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Question Paper	
Indirect Tax Laws	Duration: 65
Details: Test- 5	Marks: 35

Instructions:

- All the questions are compulsory
- Properly mention test number and page number on your answer sheet, Try to upload sheets in arranged manner.
- In case of multiple choice questions, mention option number only Working notes are compulsory wherever required in support of your solution
- Do not copy any solution from any material. Attempt as much as you know to fairly judge your performance.

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Q 1: Mira Pvt. Ltd., a manufacturer, wants to import capital goods in CKD condition from a foreign country and assemble the same in India. The import of the capital goods will be under Project Imports. The capital goods will be used for pre-production processes. The final products of Mira Pvt. Ltd. would be supplied in SEZ. Mira Pvt. Ltd. wishes to sell the capital goods imported by it as soon as the production process starts.

Mira Pvt. Ltd. seeks your advice whether it can avail the benefit of EPCG Scheme for importing the intended capital goods.

Note: Assume that all other conditions required for being eligible to the EPCG Scheme are fulfilled in the above case.

(6 Marks)

Q 2: Mr. Fang a tourist of Chinese origin aged 22 years to India on tourist visa for a period of one month on 1-4-2021 along with his wife aged 20 years and child jing aged 2 years. He brought the following items along with him:

- (1) Personal effects like clothes of Mr. Fang valued at Rs. 40,000/- of Mrs. Fang valued at 50,000/- and of the Jing worth Rs.25,000/-.
- (2) 2 laptop computers worth 36,000 each.
- (3) 3 bottles of wine of 1 litre each of total value of 6,000.
- (4) Digital camera worth 11,000.
- (5) Mobile worth 15,000. What is the customs duty payable?

(6 Marks)

Q 3: Discuss whether any duty drawback is admissible under section 75 in the following cases and if yes, what is the quantum of such duty drawback –

S.No	FOB value of exported of goods (Rs.)	Rate or amount of drawback	Market price of Value of goods (Rs.)	Value of imported material used in goods (Rs.)
1.	2,00,000	40% of FOB value	1,50,000	1,20,000
2.	100,000 (2,000 Kgs.)	Rs.30 per kg.	55,000	40,000
3.	4,00,000	3.5% of FOB value	4,60,000	4,50,000
4.	4,20,000	4% of FOB value	4,10,000	3,00,000*

*In case (4), the Central Government has specified a minimum value-addition to be achieved @ 40% of imported material in terms of FOB value.

(6 Marks)

Q 4: R & Co., sent certain goods by ship from Calcutta to Colombo in Sri Lanka. After the ship set sail, it developed engine trouble and while going to the nearest port, ran aground in the Indian Territorial Waters, ultimately reaching Paradeep Port. The fillings, stores and cargo were salvaged. R & Co., applied for drawback of duty under Section 75 of Customs Act, 1962, in respect of the goods.

The application was rejected by the Assistant Commissioner of Customs, holding that there was no "export" of goods under the Customs Act, by R & Co. You are retained as Counsel by R & Co., to advise them on the admissibility of the drawback claim. Examine the relevant issues and advise.

(6 Marks)

Q 5: What is the warehousing period for capital goods and other goods in the case of EOUS, EHTPS, STPs, and for warehouses where manufacture/ other operations are permitted under section 65 of Customs Act, 1962 and also in other cases? Can the warehousing period be extended?

(6 Marks)



MCQ's

1. ABC Ltd. an eligible service exporter of specified service, require you to compute its duty credit scrip entitlement for financial year under the service Exports from India Scheme (SEIS) from the following information---

- Supply from India to US :\$ 30,000 (expenses incurred US \$ 900)
 - Amount of \$ 4,000 (net of expenses) realised on behalf of client who is also an exporter of specified services.
 - Notified rate of SEIS is 7%.
- A. \$ 2,037
B. \$ 2,100
C. \$ 2,380
D. \$ 2,317

2. Which of the following are privileges to Status holders---

- I. Authorization and custom clearances for both imports and exports on self- declaration basis.
- II. Fixation of input, output Norms (SION) on priority i.e. within 60 days by Norms Committee.

III. Exemption from compulsory negotiation of documents through banks. The remittance/ receipts, however, would continue to be received through banking channels.

IV. Exemption from furnishing of Bank Guarantee is Scheme under FTP.

- A. (i) and (ii)
- B. (i) and (iii)
- C. (i),(ii) and (iii)
- D. All the above

3. CBZ Ltd. has exported following goods to Germany, Write a brief not with reasons whether any duty drawback is admissible u/s 75 of the Customs Act.1962 in each of the following cases:

Product	FOB value of exported Goods Amount in Rs.	Market Price of Goods Amount in Rs.	Duty drawback rate
D	3,00,000	3,50,000	1.50% of FOB
Product D is manufactured out of duty free inputs			

- A. Rs. 4,500
- B. Rs.5,250
- C. Nil
- D. Rs.1,000

4. Determine the assessable value of imported goods in the following cases:

Particulars	US \$
FOB value	1,000

Freight , loading , unloading and handling charges associated with the delivery of the imported goods to the place of importation	Not Known
Insurance Charges	10

- A. \$ 1010
- B. \$ 1210
- C. \$ 1,000
- D. \$ 1,325

5. In exercise of the power conferred by the FT(D& R) Act, the union Ministry of Commerce and Industry, Government of India generally announces the integrated Foreign Trade Policy (FTP) every---- with certain underlined objectives.

- A. Five years
- B. One Year
- C. Three years
- D. Ten years

(1 × 5 = 5 Marks)

