PAPER-I (Central Excise)

Take the following Model Questions & Test your preparation for Departmental Examination to be held from 08.12.2015 to 11.12.2015

Q.No.1 Discuss the validity of the following with reference to Central Excise Rule 2002 :

(i) The procedure prescribed for export under claim for rebate and export without payment of duty under bond do not apply to Nepal.

(ii) In respect of goods received at concessional rate of duty, return is required to be filed on a monthly basis.

(iii) Submission of Annual Financial information statement in form ER-4 is compulsory for all assessee.

(iv) Record seized by department during investigation but not relied upon in the SCN should be returned within 30 days of issue of SCN (Show Cause Notice).

(v) Special audit under section 14 A and 14 AA of CE Act 1944 can be done by a cost accountant only.

(vi) High court is empowered to condone delay in filing appeal and cross objection filed under Section 35-G and 35-H of Central Excise Act 1944 beyond the prescribed limit.

Q.No.2 State briefly the amounts that are credited to the consumer welfare fund set up under Section 12-C of the Central Excise Act 1944.

Q.No.3 State the type of assesses required to submit quarterly return under Rule 9(8) of Cenvat Credit Rules 2004.

Q.No.4 State briefly with reasons whether registration under the Central Excise Act 1944 and rules made there-under is required in the following cases :-

(i) Importer who issues invoices.

(ii) Godown or duty free outlet of duty free shop.

(iii) Mines engaged in production of specified goods.

(iv) Premises used for affixing prices on pharmaceutical product.

Q.No.5 Bring out the conditions under which MRP valuation shall apply under Central Excise Act 1944.

Q.No.6 What is special Audit under Section 14AA of Central Excise Act, 1944? Who can conduct such audit, who can order such audit?

Q.No.7 Who are the persons liable to pay Central Excise duty?
Q.No.8 Discuss briefly and explain the residual penalty under Rule 27 of Central Excise Rules 2002.

Q.No.9 Enumerate the safeguards conditions and limitations subject to which the refund of Cenvat Credit shall be allowed under Rule 5 of Cenvat Credit Rules 2004.

Q.No.10 Explain briefly the significance of Rule 10A of the Central Excise Valuation (Determination of price of excisable goods) Rules 2000 relating to goods produced or manufactured by a job worker.

Q.No.11 What is difference between short levy and short payment?

Q.No.12 A manufacturing unit has made clearance of goods to the tune of Rs.610 Lac during the financial year 2014-2015. The said clearance include the following :-

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Job work done in terms of Notification No.214/86 dated 01.03.86</td>
<td>Rs. 80 Lac</td>
</tr>
<tr>
<td>(ii)</td>
<td>Export to Bhutan</td>
<td>Rs. 70 Lac</td>
</tr>
<tr>
<td>(iii)</td>
<td>Export to Dubai</td>
<td>Rs. 30 Lac</td>
</tr>
<tr>
<td>(iv)</td>
<td>Clearance of excisable goods without payment of duty to EOU unit</td>
<td>Rs.130 Lac</td>
</tr>
<tr>
<td>(v)</td>
<td>Goods manufactured in rural area with the brand name of other manufacturers.</td>
<td>Rs. 90 Lac</td>
</tr>
</tbody>
</table>

Whether the said unit is eligible for SSI exemption under Notification No.08/2003 dated 0103.2003 as amended during the financial year 2015-2016.

Q.No.13 A manufacturing unit ‘X’ which is not availing small scale benefits, sold a machine to a unit ‘Y’ for Rs.4,00,000 (excluding taxes and duties). A cash discount of 3% was allowed since unit ‘Y’ Ltd. had made full payment in advance. The following additional details are also available as below :-

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Actual freight and insurance from factory to buyer’s premises</td>
<td>Rs.25,000/-</td>
</tr>
<tr>
<td>(ii)</td>
<td>Cost of durable and returnable packing (such cost has been amortized and included in the cost of the machine)</td>
<td>Rs.5,000/-</td>
</tr>
<tr>
<td>(iii)</td>
<td>Expenses pertaining to installation and erection of the machine at unit ‘Y’ Ltd’s premises (machine was permanently fixed to earth)</td>
<td>Rs. 20,000/-</td>
</tr>
</tbody>
</table>
Determine the total amount of excise duty payable on the machine. Assume that transaction is on principal to principal basis. Also assume that rate of excise duty is 12.36%. Specific notes to be given in arriving at the assessable value of the machine.

Q.No.14 A manufacturing unit deposits the required amount of Rs.1,00,000/- as pre-deposit on 30.09.2014 and files an appeal before the CESTAT. The said appeal is decided in favour of the said manufacturing unit on 30.11.2014. The unit submits a letter seeking refund of pre-deposit on 07.12.2014 and the same was refunded on 15.12.2014. Please explain whether the unit is entitled to payment of interest on refund of such pre-deposit and compute the amount of interest payable, if any?

Q.No.15 A unit ‘X’ is manufacturing Zarda with a brand name of ‘Champa’. The manufacturer cleared ‘Champa’ Zarda to one ‘Y’ clandestinely, to store and subsequently sells the same. A case was booked against ‘Y’ alleging that they are related concern of ‘X’ i.e. Champa brand Zarda manufacturer. Accordingly, Commissioner Central Excise on adjudication imposed penalty under Rule 25 of Central Excise Rules 2002 on ‘Y’. However an appeal was filed by M/s ‘Y’ in CESTAT for relief from such penalty. Examine the case in terms of Rule 25 of Central Excise Rules 2002 as to whether penalty under Rule 25 of Central Excise Rules 2002 can be imposed on the firm ‘Y’? You may cite any relevant case decided on the issue to justify your stand.

******