

DEPARTMENTAL EXAMINATION OF INSPECTORS OF CENTRAL EXCISE

(PAPER-I) CENTRAL EXCISE (Without Books)

Date : 16.06.2015

Time : 10.00 am To 1.00 PM

MAXIMUM MARKS: 100

PASS MARKS: 50)

NOTE: All questions carry equal marks. **Question number 1 & 2 are compulsory.** Attempt **any THREE** out of **remaining five questions**. Proper Authority should be necessarily quoted while answering.

Q.1. Multiple Choice Questions(MCQs)

[1×20 Marks]

- (i) **Commissioner (Appeals) has passed an order in appeal, in a matter involving loss of goods, assessee is not satisfied. He can prefer appeal before**
- (a) Settlement Commission (c) CESTAT
(b) Chief Commissioner (d) Revisionary authority
- (ii) **Appeal can be filed against Order-in-Original passed by Commissioner before**
- (a) Commissioner (Appeal) (c) Principal Chief Commissioner
(b) Chief Commissioner (d) CESTAT
- (iii) **In an Order-in-Original passed by a Joint Commissioner, Appeal can be filed before**
- (a) Additional Commissioner (c) Commissioner (Appeal)
(b) Commissioner (d) CESTAT
- (iv) **“Home Consumption” of excisable goods means**
- (a) Consumption of ‘excisable goods’ within the factory of manufacturer
(b) Consumption of ‘excisable goods’ brought from another unit of same manufacturer
(c) Consumption of ‘excisable goods’ within India after clearance
(d) None of the above
- (v) **Which activity would render the goods ‘Excisable’**
- (a) Manufacture (c) Storage after manufacture
(b) Clearance from the factory (d) Clearance from the place of storage
- (vi) **Annual Budget (Finance Bill) has been presented before the parliament on 28 February. Any proposal for increase in tariff rate of in excise duty shall be effective from**
- (a) Date of Enactment of Finance Bill (c) Midnight of 28 Feb/ 1st March
(b) 1st April (d) None of the above
- (vii) **A demand cum show cause notice involving Central excise duty of Rs.50 Lakhs can be adjudicated by**
- (a) Joint Commissioner (c) Joint and Additional Commissioner both
(b) Additional Commissioner (d) None of the above
- (viii) **The due date of filing of ER-1 returns is**
- (a) 10th of the following month (c) 20th of the following month
(b) 5th of the following month (d) 1st to 10th of the following month
- (ix) **Central Excise duty payable on any excisable goods, except Cigarettes shall be assessed by**
- (a) Inspector (c) Assistant Commissioner
(b) Superintendent (d) Assessee
- (x) **Provisional assessment can be ordered in case of inability to determine**
- (a) Value of excisable goods (c) Either Value or rate of duty of excisable goods
(b) Rate of duty of excisable goods (d) On the direction of the department.

- (xi) **Application for removal of excisable goods for export is made in form:-**
 (a) UT-1 (c) CT-1
 (b) ARE-1 (d) None of the above
- (xii) **Annual financial information statement is submitted by the assessee in form:-**
 (a) ER-4 (c) ER-6
 (b) ER-5 (d) ER-7
- (xiii) **Interest on delayed refunds is provided under:-**
 (a) Section 11AA of CEA, 1944 (c) Section 11DD of CEA, 1944
 (b) Section 11BB of CEA, 1944 (d) Rule 12AA of CER, 2002
- (xiv) **Recovery of sums due to Government can be made without issue of Show Cause Notice under:-**
 (a) Section 11 of CEA, 1944 (c) Section 11B of CEA, 1944
 (b) Section 11A of CEA, 1944 (d) Cannot be recovered without issue of SCN
- (xv) **Procedure of service of decisions, orders, summons etc is provided under:-**
 (a) Section 37A of CEA, 1944 (c) Section 37C of CEA, 1944
 (b) Section 37B of CEA, 1944 (d) Section 37D of CEA, 1944
- (xvi) **What will be the assessable value of goods if it sold to 'Related Person' for his own consumption?**
 (a) 100% of the cost of the production of the goods (c) Transaction value shown in the invoice
 (b) 110% of the cost of production of the goods (d) No excise duty is chargeable
- (xvii) **Which of the goods is proposed to be out of the purview of GST?**
 (a) Cement (c) Tobacco Products
 (b) Goods produce in SEZ (d) Goods produced by EOUs
- (xviii) **Power to seize excisable goods in transit is provided under:-**
 (a) Rule 24 of CER, 2002 (c) Section 11A of CEA, 1944
 (b) Rule 25 of CER, 2002 (d) Section 110 of Customs Act, 1962
- (xix) **The orders passed by the Commissioner (Appeals) is reviewed by:-**
 (a) Jurisdictional Principal Commissioner / Commissioner
 (b) Committee of Principal Commissioner / Commissioner
 (c) Committee of Principal Chief Commissioner / Chief Commissioner
 (d) Jurisdictional bench of CESTAT
- (xx) **Small Scale exemption based on value of clearances is not available to the units:-**
 (a) Whose plant and machinery is valued at more than Rs.4 Crores.
 (b) Located in Urban area and manufacturing goods of other brand.
 (c) Located in Rural area and manufacturing goods of other brand.
 (d) Not availing CENVAT Credit on inputs.

Q.2. Explain the following:-

- (a) An assessee bought some capital goods involving Central Excise duty of 12 lakhs in the year 2014-15. He did not take any Cenvat Credit during the year 2014-15 due to oversight. Can he take the credit of entire duty paid in the year 2015-16. Please explain your answer. **[5 Marks]**
- (b) An assessee "X" wants to clear some inputs on which he has availed Cenvat Credit of duty paid by the supplier @ 10% Adv at an assessable value of Y. At the time of clearance of inputs, applicable duty on such inputs has increased to 12% . Please explain your answer as to whether he is required to pay back Cenvat @10% or 12%. **[5 Marks]**
- (c) A manufacturer availing CENVAT Credit facility during the year 2014-15 decided to opt for full exemption w.e.f.01.04.15. He has a CENVAT Credit balance of Rs.2,00,000/- as on 31.03.2015. He has a balance of inputs involving CENVAT of Rs.1,00,000/-. CENVAT Credit involved in inputs contained in final product is Rs.1,50,000/-. There was no goods in process. He reversed the entire credit balance of Rs.2,00,000/- on 01.04.2015. Please explain:- **[10 Marks]**

- (i) Whether reversal of Rs.2,00,000/- is as per law. If not, what action is required to be taken by him.
- (ii) What will happen if the CENVAT Credit involved in final product is considered as Rs.50,000/- only.

Q.3. Explain any FIVE of the following terms:-

[5×4 Marks]

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|---------------------------|--------------------------|
| (a) Remand | (e) Deemed manufacture |
| (b) Cross-Objection | (f) Domestic Tariff Area |
| (c) Specific rate of duty | (g) Undue enrichment |
| (d) Tariff Value | |

Q.4. Explain the difference between:-

[5×4 Marks]

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|------------------------------|--|
| (a) Penalty and Punishment | (d) Rebate and Drawback |
| (b) Seizure and Confiscation | (e) Manufacture and Deemed Manufacture |
| (c) Remission and Exemption | |

Q.5. Answer any FOUR of the following question:-

[4×5 Marks]

- (a) A manufacturing unit having investment in Plant and machinery to the tune of 40 Crores, started manufacture and clearances during the year 2014-15. Is it entitled for duty free clearances of 1.5 crores during this year. Please explain your answer.
- (b) Can trade tax/ Vat be included in computing the value of clearances of excisable goods from a factory for the purpose of granting SSI exemption? Please explain your answer.
- (c) A small scale unit is engaged in the manufacture of "packing material" which bears the brand name of a manufacturer not entitled for small scale exemption. The said packing material is used by this big manufacture who has turnover of 400 crores. Is small scale unit entitled for duty free clearances of this packing material upto 1.5 crore in a financial year? Please explain your answer.
- (d) A small scale unit run by an assessee named "X" ceased to manufacture during the month of Feb'15 in the Financial Year 2014-15. It had a value of clearances of 1.4 crores upto Feb'15. Another manufacturer 'Y' purchased this unit and makes duty free clearances of 50 Lakh in the month of March'15. Please explain whether 'Y' is entitled for duty free clearances of 50 lakh and whether there is any duty liability on 'Y'.
- (e) A manufacturer 'X' has two units, A & B both manufacturing same excisable goods. He has made duty free clearances of 1.0 crores from Unit 'A' and 1.5 crores from Unit 'B'. Please explain whether duty free clearances made by 'X' are as per law. If not Please work out the duty liability assuming rate of duty @ 12% with both Cesses being exempted.

Q.6. A manufacturer assessee "X" purchases Capital goods during the year 2014-15 involving Central Excise duty of 50 Lakhs. He has taken Cenvat Credit of entire duty of Rs 50 lakhs, during the year 2014-15. Is there any violation of statutory provision? If yes, Please draft a show cause notice citing relevant provisions of law.

[20 Marks]

Q.7. Answer any Four of the following question:-

[4 × 5 Marks]

- (a) Is Central Excise Law applicable in the States of Jammu & Kashmir and Sikkim?
- (b) What do the last three digits in a Central Excise registration indicate?
- (c) An assessee has applied for Central Excise registration. Can he start manufacturing excisable goods or should he wait for grant of registration.
- (d) What is the limit which makes a small scale assessee liable to file declaration for seeking exemption from Central Excise Registration?
- (e) Is there any commodity on which Central Excise duty is payable by recipient of goods. Please explain your answer.
