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**BCMTPV 381**

**Choice Based Credit System VI Semester B.Com. (Vocational)
Examination, September 2022
(2021 – 22 Batch Onwards)**

**TAX PROCEDURE AND PRACTICES – X
Customs Duty**

Time : 3 Hours

Max. Marks : 80

Instruction : Provide working notes *wherever* necessary.

SECTION – A

Answer **any four** of the following :**(4×4=16)**

1. Explain the Term Indian Customs Waters and its significance.
2. Calculate Customs Duty Payable based on the following details.

Assessable Value of the imported Machine \$ 2,500/-.

Particulars	Date	Exchange Rate as per CBIC
Date when the ship entered Indian Port	08-Jun-22	Rs. 73 per \$
Date of Entry Inward	10-Jun-22	Rs. 74 per \$
Date of Unloading of the Goods	15-Jun-22	Rs 74.5 per \$
Date of Bill of Entry	18-Jun-22	Rs. 75 per \$

The Said Machine was covered by Exemption Notification till 9 June 2022.

On 9 June 2022 Government introduced the rate of BCD at 10%.

On 16 June 2022 Government changed the rate of BCD to 12%.

3. Shine Jewelleries have imported wearing apparels from Germany and paid duty of Rs. 2,50,000/- The Apparels were used for demo and other ways. Well shine realised that this Apparels would be too difficult to be sold in Indian Market.
 - a) They wanted to Re-export and claim duty Drawback. Can they do so ?
 - b) Will your answer be different if Well Shine Jewelleries Re-exported the Wearing Apparels without being used ?

4. Calculate the Greatest Aggregate Quantity in the following situation.

Rate per Unit	1 Unit	2 Units	3 Units	4 Units	5 Units
Rs. 85	4 Invoices	2 Invoices	2 Invoices	1 Invoice	1 Invoice
Rs. 90	5 Invoices	2 Invoices	1 Invoice	NIL	2 Invoices
Rs. 95	2 Invoices	2 Invoices	3 Invoices	2 Invoices	1 Invoice
Rs. 100	3 Invoices	NIL	5 Invoices	2 Invoices	2 Invoices

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5. Briefly explain about the provisions of the Customs Valuation Rule relating to inclusion of Transportation cost/freight and Insurance to be added/included in the Assessable Value.
6. Define the following :
 - a) Shipping Bill
 - b) India
 - c) Import
 - d) Export.

SECTION – B

Answer **any four** of the following :

(4×8=32)

7. Explain the provisions of Import General Manifest.
8. Briefly explain Bill of Entry and the various types of Bill of Entry.
9. Briefly explain the provisions relating to Duty drawback under Section 74 of Customs Act, 1962 receivable by exporter when imported goods are re-exported.
10. Part A : Determine the customs duty payable including safeguard duty of 30% by Chem Expert Pvt Ltd. in with the following data on import of Sulphur from Kazakhstan, a Developing Country.
 - 1) Assessable Value of the imported goods : Rs. 30,00,000
 - 2) Rates of Duty applicable on Sulphur are BCD 10%, IGST 12%
 - 3) Share of import of Sulphur by India from this Developing Country is 2.5% against total import.Part B : Calculate Customs Duty Payable in Part A of the question if the share of import of Sulphur by India from Kazakhstan is 4% instead of 2.5%.
Part C : Calculate the Customs Duty Payable in Part A of the question if the Country from where the import is made in Canada, a developed Country instead of Developing Country.
Give brief explanation to your answer.
11. Mr. Hegde and Mrs. Hegde Indian resident went to USA on 1/4/18 and returned India on 20/11/20. While returning to India their baggage consists of
 - 1) Personal effects of Mr. Hegde and Mrs. Hegde respectively Rs. 2,50,000, Rs. 6,00,000.
 - 2) Travel souvenir worth Rs. 9,000 and Rs. 12,000 respectively.
 - 3) Laptop brought by Mr. Hegde with Rs. 40,000.



- 4) Laptop computer by Mrs. Hegde worth Rs. 30,000.
- 5) Mobile phone worth of Rs. 40,000 and Rs. 30,000 by Mr. Hegde and Mrs. Hegde.
- 6) LCD TV worth Rs. 3,45,000 by Mr. Hegde.
- 7) 10 bottles of liquor (each bottle 1 ltr. each) 30,000.
- 8) Mr. Hegde brought jewellery worth of Rs. 60,000 (90 gm).
- 9) Mrs. Hegde brought jewellery worth of Rs.1,32,000 (43 gm).
- 10) Camera bought by Mr. Hegde worth Rs. 20,000.
- 11) Mr. Hegde and Mrs. Hegde Submitted separate baggage declaration form to customs authority.

Compute the taxable value of Baggage and Customs Duty Payable.

12. On 01/06/2022, X Ltd. imported equipment from China containing 500 pieces value Rs 22,00,000 (Ex-factory China). On said product applicable customs duty are-BCD @10%, SWS@10% and GST @ 18%. Similar products are sold in domestic market of China is Rs. 5,000 per unit (Ex-factory). Transportation and insurance incurred from China to India is Rs. 3,00,000. The similar goods are manufactured in India are sold at domestic market at Rs. 5,600 per unit. Compute Anti-dumping Duty and Total customs duty payable and cost of import.

SECTION – C

Answer **any two** of the following : **(2×16=32)**

13. Explain the Provision of Sec. 25 regarding exemption from customs duty. List the purposes for which the customs duty may be exempted.
14. A) Explain Computed Value Method.
- B) Mr. X imported certain goods from a related person Mr. Paul of USA and transaction value has been rejected. Rule 4 and 5 of Customs Valuations Rule are found not applicable as no similar/identical goods are imported to India. Mr. X furnishes cost related data of imports and requests custom authorities to determine value accordingly as per Rule 8.
- The relevant data are :
- 1) Cost of material incurred by Mr. Paul 2,000 \$
 - 2) Fabrication charges 1,000 \$
 - 3) Other Chargeable Exp. 400 \$
 - 4) Other indirect cost 250 \$



Freight from Mr. Paul's factory to US port 250 \$ and loading charges at US port 100 \$ Normal net profit margin of Mr. Paul 20% of FOB.

Air freight from US port to Indian port 1,500 \$, insurance from US port to Indian port 50 \$.

Exchange rate 1\$ = Rs. 70 the customs authorities are of opinion that, since value as per Rule 1 can be determined at Rs. 5 lakh, there is no need to apply Rule 8.

Examine the correctness of the opinion of Customs Officer and determine Assessable Value.

15. XYZ Ltd. imported 350 unit of spare part from Japan. The company furnishes the following data and request to compute value of imported goods as per Rule 7.

- a) Commission to Indian agent on above sale 2% on selling price
- b) Freight and insurance from port to factory Rs. 35 and 15 per unit
- c) General expense after importation Rs. 40 per unit
- d) Net profit Margin (normally earned by others) 25% on sales.
- e) BCD at 10%, SWS as applicable and IGST at 18%.

Following are the domestic sales took place at the time of importation :

Sales quantity	Unit price including GST
12 Units	560
14 Units	540
19 Units	550
8 Units	560
10 Units	540 (Sold to Director of XYZ Ltd.)
3 Units	560

16. Write short notes on **any four** from below :

- a) Safeguard Duty
- b) Transaction Value of Identical Goods
- c) Relief from Payment of Customs Duty
- d) Baggage Rules relating to Jewellery
- e) Transaction Value
- f) Deductive Value Method of Valuation
