

PARUL UNIVERSITY
FACULTY OF COMMERCE
M.Com. (Hons.) Winter 2018 – 19 Examination

Semester: 3
Subject Code: 16201203
Subject Name: Indirect Taxes

Date: 26/10/2018
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) Multiple choice type questions.****(06)**

1. _____ is the person-in-charge in relation to a railway train.

a) Master	b) Pilot-in-charge
c) Guard	d) Driver
2. What is the rate of duty on baggage?

a) 35%	b) 10%
c) 20%	d) 25%
3. List II is referred to as _____ list.

a) Concurrent	b) State
c) Union	d) None of the above
4. Each chapter and sub-chapter is further divided into various _____.

a) Headings	b) Sub- headings
c) Sections	d) Chapter notes
5. Any article which is imported into India shall, in addition, be liable to integrated tax at such rate, not exceeding _____ per cent

a) Twelve	b) Fifteen
c) Thirty- Five	d) Forty
6. The safeguard duty imposed under 8B of Customs Tariff Act shall be in force for a period of _____ years from the date of its imposition.

a) 3	b) 5
c) 4	d) 10

B) Answer the following.**(06)**

1. Define Warehouse as per Section 2 (43) of Customs Act, 1962.
2. What do you mean by Dutiable Goods?
3. What do you mean by Exclusive Economic Zone of India?
4. What is the relevant date for determination of rate of duty under the Customs Act, 1962 in the case of clearance of baggage?
5. Distinguish between Jetsam and Flotsam.
6. As of now, GST compensation cess is levied on which type of goods?

Q.2 Answer the following.**(12)**

1. Mention the manner in which the transit of goods from the customs station to the warehouse will be made after the order permitting the deposit of the goods in a warehouse is passed.
2. Compute export duty from the following data:
 - (i) FOB price of goods: US \$ 1,00,000.
 - (ii) Shipping bill presented electronically on 26.04.20XX.
 - (iii) Proper officer passed order permitting clearance and loading of goods for export (Let Export Order) on 04.05.20XX.
 - (iv) Rate of exchange and rate of export duty are as under:

	Rate of Exchange	Rate of Export Duty
On 26.04.20XX	1 US \$ = ` 55	10%
On 04.05.20XX	1 US \$ = ` 56	8%

(v) Rate of exchange is notified for export by Central Board of Excise and Customs.

(Make suitable assumptions wherever required and show the workings.)

3. Mention the conditions in which countervailing duty on subsidized articles is imposed.

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:

- used personal effects worth ` 80,000,
- 2 music systems each worth ` 50,000,
- 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?

- 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.
- A machine was originally imported from Japan at ` 250 lakh in July, 20XX on payment of all duties of customs. The said machine was exported (sent-back) to supplier for repairs in December, 20XX and re-imported without any re-manufacturing or re-processing in October next year after repairs. Since the machine was under warranty period, the repairs were carried out free of cost.

However, the fair cost of repairs carried out (including cost of material ` 6 lakh) would have been ` 9 lakh. Actual insurance and freight charges (to and fro) were ` 3 lakh. The rate of basic customs duty is 10% and integrated tax is 12%. Ignore GST compensation cess.

Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

Note: The importer intends to avail exemption, if any, with regard to re-importation of goods which had been exported for repairs abroad.

4. A consignment of 800 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.	20	260
2.	100	220
3.	500	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.

Q.4 Answer the following. (Any two)

(18)

1. F. Ltd. imported a machine from UK in May, 20XX. The details in this regard are as under:

- FOB value of the machine: 10,000 UK Pound
- Freight (Air): 3000 UK Pound
- Licence fee, the buyer was required to pay in UK: 400 UK Pound
- Buying commission paid in India ₹ 20,000
- Date of bill of entry was 20.05.20XX and the rate of exchange notified by CBEC on this date was ₹ 99.00 per one pound. Rate of BCD was 7.5%.
- Date of arrival of aircraft was 25.05.20XX and the rate of exchange notified by CBEC on this date was ₹ 98.50 per pound and rate of BCD was 10%.
- Integrated tax under section 3(7) of Customs Tariff Act was 12% and ignore GST Compensation Cess.
- Insurance premium details were not available.

You are required to compute the total customs duty and integrated tax payable on the importation of machine. You may make suitable assumptions wherever required.

2. 15000 chalices were imported for charitable distribution in India by XY Charitable Trust.

The Trust did not pay either for the cost of goods or for the design and development charges, which was borne by the supplier. Customs officer computed its FOB value at USD 20,000 (including design and development charges), which was accepted by the Trust. Other details obtained were as follows:

Sl. No.	Particulars	Amount																
1.	Freight paid (air) (in USD)	4,500																
2.	Design & development charges paid in USA (in USD)	2,500																
3.	Commission payable to an agent in India (in ₹)	12,500																
4.	Exchange rate notified by CBEC and rate of basic duty is as follows: <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 35%;">Date of Bill of Entry</td> <td style="width: 15%;">BCD</td> <td style="width: 30%;">Exchange Rate in ₹</td> <td style="width: 20%;"></td> </tr> <tr> <td style="text-align: center;">08.09.20XX</td> <td style="text-align: center;">20%</td> <td></td> <td style="text-align: right;">60</td> </tr> <tr> <td style="width: 35%;">Date of arrival of aircraft</td> <td style="width: 15%;">BCD</td> <td style="width: 30%;">Exchange Rate in ₹</td> <td style="width: 20%;"></td> </tr> <tr> <td style="text-align: center;">30.09.20XX</td> <td style="text-align: center;">10%</td> <td></td> <td style="text-align: right;">62</td> </tr> </table> <p>The inter-bank rate was 1 USD = ₹ 63</p>	Date of Bill of Entry	BCD	Exchange Rate in ₹		08.09.20XX	20%		60	Date of arrival of aircraft	BCD	Exchange Rate in ₹		30.09.20XX	10%		62	
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5.	Integrated tax payable u/s 3(7) of the Customs Tariff Act, 1975	12%
6.	Education cess and SAH education cess as applicable	

Compute the amount of total customs duty and integrated tax payable on importation of chalices. Make suitable assumptions where required. Working notes should form part of your answer.

Note: Ignore GST Compensation Cess.

3. Foreign Trade International Ltd. has imported one machine from England. It has given the following particulars:

(i)	Price of machine	8,000 UK Pounds
(ii)	Freight paid (air)	2,500 UK Pounds
(iii)	Design and development charges paid in UK	500 UK Pounds
(iv)	Commission payable to local agent of exporter @ 2% of price of machine, in Indian Rupees	
(v)	Date of bill of entry	24.10.20XX (Rate BCD 10%; Exchange rate as notified by CBEC ` 100 per UK Pound)
(vi)	Date of arrival of aircraft	20.10.20XX (Rate of BCD 20%; Exchange rate as notified by CBEC ` 98 per UK Pound)
(vii)	Integrated tax leviable under section 3(7) of the Customs Tariff Act, 1975 is	12%
(viii)	Insurance charges have been actually paid but details are not available.	

Compute the total customs duty and integrated tax payable by Foreign Trade International Ltd.

Note: Ignore GST Compensation Cess.