

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

Answer question No. 1 which is compulsory and any four from rest of this section.

1. Answer the following questions:

(A) Multiple choice questions:

[5×1=5]

- (i) If a state loses revenue because of abolition of central sales tax, Central Government will pay compensation in the form of GST compensation cess for:
- (a) 1 year
 - (b) 3 years
 - (c) 5 years
 - (d) 10 years.
- (ii) If any supply made by a trader from Delhi to another trader in Delhi, the supply will be subject to:
- (a) CGST and SGST
 - (b) CGST and UTGST
 - (c) IGST
 - (d) SGST and UTGST.
- (iii) Mr. A is a well-known singer. He receives a life-time achievement award which consist of a memento and a cheque of ₹ 10,00,000. It is:
- (a) Supply and chargeable to GST
 - (b) Supply but not chargeable to GST
 - (c) Not supply and hence not chargeable to GST
 - (d) None of the above.
- (iv) The place of supply of services pertaining to transportation of goods (including by mail or courier) to an unregistered person, will be:
- (a) Location of recipient of Service
 - (b) Location at which such goods are handed over for their transportation
 - (c) Location of billing address of recipient of Service
 - (d) None of the above.
- (v) A person who has opted for composition levy is required to file quarterly return in Form GSTR-4 on or before:
- (a) 18th day of the succeeding the quarter
 - (b) 20th day of the succeeding the quarter
 - (c) 25th day of the succeeding the quarter
 - (d) 30th day of the succeeding the quarter.

Answer:

(i) (c)

(ii) (b)

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- (iii) (c)
- (iv) (b)
- (v) (a)

(B) Say True or False for the following question:

[5×1=5]

- (i) One of the advantages of GST is – one nation, one tax.
- (ii) In case of intra-state transactions, IGST will be levied.
- (iii) A thief has stolen a motorbike and sells the motorbike. Sale of motorbike considered as supply of goods liable to be taxed.
- (iv) A bank received commission for debt collection service, is exempted from GST.
- (v) Registration is required if the aggregate turnover exceeds ₹ 10 Lakhs in case of Jammu & Kashmir.

Answer:

- (i) true
- (ii) false
- (iii) true
- (iv) false
- (v) false.

(C) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	Agriculturist	A.	Discharge of tax liability
2.	GSTIN	B.	Not liable for registration under GST
3.	Electronic cash ledger	C.	Exempted from GST
4.	Services of slaughtering of animals	D.	No consideration
5.	Subsidy	E.	15-digit code

Answer:

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

(D) Fill in the blanks:

[5×1=5]

- (i) The Constitution of India has been amended by the _____ Act, 2016 so as to simultaneously empower the Centre and the States to levy and collect GST.
- (ii) Services provided by Police or security agencies of Government to PSU/ private business entities _____ (are/ are not) exempt from GST.
- (iii) Every taxable person registered as an input service distributor shall furnish a monthly return within _____ days after the end of such month.
- (iv) On receipt of an application of registration, an acknowledgement shall be issued electronically to the applicant in Form _____.
- (v) _____ supply means the supply of goods or services, which constitute the predominant element of a composite supply and to which another supply is ancillary/secondary.

Answer:

- (i) Constitution (101st)

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- (ii) are not
- (iii) 13
- (iv) GST REG-02
- (v) Principal

2.(a) State the differences between direct taxes and indirect taxes. [7]

(b)(i) Micro Apparels in Chennai, Tamil Nadu, avails fashion designing services of ₹ 50,00,000 from Prabhu Designs in Singapore. Is it supply? If so, who is liable to pay GST? [2]

(ii) Discuss whether the following services are chargeable to GST -

1. Service by way of transmission/ distribution of electricity by BSES.
2. A Ltd. charges ₹ 3 lakhs for storage and warehousing of turmeric.
3. B Ltd. charges ₹ 1.5 lakhs for storage of potato chips.
4. Service provided by Post Office by way of express parcel post. [6]

Answer:

(a) Difference between Direct Taxes and Indirect Taxes:

Direct Taxes	Indirect Taxes
1. Payer of tax and sufferer of tax one and same (i.e. impact and incidence on the same person)	1. Payer of tax not sufferer of tax whereas sufferer of tax is not paying directly to the Government (i.e. impact on one head and incidence on other head)
2. It is income based taxes	2. It is supply based taxes
3. Rate of taxes are different from person to person	3. Rate of duties are not differ from person to person
4. Entire revenue goes to Central Government of India	4. Revenue source to Central Government of India as well as State Governments (i.e. CGST and SGST)
5. Previous year income assessed in the assessment year	5. There is no previous year and assessment year concept
6. Central Board of Direct Taxes (CBDT) is an important part of Department of Revenue.	6. Central Board of Excise and Customs (CBEC) is an important part of Department of Revenue. The Central Board of Excise & Customs is being renamed as the Central Board of Indirect Taxes & Customs (CBIC), after getting legislative approval.
7. It is progressive in nature.	7. It is regressive in nature.

(b)(i) Yes. It is supply (i.e. import of service).

Micro Apparels in Chennai being recipient of service is liable to pay IGST.

(ii)

1. Transmission/ distribution of electricity - GST is not applicable on supply of electricity. It is covered by Exemption Notification No. 12/2017- CT (Rate) (Entry 25).
2. Storage of turmeric - Turmeric is an agricultural produce. Rent charged by a service provider for storage and warehousing of agricultural produce, is not chargeable to GST. It is covered by Exemption Notification (Entry 54).
3. Storage of potato chips - Potato chips is not an agricultural produce. Rent charged for storage and warehousing of potato chips is chargeable to GST.
4. Express parcel service - Service provided by Department of Post by way of express parcel post, is not covered by exemption notification and is chargeable to GST.

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3.(a) Mr. A, a registered person received goods from Mr. B, an unregistered dealer. Mr. B issues invoice on 1st July 2018.

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

1. Mr. A received goods on 17th July 2018, payment of which is not made yet.
2. Mr. A received goods on 13th August 2018 & made payment for the same on 14th August 2018.
3. Mr. A made payment on 10th July and received goods on the same date.
4. Mr. A received goods on 15th July 2018 & made payment for the same on 14th July 2018. [8]

(b)(i) What do you mean by location of recipient of service? [4]

(ii) Mr. Alok, a supplier registered in Hyderabad (Telangana), procures goods from China and directly supplies the same to a customer in US. With reference to the provisions of GST Law, examine whether the supply of goods by Mr. Alok to customer in US is an inter-state supply. [3]

Answer:

(a) (1) Time of supply of goods = 17-07-2018

Earliest of the following:

Receipt of Goods = 17-07-2018

Date of Payment = not paid

Date immediately following 30 days from the date of invoice = 31-07-2018

(2) Time of supply of goods = 31-07-2018

Earliest of the following:

Receipt of Goods = 13-08-2018

Date of Payment = 14-08-2018

Date immediately following 30 days from the date of invoice = 31-07-2018

(3) Time of supply of goods = 10-07-2018

Earliest of the following:

Receipt of Goods = 10-07-2018

Date of Payment = 10-07-2018

Date immediately following 30 days from the date of invoice = 31-07-2018

(4) Time of supply of goods = 14-07-2018

Earliest of the following:

Receipt of Goods = 15-07-2018

Date of Payment = 14-07-2018

Date immediately following 30 days from the date of invoice = 31-07-2018

(b)(i) As per sec 2(14) of IGST Act, the definition of location of recipient of service is divided into 4 sub clauses:

Recipient of service	Location of the recipient of service
(a) Services received at place of business where registration is obtained.	Location of such place of business
(b) Services received at fixed establishment	Location of such fixed establishment
(c) Services received at more than one	The location of establishment most

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establishment	directly concerned with the receipt of the supply
(d) Services received at other than above.	The location of the usual place of residence of the recipient.

- (ii) The transaction undertaken by Mr. Alok is neither import nor export of goods in terms of Customs Act, 1962. However, it is an inter-state supply in terms of provision of section 7(5)(a) of the IGST Act, 2017 which provides that when the supplier is located in India and the place of supply is outside India, supply of goods or services or both, shall be treated to be a supply of goods or services or both in the course of inter-state trade or commerce.

4.(a) State the salient features of composite supply. Give an example of composite supply.

[7]

- (b) **Determine the amount of input tax credit available with Arihant Manufacturing Ltd. in respect of the following items procured by them in the month of January 2018:**

Items	GST paid in ₹
Raw materials	72,000
Food and beverages & catering services are used in the guest house primarily for the stay of the newly recruited employees	40,000
Inputs used for making structures for support of plant and machinery	1,25,000
Capital goods used as parts and components for use in the manufacture of final product	40,000

[8]

Answer:

- (a) The following are the salient features of composite supply -

1. Supply is made by a taxable person to a recipient.
2. Such supply consists of 2 or more taxable supplies of goods and/or services or any combination thereof.
3. Such combination of 2 or more supplies of goods and/or services is naturally bundled.
4. Such naturally bundled goods and/or services is supplied in conjunction with each other in the ordinary course of business.
5. Out of naturally bundled supply of goods and/ or services, one is principal supply ("principal supply" means the supply which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary).
6. If the above conditions are satisfied, GST is chargeable on the entire consideration at the rate applicable on principal supply.

Example: Goods are packed and transported with insurance. The supply of goods, supply of packing materials, transport service and insurance service is a composite supply. Supply of goods is a principal supply. GST rate applicable on supply of goods will be applied on this composite supply.

- (b) **Statement showing eligible input tax credit to Arihant Manufacturing Ltd.**

Items	ITC in ₹
Raw materials	72,000
Food and beverages & catering services are used in the guesthouse primarily for the stay of the newly recruited employees	Not allowed
Inputs used for making structures for support of plant and machinery	1,25,000
Capital goods used as parts and components for use in the manufacture of final product	40,000
Total credit allowed	2,37,000

5.(a) Describe the procedure for application of registration and filing of returns by the casual taxable persons. [7]

(b) Bright Ltd. (A registered taxable person) provides the following informations relating to the services for the month of September, 2018:

	₹
Gross receipts from —	
Running a boarding school (including receipts for providing residential dwelling services of ₹ 14,00,000)	30,00,000
Conducting private tuitions	15,50,000
Education services for obtaining a qualification recognised by Law of a foreign country	7,00,000
Conducting modular employable skill course, approved by National Council of vocational training	10,40,000
Fees from prospective employers for campus interview	7,00,000
Renting of furnished flat for temporary stay to different persons	6,40,000

Compute the value of taxable supply and the amount of GST payable. The above receipts are exclusive of GST. The rate of GST is 18%. [8]

Answer:

(a) Application for Registration by Casual taxable persons:

Casual taxable persons are required to obtain GST registration under a special category at least 5 days prior to the undertaking business.

There is no special form to register as a casual taxable person. Casual taxable person can use the normal form GST REG-01 which is used by other taxable persons for registration.

A casual taxable person, before applying for registration, declares his:

- Permanent Account Number,
- mobile number,
- e-mail address,
- State or Union territory

in Part A of FORM GST REG-01 on the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

The Permanent Account Number shall be validated online by the common portal from the database maintained by the Central Board of Direct Taxes. The mobile number declared shall be verified through a one-time password sent to the said mobile number; and the e-mail address shall be verified through a separate one-time password sent to the said e-mail address.

On successful verification of the Permanent Account Number, mobile number and e-mail address, a temporary reference number shall be generated and communicated to the applicant on the said mobile number and e-mail address. Using this reference number generated, the applicant shall electronically submit an application in Part B of FORM GST REG-01, duly signed or verified through electronic verification code, along with the documents specified in the said Form at the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

Returns by Casual taxable persons:

The casual taxable person is required to furnish the following returns electronically

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through the common portal, either directly or through a Facilitation Centre notified by the Commissioner:

- 1) Form GSTR-1: giving the details of outward supplies of goods or services to be filed on or before the tenth day of the following month.
- 2) Form GSTR-2: giving the details of inward supplies to be filed after tenth but before the fifteenth day of the following month.
- 3) Form GSTR-3: to be filed after fifteenth day but before the twentieth day of the following month.

Annual return: However, a casual tax person shall not be required to file any annual return as required by a normal registered taxpayer.

(b) Computation of value of taxable supply and GST liability (amount in ₹):

Running a boarding school (including residential dwelling services)	Note - 1	Nil
Conducting private tuitions	Note - 2	15,50,000
Education services for obtaining a qualification recognised by Law of a foreign country	Note - 3	7,00,000
Conducting modular employable skill course, approved by National Council of Vocational Training (NCVT)	Note - 4	Nil
Fees from prospective employers for campus interview	Note - 5	7,00,000
Value of renting of furnished flat for temporary stay to different persons	Note - 6	6,40,000
Value of taxable supply		35,90,000
GST payable		6,46,200

Working Notes:

1. Running a boarding school is not taxable since education up to higher secondary school is exempt vide entry no. 66 of notification no. 12/2017-CT (Rate) and renting of residential dwelling is exempt vide entry no. 12 of the same notification.
2. Private tuitions are not exempt as they do not lead to grant of a qualification recognised by law.
3. Education as a part of a curriculum for obtaining a qualification recognised by only an Indian Law and not a foreign law is exempt.
4. Modular employable skill course is an approved vocational education course and is exempt vide entry no. 66 of notification no. 12/2017-CT (Rate).
5. Not covered in exemption.
6. Short stay by different persons in furnished flats is not renting of residential dwelling and thus not exempt.

6.(a) From the following information, determine the value of taxable supply as per provisions of sec. 15 of the CGST Act:

	₹
Value of machine (including GST @ 12%)	16,00,000
Invoice value includes the following:	
(1) Taxes (other than CGST/ SGST/ IGST) charged separately by the supplier	15,000
(2) Weighment and loading charges	25,000
(3) Consultancy charges in relation to pre-installation planning	10,000
(4) Testing charges	2,000
(5) Inspection charges	4,500

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Other information:	
(i) Subsidy received from Central Government for setting up factory in backward region	51,000
(ii) Subsidy received from third party for timely supply of machine to recipient	50,000
(iii) Trade discount actually allowed shown separately in invoice	24,000

Specify reasons with suitable assumptions where necessary.

[11]

(b) Determine whether the supplier in the following cases is eligible for composition levy provided their turnover in preceding year does not exceed ₹ 100 lakhs:

(1) Mr. A is engaged in providing legal services in West Bengal and is registered in the same State.

(2) LTG Manufacturers has registered offices in Punjab and Haryana and supplies goods in neighboring States. [2+2=4]

Answer:

(a) Computation of value of taxable supply of goods (amount in ₹):

Value of machine	16,00,000
(1) Taxes other than CGST/ SGST/ IGST charged separately by the supplier [As per section 15(2)(a) of the CGST Act, 2017, any duty, taxes, cesses, fees and other charges, charged separately by supplier are to be included in the value of taxable supply. Since they are already included, no adjustment is required.]	—
(2) Weighment and loading charges [As per section 15(2)(c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(3) Consultancy charges in relation to pre-installation planning [As per section 15(2)(c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(4) Testing charges [As per section 15(2)(c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(5) Inspection charges [As per section 15(2)(c) of the CGST Act, any amount charged for anything done by supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, no adjustment is required.]	—
(i) Subsidy received from Central Government for setting up factory in backward region [As per section 15(2)(e) of the CGST Act, the value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Hence, not includible.]	—
(ii) Subsidy received from third party for timely supply of machine to recipient [As per section 15(2)(e) of the CGST Act, the value of supply shall include subsidies directly linked to the price, hence includible.]	50,000
(iii) Trade discount actually allowed shown separately in invoice [As per section 15(3)(a), the value of the supply shall not include any	(-)24,000

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discount which is given before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply. Hence, the same is deductible in computing the value.]	
Cum-tax value	16,26,000
Less: GST @ 12% [$₹ 16,26,000 \times 12 \div 112$]	1,74,214
Value of taxable supply	14,51,786

(b) (1) No. A supplier of services engaged in the supplies other than the supplies referred to in clause (b) of paragraph 6 of schedule II of the CGST Act, i.e. supply by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink, is not eligible for composition levy. Since, Mr. A provides legal services, he is not eligible for composition scheme.

(2) No. since, supplier of inter-state outward supplies of goods is not eligible for composition levy, LTG Manufacturers is not eligible for composition scheme.

7. Short note: (any three)

[5×3]

(a) GST Council

(b) Advantages of voluntary registration under GST

(c) Tax invoice

(d) Distribution of credit by input service distributor.

Answer:

(a) GST Council: As per Article 279A of the Constitution of India, the President of India is empowered to constitute Goods and Services Tax Council. The President of India constituted the GST Council on 15th September, 2016.

The GST Council shall consist of Union Finance Minister as a Chairperson, Union Minister of State in charge of Finance as a member, the State Finance Minister or State Revenue Minister or any other Minister nominated by each State as a member of the Council. The GST Council shall select one of them as Vice Chairperson of Council.

Guiding principle of the GST Council: The mechanism of GST Council would ensure harmonization on different aspects of GST between the Centre and the States as well as among States. It has been provided in the Constitution (101st Amendment) Act, 2016 that the GST Council, in its discharge of various functions, shall be guided by the need for a harmonized structure of GST and for the development of a harmonized national market for goods and services.

Functions of the GST Council: GST Council is to make recommendations to the Central Government and the State Governments on

- tax rates,
- exemptions,
- threshold limits,
- dispute resolution,
- GST legislations including rules and notifications etc.

(b) 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

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services like legal fees, consultation fees etc.

(v) They can make inter-state sales without many restrictions.

(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) Distribution of credit by input service distributor:

(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.

Section – B

Answer question No. 8 which is compulsory and any one from rest of this section.

8. Answer the following questions:

[5×1=5]

- (i) From base line, Indian customs waters extend to:
(a) 12 nautical miles
(b) 24 nautical miles
(c) 36 nautical miles
(d) 48 nautical miles
- (ii) In the GST regime, for the purpose of levying IGST for all the imports, duty shall be levied:
(a) @ 5%
(b) @ 10%
(c) @ 18%
(d) @ 25%.
- (iii) In case, the cost of insurance to the place of importation is not ascertainable, then such cost shall be:
(a) 1.125% of FOB value of goods
(b) 20% of FOB value of goods
(c) 1% of FOB value of goods
(d) None of the above.
- (iv) Which of the following is a type of bill of entry can be presented by an importer for the purpose of clearing imported goods?
(a) Bill of entry for home consumption
(b) Bill of entry for warehousing
(c) Ex-bond clearance bill of entry
(d) All of the above.
- (v) In case, the goods are re-exported out of India without being put to use, the drawback is allowed equal to:
(a) 98% of import duty
(b) 90% of import duty
(c) 100% of import duty
(d) 15% of import duty.

Answer:

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

9.(a) In case of pilferage, state the conditions which are to be satisfied for exemption from duty. [3]

(b) A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available:

CIF value of the consignment: US\$ 25,000
Quantity imported: 500 kgs.
Exchange rate applicable: ₹ 60 = US\$ 1
Basic customs duty: 12%
Social welfare cess chargeable @ 10%.

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As per the notification, the anti-dumping duty will be equal to the difference between the costs of commodity calculated @ US\$ 70 per kg. and the landed value of the commodity as imported.

Appraise the liability on account of normal duties, cess and the anti-dumping duty.

Assume that no GST compensation cess is payable. IGST @12% is also to be applicable.

[12]

Answer:

(a) In case of pilferage, Conditions to be satisfied for exemption from duty:

- (i) The imported goods should have been pilfered.
- (ii) The pilferage should have occurred after the goods are unloaded, but before the proper officer makes the order of clearance for home consumption or for deposit into warehouse.
- (iii) The pilfered goods should not have been restored back to the importer.

(b) Statement showing land value of imported goods and customs duties:

Particulars	US \$
CIF value	25,000
	Value in ₹
Assessable value (i.e. 25,000 x ₹ 60)	15,00,000
Add: Basic customs duty 12% on assessable value	1,80,000
Add: Social welfare cess @10% on basic customs duty	18,000
Landed value (or value of imported goods)	16,98,000
Anti-dumping duty (₹ 21,00,000 – ₹ 16,98,000)	4,02,000
Market value of imported goods (500 kgs x ₹ 60 x US \$70) = ₹ 21,00,000	
Open Market Value	21,00,000
Add: IGST @12% on ₹ 21,00,000	2,52,000
Total	23,52,000

Total customs duty payable is ₹ 8,52,000 (i.e. ₹ 1,80,000 + ₹ 18,000 + ₹ 4,02,000 + ₹ 2,52,000)

10.(a) What is warehousing in customs? State the features of warehousing.

[1+10=11]

(b) Write down the baggage rules, 2016 in the context of the duty free jewellery.

[4]

Answer:

(a) W.e.f. 14-5-2016, As per Section 2(43) of the Customs Act, 1962, "warehouse" means a public warehouse licensed under section 57 or a private warehouse licensed under section 58 or Special Warehouse license u/s 58A.

Features of Warehousing:

1. Importer can defer payment of import duties by storing the goods in a safe place
2. Importer allowed doing manufacturing in bonded warehouse and then re-exporting from it.
3. The importer can be allowed to keep the goods up to One year without payment of duty from the date he deposited the goods into warehouse.
4. This time period is extended to Three years for Export Oriented Units and the time period still be extended to Five years if the goods are capital goods.
5. The importer minimizes the charges by keeping in a warehouse, otherwise the demurrage charges at port is heavy.
6. Assistant Commissioner of Customs or Deputy Commissioner of Customs are competent to appoint a warehouse as public bonded warehouse.
7. The Assistant Commissioner of Customs or Deputy Commissioner of Customs may license private warehouse. The license to private warehouse can be cancelled by

giving ONE month notice.

8. Only dutiable goods can be deposited in the warehouse.
9. Green Bill of Entry has to be submitted by the importer to clear goods from warehouse for home consumption.
10. Rate of duty is applicable as on the date of presentation of Bill of Entry (i.e. sub-bill of entry or ex-bond bill of entry) for home consumption.
11. Reassessment is not allowed after the imported goods originally assessed and warehoused.
12. The exchange rate is the rate at which the Bill of Entry (i.e. 'into bond') is presented for warehousing.
13. If the goods which are not removed from warehouse within the permissible period, then subsequent removal called as improper removal. The rate of Basic Customs Duty which is applicable as on the last date on which the goods should have been removed but not removed is applicable.

(b) Duty Free Jewellery (w.e.f. 1-4-2016):

Coming to India by an Indian Passenger after stay abroad for more than one year —

- (i) Jewellery upto a weight, of 20 grams with a value cap of ₹ 50,000 if brought by a gentleman passenger
- (ii) Jewellery upto a weight, of 40 grams with a value cap of ₹ 1,00,000 if brought by a lady passenger.