

Paper 11- Indirect Taxation

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Full Marks: 100

Time allowed: 3 hours

The figures in the margin on the right side indicate full marks.
Working notes should form part of the answer.

Section – A: GST

Answer question No. 1. All parts of this question are compulsory.

1. Answer the following questions: [5×1=5]

(A) Multiple choice questions:

(i) Which of the following is correct?

- (a) GST is Income based tax
- (b) GST is supply based tax
- (c) Both (a) and(b)
- (d) None of the above.

(ii) Central Board of Excise and Customs (CBEC) is renamed as:

- (a) Central Board of Indirect taxes and Customs
- (b) Central Board of Excise and Indirect Taxes
- (c) Central Board of Export and Customs
- (d) Central Board of Import and Customs.

(iii) GST law applies on which type of supply?

- (a) Supply of goods only
- (b) Supply of services only
- (c) Supply of both goods and services
- (d) None of the above.

(iv) Which of the following transactions should be treated as supply of goods?

- (a) Transfer of rights in goods
- (b) Transfer of title of goods
- (c) Lease ,tenancy, easement
- (d) Any treatment applied to another person"s goods

(v) In GST, mobile recharge vouchers are to be treated as :

- (a) Goods
- (b) services
- (c) either goods or services
- (d) none of the above

Answer:

- i. (b)
- ii. (a)
- iii. (c)
- iv. (b)
- v. (b)

(b) Match the following:

[5×1=5]

	Column ,A"		Column ,B"
1.	Aggregate turnover	A.	Output tax – input tax
2.	EWB	B.	Section 2(6) CGST Act
3.	Outward supply	C.	Electronic document carried by person- in – charge.
4.	State taxes subsumed in GST	D.	Taxes on advertisement
5.	Tax payable	E.	GSTR-1

Answer:

1. B
2. C
3. E
4. D
5. A

(c) State True or False for the following question:

[5×1=5]

- (i) Tour operator is not included as intermediary services.
- (ii) An agriculturist requires registration in case of supply of produce out of cultivation.
- (iii) Granting loan to a person against interest is not a service.
- (iv) The place of supply of goods imported into India shall be the location of importer.
- (v) Sale of plastics bangles for ₹ 20,000 is taxable supply.

Answer:

1. False
2. False
3. False
4. True
5. False

(D) Fill in the blanks:

[5×1=5]

- (i) E -way bill will be generated when there is a movement of goods in a vehicle of value more than ₹ _____.
- (ii) Gifts exceeding _____in value in a financial year by an employer to an employee shall be treated as supply of goods or services or both.
- (iii) Alcoholic liquor for human consumption is not _____ (taxable/non-taxable) supply.
- (iv) Every electronic commerce operator shall collect GST from its client @ _____% irrespective of value of transaction.
- (v) A registered person making supply of exempted goods or services or both shall issue Bill of _____.

Answer:

- (i) ₹ 50,000
- (ii) ₹ 50,000
- (iii) taxable
- (iv) 1%
- (v) supply

PART - II

Answer any four questions from Q. No. 2 to 7. Each question carries 15 marks. (15 x 4) = 60

2.(a) What do you mean by GSTN? Mention the functions of GST council. [2+5]

(b)(i) X is a person of New Delhi who paid fees for online coaching obtained from a service provider located in UK for coaching of project management course for himself. Is it supply? If so, who is liable to pay GST? [2]

(ii) Mr. S is running a readymade garment show room and also a consulting firm, registered in same PAN. Turnover of the showroom is ₹ 60 lakhs and receipt of the consultancy firm is ₹ 12 Lakhs in the preceding financial year. You are required to answer the following:

- Is Mr. S eligible for Composition Scheme?
- Whether it is possible for Mr. S to opt for composition only for Showroom?
- Rework, if Mr. S is running a restaurant as well as readymade garment show room, whether he is eligible for composition?
- If the turnover of garment showroom is ₹ 75 Lakhs in the preceding financial year and there is no consulting firm whether he is eligible for Composition? [6]

Answer:

(a) The Goods and Service Tax Network (or GSTN) is a non-profit, non-government organization. It will manage the entire IT system of the GST portal, which is the mother database for everything GST. This portal will be used by the government to track every financial transaction, and will provide taxpayers with all services – from registration to filing taxes and maintaining all tax details.

Functions of the GST Council:

GST Council is basically entrusted with task to make recommendations on the different aspects of GST to the Union as well as states. GST Council under the Constitution is required to make recommendations on the following:

- the taxes, cesses and surcharges which may be subsumed in the goods and services tax;
- the goods and services that may be subjected to, or exempted from the goods and services tax e place of supply;
- the threshold;
- model GST Laws, principles of levy, apportionment of IGST and the principles that govern the limit of turnover below which goods and services may be exempted from goods and services tax;
- any special rates for a specified period, to raise additional resources during any natural calamity or disaster.

(b) (i) Yes, it is supply, even if receipt of this service is not for business or furtherance of business. Mr. X is not liable to pay GST under reverse charge mechanism. It is exempt from GST. Since, it is not OIDAR service

(ii)(a) Mr. S is providing services in consulting firm hence he is not eligible for composition scheme.

(b) If a business is ineligible to opt for composition then all other business registered under the same PAN shall automatically ineligible for the composition scheme. So Mr. S is not eligible for composition scheme only for showroom.

(c) Restaurant services and readymade garments show room are eligible for the composition scheme. Hence Mr. S is eligible for Composition Scheme, since, his aggregate turnover is ₹ 72 lakhs (i.e. less than ₹ 1.5crore).

(d) Yes, Mr. S is eligible for composition scheme as turnover of his firm does not exceed ₹ 1.5 crore in the preceding financial year.

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- 3.(a) The R Group being an event organizer located at Chennai organized Miss India 2022 beauty pageant in the following cities for M/s AKS Miss India, who registered person located in Mumbai:

City	No. of days	Fees in ₹
Chennai	12	12 crores
New Delhi	18	18 crores
Mumbai	20	20 crores
Total	50	50 crores

Find the place of supply of service if contract specifies clear details.

Find the place of supply of service if contract specifies lump sum amount of ₹ 48 crores.

[4+4]

- (b)(i) X is a registered dealer who purchased goods on which RCM is applicable.

The details are as under: -

- Goods purchased: July 6, 2021
- Delivery received: July 6, 2021
- Date of invoice: July 6, 2021
- Invoice received: July 10, 2021
- Payment made: December 3, 2021

Find Time of Supply.

[4]

- (ii) Mr. A, a supplier registered in Bihar, procures goods from China and directly supplies the same to a customer in UK. With reference to the provisions of GST Law, examine whether the supply of goods by Mr. A to customer in UK is an inter-state supply.

[3]

Answer:

- (a) The place of supply of service if contract specifies clear details:

City	No. of days	₹ in crore	Location of supplier of service	Place of supply of service = where the respective event is held.	GST
Chennai	12	12	Chennai	Chennai	CGST & SGST
New Delhi	18	18	Chennai	New Delhi	IGST
Mumbai	20	20	Chennai	Mumbai	IGST
Total	50	50			

The place of supply of service if contract specifies lump sum amount:

City	No. of days	₹ in crore	Location of supplier of service	Place of supply of service = where the respective event is held.	GST
Chennai	12	11.52	Chennai	Chennai	CGST & SGST
New Delhi	18	17.28	Chennai	New Delhi	IGST
Mumbai	20	19.20	Chennai	Mumbai	IGST
Total	50	48			

(b)(i) Time of supply shall be the earliest of the following dates, namely-

- The date of the receipt of goods, i.e. 6.07.21 or
- The date of payment as entered in the books of accounts of the recipient [or the date on which payment is debited in his bank account, whichever is earlier,] i.e. 3.12.21.
- The date immediately following 30 days from the date of invoice or any other document, 6.07.21 + 30 days + 1 day = 6.08.21.

Hence time of supply shall be 6.07.21.

- Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India, shall be treated neither as a supply of goods nor a supply of services.

4.(a) Discuss under following situations, who is liable pay GST and take GST registration.

S. No.	Cases
1.	N owns a radio taxi and operates with Bangalore based Electronic Commerce Operator(ECO) named "Timepe taxi"
2.	G ltd. is running a hotel in New Delhi and providing boarding and loading service through "journey .com" (a USA based website). Total turnover of G ltd. is ₹ 70 lakhs.
3.	P owns a radio taxi. He provides his service in Mumbai through ODA.
4.	R is a plumber providing housekeeping services through Goclean.com (Bhutan based website), turnover of R is ₹15 lakhs.
5.	TVM ltd. is running hotel in Jaipur and providing boarding and loading service through "journey .com" (a USA based website). Total turnover of TVM ltd. is ₹17 lakhs.
6.	Mineral exploration contract for 18 months is awarded to a Bhopal based company in respect of specific sites in Kolkata by a Kolkata based corporation (i.e. local authority).
7.	Mr. C , recovery agent provides recovery service to PN Bank.

[7]

(b) Determine the amount of input tax credit available to S who hired following services and purchased following goods in the month of January 2022:

[8]

		Details	Amount (₹)
(a)	Outdoor catering hired for business use.	---	1,00,000+18% GST
(b)	GTA service hired.	Under RCM	10,000 +5% GST
(c)	Car hired for carrying employees.	From office to home and home to office	5,000+18% GST
(d)	Membership fee of a club.	---	2,00,000+18% GST

Answer:

(a)

Sl.No.	Cases	Who is liable to pay GST
1.	N owns a radio taxi and operates with Bangalore based Electronic Commerce Operator(ECO) named "Timepe taxi"	ECO " Timepe taxi" will pay GST.

2.	G Ltd. is running a hotel in New Delhi and providing boarding and loading service through "journey .com" (a USA based website). Total turnover of G Ltd. is ₹ 70 lakhs.	G Ltd. will pay GST.
3.	P owns a radio taxi. He provides his service in Mumbai through ODA.	ODA or its agent in India.
4.	R is a plumber providing housekeeping services through Goclean.com (Bhutan based website), turnover of R is ₹15 lakhs.	Goclean.com or its agent in India will pay GST.
5.	TVM Ltd. is running hotel in Jaipur and providing boarding and loading service through "journey .com" (a USA based website). Total turnover of TVM Ltd. is ₹17 lakhs..	"journey.com" or its agent in India will pay GST.
6.	Mineral exploration contract for 18 months is awarded to a Bhopal based company in respect of specific sites in Kolkata by a Kolkata based corporation (i.e. local authority).	Bhopal based company will pay GST.
7.	Mr. C , recovery agent provides recovery service to PN Bank..	PN Bank will be liable to pay GST under reverse charge mechanism.

(b) Statement showing amount of input tax credit available to S:

Particulars	Details	Amount (₹)
Outdoor catering hired for business use.	10000 × 5%	500
GTA service hired.	As per section 17(5) input tax credit is disallowed.	Nil
Car hired for carrying employees.	As per section 17(5) input tax credit is disallowed .	Nil
Membership fee of a club.	As per section 17(5) input tax credit is disallowed .	Nil

5.(a) Mention any five circumstances where registration can be cancelled by tax payer and also describe the procedure of cancellation of registration. [5+5]

(b) Discuss the taxability of the following: [5]

1. Transport service provided to school.
2. School approved student tour provided by tour operator.
3. Catering service provided to school.
4. House keeping services provided to school.
5. CMA institute provides CMA coaching services.

Answer:

(a) The proper officer may , either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration in such manner and within such period as may be prescribed.

(Under following circumstances registration can be cancelled by tax payer [section 29(1)]:)

- Business has been discontinued.
- Business has been sold or transferred to some other party.
- Change in the constitution of the business (like Partnership firm now converted into Private Limited company and so on).
- Amalgamation with other legal entity.
- Death of the proprietor.

Procedure for cancellation of registration:

1. A registered person, other than a person to whom registration has been granted or a person to whom a unique identity number has been granted, seeking cancellation of his registration shall electronically submit an application in Form GST REG-16,
2. A proper officer can send the show cause / cancellation notice to a registered person in FORM GST REG -17.
3. The concerned person must reply back within 7 days of notice explaining why his/her registration should not be cancelled. The reply to the show cause notice issued shall be furnished in FORM REG-18.
4. This form will be used by the proper officer to issue a formal order for cancellation of registration. The order is to be sent within 30 days from the application date or from the date of response in FORM GST REG- 19.
5. If proper officer is satisfied with the explanation, he can use this form to drop the cancellation proceeding and pass a formal order in FORM GST REG-20.

(b)

i. Transport service provided to school	Exempted
ii. School approved student tour provided by tour operator	Taxable
iii. Catering service provided to school	Exempted
iv. House keeping services provided to school.	Exempted
vi. CMA institute provides CMA coaching services	Exempted

- 6.(a) M/s X Ltd., a manufacturer, sold goods to M/s Y Ltd., a wholesaler, and issued invoice for the sale on 01-08-2021.

Find the time of supply of goods in each of the following independent cases:

- (i) M/s X Ltd., removes the goods for delivery to M/s Y Ltd., on 17th August 2021.
- (ii) M/s Y Ltd., collects the goods from premises of M/s X Ltd., on 8th August 2021.
- (iii) M/s Y Ltd., made full payment on 25th July 2021.
- (iv) M/s Y Ltd., credited the payment in bank account of M/s X Ltd., on 29th July 2021 for 3/4th of goods, M/s X Ltd., recorded the same as receipts in his books on 2nd August 2021. The goods were dispatched on 4th August 2021 from the warehouse. [8]

- (b) (1) Shall Ltd. is manufacturer of cosmetic products :

- (a) hair oil (GST rate -18%),
- (b) sun screen cream (GST rate-28%),
- (c) shampoo (GST rate-28%) and
- (d) hair comb (GST rate- 12%).

The said product are supplied in a single package and the price per package is ₹ 500 (exclusive of taxes). 10,000 packages were supplied by the company to its dealer. Determine the nature of supply and its tax liability. [5]

- (2) A registered person is supplying manufactured food products to another person for ₹ 1,000. Transportation charges of ₹ 60, packaging charges ₹ 100 are required to be paid by the supplier but are actually paid by the recipient. Whether transportation charges and packaging charges would be added in supply value? [2]

Answer:

- (a) (i) 1st August 2021 is the time of supply of goods.
i.e. Earlier of the following:
- Date of Invoice - 1st August 2021
or
 - Date on which invoice is required to be issued 17th August 2021
- (ii) 1st August 2021' is the time of supply of goods i.e. Earlier of the following:
- Date of Invoice - 1st August 2021
or
 - Date on which goods is delivered - 8th August 2021.
- (iii) 1st August 2021' i.e. date of invoice is the time of supply of goods
- Payment date is not to be considered as per N.N :- 66/2017 date 15/11/2017
- (iv) 1st August 2021' i.e. date of invoice is the time of supply of goods

(b) (1) The treatment would be as under –

Each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied jointly for a single consolidated price. Hence, the supply would constitute a mixed supply, as per section 2(74).	Mixed supply
As per section 8(b), tax rates applicable in case of mixed supply would be the rate of tax attributable to that one supply (goods, or services) which suffers the highest rates of taxes from amongst the supplies forming part of the mixed supply. Therefore, entire package will be chargeable to 28% GST.	28%
Value of taxable supply per package	500
No. of packages	10,000
Total value	50,00,000
GST @28%	14,00,000

- (2) If the supplier is liable to pay any amount in relation to a supply, such amount would be a part of transaction value, even if the same has been paid by the recipient. In this case, the transportation charges of ₹ 60, packaging charges ₹ 100 shall be added to the value of supply. Hence, value = ₹ (1000 + 60 + 100) = ₹ 1,160.

7. Short note: (any three)

[5×3]

- (a) Distribution of Input Tax Credit by Input Service Distributor.
(b) E-way Bills under GST law.
(c) Tax invoice.
(d) Advantages of voluntary registration under GST.

Answer: (a)

Manner of distribution of credit by Input Service Distributor [Section 20 of the CGST Act, 2017]:

- (1) The Input Service Distributor (ISD) shall distribute the credit of central tax as central tax or integrated tax and integrated tax as integrated tax or central tax, by way of issue of a document containing the amount of input tax credit being distributed in such manner as may be prescribed.

- (2) The Input Service Distributor may distribute the credit subject to the following conditions, namely:—
- (a) the credit can be distributed to the recipients of credit against a document containing such details as may be prescribed;
 - (b) the amount of the credit distributed shall not exceed the amount of credit available for distribution;
 - (c) the credit of tax paid on input services attributable to a recipient of credit shall be distributed only to that recipient;
 - (d) the credit of tax paid on input services attributable to more than one recipient of credit shall be distributed amongst such recipients to whom the input service is attributable and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all such recipients to whom such input service is attributable and which are operational in the current year, during the said relevant period;
 - (e) the credit of tax paid on input services attributable to all recipients of credit shall be distributed amongst such recipients and such distribution shall be pro rata on the basis of the turnover in a State or turnover in a Union territory of such recipient, during the relevant period, to the aggregate of the turnover of all recipients and which are operational in the current year, during the said relevant period.

- (b) E-way bill will be generated when there is a movement of goods in a vehicle/conveyance of value more than ₹ 50,000 (either each Invoice or in aggregate of all Invoices in a vehicle/ Conveyance) –
- In relation to a 'supply'
 - For reasons other than a 'supply' (say a return).
 - Due to inward 'supply' from an unregistered person.

For this purpose, a supply may be either of the following:

- A supply made for a consideration (payment) in the course of business.
- A supply made for a consideration (payment) which may not be in the course of business.
- A supply without consideration (without payment)

Therefore, eWay Bills must be generated on the common portal for all these types of movements. For certain specified Goods, the eWay bill needs to be generated mandatorily even if the Value of the consignment of Goods is less than ₹ 50,000:

1. Inter-State movement of Goods by the Principal to the Job-worker by Principal/registered Job-worker,
2. Inter-State Transport of Handicraft goods by a dealer exempted from GST registration.

- (c) Tax Invoice: Under the GST regime, a "tax invoice" means the tax invoice referred to in section 31 of the CGST Act, 2017.

For example, if a registered person is making or receiving supplies (from unregistered persons), then a tax invoice needs to be issued by such registered person.

However, if a registered person is dealing only in exempted supplies or is availing the composition scheme (composition dealer), then such a registered person needs to issue a bill of supply in lieu of tax invoice.

An invoice or a bill of supply need not be issued if the value of the supply is less than ₹ 200/-, subject to specified conditions provisos to sub section (3) of Section 31 of the CGST Act, 2017.

Importance of Tax Invoice under GST: Under GST, a tax invoice is an essential document for the recipient to avail Input Tax Credit (ITC).

A registered person cannot avail Input Tax Credit unless he is in possession of a tax invoice or a debit note.

GST is chargeable at the time of supply. Invoice is an important indicator of the time of supply.

(d) Advantages of voluntary registration under GST:

- (i) Legally recognized as supplier of goods or services; this helps in attracting more customers.
- (ii) Provide input tax credit to customers. As they can issue taxable invoices, they can collect GST. Their customers can take input credit on their purchases.
- (iii) They will be more competitive than other small business as buying from them will ensure input credit.
- (iv) Voluntarily registered persons can take input credit on their own purchases and input services like legal fees, consultation fees etc.
- (v) They can make inter-state sales without any restrictions.

Section – B: Customs

PART – I

Answer question No. 8 which is compulsory.

8. Answer the following questions:

[5×1=5]

(i) Custom duty payable of ₹ 1094.75 shall be rounded off to _____.

- (a) ₹ 1,095
- (b) ₹ 1,090
- (c) ₹ 1,094
- (d) ₹ 1,100

(ii) Out of the following who is not a "related" person?

- (a) Officers or directors of one another"
- (b) Legally recognized partners in business
- (c) Members of the same family
- (d) None of the above.

(iii) Unascertainable cost of insurance to the place of importation shall be _____ of the FOB value of goods.

- (a) 1.0%
- (b) 1.125%
- (c) 2.5%
- (d) 2.75%

(iv) With reference to Section 26A of Custom Act, proper officer means

- (a) Deputy commissioner
- (b) Preventive officer
- (c) Superintendent
- (d) None of the above

(v) Interest shall be payment on any drawback payable to a claimant u/s 74or 75 if it is not paid within _____ month.

- (a) 1
- (b) 1 ½
- (c) 2
- (d) 2 ½

Answer: (i) (a)
(ii) (d)
(iii) (b)
(iv) (a)
(v) (a)

PART – II

Answer any one question from Q. No. 9 to 10. Each question carries 15 marks

[15×1]

9. (a) What are the conditions to be satisfied to avail duty drawback on Re-export u/s 74? [5]
- (b) From Japan, certain equipment has been imported by S Ltd. at an FOB cost of 2,00,000 Yen (Japanese). In this connection, the other expenses incurred by M/s. S Ltd. are as follows:
- (i) Freight from Japan to Kolkata Port 18,000 Yen [Loading, unloading & handling upto port : 2,000 Yen].
 - (ii) Insurance paid to Insurer in India ₹ 10,000.
 - (iii) Designing charges paid to Consultancy firm in Japan 30,000 Yen
 - (iv) M/s. S Industries had expended ₹1,00,000 in India for certain development activities with respect to the imported equipment
 - (v) S Industries had incurred road transport cost from Kolkata port to their factory in Bhopal ₹ 30,000
 - (vi) The Central Board of Indirect Taxes & Customs had notified for purpose of section 14(3) of the Customs Act, 1962 exchange rate of 1 Yen = ₹ 0.3948. The inter- bank rate was 1 Yen = ₹ 0.40.
 - (vii) M/s S Industries had effected payment to the Bank based on exchange rate 1 Yen = ₹ 0.4150
 - (viii) The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees.

Arrive at the assessable value for purposes of customs duty under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions. [10]

Answer:

(a) Duty Drawback on Re-Export [Section 74]

Conditions should be satisfied are:

1. Originally the goods should have been imported into India; Customs duty on import should have been paid.
2. The imported goods should be capable of being easily identifiable as the same goods which were originally imported.
3. The goods have been exported after proper examination of the goods and after ensuring that there is no prohibition or restriction on their export by the proper officer.
4. The goods should have been identified to the satisfaction of the Assistant or Deputy Commissioner of Customs as the goods, which were imported, and
5. The goods should have been entered for export within two years from the date of payment of duty of the importation thereof.
6. The market price of such goods must not be less than the amount of drawback claimed.

(b) Statement showing computation of Assessable value for the imported goods:

	Amount in Yen	Remarks	Working note
Free on Board (FOB)	2,00,000		
Designing charges	30,000	Addable into the assessable value	
Development charges	-	Not addable into the assessable value, because these are post shipment expenses	
Road transport charges	-	Not addable into the assessable value, because these are post shipment expenses	
Commission	10,000	Addable into the assessable value	2,00,000 ×5% =10,000
FOB value of the customs	2,40,000		
	Amount in ₹		
Total	94,752	Exchange rate of the Central board Excise and Customs (CBIC) is relevant	2,40,000 Yen ×0.3948
Insurance	10,000	Addable into the assessable value	
Freight	7,896	Addable into the assessable value	20,000×0.3948
Total CIF or Assessable Value	1,12,648		

10.(a) The following goods have been exported to UK. Discuss whether any duty drawback is admissible under section 75 of the Customs Act, 1962

Product	FOB Value exported goods	Market price of goods	Duty drawback rate
M	2,50,000	1,80,000	30% of FOB
N	1,00,000	50,000	0.75% of FOB
O	8,00,000	8,50,000	3.50% of FOB
P	2000	2,100	1.50% of FOB

Note: Imported value of product O is ₹ 9,50,000.

[8]

(b) Discuss the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 relating to the provisions of warehousing:

- (i) The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while canceling the license of a private warehouse if he has contravened any provision of the said Act.
- (ii) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.
- (iii) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.

[3]

(c) State the negative list of duty drawback u/s 76

[4]

Answer:

(a) Duty draw back amount for all the products are as follows:

Product M:

Drawback amount = $2,50,000 \times 30\% = ₹ 75,000$ or $₹ 1,80,000 \times 1/3 = ₹ 60,000$

Allowable duty draw back does not exceed 1/3 of the market value.

Hence, the amount of duty drawback allowed is ₹ 60,000.

Product N:

Drawback amount allowed is ₹ 750 (i.e. $₹ 1,00,000 \times 0.75\%$). Since, the amount is more than ₹ 500 even though the rate is less than 1%.

Product O:

No duty drawback is allowed, since the value of export is less than the value of import (i.e. negative sale).

Product P:

No duty drawback is allowed, since the duty drawback amount is ₹ 30 (which is less than ₹ 50).

Though rate of duty drawback is more than 1%, no duty drawback is allowed.

- (b) (i) The given statement is valid: The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while canceling the license of a private warehouse if he has contravened any provision of the said Act, as per section 58(2)(b) of the Customs Act, 1962.
- (ii) The given statement is invalid: Sec. 58A (1) The Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, license a special warehouse wherein dutiable goods may be deposited and such warehouse shall be caused to be locked by the proper officer and no person shall enter the warehouse or remove any goods there from without the permission of the proper officer.
- (iii) The given statement is invalid: The Commissioner of Customs or the Principal Commissioner of Customs can appoint public warehouse, wherein dutiable goods can be deposited under Section 57 of the Customs Act, 1962.

(c) Negative list of Duty Drawback (DDB) [Section 76] are as follow:

- Duty Drawback is less than ₹ 50
- Export to Nepal and Bhutan and the export proceeds are not received in hard currency (it means USD, GBP or Pounds).
- Duty drawback is more than 1/3rd of market value of exported goods .
- Duty drawback as % on FOB less than 1% unless amount of DDB is more than or equal to ₹ 500