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CS EXECUTIVE J'19 EXAM

SUBJECT- IDT

Test Code – CSE 2018

BRANCH - () (Date :)

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ANSWER-1

ANSWER-A

Public Bonded Warehouse

- 1) These are owned and managed by Government / Governmental Bodies / Agencies
- 2) Only dutiable goods can be warehoused therein
- 3) Availability of space certificate from the warehouse keeper would be required
- 4) A double duty bond would also be required to be furnished for deposit of goods
- 5) Also, the person seeking warehousing would need to pay rental / warehousing charges to the warehouse keeper

(4 MARKS)

ANSWER-B

1. **Sec. 26A – Refund of Import Duty** – Sec 26A allows refund of import duty if the imported goods are found defective or otherwise not in conformity with the specifications agreed upon between the importer and the supplier of goods. Goods are imported and custom duty has been paid, but then it is found by the importer that goods are defective or cannot be used at all. This provision is useful to grant refund of import duty paid by the importer.

Following conditions must be fulfilled –

- (a) The goods should not have been worked / repaired / used after the importation except where such use is indispensable to discover the defects or non-conformity with the specifications; and
- (b) The goods are either exported without claiming Drawback or abandoned to Customs or destroyed or rendered commercially valueless in the presence of the Proper Officer within a period of 30 days from the date of import.
- (c) The refund claim has to be made within period of 6 months from the date of export of goods or from the date of relinquishment or from the date of destruction of goods.

(4 MARKS)

2. **Sec. 26 – Refund of Export Duty** – This provision is having very limited practical applicability as very few goods are liable to export duty and hence refund of export duty is rare possibility. The section provides that if duty has been paid on export, then such duty shall be refunded, if -

- (a) Goods are returned to exporter other than by way of re-sale within 1 year from the date of export; and
- (b) An application for refund of such duty is made before the expiry of 6 months from the date of re-importation of such goods.

(2 MARKS)

ANSWER-2

ANSWER-A

Conveyance Liable for Confiscation (Section 115)

The following conveyances shall be liable to confiscation, under Section 115:

- (a) any vessel which is or has been within the Indian customs waters, any aircraft which is or has been in India, or any vehicle which is or has been in a customs area which has been adapted, altered or fitted in any manner for the purpose of concealing goods;
- (b) any conveyance from which the whole or any part of the goods is thrown or destroyed so as to prevent seizure by an officer of customs;
- (c) any conveyance which having been required to stop or land but fails to do so, except for good and sufficient cause;
- (d) any Conveyance from which goods which have been cleared for exportation, under a claim for drawback, were unloaded without necessary permissions of proper officer
- (e) Any Conveyance or animal used for Smuggling. **(5 MARKS)**

ANSWER-B

Sec 64: OWNER'S RIGHT TO DEAL WITH WAREHOUSED GOODS

(2 MARKS)

The owner of any warehoused goods may, after warehousing the same,—

- Inspect the goods;
- Deal with their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods;
- Sort the goods; or
- Show the goods for sale.

ANSWER-C

Sec 45: All Goods after unloading shall remain in custody of Port Trust Authority i.e. Custodian.

Duty of custodian

- He shall keep record of all goods in his custody & shall send a copy thereof to Proper Officer.
- He shall not permit the goods to be removed from customs unless proper officer has given permission in writing. **(2 MARKS)**

Pilferage (Petty Theft): If any goods after unloading while in custody of custodian are pilfered, then Custodian shall be liable to pay Duty on such lost goods. **(1 MARK)**

ANSWER-3**ANSWER-A**

TRANSIT GOODS	TRANSHIPMENT OF GOODS
1. A conveyance / vessel may reach a port but may not unload the goods at that port. It may halt at the port for any other purpose such as repairs, replenishment of supplies, refueling etc. Once the purpose is over, it may start sailing to the destination port. In this case two ports are involved. Halting port (known as transit port) intermediate port and destination port (called as port of clearance). Such a phenomenon of temporary stay at a port other than a destination port is called transit goods. In transit goods same vessel reaches the port of clearance.	1. In transshipment, the vessel reaching an intermediate port, transfers the goods to another vessel and the second vessel into which the goods are transferred (loaded) from the 1st vessel, carries the goods to the destination port.
2. No supervision is required for transit goods.	2. Transshipment takes place under the supervision of the proper officer.
3. No additional conditions or formalities are required.	3. Specific conditions are imposed if the goods are Deliverable at Indian port.
4. The Same Vessel reaches the destination port.	4. A Different Vessel reaches the destination Port.
5. Only Import Manifest has to be submitted for Entry.	5. Bill of transshipment is also required to be submitted.
6. Transit is allowed in every port normally	6. Transshipment is allowed only on specified ports.

(5 MARKS)**ANSWER-B****Anti-Dumping Duty (ADD) - 9A**

- If CG of opinion that any Foreign Government / Foreign Entity is **engaged in dumping practice to sell at reduced price to capture market.**
- But it is harmful for other players in market who will not be able to provide so much discounts.
- Then CG may impose ADD not exceeding **Margin of Dumping** which is equal to **Normal Price of Goods in foreign country – Price at which goods exported to India.**

ASD unless it is revoked earlier, be in forced till the expiry of 5 years from date of its imposition. Extension for next 5 years & so on thus there is no maximum period.

(5 MARKS)

ANSWER-4

ANSWER-A

Sec 50: ENTRY OF GOODS FOR EXPORTATION

- It is an application given by exporter electronically to Proper Officer for exportation of Goods.
- In case of
 - b. Vessel / Aircraft: **Shipping Bill**
 - c. Vehicle **Bill of Export**
- Time limit – No time limit is given for filing SB / BE. However in case of vessels, generally SB is permitted to be filed only after entry outward has been granted to the vessel in which goods will be exported.
- Content – SB/BE must contain details of all goods and destination, valuation of goods etc. Exporter shall give content true certificate also.
- Finance Act, 2018 has provided specifically that – The exporter who presents a shipping bill or bill of export shall ensure the following, namely -
 - a) The **accuracy and completeness** of the information given therein;
 - b) The **authenticity and validity** of any document supporting it;
 - c) **Compliance** with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

(5 MARKS)

ANSWER-B

Items	GBP	INR
F.O.B	18,000	
Add: Design & Development	2,500	
Add: Selling Commission (@% of FOB)	360	
Customs FOB	20,860	
Add: Freight	7,500	
Add: Insurance (1.125% of Customs FOB)	234.675	
C.I.F / Assessable Value	28,594.675	
X Exchange Rate	68	19,44,438
BCD @ 20%		3,88,888
SWS @ 10%		38,889
Total		23,72,215
CVD under section 3(7) @ 18%		4,26,999
Total		27,99,214

Assessable Value= 19,44,438

Customs Duty Payable = 27,99,214 – 19,44,438 = 8,54,776/-

(5 MARKS)

ANSWER-5

ANSWER-A

Goods imported by a person for his Personal / Private Use and Motor Cars.

- If Goods are imported for Personal Use & then Re-exported then Duty Drawback shall be reduced by prescribed %.
- The drawback rates are calculated, by reducing the Import duty paid by 4%, 3%, 2-1/2% and 2% for use, for each quarter or part thereof during the period of First, Second, Third and Fourth year respectively.

Motor Car / Goods for Personal / Private Use	
1 st Year – Every Quarter or Part Thereof	4%
2 nd Year – Every Quarter or Part Thereof	3%
3 rd Year – Every Quarter or Part Thereof	2.5%
4 th Year – Every Quarter or Part Thereof	2%

Example - if such goods are imported today & custom duty of Rs. 10,000/- paid and good were used in used in India and then exported back after 16 months [i.e. after 5 quarters and 1 month which shall mean 6 quarters as part of quarter shall also be treated as full quarter]. The duty drawback u/s 74 (2) shall be import duty paid as reduced by 22% [4% per quarter reduction for first 4 quarters and 3% per quarter reduction for next two quarters]. Hence, duty drawback allowed shall be 78% i.e. Rs. 7,800/-.

(5 MARKS)

ANSWER-B

- (i) "**Prohibited goods**" means any goods the import or export of which is subject to any prohibition under this Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with. (2 MARKS)

(ii) "**Person-in-charge**" means,-

- ✓ In relation to a vessel, the **master of the vessel**;
- ✓ In relation to an aircraft, the **commander or pilot-in charge of the aircraft**;
- ✓ In relation to a railway train, **the conductor, guard or other person having the chief direction of the train**;
- ✓ In relation to any other conveyance, **the driver or other person-in-charge of the conveyance**. (3 MARKS)