

INTERMEDIATE EXAMINATION

June 2023

P-11(ITX)
Syllabus 2016

Indirect Taxation

Time Allowed: 3 hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.
Wherever required, the candidate may make suitable assumptions
and state them clearly in the answers.
Working notes should form part of the relevant answers.

GST (Section-A)

Part-I

(All questions are compulsory in Part-I)

- 1. (a) Choose the correct option from amongst the *four* alternatives given:** 1×5=5
- (i) Powers to declare certain activities/transactions as neither supply of goods nor supply of services under GST law
- (A) Schedule I
- (B) Schedule II
- (C) Schedule III
- (D) Schedule IV
- (ii) Under GST the period prescribed for issuance of tax invoice in the case of provision of services is
- (A) generally, 30 days from the supply of service (in case of Banking companies – 45 days from the date of supply).
- (B) generally, 45 days from the date of the supply of service (in case of Banking companies - 30 days from the date of supply).
- (C) generally, 30 days from the date of the supply of service (in case of Banking companies - 60 days from the date of supply).
- (D) 30 days from the date of supply of service in all cases.

- (iii) What is time of supply of goods liable to tax under reverse charge mechanism under GST?
- (A) Date on which the payment is made
(B) Date of receipt of goods
(C) Date immediately following 30 days from the date of issue of invoice by the supplier
(D) Earlier of (A) or (B) or (C)
- (iv) Which of the following services provided by Department of Posts are exempt From GST?
- (A) Speed post
(B) Ordinary post (envelopes weighing less than 10 grams)
(C) Life Insurance
(D) Express parcel post
- (v) Value of supply under Section 15 of the CGST Act, 2017, is:
- (A) Transaction value
(B) Market value
(C) Maximum retail price
(D) Wholesale price

(b) Match the following :

1×5=5

	Column-I		Column-II
1.	Principal supply	A	GSTR-6
2.	License to occupy land	B	GST REG-01
3.	Return for the input service distributor	C	The supply of goods or services which constitutes the predominant element of a composite supply
4.	Application form for GST registration	D	Supply of services
5.	Person who are required to pay tax under reverse charge	E	Compulsory registration

(c) State whether the following statements are True or False:

1×5=5

- (i) Manish, a registered supplier of machinery takes deduction of depreciation on the GST component of the cost of capital goods as per Income Tax Act, 1961. The Manish can avail 50% ITC of the said tax component under GST law.

- (ii) Divy, a person of Sikkim is eligible to opt for composition levy provided his previous year turnover (aggregate) exceeds ₹ 75 lakh.
- (iii) ITC is not allowed if the goods are stolen under GST law.
- (iv) IGST would be levied and collected by the Central Government as well as State Government on all inter-state transactions of taxable goods or services.
- (v) GST threshold limit of turnover for Nagaland State for supplier engaged exclusively in supply of goods is ₹ 40 lakhs.

(d) Fill in the blanks:

1×5=5

- (i) Under GST the place of supply for post-paid telecommunication services will be the _____.
- (ii) Where a person becomes liable to get registered under GST law, he should furnish application for registration within _____ days.
- (iii) The frequency to file GSTR-1 is _____ for person opted regular scheme of return filing.
- (iv) Goods and Services Taxpayer Identification Number (GSTIN) is a state- wise PAN based _____ digit number.
- (v) The _____ is a Chairperson of the GST Council.

Part-II

(Answer any four questions in Part-II)

2. (a) Briefly explain the difference between Direct Taxes and Indirect Taxes. 6
- (b) Mrs Mahima, a registered person provided following information for the month of October, 2022:—

SN	Particulars	₹
i.	Value of taxable outward supplies (which include ₹ 2,00,000 was in course of Inter-State transactions)	8,00,000
ii.	Value of exempt supplies	4,00,000
iii.	Value of inward supplies on which she is liable to pay tax under reverse charge	3,00,000
iv.	Value of exports	20,00,000
v.	Payment of CGST and SGST	1,00,000
vi.	Payment of IGST	50,000
vii.	Payment of custom duty on export	20,000

You are required to briefly discuss the provision related to aggregate turnover under the CGST Act, 2017 and compute the aggregate turnover of Mrs Mahima for the month of October, 2022 on the basis of above information. All amounts are exclusive of GST. 9

3. (a) Determine Place of Supply along with reasons in the following independent cases under GST law.

- (i) Miss Rakhi (Mumbai) boards the Mumbai-Jaipur train at Mumbai. She sells biscuit packets taken on board by her at Mumbai, in the train at Pune during the journey.
- (ii) Mr Mohan, an interior decorator (New Delhi), provides interior decoration services to Mr Joy of Australia in relation to his immovable property located in Chennai.
- (iii) Mrs Jyoti (Jaipur), buys a ticket for a circus organized at Kolkata.
- (iv) X Ltd. an event management company (New Delhi) is hired by Mr Jai (unregistered person based in Bangalore) to plan and organise his marriage in Canada.

2+2+2+2=8

(b) Shri Ram Trader, a registered dealer, furnishes the following information relating to goods sold by it to Mohan Trader in the course of Intra State:—

SN	Particulars	₹
i.	List Price of the goods	5,00,000
ii.	Municipal taxes levied by local authority on the sale of such goods	10,000
iii.	Inspection charges	5,000
iv.	Subsidies received from Jai Hanuman Trust, directly linked to price (As the products is going to be used by blind association)	50,000
v.	Late fees for delayed payment (Though Mohan Trader made late payment but these charges are waived by Shri Ram Trader)	2,000
vi.	Weightiest charges paid to Shiv Ltd. by Mohan Trader on behalf of Shri Ram Trader	2,500

According to GST law, you are required to determine the value of taxable supply made by Shri Ram Trader. Items given in point no.ii to vi are not considered while arriving at the list price of the goods given in point no.i.

4. (a) Briefly explain the followings with reference to CGST Act, 2017:—

(i) Revised Tax Invoice

(ii) Receipt Voucher

3+2=5

(b) Raj Ltd. a manufacturer procured the following goods in the month of October, 2022.

SN	Particulars	GST Paid ₹
(i)	Inputs used for the manufacture of the final product	20,000
(ii)	Goods destroyed due to natural calamities	2,000
(iii)	Food and beverages used in dealer's meet	10,000
(iv)	Food and beverages purchased for the employees during office hours	5,000
(v)	Goods used for setting up Telecommunication Towers being immovable property	1,50,000
(vi)	Account paper for photocopying machine used in administrative office	4,000
(vii)	Goods purchased without invoice	50,000
(viii)	Goods used for providing services during warranty period	15,000

Compute the amount of Input Tax Credit (ITC) available with Raj Ltd. for the month of October, 2022 by giving necessary explanations. Assume, that all the other conditions necessary for availing ITC have been fulfilled.

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5. (a) State with brief reason, whether following supplies of taxable goods are required to register under the GST law:—

(i) Ramesh is engaged in wholesale cum retail trading of footwear in the State of Tripura. His aggregate turnover during the financial year is ₹ 8 lakh which consists of ₹ 5 lakh as Intra-State supply and ₹ 3 lakh as Inter-State supply.

(ii) Kajal of Goa is exclusively engaged in Intra-State taxable supply of readymade garments. Her aggregate turnover in the current financial year is ₹ 22 lakh.

2+2=4

- (b) Kamesh Services Ltd. registered under GST, is engaged in providing various services to Government of Tamil Nadu. The company provides the following information in respect of services provided during the month of November, 2022:

SL NO.	Description of Services provided
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods.
(ii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares along with maintenance. Generally, replacement of defunct lights and other spares constitutes 35% of the supply of service.
(iii)	Service of brochure distribution provided under a training program for which 70% of the total expenditure is borne by the Government.
(iv)	Service rendered to water and sewage connection.

Comment on the taxability or otherwise of the above transactions under GST law. Also state the correct legal provisions for the same. 6

- (c) Examine whether the following activities would amount to supply under section 7 of the CGST Act, 2017:—

- (i) Vishnu Ltd. have a factory in Kolkata and a depot in Delhi. Both these establishments are registered in respective States. Finished goods are sent from the Kolkata factory to the Delhi depot without consideration so that the same can be sold.
- (ii) Mahesh is a lawyer, (registered under GST) in Mumbai. His sister who is settled in France is a well-known architect. Mahesh has sought architect services from her free of cost with respect to his newly constructed residential house in Mumbai. 3+2=5

6. (a) Determine the time of supply for the purpose of payment of tax in the following independent cases as per the provisions of the CGST Act, 2017:—

- (i) Palak Ltd. sells goods to Sita Ltd. on 15th October, 2022. The invoice for the same is issued on 17th October, 2022. Payment for the goods is received on 5th October, 2022.

- (ii) Mahadev Ltd. provides services to Raj Ltd. on 10th November, 2022. Mahadev Ltd. issues the invoice for the services on 14th November, 2022. Payment is received in the bank account of Mahadev Ltd. on 20th November, 2022 and is recorded in the books of account of Mahadev Ltd. on 30th November, 2022.

3+3=6

- (b) Examine in relation to composition levy scheme under the CGST Act, 2017 and the rules made thereunder in the following individual cases:

- (i) Laxman is a manufacturer of aerated water and ice-cream in State of Rajasthan. His turnover for the year does not exceed ₹ 150 lakh. He wants to register for composition levy scheme. Is he eligible for composition scheme?
- (ii) Urmila Ltd. has 2 branches Karol Bagh & Chandni Chowk in Delhi, having same Permanent Account Number (PAN). Karol Bagh branch opts for normal scheme. Urmila Ltd. wants to continue composition levy in case of its Chandni Chowk branch. Can Urmila Ltd. continue composition levy only for Chandni Chowk branch?
- (iii) Bharat of Maharashtra opts for composition scheme during a financial year 2021-2022. But on 15th February, 2022 his turnover crosses ₹ 150 lakh, how long can he continue be under composition levy scheme?

3+3+3=9

7. You are required to write short notes on *any three* out of four sub questions: 5×3=15

- (a) When is e-Way required to be generated under rule 138(1) of the CGST Rules, 2017?
- (b) Explain Special Audit under section 66 of the CGST Act, 2017.
- (c) Under GST who is required to furnish final return, time limit for filing of final return and late fees for delay in filing final return?
- (d) Manner of utilisation of ITC under GST law.

Customs (Section-B)

Part- III

(All questions are compulsory in Part-III)

- 8. (a) Choose the correct option from amongst the four alternatives given: 1×5=5**
- (i) _____ means vessel or cargo which is abandoned in sea without any hope of recovering it under Customs Act, 1962.
- (A) Derelict
(B) Jetsam
(C) Flotsam
(D) Wreck
- (ii) Under Customs Rules, the loading, unloading and handling charges associated with the delivery of the imported goods at the place of importation shall be added _____ to the CIF value of the goods.
- (A) 20% of FOB value of the goods
(B) 1.125% of FOB value of the goods
(C) actual amount
(D) no amount
- (iii) In applying rule 4 of the Customs Valuation Rules, if more than one transaction value of identical goods is found _____ shall be used to determine the value of imported goods.
- (A) highest of such value
(B) lowest of such value
(C) average of such value
(D) value of greatest aggregate quantity

(iv) The provisional safeguard duty shall be in force for a maximum period of _____ days from the date of its imposition under Customs Tariff Act.

(A) 100

(B) 200

(C) 300

(D) 500

(v) Under Customs Tariff Act the protective duty imposed on imported goods for the protection of the interests of any industry established in India on the recommendation of _____.

(A) Central Government

(B) State Government

(C) Tariff Commission

(D) Supreme Court

Part-IV

(Answer any one question in Part-IV)

9. (a) Distinguish between Pilfered goods and Lost/destroyed goods as per the provisions of the Customs Act, 1962. 7

(b) Vansh International of Delhi imported a machine from USA. You are required to determine the CIF/Assessable value and total amount of all customs duties payable under Customs Act, 1962, from the following particulars:—

SN	Particulars	
i.	FOB value of the Machine	USD10000
ii.	Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	USD 2500
iii.	Design and development charges paid in USA	USD 500
iv.	Unloading and handling charges paid at the place of importation	₹ 2,000
v.	Commission payable to an agent in India	₹ 10,000
vi.	Insurance charges have been actually paid but details are not available	
Bill of entry		30-09-2022 (Rate of BCD 10%; Exchange rate as notified by CBIC ₹ 78 per USD)
Entry inward		20-09-2022 (Rate of BCD 20%; Exchange rate as notified by CBIC ₹ 76 per USD)
Social Welfare Surcharge (SWS)		10%
Integrated tax payable u/s 3(7) of the Customs Tariff Act,1975		12%
Ignore GST compensation cess and Agriculture infrastructure and development cess		

- 10. (a) (i)** Write short note on licensing of Special Warehousing as per Section 2(43) of the Customs Act, 1962.
- (ii)** Briefly state the rights of the owner of warehoused goods under section 64 of the Customs Act, 1962.

- (b) Laxmi Corporation has exported following products to Japan. You are required to determine the amount of duty drawback (if any) is allowable under section 75 of Customs Act, 1962 in the following cases.

Product	FOB Value of Exported product ₹	Market price of product ₹	Rate of duty drawback	Imported value of product ₹
A	8,80,000	9,35,000	3.50% of FOB value	10,45,000
B	2,75,000	1,98,000	30% of FOB value	1,50,000
C	3,000	3,100	1.50% of FOB value	2,500
D	1,10,000	55,000	0.75% of FOB value	40,000

SUGGESTED ANSWERS TO QUESTIONS

SECTION-A

PART-I

1.(a)

- (i) (C)
- (ii) (A)
- (iii) (D)
- (iv) (B)
- (v) (A)

1. (b)

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

1. (c)

- (i) False
- (ii) False
- (iii) True
- (iv) False
- (v) False

1. (d)

- (i) Billing address
- (ii) 30 days
- (iii) Monthly
- (iv) 15
- (v) Union Finance Minister

PART-II

2. (a)

Direct Taxes	Indirect Taxes
Payer of tax and sufferer of tax one and same (i.e., impact and incidence on the same person)	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)
Income based taxes	Supply based taxes
Rate of taxes are different from person to person	Rate of duties are not differed from person to person
Entire revenue goes to Central Government of India	Revenue source to Central Government of India as well as State Governments (i.e., CGST and SGST)
Previous year income assessed in the assessment year	There is no previous year and assessment year concept
Central Board of Direct Taxes (CBDT) is an important part of Department of Revenue.	Central Board of Indirect Taxes & Customs (CBIC). is an important part of Department of Revenue.
Progressive nature.	Regressive nature.

2. (b)

The term aggregate turnover means the aggregate value of:

- (i) All taxable supplies,
- (ii) exempt supplies,
- (iii) exports of goods or services or both and
- (iv) inter-state supplies of person having the same PAN, to be computed on all India basis but excluding
 - Central Tax, State Tax, Union Territory Tax, integrated tax and Cess.
 - the value of inward supplies on which tax is payable by a person on reverse charge basis

Aggregate turnover = ₹ 32,20,000

3. (a)

(i) **Mumbai**

Place of supply of goods supplied on a board a conveyance like train is the location where such goods have been taken on board.

(ii) **Chennai**

In a case where location of supplier or location of recipient of service is outside India, the place of supply of services supplied directly in relation to an immovable property including that of interior decorators is the place where the immovable property is located.

(iii) **Kolkata**

The place of supply is the location where the event is actually held i.e., circus is held.

(iv) **Bangalore**

The recipient being an unregistered person and the event held outside India, the place of supply is the location of the recipient.

3. (b)

Value of taxable supply = ₹ 5,67,500

4. (a)

(i) Revised Invoice [Section 31(3) (a) of the CGST Act, 2017]:

A registered person may, within one month from the date of issuance of certificate of registration and in such manner as prescribed in the Invoice Rules, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him.

This provision is necessary, as a person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the time period and registration is granted, the effective date of registration is the date on which the person became liable for registration. Thus there would be a time lag between the date of grant of certificate of registration and the effective date of registration.

(ii) Receipt Voucher [section 31(3)(d) of the CGST Act, 2017]:

Whenever a registered person receives an advance payment with respect to any supply of goods or services or both, he has to issue a receipt voucher evidencing the receipt of such payment.

Proviso to Rule 50 of the CGST Rules, 2017, if at the time of receipt of advance,

- The rate of tax is not determinable, the tax may be paid @ 18%;
- The nature of supply is not determinable the same shall be treated as inter-State supply.

4. (b)

Total Input Tax Credit (ITC) available = ₹ 39,000

5. (a)

- (i) The applicable threshold limit for registration for Ramesh in the given case is ₹ 10 lakh since Tripura is a Special Category State. (With effect from April 2019 – limit increased to ₹ 20 Lakh).
Person making any Inter-State taxable supply of goods is required to obtain registration compulsorily under GST laws irrespective of the quantum of aggregate turnover.
Thus, in the given Ramesh is required to obtain registration compulsorily under GST laws even though his aggregate turnover does not exceed the threshold limit of Rs.10 lakh in the financial year.
- (ii) The applicable threshold limit for registration for Kajal in the given case is Rs.40 lakh as she is exclusively engaged in intra-State taxable supply of goods in Goa.
Thus, she is not liable to get registered under GST as her turnover is less than the applicable limit.

5. (b)

S. No	Particulars	Taxability
(i)	Supply of manpower for cleanliness of roads not involving any supply of goods. [Pure services provided to Government are exempt.]	Exempt
(ii)	Service of maintenance of street lights in a Municipal area involving replacement of defunct lights and other spares constituting 35% of the supply of service. [Composite supply of goods and services to Government in which the value of supply of goods constitutes not more than 25% of the value of the said composite supply is exempt. Since, in this case value of supply of goods constitutes 35% of the supply of composite service, same is taxable.]	Taxable
(iii)	Service of brochure distribution provided under a training programme [Services provided to the Government under any training programme for which 75% or more of the total expenditure is borne by the Government is exempt. Since in the given case, 70% of the total expenditure is borne by the Government, it is taxable.]	Taxable
(iv)	Service related to water and Sewage connection Any services related to basic amenities to municipalities are exempted from tax.	Exempt

5. (c)

- (i) Schedule I of the CGST Act, 2017 inter alia, stipulates that supply of goods between distinct persons as specified in section 25, is supply even without consideration provided it is made in the course or furtherance of business.
Persons registered in two States is treated as distinct persons in respect of each such registration. In view of the same, factory and depot of Vishnu Ltd are establishments of two distinct persons. Therefore, supply of goods from Kolkata factory of Vishnu Ltd to Delhi depot without consideration, but in course/furtherance of business, is supply under section 7 of the CGST Act, 2017.
- (ii) Schedule I of the CGST Act, 2017 inter alia, stipulates that import of services by a person from a related person located outside India, without consideration is treated as supply if it is provided in the course or furtherance of business.
In the given case, Mahesh has received architect services from his sister free of cost in a personal purpose and not in course or furtherance of business. Hence, services provided by Mahesh' sister to him would not be treated as supply under section 7 of the CGST Act, 2017.

6. (a)

(i)

(a) Date of issue of invoice

Or

(b) The last date on which invoice ought to have been issued in terms of section 31(1) and whichever is earlier.

As per section 31(1), the invoice in case of supply of goods needs to be issued either before or at the time of removal/delivery of goods.

In this case, the invoice is issued after the time of removal of the goods

Therefore, time of supply of goods is the due date of issue of invoice, which is 15th October, 2022.

(ii)

(a) Invoice is issued within 30 days from the date of supply of service:-

Earliest of the following:-

Date of issue of invoice by the supplier (14th November, 2022)

Or

Date of receipt of payment (20th November, 2022)

Therefore, time of supply is the date of issue of invoice, which is 14th November, 2022.

Date of receipt of payment means

(i) Date of entering the payment in books of account (30th November, 2022)

Or

(ii) Date of crediting of payment in bank account (20th November, 2022)

Whichever is earlier

i.e., 20th November, 2022

6. (b)

(i) A registered person who is engaged in manufacture of, inter alia, aerated water and ice-cream, is not eligible to opt for composition levy even if his aggregate turnover does not exceed Rs.150 lakh.

Therefore, in the given case, Laxman is not eligible to opt for composition levy.

(ii) Where person having the same Permanent Account Number (PAN), has more than one registration, the registered person shall not be eligible to opt for composition scheme unless all such registered persons opt to pay tax under composition scheme. In other words, all the registrations under the same PAN have to opt for composition scheme.

In view of the same, in the given case, Urmila Ltd cannot continue with composition scheme only for Chandni Chowk branch.

(iii) The option to pay tax under composition levy availed of by a registered person lapses with effect from the day on which his aggregate turnover during a financial year exceeds the threshold limit of Rs.150 lakh.

He needs to pay tax under normal scheme from that day.

Since in the given case, the turnover of Bharat crosses Rs.150 lakh on 15th February, 2022, he cannot continue under composition scheme from that day.

7. (a)

E-way bill will be generated when there is a movement of goods in a vehicle/ conveyance of value more than Rs 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

Therefore, E-way Bills must be generated on the common portal for all these types of movements. For certain specified Goods, the e-way bill needs to be generated mandatorily even if the Value of the consignment of Goods is less than Rs. 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.

7. (b)

- The registered person can be directed to get his records including books of account examined and audited by a Chartered Accountant or a Cost Accountant during any stage of scrutiny, inquiry, investigation or any other proceedings; depending upon the complexity of the case. Any officer not below the rank of Assistant Commissioner may order special audit, with the prior approval of the Commissioner, if he is of the opinion that the value has not been correctly declared or the credit availed is not within the normal limits.
- Audit is to be completed within 90 days.
- However, the Assistant Commissioner can extend this period by a further period of 90 days.

7. (c)

Every registered person who is required to furnish a return and whose registration has been surrendered or cancelled is required to file a final return.

The final return has to be filed within 3 months of the:

- (i) date of cancellation

Or

- (ii) date of order of cancellation

Whichever is later.

Quantum of late fee for not filing the final return is as follows:

- (i) Rs.100 for every day during which such failure continues

Or

- (ii) Rs.5000

Whichever is lower.

An equal amount of late fee is payable under the respective SGST/UTGST/CGST Act as well.

7. (d)

The manner of utilisation of ITC under GST law is as under:

1. IGST credit should first be utilized towards payment of IGST.
2. Remaining IGST credit, if any, can be utilized towards payment of CGST and SGST/UTGST in any order and in any proportion.
3. Entire ITC of IGST should be fully utilized before utilizing the ITC of CGST or SGST/UTGST.
4. Subsequently, ITC of CGST should be utilized for payment of CGST and IGST in that order.
5. ITC of SGST/UTGST should be utilized for payment of SGST/UTGST and IGST in that order.
6. ITC of SGST/UTGST should be utilized for payment of IGST, only after ITC of CGST has been utilized fully.
7. ITC of SGST/UTGST cannot be utilized for payment of CGST and vice versa.

SECTION-B**PART- III****8.**

- (i) (A)
- (ii) (D)
- (iii) (B)
- (iv) (B)
- (v) (C)

PART-IV**9. (a)**

Pilfered goods	Lost/Destroyed goods
Covered by Section 13	Covered by Section 23(1)
No duty payable on such goods	Duty paid on such goods to be remitted
Department gets compensation from the custodian (Section 45(3))	No such compensation
Petty theft by human being	Loss/Destruction by fire, flood etc. (Act of God)
Restoration possible	Restoration is not possible
Occurrence is after unloading and before Customs clearance order for home consumption or warehousing	Occurrence may be at the time before clearance for home consumption
Occurrence in warehouse not recognized	Occurrence in warehouse is recognized
Duty need to be calculated	Duty should be calculated for determining the remission amount
No need to prove pilferage. It is quite obvious	Should be proved and remission sought for

9. (b)

Computation of CIF/Assessable value and total Customs duty payable

Particulars	₹
CIF Value/Assessable value	1004126.25
Total Customs Duty Payable (rounded off)	244204

10. (a)

- (i) Section 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.

Section 58A (2): - The Board may, by notification in the Official Gazette, specify the class of goods which shall be deposited in the special warehouse licensed under sub-section (1).

Consequently, CBEC, vide Notification No.66/2016 Cus (NT) dated 14-05-2016 has notified the following class of goods which shall be deposited in a special warehouse:

- gold, silver, other precious metals and semi-precious metals and articles thereof;
- goods warehoused for the purpose of:
 - (a) Supply to DFS (Duty Free Shops) in a customs area;
 - (b) Supply as stores to vessels/aircrafts under Chapter XI of the Customs Act, 1962;
 - (c) Supply to foreign privileged persons in terms of the Foreign Privileged Persons (Regulation of Customs Privileges) Rules, 1957.

(ii) The owner of any warehoused goods may, after warehousing the same: -

- (a) inspect the goods;
- (b) deal with their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods;
- (c) sort the goods; or
- (d) show the goods for sale

10. (b)

Product	Duty Drawback allowable (₹)
A	Not Allowed
B	66,000
C	Not Allowed
D	825