

## **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) Mr. X, supplied a laptop for ₹ 40,000 to Mr. Y along with a barter of printer, the value of which is ₹ 4,000 but the open market value of the laptop is not known. The GST liability will be:  
(a) Mr. X for ₹ 40,000 and Mr. Y for ₹ 4,000  
(b) Mr. X for ₹ 44,000 and Mr. Y for ₹ 4,000  
(c) Mr. X for ₹ 36,000 and Mr. Y for ₹ 4,000  
(d) Mr. X for ₹ 40,000 and no GST liability for Mr. Y.
- (ii) Ram has received a sum of ₹ 5,00,000 from his employer on premature termination of his contract of employment. The GST implication will be:  
(a) It is not a supply, hence not chargeable to GST.  
(b) It is a supply without consideration, hence not chargeable to GST.  
(c) It is a supply, hence chargeable to GST.  
(d) It is not supply, but exemption is there.
- (iii) Which of the following manufacturer cannot opt for composition levy?  
(a) Manufacturer of pan masala  
(b) Manufacturer of ice cream  
(c) Manufacturer of tobacco substitutes  
(d) All of the above
- (iv) If services by way of breeding of fish is ₹ 5,00,000 and supply of firm labour is ₹ 2,00,000, the taxable value of supply will be:  
(a) ₹ 5,00,000  
(b) ₹ 2,00,000  
(c) Nil  
(d) ₹ 7,00,000.
- (v) Which of the following goods is outside the scope of GST?  
(a) Diamonds  
(b) Electricity  
(c) Milk and cream  
(d) Bidi wrapper leaves

**Answer:**

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

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

[5×1=5]

## Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2

- (i) SIM card is not goods but if SIM card is purchased by telecom company as an 'article of plastic, etc.', it is goods.
- (ii) Lease, tenancy, easement, related to land and building is classified as goods in GST.
- (iii) Consideration may be monetary or non-monetary.
- (iv) The value of supply of services in relation to booking of air tickets by an air travel agent in case of a domestic booking is 10% of basic fare.
- (v) Due date of filing GSTR-4 by composition tax payer is 20<sup>th</sup> of the month following the quarter.

**Answer:**

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

**(C) Match the following:**

**[5×1=5]**

	Column 'A'		Column 'B'
1.	Composition levy	A.	Collected by State Government
2.	GST	B.	Form of supply
3.	SGST	C.	One nation, one tax
4.	Exchange	D.	Bundled services or goods
5.	Composite supply	E.	No input tax credit

**Answer:**

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

**(D) Fill in the blanks:**

**[5×1=5]**

- (i) GST in the state of Jammu and Kashmir came into force with effect from \_\_\_\_\_.
- (ii) \_\_\_\_\_ has been incorporated as a non-profit company to provide a shared IT infrastructure and services to Central & State Government.
- (iii) Actionable claim is \_\_\_\_\_ (goods/ not goods).
- (iv) In case of export of goods, place of supply will be \_\_\_\_\_.
- (v) A service of transportation of deceased is \_\_\_\_\_ (taxable/ not taxable) under GST.

**Answer:**

- (i) 8<sup>th</sup> July, 2017
- (ii) Goods and Services Tax Network
- (iii) Goods
- (iv) location outside India
- (v) not taxable.

**2.(a) What is GST Council? Who are the members of it? State the matters on which GST Council makes recommendations.**

**[1+2+7=10]**

- (b) Brishti Ltd. is manufacturer of cosmetic products: (1) Hair oil (GST Rate - 18%), (2) Sun screen cream (GST Rate - 28%), (3) Shampoo (GST rate - 28%) and (4) hair comb (GST Rate - 12%). The said products are supplied in a single package and the Price per

## Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2

package is ₹ 500 (exclusive of taxes). 20,000 packages were supplied by the company to its dealer. Determine the nature of supply and its tax liability. [5]

**Answer:**

(a) Goods and Services Tax Council (GST Council) is an apex constitutional body. It was constituted by virtue of Article 279A(1) of the Constitution. It is a joint forum of the centre and the States.

GST Council consists of following members —

1. Union Finance Minister – Chairperson
2. Union Minister of State, in-charge of Revenue of Finance – Member
3. Minister in-charge of Finance or Taxation or any other Minister nominated by each State Government – Members.

As per Article 279A(4), the GST Council will make recommendations to the Union and the States on the matter governing the following:

1. The taxes, cesses and surcharges levied by the Union, the States and the local bodies which may be subsumed in GST.
2. The goods and services that may be subjected to, or exempted from GST.
3. The threshold limit of turnover below which goods and services may be exempted from GST.
4. The rates including floor rates with bands of GST.
5. Any special rate or rates for a specified period, to raise additional resources during any natural calamity or disaster.
6. Special provision with respect to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Himachal Pradesh and Uttarakhand, and
7. The date on which GST be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.
8. Any other matter relating to GST, as the Council may decide.

(b) The treatment would be as follows:

Each of the goods in the package have individual identity and can be supplied separately, but are deliberately supplied conjointly for a single consolidated price. Hence, the supply would constitute a mixed supply.	Mixed supply
As per section 8(b) of the CGST Act, 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 rate of tax from amongst the supplies forming part of the mixed supply. Therefore, entire package will be chargeable to 28% GST.	28% GST
Value of taxable supply per package	500
No. of packages	20,000
Total Value	1,00,00,000
GST @ 28%	28,00,000

**3.(a) Find out the place of supply in the given cases below:**

1. A Ltd. has GST registration from Hyderabad. It is in the business of designing and manufacturing high quality fashion garments. It wants to organise a fashion show in Dubai during March, 2018. For this purpose, it engages Z Ltd., an event

## Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2

management company having GST registration from New Delhi. Z Ltd. will provide different designs for the fashion show against a consultancy fees of ₹ 5,00,000 + GST.

2. A Ltd. also engages P Inc., a Dubai based event management company. Fashion show will be organised under the supervision of P Inc. P Inc. will charge fees of US \$ 7,500.
3. Ram Ltd. has GST registration from New Delhi. On December 1, 2017, it purchases Dubai-Delhi air ticket from Bharat Airways for one of its chief executive officers for ₹ 1,10,000 + GST.
4. Further, on 1<sup>st</sup> January, 2018, Ram Ltd. purchases New York – Mumbai air ticket from Air Globe for US \$ 4,000. Air Globe is not a registered person in GST. [8]

- (b) Best Cars Ltd. sells a car worth ₹ 5,00,000 to Sundar Automobiles. Best Cars Ltd. incurred packing charges of ₹ 6,000 on the car. Best Cars Ltd. provided a discount of 1% on the car price, as part of Diwali scheme.

Best Cars Ltd agreed to provide a further discount of 0.5% if Sundar Automobiles makes payment by 31<sup>st</sup> of the month via net banking. Sundar Automobiles makes the payment by 31<sup>st</sup> of the month using net banking. Find the net GST liability in the hands of Best Cars Ltd. Applicable rate of GST is 18%. [7]

**Answer:**

**(a)**

1. Event management services provided by Z Ltd. — Location of supplier (Z Ltd.) and the location of recipient (A Ltd.) are in India. In this case, relevant rule is given by section 12(7) of the IGST Act. Place of supply of service will be the location of recipient (i.e. Hyderabad).
2. Event management service provided by P Inc. — Location of supplier (P Inc.) is outside India. In this case, relevant rule is given by section 13(5) of the IGST Act. Place of supply of service will be the place where the event is actually held (i.e. Dubai).
3. In the case of service pertaining to transportation of passengers (if supplier and recipient are located in India), the relevant rule is given by section 12(9) of the IGST Act. In this case, Ram Ltd. and Bharat Airways are located in India. Under section 12(9) of the IGST Act, the location of the recipient is the place of supply, if recipient is a registered person. So, the place of supply will be New Delhi.
4. The above rule of section 12(9) of the IGST Act is not applicable if the location of supplier (i.e. Air Globe) or the location of recipient (Ram Ltd.) is outside India. . In this case, relevant rule is given by section 13(10) of the IGST Act. Under this rule, the place of passenger transportation service is the place where the passenger embarks on the conveyance for a continuous journey. The place of supply of service will be New York (being the place of embarkation).

**(b)**

Particulars	Value in ₹
Value of the product	5,00,000
Add: packing charges	6,000
Sub-total	5,06,000
Less: Discount 1% on ₹ 5 lakhs	(5,000)
Transaction value	5,01,000
Add: CGST 9%	45,090
Add: SGST 9%	45,090
Invoice price	5,91,180

Note: Since, the discount was known at the time of supply, and can be linked to this specific invoice, the discount amount can be reduced from the transaction value. For

## **Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2**

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this, Best Cars Ltd will issue a credit note to Sundar Automobiles for ₹ 2,950 (0.5% of ₹ 5,00,000 = ₹ 2,500 + GST@ 18% on ₹ 2,500 = ₹ 450), and the same must be linked to the relevant tax invoice. Discount given after supply but agreed upon before or at the time of supply and can be specifically linked to relevant invoices, can be deducted from the transaction value.

**4.(a) The aggregate turnover of Lili Services Ltd. exceeded ₹ 20 lakhs on 14<sup>th</sup> August. He applied for registration on 3<sup>rd</sup> September and was granted the registration certificate on 8<sup>th</sup> September. You are required to advise Lili Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. [7]**

**(b) Explain the manner of reversal of credit if registration of taxable person is cancelled/ or if the assessee opts for composition levy. [8]**

**Answer:**

**(a)** As per section 25 of the CGST Act read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since Lili Services Ltd.'s turnover exceeded ₹ 20 lakhs on 14<sup>th</sup> August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is date on which he becomes liable to registration, i.e. 14<sup>th</sup> August.

As per section 31 of the CGST Act read with CGST Rules, 2017, every registered person who has been granted registration with effect from a date earlier than date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration. Therefore, in the given case, Lili Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (14<sup>th</sup> August) till the date of issuance of certificate of registration (8<sup>th</sup> September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 8<sup>th</sup> October.

**(b)** Manner of reversal of credit under special circumstances:

(1) Reversal of Input Tax Credit (ITC): The amount of input tax credit relating to inputs held in stock, inputs contained in semi-finished and finished goods held in stock, and capital goods held in stock shall, for the purposes of Section 18(4) of the CGST Act or Section 29(5) i.e. cancellation of registration, be determined in the following manner, namely,-

- A. For inputs - Credit to be calculated proportionately on the basis of corresponding invoices— for inputs held in stock and inputs contained in semi-finished and finished goods held in stock, the input tax credit shall be calculated proportionately on the basis of the corresponding invoices on which credit had been availed by the registered taxable person on such inputs;
- B. For capital goods - Credit to be calculated on pro rata basis taking useful life of capital goods 5 years — for capital goods held in stock, the input tax credit involved in the remaining useful life in months shall be computed on pro-rata basis, taking the useful life as 5 years.

## **Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2**

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- (2) Separate determination for CGST/SGST/UTGST and IGST: The amount, as specified in Rule 44(1) of the CGST Rules shall be determined separately for ITC of central tax, state tax, union territory tax and integrated tax.
- (3) Tax invoices of inputs not available - Credit amount to be estimated on Basis of Market Price: Where the tax invoices related to the inputs held in stock are not available, the registered person shall estimate the amount under Rule 44(1) based on the prevailing market price of the goods on the effective date of the occurrence of any of the events specified in Section 18(4) or, as the case may be, Section 29(5).
- (4) Furnishing of details of credit: The amount determined under Rule 44(1) shall form part of the output tax liability of the registered person and the details of the amount shall be furnished in FORM GST ITC-03, where such amount relates to any event specified in Section 18(4) and in FORM GSTR-10, where such amount relates to the cancellation of registration.
- (5) Details certified by CA/CMA to be furnished: The details furnished in accordance with Rule 44(3) shall be duly certified by a practicing Chartered Accountant or Cost Accountant.

**5.(a) What are the advantages of taking registration in GST? Explain the conditions subject to which separate registration can be granted for multiple business verticals within a State or Union Territory. [3+6=9]**

**(b) Discuss whether GST is applicable in the following transactions -**

1. Priti transfers 1,000 debentures of B Ltd. to Rita for a consideration of ₹ 4,75,000. Date of transaction is July 20, 2017.
2. On July 25, 2017, A transfers a plot of land situated in Madurai to T for a consideration of ₹ 40 lakhs. Consideration is, however, payable in installments.
3. Mr. M, a registered person in GST, is a flower dealer in Pune. On July 28, 2017, he sells roses for decoration purposes for ₹ 1,50,000 to an interior decorator. [6]

**Answer:**

**(a) Advantages of taking registration in GST:**

1. Legally recognised as supplier of goods or services.
2. Proper accounting of taxes paid on the input goods or services which can be utilised for payment of GST due on supply of goods or services or both by the business.
3. Legally authorised to collect tax from the purchasers and pass on the credit of the taxes paid on the goods or services supplied to the purchasers or recipients.

Separate registration for multiple business verticals within a State or Union Territory [Rule 11 of the CGST Rules, 2017]:

(1) As per Rule 11(1) Any person having multiple business verticals within a State or a Union territory, requiring a separate registration for any of its business verticals shall be granted separate registration in respect of each of the verticals subject to the following conditions, namely:-

- (A) such person has more than one business vertical;
- (B) the business vertical of a taxable person shall not be granted registration to pay tax under section 10 (composition levy) if any one of the other business verticals

## Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2

of the same person is paying tax under section 9;

Where any business vertical of a registered person that has been granted a separate registration becomes ineligible to pay tax under section 10, all other business verticals of the said person shall become ineligible to pay tax under the said section.

(C) all separately registered business verticals of such person shall pay tax under the Act on supply of goods or services or both made to another registered business vertical of such person and issue a tax invoice for such supply.

(2) A registered person eligible to obtain separate registration for business verticals may submit a separate application in FORM GST REG-01 in respect of each such vertical. [Rule 11(2)]

(3) The provisions relating to the verification and the grant of registration shall, mutatis mutandis, apply to an application submitted under this rule.

(b)

1. Transfer of debentures - GST is applicable on supply of goods and/or services. Debentures are securities. Securities are not treated as supply of "goods" under section 2(52) of the CGST Act. Likewise, under section 2(102), transfer of debentures cannot be termed as supply of "services". Therefore, transfer of debentures by Priti is not subject to GST.
2. Transfer of plot of land - Transfer of immovable property is not subject to GST. Immovable property is not included in the definition of goods under section 2(52).
3. Supplies of flowers - "Flowers" are goods. GST is applicable. However, the notified GST rate for supply of natural flower is nil. Therefore, GST liability is nil.

**6.(a) X Pvt. Ltd. engaged in providing taxable services by way of training and coaching activities in relation of information Accounting and Auditing. Since 1st July 2017, it has the following details in respect of that activity for the month of September, 2017:**

Date of issuance invoice	Date on which payment received	Amount in ₹
16.09.2017	03.10.2017	2,50,000
20.10.2017	06.10.2017	25,000
02.10.2017	30.09.2017	1,25,000

The date of change in effective rate of tax in this case is 01-10-2017 from 12% to 18%. These services are rendered in August 2017. Find the Time of Supply of service, effective rate of tax and due date of payment of tax. [9]

(b) With reference to the CGST Act, 2017, discuss the taxability of the following activities relating to a Bank:

- (i) Bank extended housing loan of ₹ 50,00,000 to Mr. Q.
- (ii) Bank received ₹ 50,000 as loan processing fee from Mr. Q.
- (iii) Bank received ₹ 6,00,000 as interest on loan from Mr. Q.

[6]

**Answer:**

(a)

Services rendered	Date of issuance of invoice	Date on which payment received	Amount in ₹	Time of supply of service	Effective Rate of tax	Due date of payment
Aug 2017	16.09.2017	03.10.2017	2,50,000	16.09.2017	12%	20.10.2017
Aug 2017	20.10.2017	06.10.2017	25,000	6.10.2017	18%	20.11.2017
Aug 2017	02.10.2017	30.09.2017	1,25,000	30.09.2017	12%	20.10.2017



(b) In accordance with the provisions of the CGST Act, 2017, the taxability of activities are as follows:

- (i) It is a transaction in money, therefore not regarded as service as per section 2(102) of the CGST Act.
- (ii) The loan processing fees received by bank will be liable for GST @18%. Hence, GST liability is ₹ 50,000 × 18% = ₹ 9,000.
- (iii) ₹ 6,00,000 received as interest on loan will not be liable for GST as the same is exempt vide entry no. 27 of notification no. 12/2017-CT (Rate).

**7. Short note: (any three)**

**[5×3]**

**(a) Advantages of voluntary registration**

**(b) Taxable event under GST**

**(c) Export of services**

**(d) Anti-profiteering**

**Answer:**

**(a) Advantages of voluntary registration:**

1. Legally recognized as supplier of goods or services; this helps in attracting more customers.
2. 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.
3. They will be more competitive than other small business as buying from them will ensure input credit.
4. Voluntarily registered persons can take input credit on their own purchases and input services like legal fees, consultation fees etc.
5. They can make inter-state sales without many restrictions.

**(b) Taxable event under GST:** Taxable event under GST law is supply of goods or services or both. It means no supply no GST.

The term, "supply" has been inclusively defined in the Act. The meaning and scope of supply under GST can be understood in terms of following six parameters, which can be adopted to characterize a transaction as supply:

1. Supply of goods or services. Supply of anything other than goods or services does not attract GST.
2. Supply should be made for a consideration.
3. Supply should be made in the course or furtherance of business.
4. Supply should be made by a taxable person.
5. Supply should be a taxable supply.
6. Supply should be made within the taxable territory.

Exceptions:

- (1) Any transaction involving supply of goods or services without consideration is not a supply, barring few exceptions, in which a transaction is deemed to be a supply even without consideration.
- (2) Further, import of services for a consideration, whether or not in the course or furtherance of business is treated as supply.

**(c) Export of services:** As per Section 2(6) of the IGST Act, 2017, export of service means the supply of any service when:-

- (i) the supplier of service is located outside India;
- (ii) the recipient of service is located outside India;
- (iii) the place of supply of service is outside India;
- (iv) the payment for such service has been received by the supplier of service in

## Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2

convertible foreign exchange; and

(v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with explanation 1 in section 8 of the IGST Act, 2017.

(d) Anti-profiteering: As per section 171(1) of the CGST Act,

- Any reduction in rate of tax on any supply of goods or services

Or,

- the benefit of input tax credit

shall be passed on to the recipient by way of commensurate reduction in prices.

Analysis with example:

(1) Any reduction in rate of tax on any supply of goods or services -

For Example, under the Service Tax regime, Tour operator services are charged at abated rate of 9% whereas in Goods & Services Tax Act, 2017 rate of tax fixed is 5% which resulted in reduction of tax from 9% to 5%. The tax rate reduction benefit to the extent of 4% is to be passed on to recipient.

(2) The benefit of input tax credit -

Suppose, X Ltd. being an Interior designing service provider while providing output service has availed Input services and a material 'M' for which tax paid is as under:

Particulars	Service tax regime	GST regime
Tax paid towards service tax on Input services availed (₹)	15	15
Tax paid towards VAT for Material 'M' (₹)	5	5

Output tax liability of X Ltd. is ₹ 25 before deducting Input tax credit available.

In the given case, benefit of input tax credit accruing to X Ltd. due to implementation of GST is as follows-

Particulars	Service tax regime (₹)	GST regime (₹)	Remarks
Output tax liability	25	25	
Input allowed- Towards Input services	15	15	Service provider cannot avail VAT paid as Input tax credit in Service tax regime
Towards Material 'M'	NIL	5	
Total Input Tax credit eligible for set off	15	20	
Net tax payable	10	5	
Input tax benefit due to GST	-	5	Benefit of ₹ 5 to be passed to recipient by way reduction in prices

### 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) Where goods are cast into sea to reduce weight of ship to prevent it from sinking and the thrown goods sink, is called:

- (a) Derelict  
(b) Jetsam  
(c) Wreck  
(d) Flotsam.
- (ii) A passenger who have stayed abroad for more than 2 years, general free allowance for transfer of residence will be:  
(a) ₹ 60,000  
(b) ₹ 1,00,000  
(c) ₹ 2,00,000  
(d) ₹ 5,00,000
- (iii) Integrated declaration under single window project has come into effect from:  
(a) 01.04.2016  
(b) 01.07.2016  
(c) 01.08.2016  
(d) 01.10.2016.
- (iv) Penalty for delay in submitting import report or import manifest should not exceed:  
(a) ₹ 5,000  
(b) ₹ 25,000  
(c) ₹ 50,000  
(d) ₹ 1,00,000
- (v) In case of import, the relevant rate of exchange for conversion of foreign currency into Indian currency is the rate of exchange as in force on the date on which:  
(a) Bill of entry is presented  
(b) Shipping is presented  
(c) Entry inward is presented  
(d) None of the above.

**Answer:**

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

9.(a) Mr. A, an Indian entrepreneur, went to China to explore new business opportunities on 05.04.2017. The following details regarding imports are submitted by him with the customs authorities on return to India on 20.02.2018 —

- (1) 2 music systems each worth ₹ 22,000  
(2) Jewellery brought by Mr. A worth ₹ 49,000 (18 grams).

Write a brief note on his eligibility with regard to duty free baggage allowances as per Baggage Rules, 2016. [6]

(b) What is warehousing without warehousing? Also, explain the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 containing the provisions relating to the warehousing:

- (1) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.  
(2) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.

## Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2

- (3) 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. [3+6=9]

**Answer:**

- (a) As per Baggage Rules, 2016, the calculation will be as follows:

Country of visit	China
Rule applicable	3
Period of stay [05.04.2017 to 20.02.2018]	Below 1 year
1. 2 music systems each worth ₹ 22,000 [₹ 22,000×2]	₹ 44,000
2. Jewellery [benefit of rule 5 is not available, as period of stay is not more than one year; however, it will eligible for GFA]	₹ 49,000
Total	₹ 93,000
Less: General Free Allowance	₹ 50,000
Dutiable value	₹ 43,000
Duty @ 38.5%	₹ 16,555

- (b) Warehousing without warehousing:

Imported goods are kept in customs bonded warehouse after being assessed to duty. However, occasionally, it may happen that assessment of duty may take time for want of some clarification/reports etc. In such cases, goods lying in docks may incur heavy demurrage. There is a provision that customs department can issue detention certificate and on the basis of such certificate, port trust authorities may remit demurrage. If the assessment is delayed, then those goods can be stored in public warehouse without executing the bond.

W.e.f 10th May, 2013, there is a time limit of 30 days to remove the goods from warehouse where the goods has been stored under section 49 of the Customs Act, 1962 i.e. warehousing without warehousing. However, the Commissioner of Customs may extend the period of storage for a further period not exceeding 30 days at a time.

Validity of the following statements are explained as follows:

- (1) 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 therefrom without the permission of the proper officer.
- (2) 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.
- (3) 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.

- 10.(a) What is anti-subsidy duty? Write down the differences between the safeguard duty and anti-dumping duty. [4+6=10]

- (b) Determine the price to be taken for computation of deductive value under rule 7 of Import Valuation Rules, 2007 —

Sales quantity	Unit price ₹
40 units	105
30 units	95
15 units	105

## Answer to MTP\_Intermediate\_Syllabus 2016\_Dec 2018\_Set 2

50 units	100
25 units	110
35 units	95
5 units	105

[5]

**Answer:**

**(a)** Anti-subsidy duty: As per section 9 of the Customs Tariff Act, where any country or territory pays, or bestows, directly or indirectly, any subsidy upon the manufacture or production therein or the exportation there from of any article including any subsidy on transportation of such article, then,

- upon the importation of any such article into India,
- whether the same is imported directly from the country of manufacture, production or otherwise, and
- whether it is imported in the same condition as when exported from the country of manufacture or production or has been changed in condition by manufacture, production or otherwise,
- the Central Government may, by notification in the Official Gazette, impose a countervailing duty not exceeding the amount of such subsidy.

Differences between the safeguard duty and anti-dumping duty:

Basis	Safeguard Duty	Anti-dumping Duty
1. Levy	As per section 8B or 8C of the Customs Tariff Act, 1975.	As per section 9A of the Customs Tariff Act, 1975.
2. Objective	To ensure that bulk imports of goods do not cause serious injury/ disruption to domestic industry.	To ensure that goods are not imported at lower than normal value (dumping), thereby, causing loss to domestic market.
3. Based on	Increased imports in quantity.	Imports at value less than normal value.
4. Quantum	Levied as determined by the Government.	Cannot exceed margin of dumping.
5. Duration	Remains in force for 4 years, extendable upto 10 years from the date of levy.	Remains in force for 5 years, extendable by further 5 years.
6. Exception	Not levied if imports from a developing country does not exceed 3% and total imports from all developing countries (each with share upto 3%) does not exceed 9% in total.	Exceptions to levy of this duty are listed in section 9B.

**(b)** The total quantity sold at a single price is as given below:

Total quantity sold	Unit price ₹
65	95
50	100
60	105
25	110

The greatest number of units sold at a particular price is 65, therefore the unit price in the greatest aggregate quantity is ₹ 95.