

CA Final
Test Paper-4

Time: 1 hr & 30 mins

Total: 50 marks

Question 1:

(6*2 Marks = 12 Marks)

Choose the most appropriate option.

- 1) Which of the following statements are incorrect?
- i. Special exemption under section 25 of the Customs Act, 1962 is granted by issuing a notification.
 - ii. General exemption under section 25 of the Customs Act, 1962 is granted by issuing an order.
 - iii. Special exemption is required to be published in official gazette.
 - iv. General exemption is not required to be published in official gazette.

Choose the most appropriate option.

- a) (i) and (iii)
 - b) (i), (ii), (iii) and (iv)
 - c) (i) and (ii)
 - d) (ii) and (iv)
- 2) Which of the following statements is false?
- a) Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.
 - b) Absorption of countervailing duty is said to have taken place if there is a decrease in the export price of an article without any commensurate change in the resale price in India of such article imported from the exporting country or territory.
 - c) Safeguard duty shall not be imposed on articles originating from developing country if the share of imports of that article from that country \leq 3% of the total imports of that article into India.
 - d) Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard duty.
 - e) Safeguard measures shall not be applicable on articles imported by a 100% EOU or SEZ unit unless, specially made applicable.
- 3) The taxable event under the Customs Act, 1962 is:
- a) import of goods into India/ export of goods from India.
 - b) supply of goods into India/ supply of goods from India to outside India.
 - c) sale of goods into India/ sale of goods outside India.
 - d) manufacture of goods in India for supply outside India.
- 4) Which of the following statements is correct in relation to value of imported goods determined under rule 4 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, i.e. transaction value of identical goods?
- a) The transaction value of identical goods in a sale at any commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.

- b) The transaction value of identical goods in a sale at same commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.
- c) The transaction value of identical goods in a sale at same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods.
- d) The transaction value of identical goods in a sale at any commercial level and in any quantity as the goods being valued shall be used to determine the value of imported goods.
- 5) Parag imported some goods from Russia which were shipped by vessel on 01-01-20XY. The vessel crosses the territorial water on 07-01-20XY and the expected arrival of such vessel at the customs port will be 10-01-20XY. Parag wants to file the bill of entry. Suggest the date for filing prior bill of entry by Parag as per the provisions of Customs law.
- a) After 10-01-20XY
- b) After 10-01-20XY
- c) Before 11-12-20XX
- d) Not before 11-12-20XX
- 6) LMP Exporters export shoes to USA. As per Foreign Trade Policy 2023, LMP Exporters shall be categorised as a Five Star Export House upon achieving the export performance..... Million USD in the current and preceding three financial years.
- a) 3
- b) 15
- c) 200
- d) 800

Question 2:

(8 Marks)

ABC Industries Ltd. of Mumbai imported one machine through vessel from Japan, in the month of September, 20XX.

The following particulars are made available:

S.no	Particulars	Amount in Japanese Yen (¥)
(i)	Cost upto port of exportation incurred by exporter	6,00,000
(ii)	Loading charges at port of exportation	25,000
(iii)	Freight charges from port of export to port of import in India	1,00,000

Following additional amounts paid by ABC Industries Ltd:

S.no	Particulars	Amount in Indian Rupees (₹)
(i)	Designing charges, necessary for such machine, paid to consultancy firm in New Delhi	8,00,000
(ii)	Commission paid (not the buying commission) to local agent of exporter.	1,25,000
(iii)	Actual landing charges paid at the place of importation.	15,000
(iv)	Actual insurance charges paid to the place of importation are not ascertainable	-
(v)	Lighterage charges paid at the port of Importation	20,000

Other Information:

S.no	Particulars
(i)	Rate of basic customs duty is 10%

(ii)	Rate of social welfare surcharge is 10%
(iii)	Integrated tax leviable under section 3(7) of Customs Tariff Act, 1975 is 12%..
(iv)	Ignore GST compensation cess
(v)	Rate of exchange to be taken is 1 Japanese Yen (¥) = ₹ 0.65

Arrive at the total customs duty, including integrated tax payable under section 3(7) of the Customs Tariff Act, 1975 with appropriate working notes.

Question 3:

(6 + 4 = 10 Marks)

- 1) Mr. Samuel, a US resident aged 35 years, has come to India on a tourist visa for a month-long vacation. He carries with him, as part of baggage, the following:

Particulars	Value in ₹
Travel souvenirs	85,000
Other articles carried on in person	1,50,000
80 sticks of cigarettes of ₹ 100 each	8,000
30 cartridges of fire arms valuing ₹ 500 each	15,000
One litre wine	15,000

With reference to the Baggage Rules, 2016, determine whether Mr. Samuel will be required to pay any customs duty?

- 2) With reference to the provisions of FTP 2023, discuss giving reasons whether the following statements are true or false:
- If any doubt arises in respect of interpretation of any provision of FTP, the said doubt should be forwarded to CBIC, whose decision thereon would be final and binding.
 - Authorization once claimed by an importer cannot be refused by DGFT.
 - IEC is a unique 12-digit PAN based alphanumeric code allotted to a person for undertaking any export/ import activities.
 - Waste generated during manufacture in an SEZ Unit can be freely disposed in DTA on payment of applicable customs duty, without any authorization.

Question 4:

(5 + 5 = 10 marks)

- 1) ABC Ltd. imported an offset printing machine from Germany for ₹ 5 crores and the bill of entry for home consumption was cleared in April on payment of duty. However, due to certain technical glitches the said machine could not start functioning and the said machine was sent-back to the supplier for repairs in May.

The manufacturer of machinery in Germany had made necessary repairs and had sent back the machine again to ABC Ltd. Accordingly, ABC Ltd. reimported the machine without any re-manufacturing or reprocessing in September.

Since the machine was having manufacturing defect, the repairs were carried out by the machine manufacturer without charging any amount for the repairs. However, the fair cost of repairs carried out including cost of material consumed during repairs of ₹ 70 lakh, would have been ₹ 90 lakh. Actual insurance and freight charges incurred were ₹ 7.5 lakh each side from India to Germany and from Germany to India.

Assume that the rate of basic customs duty is 10%, social welfare surcharge is 10% & integrated tax is 18%. You are required to compute the amount of customs duty payable (if any) on reimportation of the machine.

- 2) Moris Lal has imported goods from Germany and is finally re-assessed u/s 18(2) of the Customs Act, 1962 for two such consignments. Particulars are as follows:

Date of provisional assessment	12 th Dec 20XX
Date of final reassessment	02 nd Feb 20YY
Duty demand for 1st consignment	₹ 1,80,000
Refund for 2nd consignment	₹ 4,20,000
Date of refund made by department	28 th April 20YY
Date of payment of duty demanded	05 th Feb 20YY

Determine the interest payable and receivable, if any, by Moris Lal on the final re-assessment of the two consignments, with suitable notes thereon.

Question 5:

(4 + 3 + 3 = 10 Marks)

- 1) Balu Ltd. imported Super Kerosene Oil (SKO) and stored it in a warehouse. An ex-bond bill of entry for home consumption was filed and duty was paid as per the rate prevalent on the date of presentation of such bill of entry; and the order for clearance for home consumption was passed. On account of highly combustible nature of SKO, the importer made an application to permit the storage of such kerosene oil in the same warehouse until actual clearance for sale/use. The application was allowed. However, the rate of duty increased when the goods were actually removed from the warehouse. The Department demanded the differential duty. Balu Ltd. challenged the demand. Will it succeed? Discuss briefly taking support of decided case law, if any.
- 2) What are the exceptions provided under section 27(2) of the Customs Act, 1962 in which refund of duty and interest may be paid to the applicant?
- 3) Define Foreign going vessel or aircraft.