Q.No.(1)  This question consists of fifteen multiple choice Questions. Identify the correct choice. All questions are compulsory. Each question is of one mark. A question may have more than one correct answer. [15x 1= 15 marks]

(i) Which of the following commodities is not subjected to payment of Export Duty at the time of export?
   (a) Iron Ore Pallets
   (b) Bauxite (natural) calcined
   (c) Snake skin
   (d) Ferrous Waste and Scrap
   (e) Gold Ore

(ii) What is the time limit prescribed under the Customs Act, 2016 as on date for issuance of demand notice U/s 28 of the Customs Act, 1962 in cases where fraud, suppression of facts, willful mis-statement is not involved?.
   (a) Six months
   (b) One year
   (c) Two Years
   (d) Three Years
   (e) Five years

(iii) Which of the following Rules have been substituted with new Rules w.e.f. 01.04.2016?
   (a) Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996
   (b) Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.
   (c) Customs, Central Excise Duties and Service Tax Drawback Rules, 1995.
   (d) Foreign Privileged Persons (Regulation of Customs Privileges) Rules, 1957.
   (e) None of the above

(iv) What is the quantum of pre deposit for a person filing second appeal before CESTAT when 7.5% of the duty has already been pre deposited by him at the time of filing first appeal before Commissions (Appeals).
   (a) 10% of duty.
   (b) 5% of duty
   (c) 2.5 % of duty
   (d) NIL
   (e) None of the above.

(v) A person can make an application to the settlement commission under Custom Act?
   (a) Before issue of show cause notice.
   (b) Before adjudication.
   (c) Within thirty days from the date of issue of O-I-O.
   (d) Before filing appeal.
   (e) None of the above.
(vi) Which of these is/are not an adjudicating authority under Customs Act, 1962?
(a) Commissioner of Customs
(b) Principal Commissioner of Customs
(c) Commissioner (Appeals)
(d) Assistant Commissioner of Customs
(e) Tribunal

(vii) As per section 11 of the Customs Act, 1962, which of these is a purpose for which Central Government may prohibit (absolutely or conditionally) the importation / exportation of any specified goods?
(a) the prevention of smuggling
(b) the conservation of foreign exchange and the safeguarding of balance of payments
(c) the conservation of exhaustible natural resources
(d) the protection of patents, trademarks, copyrights, designs and geographical indications
(e) All of the above

(viii) Which section of the Customs Act, 1962 provides for levy of Customs duty on import and export of goods?
(a) Section 3
(b) Section 12
(c) Section 14
(d) Section 28
(e) Section 17

(ix) Where shall an appeal against the Order passed by the CESTAT relating to the valuation of goods shall lie?
(a) High Court
(b) Supreme Court
(c) Central Government
(d) CESTAT cannot pass an order on valuation matters
(e) Both high court and supreme court

(x) Under Section 14 of the Customs Act 1962, the transaction value shall be calculated with reference to the rate of exchange as in force on the date on which:
(a) Date of Invoice
(b) the date of issuance of the Bill of lading
(c) Date of filing IGM
(d) Date of filing the Bill of Entry
(e) Date of Assessment of Bill of Entry

(xi) As on date, the On-Site Post Clearance Audit (OSPCA) has been made operational by the Board for:
(a) ACP clients
(b) AEO clients
(c) All the manufacturer-importers with Customs duty payments in excess of Rs.1 Cr per annum
(d) All importers and exporters
(e) Public sector undertakings
(xii) Under what situation, SCN transferred to the call book can be taken out of call book?
(a) When the grounds on basis of which a SCN has been transferred to call book, ceases to exist.
(b) It depends upon the overall pendency position of SCNs in the Commissionerate.
(c) SCN can be kept in the call book for five years.
(d) SCN, when transferred to call book, cannot be taken out of call book any point of time.
(e) SCN can be taken out of the call book and adjudicated as per the order of the Chief Commissioner.

(xiii) What is the quantum of pre-deposit for the Department at the time of filing application (appeal) (w. e. f. 06.08.2014) before the Commissioner (Appeals):
(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) Nil
(e) None of the above

(xiv) Export Income earned by which of the following type of manufacturing Unit is normally eligible for exemption from payment of Income Tax under the Income Tax Act, 1961?
(a) Export Oriented Unit
(b) Jewellery manufacturing Unit in DTA
(c) SEZ unit
(d) Garment Manufacturing Unit
(e) None of the above

(xv) Under which of the following Export Promotion Schemes, Capital Goods are allowed to be imported duty free?
(a) Export Promotion Capital goods scheme
(b) Export Oriented Unit Scheme
(c) Software Technology Park Scheme
(d) Special Economic Zone Scheme
(e) All of the above

Answer Key

| (i) | (a) | (ii) | (c) | (iii) | (a) |
| (iv) | (c) | (v) | (b) | (vi) | (c) & (e) |
| (vii) | (e) | (viii) | (b) | (ix) | (b) |
| (x) | (d) | (xi) | (a) | (xii) | (a) |
| (xiii) | (d) | (xiv) | (c) | (xv) | (e) |
Q.No.(2) Write the full form of the following Abbreviations. (0.5x10=5)

(a) PNR        (f) EPCG
(b) WCO        (g) DGEP
(c) CONCOR     (h) FICN
(d) SEIS       (i) PMLA
(e) DFRC       (j) ICEGATE

Answers:
(a) Passenger Name Record
(b) World Customs Organization
(c) Container Corporation of India
(d) Service Export From India Scheme
(e) Duty Free Replenishment Certificate
(f) Export Promotion Capital Goods (Scheme)
(g) Directorate General of Export Promotion
(h) Fake Indian Currency Notes
(i) Prevention of Money Laundering Act, 2002
(j) Indian Customs Electronic Commerce/Electronic Data interchange (EC/EDI) Gateway

Q.No.(3) Name the Allied Act applicable to the Import/Export of following commodities. Answer any five. [1x5=5]

(a) Live Animals    (f) Live Plants
(b) Detonators     (g) Radioactive substances
(c) Insecticides   (h) Medicines
(d) Antiques       (i) Chemical Weapon
(e) Hazardous Chemicals (j) Pistols

Answers:
(a) Livestock Importation Act, 1898 as amended.
(b) Explosives Act, 1884; Explosives Rules, 2008
(c) Insecticide Act, 1968
(d) The Antiquities and Art Treasures Act, 1972
(e) Environmental Protection Act, 1986 and the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
(f) Destructive Insects and Pests Act, 1914 and the Plants Quarantine (Regulation of Import into India) Order, 2003
(g) The Atomic Energy Act, 1962 and the Atomic Energy (Radiation Protection) Rules, 2004
(h) The Drug and Cosmetics Act, 1940
(i) The Chemical Weapons Convention Act, 2000
(j) The Arms Act, 1959
Define any five of the following terms under Customs Law? Answer may be restricted to 50 words. Also write the legal Authority wherever applicable.

(a) Anti-dumping duty
(b) Baggage
(c) Advance Ruling
(d) EOU Scheme
(e) EPCG Scheme
(f) Drawback
(g) Identical goods
(h) Single Window Concept
(i) Authorized Economic Operator
(j) Risk Management System

Answers:

(a) **Anti-dumping Duty:**

Anti-dumping duty is imposed on imported goods when goods are exported by certain exporters at price below the prices which it normally charges on the same goods sold in its domestic market. In other words, it is imposed when goods are exported at price lower than its normal price.

It is intended to protect the domestic industry from unfair competition from the foreign suppliers.

The legal provisions for imposition of anti-dumping duty are contained in Section 9A of the Customs Tariff Act, 1975 and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 issued thereunder.

(b) **Baggage:**

The term “baggage” has been defined in section 2 (3) of the Customs Act, 1963. It includes unaccompanied baggage but does not include motor vehicles. Section 77 to section 81 of the Customs Act, 1962 contains legal provisions dealing with import or export of baggage.

In exercise of power under these sections, the Government has prescribed the form of declaration and has also issued Baggage Rules, 2016. At present, the tariff rate of duty on baggage is 35% + 1% Education Cess+ 2% Secondary and Higher Education Cess. The free baggage allowance is Rs.50000/- for Indian origin passenger and Rs. 15000 for foreign tourists.

(c) **Advance Ruling:**

Recognizing the need for foreign investors to be assured in advance of their likely indirect tax liability in respect of Customs Duties, Central Excise duties and service tax, a scheme of Advance Rulings has been incorporated in the Customs Act, 1962, Central Excise Act, 1944, and Finance Act, 1994.

The objective of Scheme is to help the applicant in planning their activities which are liable for payment of Customs, or Central Excise or service tax, well in advance by obtaining advance ruling, which is binding in nature.

It also brings certainty in determining the duty/tax liability, as the ruling given by the Authority for Advance Ruling is binding on the applicant as well as Government authorities. Further, it helps in avoiding long drawn and expensive litigation at a later date. Seeking an advance ruling is inexpensive and the procedure is simple and expeditious.
(d) **EOU Scheme**

The words EOU Scheme stands for Export Oriented Unit Scheme. It is an export promotion scheme in which unit is allowed to be set up for undertaking activities such as manufacturing, repairing, re-engineering, rendering of services, software development etc. for export.

Such units are allowed to undertake the designated activities in custom bonded premises and allowed to import or procure capital goods, raw materials, consumables, material handling equipment etc. duty free.

While these unit mainly produce/process / render the services for export, but they are allowed to make certain limited sales in Domestic tariff area on payment of appropriate duty. These units are required to achieve positive Net Foreign Exchange Earning at the end of five year in discharge of their export obligation.

The legal provision in respect of this scheme are contained in the Chapter 6 of the Foreign Trade Policy & HOP, both issued in terms of FT (D & R) Act, 1992 and the exemption notification issued by the CBEC allowing duty free import /procurement of raw materials, capital goods, consumable, equipment's, tools, etc.

(e) **EPCG Scheme**

The term EPCG stands for Export Promotion Capital goods. It is an export promotion scheme under which manufacturing unit/service provider are allowed to import / to procure domestically Capital goods on payment of nil duty/ concessional rate of duty for using the same for production of goods exported/ service exported.

The basic enabling provisions of EPCG Scheme are contained in Chapter 5 of the Foreign Trade Policy and Handbook of Procedure, both issued by the Ministry of Commerce under the Foreign Trade (Development & Regulation) Act, 1992. The CBEC has issue exemption notification allowing full/partial exemption from payment of duty on capital goods imported/procured locally under EPCG license. The unit availing benefit of EPCG Scheme is required to achieve specified export obligation in certain specified period from date of importation/procurement of capital goods under the Scheme.

(f) **Drawback:**

Duty Drawback is the rebate of duty paid on the imported material or excisable material used in the manufacturing of goods exported. The exporter of goods may claim drawback or refund of excise duty, customs duty and service tax paid /suffered on inputs or services consumed during the manufacturing of the goods, which has been exported. The concept is based on the principle that only goods has to be exported, not the duties & taxes.

Under Customs Act, 1962, Section 74, 75, 75A and 76 deals with Drawback of duty. While section 74 allows drawback on export of duty paid imported goods, the section 75 allows drawback of duty paid on inputs and input services, which have been used in the manufacture of export goods. In exercise of powers given under Section 74 and 75, the Government has issued the following rules:-

- the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995
(g) **Identical Goods**

The term “identical goods” has been defined under rule 2 (d) of the Customs valuation (Determination of Value of Imported Goods) Rules, 2007. It means imported goods, which are same in all respect, including physical characteristics, quality and reputation as the goods being valued except for minor difference in appearance that do not affect the value of the goods; and produced in the country in which the goods being valued were produced and by the same person.

When declared value of any consignment is rejected by the Customs Authority under Rule 12 of the said Customs valuation rules, then assessable value is required to be determined in terms of valuation rules by sequentially following these rules. Under rule 4 of the said valuation rules, the assessable value of goods in question is determined in terms of value of identical goods imported in the past.

(h) **Single Window:**

To ensure transparency and faster clearance of the import/export goods which require permission from other regulatory agencies, Indian Customs has introduced the concept of single window for the clearance of import and export goods in 2014.

Under this concept, a common platform to import or export trade is provided to meet requirements of all regulatory agencies (such as Animal Quarantine, Plant Quarantine, Drug Controller, Textile Committee etc.) and to file a common declaration form, which also consist of details required by other regulatory agencies.

The filing of Single common integrated declaration electronically do away the need for the importer /exporter to file separate documents with other regulatory agencies to obtain their clearances. The clearance or NOC from the relevant regulatory agency is obtained electronically, thus expediting the clearance of import /export goods. It is basically a trade facilitation measures.

The benefits of Single Window Scheme include ease of doing business, reduced costs, enhanced transparency, reduced duplicity and cost of compliance and optimal utilization of resources.

(i) **Authorised Economic Operator**

Authorized Economic Operator (AEO) is basically a business entity engaged in global supply chain such as importer, exporter, transporter, warehouse owner, cargo forwarder, carrier etc.

An AEO is certified under Authorised Economic Operator (AEO) Scheme, devised by Government in pursuant to guidelines of WCO adopted in SAFE FoS (Framework of Standard) in 2005.

The basic purpose of scheme is to ensure security in global supply chain from the point of origin i.e. the point of export to the point of import in the receiving country.

The objective of the AEO Programme is to provide businesses with an internationally recognized quality mark which will indicate their secure role in the international supply chain and that their Customs procedures are efficient and compliant. An entity with an AEO status can, therefore, be considered a 'secure' trader and a reliable trading partner.

The AEO programme in India is governed by guidelines issued vide CBEC Circular No. 28/2012-Customs, dated 16.11.2012 as amended.
(j) **Risk Management System**

‘Risk Management System’ (RMS) has been introduced in Customs locations where the EDI System (ICES) is operational.

It is a modern approach and is based on careful evaluation of risk, assessment of various risk, their probability of occurrence of risk and severity of its consequence thereof, and treatment to import/export consignments based on risk evaluation.

It is a significant departure from traditional approach where any import/export consignment was subjected to examination. Under this approach, depending on the presence of risk indicators in the import/export consignment/transaction, decision is taken by system to examine certain consignments only, which are considered to be of high risk. Thus, it ensures optimal utilization of resources namely manpower, machines, time, infrastructure etc.

As the risks posed are of dynamic nature, the system is continuously monitored and evaluated and risk criterion are also defined/ modified accordingly.

Q.No.(5) For the following purposes, find out the relevant section of the Customs Act, 1962 and applicable rules/ Regulation issued under the Customs Act, 1962. Answer any five.

[2x5=10]

(i) Drawback on re-export of imported goods
(ii) Filing of Bill of Entry
(iii) Filing of Shipping Bill
(iv) Filing of IGM
(v) Filing of EGM
(vi) Attachment of property of defaulters for recovery of Customs Dues
(vii) Drawback on export of manufactured goods.
(viii) Customs valuation of imported goods.

Answers:

(i) Section 74 of Customs Act, 1962 and Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995
(ii) Section 46 of Customs Act, 1962, Bill of Entry (Forms) Regulation, 1976; and Bill of Entry (Electronic Declaration) Regulation, 2011
(iii) Section 50 of Customs Act, 1962; Shipping Bill and Bill of Export (Forms) Regulation, 1991; and Shipping Bill (Electronic Declaration) Regulation, 2011
(iv) Section 30 of Customs Act, 1962
(v) Section 41 of Customs Act, 1962
(vi) Section 142 of Customs Act, 1962; Customs (Attachment of Property of Defaulters for Recovery of Government Dues) Rules, 1995
(vii) Section 75 of Customs Act, 1962; Customs, Central Excise Duties and Service Tax Drawback Rules, 1995
(viii) Section 14 of Customs Act, 1962; Customs Valuation (Determination of Value of Imported Goods) Rules, 2007
Q.No.(6) Fill in the blanks. Attempt any five. [2x5= 10]

(a) Officers of Navy are empowered and required to assist Customs Officers in the execution of the Customs Act, 1962 under section ______ of the Customs Act, 1962.

(b) The Customs Officers are empowered under section .................................. to take samples from the goods being passed through the customs area for export from India or import into India for examination or testing.

(c) Declared value of the imported goods can be rejected under..........................of the ________ rules.

(d) A person arrested under Customs Act can be released on bail by the Customs Officer under ................................ / cannot be released on bail by the Customs Officer as provided under ..........................................

(e) The Customs officer may issue an order in writing under ....................................... to any person to attend and witness the personal search of a person in a Customs area.

(f) Interest is required to be paid to the claimant of drawback if it is not paid within a period of ................ months.

(g) A conveyance which has brought any imported goods or has loaded any export goods at a Customs station cannot depart from that Customs station until a written order has been given by the proper Customs officer as provided under ..................................

Answers:

(a) Section 151(b) of Customs Act, 1962
(b) Section 144 of Customs Act, 1962
(c) Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007
(d) Section 104(3) of Customs Act, 1962
(e) Section 102(4) of Customs Act, 1962
(f) One
(g) Section 42 of Customs Act, 1962

Q.No.(7) A merchant exporter files a shipping bill for the export of a consignment of 1500 pairs of Leather Shoes for adults at the FOB price of Rs. 1000/- per pair. Total FOB of the shoes being exported is Rs. 15,00,000/-. The Drawback schedule for the leather shoes is as follows:

<table>
<thead>
<tr>
<th>Tariff Item</th>
<th>Description of goods</th>
<th>Unit</th>
<th>Drawback when Cenvat facility has not been availed</th>
<th>Drawback when Cenvat facility has been availed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Drawback Rate</td>
<td>Drawback cap per unit in Rs.</td>
</tr>
<tr>
<td>640301</td>
<td>Leather shoes for adults namely boots and half boots</td>
<td>Pair</td>
<td>9.1%</td>
<td>260</td>
</tr>
</tbody>
</table>

In the light of the above answer the following:

(a) What shall be the rate of duty drawback applicable in terms of percentage? [1 marks]
(b) What shall be the amount of drawback admissible to the exporter? [2 marks]
(c) What shall be the amount of drawback admissible to the exporter if he is a central excise registrant unit and is availing CENVAT facility? [2 marks]
**Answers:**

(a) 9.1%

(b) Rs.1,36,500/- [Explanation: 9.1% of Rs.15,00,000/- = 136500/- or 260 x 1500 = 3,90,000/- whichever is minimum]

(c) Rs.37,500/- [Explanation: 2.5% of Rs.15,00,000/- = 37500/- or 71.4 x 1500 = 1,07,100/-, which is minimum]

**Q.No.(8) Consider the following situation:-**

Assume that you are working as Inspector in the Import shed & have responsibility for examination of the goods. A Bill of entry declared to contain 100 bags of Ammonium Sulphate is marked to you. On careful examination of goods you find that the goods are Ammonium Nitrate, not Ammonium Sulphate as mentioned in the bill of entry.

You also find Invoice inside the consignment. On Invoice, the CIF value & Consignment shown in 5000 US$, whereas the value declared on bill of entry is 2000 US$. Assuming following:-

Rate of exchange 1 US$ = 50 Rs., BCD =10%, CVD=12%, Secondary & Higher Education Cess = Nil, Education Cess = Nil, SAD = 0%.

Assume that rate of duty on Ammonium Sulphate and Ammonium Nitrate

In the light of above, find out the following:-

(a) Correct Classification of Ammonium Sulphate and Ammonium Nitrate? [2.5 x 2 = 5]

(b) Declared Assessable Value and Revised Assessable Value of Imported goods. [5]

(c) Calculate the differential duty short paid by the Importer? [5]

(d) List all relevant legal provisions of the Customs Act, 1962 and rules issued thereunder which you will be applying in the Show Cause to be issued to the importer in this case. [5]

(e) Draft charging paragraph of the SCN indicating cause of action against the Importer? [5]

**Answers:**

(a) Ammonium Sulphate: CTH- 31022100
Ammonium Nitrate: CTH- 31023000

(b) Declared Assessable Value = Rs. 1,01,000/- [1% landing charges]
Revised Assessable Value = Rs. 2,52,500/-

(c) Difference in A.V. = Rs. 1,51,500/-
BCD @ 10% = Rs. 15,150/-
(A.V. + BCD ) = Rs. 1,51,500/- + Rs. 15,150/- = Rs. 1,66,650/-
CVD @ 12% of (A.V. + BCD) = Rs. 19,998/-
Total differential duty [BCD + CVD] = Rs. 35,148/-

(d)
- Rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007
- Rule 3 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007
- Section 28 of Customs Act, 1962
Section 28AA of Customs Act, 1962
Section 110 of Customs Act, 1962
Section 111(m) of Customs Act, 1962
Section 112(a) of Customs Act, 1962
Section 46(4) of Customs Act, 1962
Indian Trade Classification (Harmonised System) read with section 11 of the Customs Act, 1962

Now, therefore, M/s XXX is hereby required to show cause to the Assistant/Deputy Commissioner, XXXXXXXXX within thirty days of the receipt of this notice as to why;

a) The imported 100 bags of Ammonium Nitrate weighing XXXXXX kgs having total Assessable Value of Rs. 2,52,500/- should not be absolutely confiscated under Section 111(m) of Customs Act, 1962 read with ITC (HS);

[Note: Import of Ammonium Nitrate is restricted and require prior permission from controller of explosive as per the condition prescribed in ITC (HS)]

b) The declared value of the imported Ammonium Nitrate declared in the B/E No. XXXX dated XXXX should not be rejected under rule 12 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007 and re-determined under rule 3 of the said Rules read with Section 14 of Customs Act, 1962;

c) The differential Customs Duty amounting to Rs.35,148/- (BCD Rs.15,150/- + CVD Rs.19,998/-) short paid on the seized Ammonium Nitrate should not be demanded and recovered under Section 28 of the Customs Act, 1962;

d) the interest on the duty so paid in short should not be demanded and recovered under Section 28AA of the Act ibid.

e) A penalty should not be imposed under Section 112(a) of the Customs Act, 1962 for mis-declaration of the description and suppression of value of the imported goods with intent to evade payment of Customs duty and avoiding licensing restriction under ITC (HS) issued under FT (D & R) Act, 1992.

Q.No.(9) State whether the following statements are True or False [1x10=10]

(i) An advance authorization is transferable after the fulfillment of Export Obligation.

(ii) Anyone involved in the international supply chain that undertakes Customs related activity in India can apply for AEO Status irrespective of size of the business.

(iii) As per section 87 of the Customs Act, 1962, any imported stores on Board a vessel (other than stores to which section 90 applies) may, without payment of duty, be consumed thereon as stores during the period such vessel is on coastal run.

(iv) Appeals against orders of Commissioner (Appeals) relating to duty drawback cannot be filed before the Tribunal (CESTAT).

(v) As per section 13 of the Act, only when any imported goods are pilfered before the assessment of the Bill of Entry, the importer shall not be liable to pay the duty leviable.

(vi) Goods under Export Promotion Schemes including EOU Scheme cannot be imported into India through Courier.
(vii) Drawback under Section 75 of the Customs Act, 1962 is not allowed in respect of goods whose export value is less than the value of the imported materials used in its manufacture.

(viii) Any advance ruling pronounced by the authority under Section 28 I of the Customs Act, 1962 shall not be binding on the applicant who had sought it.

(ix) Under the Customs Act, 1962, the Commissioner of Customs has been designated as the Compounding authority.

(x) A summons under Section 108 of the Customs Act, 1962 can be issued by any Gazetted Officers of Customs.

Answers:

(i) True
(ii) True
(iii) False
(iv) True
(v) True
(vi) False
(vii) True
(viii) False
(ix) False
(x) True

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