

**DEPARTMENTAL EXAMINATION OF THE INDIAN REVENUE SERVICE (CUSTOMS
AND CENTRAL EXCISE) GROUP 'A' PROBATIONERS – SEPTEMBER, 2007**

PART-I PAPER-II
CENTRAL EXCISE LAW, TARIFF AND PROCEDURE (WITH BOOKS)

Date: 20.09.2007

Maximum Marks: 150

Time: 1430 to 1730 hours

Pass Marks: 100

NOTE:

1. In all you have to answer **SIX** questions. **Two questions from Part – B are compulsory.** All questions carry equal marks. Part-wise division of marks to questions or parts thereof has been indicated against each part.
2. Please cite relevant sections, rules, regulations, instructions, notifications and case law, if any, in support of your answer. Marks will be deducted if these are not cited.
3. Please answer precisely and to the point. No credit will be given for verbose and irrelevant answers.
4. You can answer either in Hindi or in English.

PART-A

- Q.1 (a) When is duty payable on goods? What are the deviations from the general Rule?
(5)
- (b) What are the different types of duties levied under the Central Excise Act? Where are the rates specified? (5)
- (c) Write short notes on
(i) Education Cess
(ii) Secondary and Higher Education Cess (5)
- (d) Where the facilities and procedures that are applicable to a Large Tax Payer Unit? (10)
- Q.2 (a) Define manufacture and manufacturer?
5(3+2))
- (b) What do you mean by MRP based assessment. (15)
- (c) Name five goods on which MRP based assessment is done (5)
- Q.3 (a) Explain in detail the general rules for interpretation of Tariff. (10)

(b) Name goods where the following processes amount to manufacture as per Central Excise Tariff Act:

- (i) Labelling or relabelling of container
- (ii) Bleaching and deodorization
- (iii) Powder to Tablet
- (iv) Repacking from bulk to retail pack
- (v) Filtration
- (vi) Cutting of Sawing
- (vii) Compression
- (viii) Addition of emulsifiers
- (ix) Texturising
- (x) Organdie Processing

15 (1.5 x 10)

Q.4 (a) What is the difference between specific rate of duty and advalorem rate of duty? Name five goods on which specific rate of duty is levied. (10)

(b) What is Tariff Value? Name two products on which assessment is based on Tariff Value. (5)

(c) What do you mean by first stage dealer and second stage dealer? (5)

(d) What do you mean by compounded levy scheme? Name two commodities wherein duty is paid under this Scheme. (5)

Q.5 (a) What do you mean by transaction value? What are the main requirements of transaction value? (5)

(b) State whether true or false:

- (i) Warrant charges will form part of assessable value whether optional or mandatory.
- (ii) Cost of containers supplied by the buyer will form part of the transaction value.
- (iii) After sales service charges will form part of the transaction value
- (iv) Equalised freight does not form part of the assessable value
- (v) Assessable value of captively consumed goods is taken at 12% of the cost of manufacture of the goods
- (vi) Amortized cost of the reusable container is not added to the cost to arrive at the assessable value
- (vii) Advertisement expenditure borne by buyers based on agreement with the manufacturer will not form part of the assessable value

- (viii) Interest earned on deferred sales tax by the manufacturer will form part of the assessable value
- (ix) Dharmada collected by the assessee is not includable in the assessable value
- (x) Cost of transportation to depot is not includable in the assessable value (10)
- (c) Explain the place of removal? How is the transaction value arrived at when the sales are ex depot? (10)
- Q.6 (a) What are the various types of duties/cess that a manufacturer can take credit of under CENVAT Credit? (10)
- (b) What are the questions on which advance rulings can be sought by an applicant? (10)
- (b) Can property of a person be attached by the Central Excise officers even during the pendency of proceedings? If so, what are the relevant provisions? (5)
- Q.7 (a) What are the records to be maintained by the Central Excise assessee? How are they to be preserved? Does not maintenance of records invite penalty and if so what are the provisions under which such penalty is imposed? (5)
- (b) Can an assessee maintain records electronically/in computer? If so, what are the procedures to be followed by him? (15)
- (c) What are the records to be submitted by the assessee to range officer/audit party? (5)

PART – B

- Q.8 (a) Who are all required to obtain registration under Central Excise Act?
- (b) Whether dealers are required to take registration? If so, under what circumstances?
- (c) What are the items indicated in the registration certificate? Can the registration certificate be amended? If so what is the form for making such an application?
- (d) Who are all exempted from the provisions of registration?

- (e) Which rule authorizes the Board to grant exemption? (5 x 5 = 25)
- Q.9 (a) What are the periodic returns (ER) to be filed by the assessee category wise? What are the due dates for the returns? (10)
- (b) What are the rules regarding manner of payment of duty along with the due date for payment for various categories of assesses? What are the special provisions regarding payment of duty during the month of March? (5)
- (c) What are the consequences of default in payment of Central Excise Duty? (10)
- Q.10 (a) Explain in detail the provisions of exemption to SSI units. What is the turnover limit for availing the exemption? What are the options available to the SSI units under this? What about changing of options? (20)
- (b) Please state whether following are true or false:
- (i) Export turnover to Nepal and Bhutan can be excluded from the calculation of turnover for SSI units
- (ii) Export under bond through merchant exporter can be excluded from the turnover of SSI Units
- (iii) Deemed exports can be excluded for calculation of turnover for SSI units
- (iv) Turnover of non-excisable goods are to be included for calculation of turnover of SSI units
- (v) Turnover of goods manufactured with others brand name is to be included for calculating the turnover of SSI Units (5 x 1 = 5)
- Q.11 (a) Name five instances which require issue of show cause notices. What is the normal period for issuing such demand notice? What do you mean by the extended period of limitation? 10 (5+2+3)
- (b) Explain the term “relevant date” for the purpose of issuing the show cause notice? (5)
- (c) State the legal provisions enabling the Central Excise officers to perform the following actions:
- (i) Visit to registered premises for verification of records
- (ii) Power to search conveyance
- (iii) Power to detail or seize goods

- (iv) Issuing summons to persons
- (v) Power to arrest (5)
- (d) What are the various provisions of the Customs Act which are made applicable to the Central Excise Act? (5)
- Q.12 (a) What is meant by mandatory penalty? What are the circumstances in which such penalty can be reduced? (5)
- (b) What are the circumstances in which a revision application is filed? Before whom is it filed? (10)
- (c) What are the circumstances in which an appeal is filed before High Court? (5)
- (d) What are the circumstances in which an appeal can be filed before the Supreme Court? (5)
