

PARUL UNIVERSITY
FACULTY OF COMMERCE
M.Com.(Hons) Winter 2019 – 20 Examination

Semester: 3

Date : 25/11/2019

Subject Code: 16201203

Time: 10.30 am to 1.00 pm

Subject Name: Indirect Taxes

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. (Each of one mark)

(06)

1. Social welfare surcharge (SWS) @ _____ has been levied w.e.f. 02.202.2018 for providing and financing education, health and social security.
a) 5% b) 2%
c) 10% d) 1%
2. The duration of Safeguard duty is ____ years.
a) 1 b) 4
c) 2 d) 5
3. The rates at which duties of customs shall be levied under the Customs Act _____ are specified in the First and Second Schedules.
a) 1944 b) 1962
c) 1961 d) 1975
4. _____ Schedule enlists the goods liable to export duty.
a) Seventh b) First
c) Second d) Third
5. Generally, the rate of duty specified in column _____ is applicable.
a) 1 b) 4
c) 2 d) 3
6. The retrospective date from which the countervailing duty is payable shall not be beyond _____ days from the date of notification.
a) 90 b) 50
c) 60 d) 40

B) Answer the following (Each of one mark)

(06)

1. Which are the major custom houses of India?
2. What do you mean by wreck?
3. Distinguish between Jetsam and Flotsam.
4. Both countervailing duty and anti-dumping duty have been imposed on an article to compensate for the same situation of dumping. With reference to the Customs Tariff Act, 1975, discuss the validity of the imposition of customs duties in the given case.
5. What do you mean by Non- Injurious Price?
6. How do you calculate injury margin?

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

(12)

1. Write a short note on the three lists in which the seventh schedule is classified into.
2. Write a short note on the three stages of imposition of taxes and duties.
3. Mention the conditions to be satisfied to impose countervailing duty on subsidized articles?

Q.3 Answer the following. (Any Three)

(18)

1. Jagat Corporation Limited imported some goods from US. The details of the transaction are as follows:-

Authority	Rate of exchange
CBIC	1 US \$= ` 70
RBI	1 US \$= ` 71

CIF value of the goods is \$ 1,50,000 Rate of basic custom duty is 10%

Rate of social welfare surcharge is 10%

Integrated tax leviable under section 3(7) of Customs Tariff Act, 1975 is 18%. Ignore GST Compensation Cess.

Calculate total customs duty and integrated tax payable thereon.

2. 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 ₹ 70 per US\$ while rate of exchange notified by RBI is ₹ 72 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%, Integrated tax u/s 3(7) of the Customs Tariff Act is leviable @ 12% and social welfare surcharge is 10% 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.

3. Write a short note on Preventive Officers of Customs.

4. 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 ₹ 71 per dollar. Central Board of Excise and Customs notified the exchange rate as ₹ 70 per US\$. Find the value of the material for the purpose of levying duty.

Q.4 Answer the following. (Any two)

(18)

1. BSA & Company Ltd. has imported a machine from U.K. From the following particulars furnished by it, arrive at the assessable value for the purpose of customs duty payable.

	Particulars	Amount
I	Price of the machine	10,000 U.K. Pounds
II	Freight (air)	3,000 U.K. Pounds
III	Engineering and design charges paid to a firm in U.K.	500 U.K. Pounds
IV	License fee relating to imported goods payable by the buyer as a condition of sale	20% of Price
V	Materials and components supplied in UK by the buyer free of cost valued at ₹ 20,000	
VI	Insurance paid to the insurer in India	Rs. 6000
VII	Buying commission paid by the buyer to his agent in U.K.	100 U.K Pounds

Other particulars:

(i) Inter-bank exchange rate: ₹ 98 per U.K. Pound.

(ii) CBIC had notified for purpose of section 14 of the Customs Act, 1962, exchange rate of ₹ 100 per U.K. Pound.

(iii) Importer paid ₹ 5,000 towards demurrage charges for delay in clearing the machine from the Airport.

(Make suitable assumptions wherever required and show workings with explanations)

2. Compute the total customs duty and integrated tax payable under Customs law on an imported machine, based on the following information:

	US \$
Cost of the machine at the factory of the exporter	20,000
Transport charges from the factory of exporter to the port for shipment	800
Handling charges paid for loading the machine in the ship	50
Freight charges from exporting country to India	5,000
Buying commission paid by the importer	100
	(Rs)
Lighterage charges paid by the importer at port of importation	12,000
Freight incurred from port of entry to Inland Container depot	60,000

Ship demurrage charges paid at port of importation	24,000
Date of bill of entry	20.01.20XX (Rate BCD 20%; Exchange rate as notified by CBIC ` 70 per US \$)
Date of entry inward	25.03.20XX (Rate of BCD 10%; Exchange rate as notified by CBIC ` 75 per US \$)
Integrated tax payable under section 3(7) of the Customs Tariff Act, 1975	12%

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

- (i) FOB value of the machine: 10,000 UK Pound
- (ii) Freight (Air): 3000 UK Pound
- (iii) Licence fee, the buyer was required to pay in UK: 400 UK Pound
- (iv) Buying commission paid in India ` 20,000
- (v) Date of bill of entry was 20.05.20XX and the rate of exchange notified by CBIC on this date was ` 99.00 per one pound. Rate of BCD was 7.5%.
- (vi) Date of arrival of aircraft was 25.05.20XX and the rate of exchange notified by CBIC on this date was ` 98.50 per pound and rate of BCD was 10%.
- (vii) Integrated tax under section 3(7) of Customs Tariff Act was 12% and ignore GST Compensation Cess.
- (viii) 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.