



# CA Test Series.org (Since 2015)

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Question Paper	
Indirect Tax Laws	Duration: 65
Details: Test- 4	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:** What are the conditions required to be fulfilled by the importer to make the imported goods eligible for preferential rate of duty prescribed by the Central Government by notification under section 25 of the Customs Act, 1962?

**(5 Marks)**

**Q-2:** Ms. X imported certain goods weighing 3000 kgs, with CIF value US \$ 144000. Exchange rate was 1 US \$ = Rs.65 on the date of presentation of bill of entry. Basic customs duty is chargeable @ 10% and SWS as applicable. There is no integrated tax and GST Compensation Cess payable on these goods, if supplied in India. As per Notification issued by the Government of India, anti-dumping duty has been imposed on these goods. The anti-dumping duty will be equal to difference between amounts calculated @ US \$ 80 per kg. And 'landed value' of goods. You are required to compute custom duty and anti-dumping duty payable by Ms. X.

**(6 Marks)**

**Q-3:** M/s. HIL imports copper concentrate from different suppliers. At the time of import, the seller issues a provisional invoice and the goods are provisionally assessed under section 18 of the Customs Act, 1962 based on the invoice. When the final invoice is raised, based on the price prevalent in the London Metal Exchange on a predetermined date based on the covenant in the contract between the buyer and seller, the assessments are finalized on such invoices. M/s HIL had filed two refund claims arising out of the finalization of the bills of entry by the authorities on 01.03.2014 and on 15.03.2014. With effect from 13.07.2014 (Presidential assent on 13.07.2014) section 18 of the Customs Act, 1962 was amended with the insertion of certain provisions in terms of which it became necessary for the assessee to prove that they had not passed on the amount to their customers. Based on this amendment, the department has rejected the refund claims. Discuss in the light of decided case law, if any, whether the action of the department is correct in law?

(5 Marks)

**Q-4:** M/s. AMTL Ltd., Kolkata imported CNC Grinding machine from Catalyst Inc. USA, complete with accessories and spares in October 2020 for use in the manufacture of high precision micro tools.

Basic cost of machine with accessories US \$ F.O.B 50,000. Catalyst Inc. supplied one extra set of accessories valued at US\$ 2,000 free of cost to cover for transit damage

Other details available were as follows:

SI No.	Particulars	Currency	Amounts
1	Warranty cost payable to Catalyst Inc. (Not included in the cost of the Machine i.e.US \$ 50000	\$	4,500.00
2	Design & Development charges paid in USA (Not included in the cost of the Machine i.e. US \$ 50000)	\$	6,000
3	Licence Fee, AMTL is required to pay in USA	\$	1,000
4	Value of Drawings supplied by AMTL Ltd. Kolkata free of cost and is necessary for customizing machine to the needs of AMTL Ltd. Kolkata	\$	1,000
5	Freight by AIR	\$	15,000
6	Buying Commission paid to Indian Agent in India	Rs.	30,000

Bill of entry presented on 10-11-220 and the rate of exchange notified by CBIC on this date was Rs.66.25 per US \$ and rate of BCD was 7.5 %.

Date of arrival of aircraft was 06-11-2020 and rate of exchange notified by CBIC on this date was Rs.66.50 per US \$ and rate of BCD was 7.5%

Integrated tax leviable @ 12%. GST compensation cess: Nil

Machine was insured but Insurance premium was not shown/available in/ from the invoice.

From the above particulars, compute the assessable value for custom duty payable. Make suitable assumption wherever required.

Working notes should form part of your answer.

**Note:** Customs duty calculation need not be shown.

**(8 Marks)**

**Q-5:** M/S. Rohit filed a claim for refund of duty amounting to Rs. 5 crores on 25-12-2018; however, such claim was rejected by the Department vide order dated 23-6-2020. Aggrieved thereby, the assessee filed appeal and succeeded vide final appellate order dated 25-1-2021. The refund was paid on 25-3-2021. The assessee has sought interest under section 27A on delay in refund, while Department contends that since the refund has been granted within 3 months' from the date of appellate order, no interest is due, as there is no delay. Decide the issue and compute the amount of interest, if any.

**(6 Marks)**

### MCQ's

**1.** Mr. Tapas has exported goods valuing Rs. 8,00,000 to UK by a vessel. He filed the shipping bill for export on 28-2-2020 (rate of duty 5%). The order permitting clearance and loading of the goods for exportation was made by the proper officer on 1-3-2020 (rate of duty 15%). The ship

left for UK on 04-3-2020 (rate of duty 10%) and the ship crossed the territorial waters of India on 8-3-2020 (goods were made exempt from duty). The amount of duty payable by Mr. Tapas is

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- A. Rs. 40,000/-
- B. Rs. 120,000/-
- C. Rs. 80,000/-
- D. Nil

2. In which of the following cases safeguard duty under Section 8B is not to be imposed —

- A. Articles originating from a developing country, so long as the share of import of that article from that country does not exceed 3% of the total imports of that article into India.
- B. Articles originating from more than one developing country, so long as the aggregate of imports from developing countries each with less than 3% import share take together does not exceed 9% of the total imports of that article into India;
- C. Articles imported by a 100% EOU or units in a special Economic Zone unless the duty is specifically made applicable on them or the article imported is either cleared as such into DTA or used in the Manufacture of any goods that are cleared into DTA. In such cases, safeguard duty shall be levied on that portion of the article so cleared or so used as was leviable when it was imported into India.
- D. All of the Above

3. Which of the following second hand capital good import is not restricted?

- A. Personal computer/laptops including their refurbished/re-conditioned spares.
- B. Air conditioner, diesel generating sets

- C. Refurbished/re-Conditioned spares of capital goods subject to productions of chartered engineer certificate to the effect that such spare have at least @ 80% residual life of original spare
- D. Photocopier machines/Digital Multifunction print & copying Machines

4. Mr. X an Indian Passenger transferred his residence in India after staying abroad for four months. He is allowed to bring duty free personal and household articles, other than those mentioned in Annexure I or Annexure II but including articles mentioned in Annexure III upto an aggregate value of ----as per Rule 6 of Baggage Rules, 2016[ conditions is as specified in Rule 6has been fulfilled by him]

- A. Rs. 60,000/-
- B. Rs. 50,000/-
- C. Rs. 100,000/-
- D. Rs. 200,000/-

5: In case of refund on account of inverted duty structure, refund of input tax credit shall be granted as per the following formula—

- A. Maximum refund amount= turnover of inverted supply of goods or service/adjusted Total Turnover $\times$  Net ITC
- B. Maximum refund amount= (Turnover of inverted supply of goods or service/adjusted Total Turnover $\times$  Net ITC)-Tax payable on such inverted rated supply of goods or services.
- C. Maximum refund amount= (Turnover of inverted supply of goods or service/ Total Turnover $\times$  Net ITC)-Tax payable on such inverted rated supply of goods or services.
- D. Maximum refund amount= (Turnover of inverted supply of goods/adjusted Total Turnover $\times$  Net ITC)-Tax payable on such inverted rated supply of goods or services.

(1  $\times$  5 = 5 Marks)