b) Tobacco
c) Health care services	d) All of the above
3. In case of a tourist of foreign origin coming from any country other than Nepal, Bhutan or Myanmar, articles upto the value of Rs. _____(excluding articles mentioned in Annexure I) are allowed free of duty.

a) 50,000	b) 15,000
c) 1,00,000	d) 20,000
4. If such imported goods are not cleared either for home consumption or for warehouse within _____ days or within such further time as the proper officer may allow or if the title to any imported goods is relinquished, the custodian of the goods is permitted, with the approval of the customs department and after giving notice to the importer, to sell the goods by auction.

a) 60	b) 15
c) 90	d) 30
5. The yellow colored form of Shipping Bill is for-

a) Dutiable Goods	b) Duty-Free Goods
c) Duty Free ex-Bond	d) With drawback claim
6. Where the passenger and crew departure manifest or the passenger name record information or any part thereof is not delivered to the proper officer within the prescribed time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge or the other specified person shall be liable to such penalty, not exceeding _____ as may be prescribed.

a) 5,000	b) 50,000
c) 1,00,000	d) 10,00,000

B) Answer the following. (Each of one mark)**(06)**

1. What is GST?
2. What is the relevant date for determination of rate of duty under the Customs Act, 1962 in case of clearance of baggage?
3. Define Export.
4. What do you mean by "Certificate of Origin"?
5. In the Export General Manifest a specific declaration should be made in respect of which type of cargo, irrespective of whether it comprises same bottom cargo, shipment or transshipment?
6. What do you mean by "Let Export Order"?

Q.2 Answer the following. (Each of 04 mark)**(12)**

1. Differentiate between direct and indirect taxes.
2. Mention the three different types of Bill of Entries.
3. What are the benefits of GST?

Q.3 Answer the following. (Any Three)**(18)**

1. Mr. Sujoy, an Indian entrepreneur, went to London to explore new business opportunities on 01.04.2016. His wife also joined him in London after three months. The following details are submitted by them with the Customs authorities on their return to India on 15.04.2017:
 - (a) used personal effects worth ` 80,000,
 - (b) 2 music systems each worth ` 50,000,
 - (c) the jewellery brought by Mr. Sujoy worth ` 48,000 [20 grams] and the jewellery brought by his wife worth ` 96,000 [40 grams].With reference to Baggage Rules, 2016, determine whether Mr. and Mrs. Sujoy will be required to pay any customs duty?
2. In how many copies is Bill of Entry of entry filed? And which copy is given to whom?
3. A material was imported by air at CIF price of 5,000 US\$. Freight paid was 1,500 US\$ and insurance cost was 500 US\$. The banker realized the payment from importer at the exchange rate of ` 61 per dollar. Central Board of Excise and Customs notified the exchange rate as ` 60 per US\$. Find the value of the material for the purpose of levying duty.
4. ABC Industries Ltd. imports an equipment by air. CIF price of the equipment is 6,000 US\$, freight paid is 1,200 US\$ and insurance cost is 1,800 US\$. The banker realizes the payment from importer at the exchange rate of ` 61 per US\$. Central Board of Excise and Customs notifies the exchange rate as ` 60 per US\$ while rate of exchange notified by RBI is ` 62 per US\$. ABC Industries Ltd. expends ` 56,000 in India for certain development activities with respect to the imported equipment.
Basic customs duty is 10% and education cesses are 3% on duty. Ignore GST Compensation Cess. You are required to compute the amount of total duty and integrated tax payable by ABC Industries Ltd. under Customs law.

Q.4 Answer the following. (Any two)**(18)**

1. A consignment of 1000 metric tonnes of edible oil of Malaysian origin was imported by a charitable organization in India for free distribution to below poverty line citizens in a backward area under the scheme designed by the Food and Agricultural Organization. This being a special transaction, a nominal price of US\$10 per metric tonne was charged for the consignment to cover the freight and insurance charges. The Customs House found out that at or about the time of importation of this gift consignment there were following imports of edible oil of Malaysian origin:.

S. No.	Quantity imported in metric tonnes	Unit price in US \$ (CIF)
1.	200	260
2.	90	220
3.	1010	200
4.	900	175
5.	400	180
6.	780	160

The rate of exchange on the relevant date was 1 US \$ = ` 60.00 and the rate of basic customs duty was 10% ad valorem. Ignore Integrated tax and GST Compensation Cess. Calculate the amount of duty leviable on the consignment under the Customs Act, 1962 with appropriate assumptions and explanations, where required.

2. Vipul imported certain goods in May, 20XX. An 'into Bond' bill of entry was presented on 14th May, 20XX and goods were cleared from the port for warehousing. Assessable value on that date was US \$ 1,00,000. The order permitting the deposit of goods in warehouse for 4 months was issued on 21st May, 20XX. Vipul deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 21st September, 20XX. A notice was issued under section 72 of the Customs Act, 1962, demanding duty and interest. Vipul cleared the goods on 14th October, 20XX. Compute the amount of duty and interest payable by Vipul while removing the goods on the basis of the following information:

Particulars	14-05-20XX	21-09-20XX	14-10-20XX
Rate of exchange per US \$ (as notified by Central Board of Excise & Customs)	₹ 65.20	₹ 65.40	₹ 65.50
Basic customs duty	15%	10%	12%

Integrated Tax leviable under section 3(7) of the Customs Tariff Act is exempt.

3. Write a short note on Sections 57, 58, 58A and 58B of Customs Act, 1962.