DEPARTMENTAL EXAMINATION OF INSPECTORS OF CENTRAL EXCISE
(PAPER-I) CENTRAL EXCISE (Without Books)

Date : 01.08.2017
Time : 10.00 am To 1.00 PM
MAXIMUM MARKS: 100
PASS MARKS: 50

Note:
1. All Questions are compulsory and carry equal marks.
2. Candidates have options to answer in Hindi.
3. Use of Mobile/Smart Phones is strictly prohibited during examination.

Q.No.1 Please indicate whether the following statements are TRUE or FALSE? All parts of this question are compulsory and each part is of one mark.

(i) Duty of excise on goods manufactured or produced in an EOU is levied at the rates specified in 1st and 2nd Schedule of the Central Excise Tariff Act, 1985.

(ii) As per the Central Excise Act, 1944, an Inspector may, with prior approval of Commissioner or Principal Commissioner of Central Excise, arrest any person whom he has reason to believe to be liable for punishment under this Act.

(iii) There is no time limit for issuing demand for recovery of interest payable if the same has not been paid or short paid.

(iv) The order passed by Additional /Joint Commissioner can be reviewed by a committee of Commissioners.

(v) In Central Excise, Deputy/Assistant Commissioner is authorized to issue search warrant.

(vi) There is no time limit to issue notice under section 11D to demand duty in cases where a person has collected any amount in excess of duty assessed or determined and paid.

(vii) After seizure of goods, such goods vests in the Central Government.

(viii) A manufacturer is allowed to avail Cenvat credit of the Additional Duty of Customs equivalent to duty of excise, on imported inputs as paid under section 3 of the Customs Tariff Act, 1975.

(ix) The Cenvat Credit Rules, 2004 do not allow availment of Cenvat credit of excise duty paid on Light Diesel Oil, High Speed Diesel oil or Motor Spirit.

(x) If the capital goods on which Cenvat credit has been taken, are removed as waste and scrap, the manufacturer will have to pay an amount equal to credit availed.

Q.No.2 Fill in the blanks. All parts of the question are compulsory and are of one mark each.

(i) Where excisable goods are not sold by an assessee, but are captively consumed for manufacture of other articles, the value of such goods shall be _______________of the cost of production of such goods.

(ii) In cases of non/short payment of excise duty by reason frauds, collusion, willful mis-statement, suppression of fact or contravention of any provision of the Central Excise Act and Rules made thereunder with an intent to evade payment of duty, if duty demanded under a show-cause notice is paid along-with interest and penalty equal to_________ percent within ______ days of communication of show-cause notice, the proceedings in respect of duty, interest and penalty shall be deemed to be concluded.

(iii) Packing or repacking of goods, labelling or re-labelling of containers including declaration, alteration of retail sale price or any other treatment to render the product marketable in respect of goods specified in _______________ will be manufacture.

(iv) Pharmaceutical products are covered in Chapter ___________ of the First Schedule to the Central Excise Tariff Act, 1985.

(v) The legal authority to levy Special duty of excise is provided in ____________ to _____________

Q.No.3 Please indicate the correct option out of four options given below.

(i) Protective SCN is issued to the party when,-
   (a) Audit para is contested by the Department.
   (b) Audit Para has been admitted by the Department.
   (c) Audit para is contested by the Party.
   (d) Audit Para has been admitted by the Party.

(ii) Following is not a ground for transfer of case to Call book -
   (a) Where Department has gone in appeal before the Appropriate Authority
(b) Where injunction has been issued by SC/HC.
(c) Case which has been admitted by Settlement Commission
(d) Case of provisional assessment

(iii) Taking statement under Section 14 of the Central Excise Act, 1944 is:
(a) non-judicial proceeding within the meaning of Section 193 and 228 of IPC.
(b) judicial proceeding within the meaning of Section 193 & 228 of IPC
(c) a quasi judicial proceeding during the course of an enquiry
(d) mandatory before issuance of Show Cause Notice

(iv) Under which provision, a complaint may be filed in Court, If a person does not appear in response to the Summon issued under Customs or Central Excise Laws?
(a) Section 174 of the Code of Civil Procedure
(b) Section 174 of the Indian Penal Code
(c) Section 174 of the Criminal Procedure Code
(d) Section 175 of the Indian Penal Code

(v) The provisions relating to appeals before the Commissioner (Appeals) are contained in which section of the Central Excise Act, 1944:-
(a) Section 35 & 35A
(b) Section 35G
(c) Section 35H
(d) Section 35L

(vi) As per Section 35F of Central Excise Act, 1944, what is the quantum of pre-deposit at the time of filing appeal (w.e.f. 06.08.2014) against the order passed by Commissioner(Appeals), before the CESTAT:
(a) 5% of the duty, in case where duty or duty and penalty are in dispute; or penalty, where such penalty is in dispute (aggregate of all penalties imposed)
(b) 7.5% of the duty, in case where duty or duty and penalty are in dispute; or penalty, where such penalty is in dispute (aggregate of all penalties imposed)
(c) 10% of the duty, in case where duty or duty and penalty are in dispute; or penalty, where such penalty is in dispute (aggregate of all penalties imposed)
(d) 12.36% of the duty, in case where duty or duty and penalty are in dispute; or penalty, where such penalty is in dispute (aggregate of all penalties imposed)

(vii) 335-J register is maintained for
(a) Offence cases
(b) Unconfirmed demands
(c) Confirmed demands
(d) Assessee’s profile

(viii) Who is authorized for compounding of offences on payment of compounding amount:
(a) Revenue Secretary
(b) Central Board of Excise and Customs
(c) Principal Chief Commissioner/Chief Commissioner
(d) Principal Commissioner/Commissioner

(ix) Transaction Value under section 4 of the Central Excise Act, 1944 shall not include following charges paid/borne by the buyers:
(a) Packing charges
(b) Warranty charges
(c) Value of raw materials/components etc. supplied free of cost to manufacturer
(d) Interest on delayed payment

(x) An O-In-O passed by an Assistant Commissioner in respect of remission of Central Excise duty against the party was challenged before Commissioner (Appeals) and it was upheld by the Commissioner (Appeals) also. Now the party may approach further to :
(a) CESTAT
(b) High Court
(c) Joint Secretary(RA)
(d) Settlement Commission

Q.No.4 Please indicate Relevant Section of the Central Excise Act, 1944 and/or Rules made thereunder for the following: [1x10=10]
(i) Valuation based on retail sale price. (vi) Appointment and jurisdiction of Central Excise Officers
(ii) Recovery of confirmed dues (vii) General Penalty
(iii) Service of decisions, order Summons etc. (viii) Provisional Assessment
(iv) Confiscation and penalty (ix) Power to Summon persons
(v) Filing of Return (x) Distribution of credit by Input Service Distributor
Q.No.5  Answer any five parts. Each part is of 3 marks:  

(i) What is the difference between valuation of excisable goods under section 4 and section 4A of the Central Excise Act, 1944.

(ii) As per the provisions of Central Excise Act, 1994, who is required to be registered with the Central Excise Department?

(iii) Discuss briefly whether Central Excise duty is attracted on excisable goods manufactured in (a) in the state of Jammu & Kashmir; and (b) by or on behalf of Government. Provisions of law, if any, may be cited.

(iv) Define 'manufacture' as per the Central Excise Act, 1944.

(v) What are the cases where appeal against the order of Commissioner (Appeals) does not lie to the CESTAT?

(vi) What are the relevant dates for determination of rate of duty and tariff valuation in case of (i) removal of excisable goods from factory/warehouse and (ii) excisable goods are capitably consumed?

Q.No.6  Answer any 5 parts of this question.  

(i) Define the term "Related Persons" under the Central Excise Act, 1944 relating to valuation of goods in Central Excise.

(ii) Company 'A' sold goods to Company 'B' at a value of Rs.1000 per unit. In turn, Company 'B' sold the same to Company 'C' at a value of Rs.1100 per unit. Company 'A' and 'B' are related persons, whereas 'B' and 'C' are unrelated. Determine the value on which excise duty is payable by the company 'A'. Quote the relevant rule.

(iii) Determine the assessable value for the purpose of levy of Excise duty if the Cum-duty selling price of the goods exclusive of sales tax is Rs.1,20,000/- and the rate of Excise duty including Education Cess applicable to the product is 10.30%. In this case Trade discount allowed is Rs.20,000/- and freight is Rs.5,000/-?

(iv) Explain the meaning of Single Dash (-), Double Dash (--) and Triple Dash (- - -) or quadruple Dash (- - - -) used in Excise Tariff/Customs Tariff Schedule.

(v) What is Specific Duty? Indicate 2-3 commodities on which Specific Duty is levied.

(vi) What are the conditions for treating the transaction value as the assessable value of the excisable goods?

Q.No.7  An SSI unit has effected clearances of goods of the value of Rs.775 lakhs during the financial year 2015-16. The said clearances include the following:-  

(i) Clearance of excisable goods without payment of duty to a 100% EOU Rs.150 lakhs;

(ii) Job work in terms of Notification No.214/86 CE which is exempt from duty Rs.150 lakhs;

(iii) Export to Nepal and Bhutan Rs.50 lakhs; and

(iv) Goods manufactured in rural area with the brand name of others Rs.90 lakhs.

Examine whether benefit of SSI exemption under notification No.8/2003-CE dated 01/03/2003 would be available to the unit for the financial year 2016-17?

Q.No.8  Write short notes on any three of the following:-  

(i) Types of periodical returns under the Central Excise Law, their due dates of filing and assesses who are required to file such returns.

(ii) Provisional attachment of property to protect revenue

(iii) Special Audit under section 14AA of the Central Excise Act, 1944


Q.No.9  Answer the following. Each part is of 5 marks:  

(i) A DTA unit X purchases goods from a 100% EOU. Calculate the CENVAT credit available to unit X on purchase of 1000 units of goods if assessable value of goods is Rs.800/unit. The rates of basic Customs Duty and Additional Duty of Customs (CVD) are 10% and 12% respectively. Rate of Central Excise duty as specified in 1st schedule of Central Excise Tariff on such goods is 12.5%.

(ii) A manufactures XYZ two products namely, Product A and Product B. Product B is a specified product under Section 4A of Central Excise Act, 1944. The sales prices of the products A and B are at Rs.60/unit
and Rs.40/unit respectively. The sales price of both products included 10% Excise duty as BED and 8% Excise duty as SED. It also includes VAT of 4%. Deduction permissible under section 4A is 40%. The quantity of manufactured goods cleared are as follows:

- Product A: 1,00,000 units
- Product B: 2,00,000 units

Calculate the total Excise duty liability of XYZ Ltd., on both the products?

Q.No.10

(i) A manufacturer XYZ manufactures miscellaneous types of goods. The details of goods manufactured and removed during the preceding financial year (2016-17) are as follows:

- (a) Non-exempted goods: valued at Rs.1,00,00,000/-
- (b) Exempted goods: valued at Rs.47,00,000/-. 

During the month of June, 2017, the manufacturer availed total credit of Rs.22,50,000/-. Out of total credit availed, credit amounting to Rs.1,00,000/- is attributable to inputs and input services exclusively used to manufacture exempted goods. Further credit amounting to Rs.2,00,000/- is attributable to inputs and input services exclusively used to manufacture non-exempted goods. The clearance values of final products during the month of June, 2017 are as follows:

- (a) Total Value of Non-exempted goods: Rs.50,00,000/-
- (b) Total value of exempted goods: Rs.30,00,000/-

Please state as to what are the options available to manufacturer under Rule 6(3) of the Cenvat Credit Rules, 2004 to pay the amount/reverse the credit equal to ineligible credit during the month of June, 2017. Quantify the amount payable/credit to be reversed in respect of ineligible credit in both the options. [6]

(ii) During the search of a factory and office premises of assessee on 15 June, 2017, certain incriminating documents were recovered, which indicated that the assessee had suppressed the production and cleared the goods clandestinely without payment of duty. Stock taking of finished goods showed shortage of goods. It was also noticed that assessee had not filed returns for 2 months. It was also observed that the assessee had claimed benefit of an exemption which was not applicable to them.

Please write the provisions of Central Excise Act, 1944 and rules made thereunder, contravened by the assessee? [5]