

DEPARTMENTAL EXAMINATION OF INSPECTORS OF CENTRAL EXCISE

(PAPER – II) – (CUSTOMS WITH BOOKS)

DATE: 16-06-2015

TIME: 2.00 PM to 5.00 PM

MAXIMUM MARKS: 100

PASS MARKS: 50

Note :

1. **Question No.07 (Seven) is compulsory** and carries 20 marks.
2. Besides answer any four questions out of question 1 to 6 and carry equal marks.
3. Candidates have options to answer in Hindi.
4. Relevant authority must be quoted with all answers.
5. Negative marks would be awarded in case more than 5 questions are attempted

CONCERNED BOOKS:

1. The Customs Act, 1962 (52 of 1962)
2. The Customs Tariff Act, 1975 (51 of 1975)
3. Customs Rules and Procedures
4. Foreign Trade Policy-2015-20
5. Handbook of Export and Import Procedure
6. Customs, Allied Acts and Rules made there under
7. The Special Economic Zone Act, 2005 and Rules made there under.

Q.1. Identify the correct option in respect of following questions/ statements.

[10 *2 =20]

- i. Under which provision of the Customs Act, 1962 the duty of Customs is leviable on imported goods.
 - a. Section 17
 - b. Section 14
 - c. Section 12
 - d. Section 15
- ii. Under which Export Promotion Scheme, the capital goods can be imported at concessional rate of Customs duty?
 - a. DFIA
 - b. DEPB
 - c. DFRC
 - d. EPCG
- iii. Additional duty of Customs (CVD) is levied under Section
 - a. Section 12 of Customs Act, 1962
 - b. Section 25 of Customs Act, 1962
 - c. Section 14 of Customs Act, 1962
 - d. Section 3 of Customs Tariff Act, 1975
- iv. Under which provision the transactional value declared by the importer can be rejected by the proper officer of Customs.
 - a. Section 17 of the Customs Act
 - b. Section 18 of the Customs Act
 - c. Rule 3 of the Customs Valuation Rules 2007
 - d. Rule 12 of the Customs Valuation Rules 2007
- v. Any conveyance used for smuggling of any goods, is liable for confiscation under Section
 - a. Section 110 of Customs Act.
 - b. Section 111 of Customs Act.
 - c. Section 115 of Customs Act.
 - d. Section 117 of Customs Act.
- vi. Under which Section of Customs Act, 1962 Public warehouses are appointed?
 - a. Section 57
 - b. Section 58
 - c. Section 60
 - d. Section 65
- vii. Which document is not essential to clear the Imported Goods.
 - a. Bill of Entry
 - b. Bill of lading
 - c. Shipping Bill
 - d. Import invoice

- viii. Which of the following statements in respect to Special Economic Zone is **NOT True**?
- a. Development Commissioner will issue a letter of approval for setting up the unit.
 - b. Bond-cum-legal undertaking in Form-H to be executed by the unit and in Form-D by the developer.
 - c. There will be no debit or credit in the bond account but it will be monitored on a quarterly or annual basis
 - d. Units will be allowed for recycling of plastic, scrap or waste.
- ix. Which one of the following officers is not an adjudicating authority in case of disputes between importer vis a vis the department.
- a. Superintendent of Customs
 - b. Asst/Dy. Commissioner of Customs
 - c. Joint/Addl. Commissioner of Customs
 - d. Commissioner of Customs
- x. If a person is aggrieved by the orders of customs authorities he can file an appeal to the Commissioner of Customs (Appeal) within days.
- a. 30days
 - b. 60days
 - c. 90 days
 - d. None of these

Q.2. Quote relevant Section of Customs Act, 1962 in respect of any ten of the following. [10 *2 =20]

- a. Prohibition of imported & Export goods
- b. Appointment of Customs ports/ airports
- c. Revision of Order by Central Government
- d. Filing of Bill of entry on importation of goods
- e. Power to search premises
- f. Provisional Attachment of Property to protect revenue
- g. Re-importation of goods
- h. Power to approve landing places and specify limits of customs area
- i. Precautions to be taken by person acquiring notified goods
- j. Provisional assessment of duty
- k. Clearance of goods for exportation
- l. Interest on Drawback

Q.3. Classify any ten of the following in Customs Tariff Act, 1975. [10*2=20]

- a. Portland white Cement
- b. Newspaper Ink
- c. Polypropylene
- d. Woolen Blankets (other than electric blanket)
- e. Television sets of screen size exceeding 105 cm
- f. Scooters of cylinder capacity not exceeding 75 cc
- g. Sheep including lamb for breeding purpose.
- h. Boneless meat of Bovine animals, frozen.
- i. Saffron Stigma
- j. Yarn of carded wool, not put up for retail sale containing 85% or more by weight or wool.
- k. Water tube boilers with a steam production not exceeding 45t per hour.
- l. Micro-motors of an output not exceeding 37.5 W.

Q.4. Explain any four of the following. Please mention Important Legal provisions (Section/Rules/Regulation/Notification/Conventions) wherever applicable [4*5]

- a. Principles of Natural Justice
- b. Project Imports
- c. Advance Ruling Authority
- d. Settlement Commission Warehousing period
- e. Enforcement of IPR at Borders

Q.5. Explain the difference between the two mentioned below (any Two) [10 *2 =20]

- a. First check method of appraisement and second check method of appraisement.
- b. Restricted and prohibited goods under ITC (HS)
- c. Transaction Value and Tariff Value. Also give two examples, where Tariff values have been fixed in case of imported goods.

Q.6. Please solve the following practical exercise.

(A). Calculate the Assessable value of the imported goods in the following Circumstances?

Assume rate of Exchange 1 USD= Rs. 60]

[10]

- i. FOB value of the Consignment is 5000 USD and details of freight and Insurance is not furnished by the Importer.
- ii. FOB value of the goods is 2000 USD and Freight is 1000 USD, Insurance is 100 USD. The goods have been imported by Air.

(B). Calculate the duties separately in the following Circumstances:

[05]

- i. CIF value of the goods is 1000 USD. Take following rate of duties- BCD=10%; CVD=12%; SAD=4% and Education Cess=2% and Secondary and Higher Education Cess= 1%,

Calculate BCD, CVD, SAD, Education Cess and Secondary and Higher Education Cess in absolute terms?

(C). Calculate the Customs duties separately in the following Circumstance?

[05]

10 Metric Tonnes of Poppy Seed imported at CIF value of 40000 USD. Tariff Value prescribed for poppy seeds is 3000 USD/ Metric Tonne. [Rate of duties are BCD= 30%, CVD= 0% and SAD= 4%, Education Cess= 2%, Secondary and Higher Education Cess= 1%]

Q.7. Draft the SCN on the basis of the facts of the case given herein under. The draft SCN, inter alia, should have following aspects:

[4 *5 =20]

- i. Highlight the specific provisions of the Customs Act, 1962, which have been contravened by the importer.
- ii. Determine the Assessable value of the goods by indicating the legal provisions (relevant section /rules) used for working out the assessable value.
- iii. Work out the differential duty payable by the Importer.
- iv. Decide the Adjudicating authority competent to decide this case.

On the basis of specific intelligence that the duty is being evaded by resorting to undervaluation by **M/s ABC, Delhi**, the imported consignment imported by air and sought to be cleared vide Bill of Entry No.11112222, dated 30.06.2014 was intercepted at Air Cargo, Delhi. In the Bill of Entry, the importer had declared the goods as '400 pairs of Avalanche Detector Hand Held" and the value declared was 6.00 USD per pair (i.e. 3.0 US\$ per piece). Total value of the consignment was declared as USD 2400 (on FOB basis Munich).

During physical examination of the goods in the presence of importer, the goods were found to be as 'Ortovox' brand Avalanche detector, made in Germany and the quantity was found to be 800 Pcs. In one of the cartoon, another original invoice was found inside the cartoon. In the invoice, the value of the goods were declared to be 200 USD/ per piece (FOB). For mis-declaration of value and non- declaration of the brand of the imported goods, the goods having FOB value of USD 1,60,000/- (as per original invoice recovered), were seized under Section 110 of the Customs Act, 1962.

Statement of Shri Gupta, Proprietor of M/s ABC was recorded on 01.7.2014 under Section 108 of Customs Act, 1962, wherein he, inter alia, admitted that the invoice recovered during examination of the goods is the correct invoice. As he wanted to avoid payment of duty, he had intentionally prepared another invoice and submitted the same before Customs Authority. He also admitted that he intentionally declared the goods in pair rather than number as well as did not declare the brand of the imported so as to justify the lower value of the goods, as declared by him. He also said that he does not have any documents indicating the insurance and freight amount paid by supplier on his behalf. It may be noted that the goods were seized before out of charge.

He requested that he is ready to pay fine, penalty and duty as determined by the Department. He stated that the goods are meant for defence forces, therefore, the same may be released to him on priority.

[Note: For the purpose of calculation, assume Rate of Exchange as 1USD= 60 Rs. Rate of BCD= 10% ad valorem: CVD= 12% ad valorem; SAD= 4% Ad valorem, Education Cess= 2% ad valorem; Secondary and Higher Education Cess= 1% ad valorem]
