

Question 1(a):

2×2=4 Marks

Briefly explain any two of the following with reference to the provisions of Central Excise Act, 1944:

- (i) Adjudicating Authority
- (ii) Central Excise Authority
- (iii) Duty paid under protest.

Question 1(b):

2 Marks

What is the period of validity of registration certificate granted by the Appropriate Excise Authority?

Question 1(c):

2×3=6 Marks

Discuss the validity or otherwise of the following statements, with reasons:

- (i) Input cleared as such to a job worker on 1.10.2006, was not returned in 180 days, assessable value being Rs.20,000, Excise duty @ 16.32%, 50% of the inputs were received on 1.4.2007. In this situation, no CENVAT will be allowed in the year ending on 31.3.2007.
- (ii) Captive consumption of excisable goods should always be valued on the basis of sale price of similar goods manufactured by others.

Question 1(d):

4 Marks

State the offences under Rule 25(1) of Central Excise Rules.

Question 1(e):

4 Marks

A Z & Co., manufactured Shikai Powder. They purchased Shikai seeds, crushed them and sold the same. The assessee did not pay excise duty on such powder contenting that such powder was not an excisable goods. However, the Central Excise department treated the said goods as excisable goods by classifying under the chapter heading "3305.99–Cosmetic or toilet preparations, essential oil etc– preparations for use on the hair–other". Discuss on the validity of the contention of the assessee.

Question 2(a):

4 Marks

M/s.P Ltd. manufactured concentrates of non-alcoholic beverages and sold it to various bottlers. The bottlers after processing the concentrates bottled the outcome and sold the same. Under the agreement between P Ltd. and the bottlers, P Ltd. was required to advertise the finished products. Subsequently, the bottlers formed S Ltd. to work as a centralized agency for the advertisement of the finished products. The shareholders as well as the directors of S Ltd. were the representatives of the bottlers.

Determine whether or not the expenses of advertisement incurred by S Ltd. to advertise aerated products manufactured by the third party i.e. bottlers, is includible in the assessable cost of concentrate manufactured by P Ltd.

Question 2(b):

2×2=4 Marks

Examine the validity of the following statements:

- (i) Purchased a plant for Rs.1,16,320 cum-duty price. Excise duty rate 16.32% on 12.12.2006 and received the plant into the factory on 5.4.2007 Cenvat allowed will be only Rs.8,160 for the year ended on 31.3.2007.
- (ii) An assessee purchased inputs weighing 400 tons. The duty paid on inputs was Rs.4,000. During transit, 20 tons of the inputs were destroyed. The destroyed quantity of inputs does not qualify to be 'inputs' within the meaning of Cenvat Credit Rules, 2004.

Question 2(c):

5 Marks

Explain the non-applicability of "Transaction Value" with reference to Section 4 of Central Excise Act, 1944.

Question 2(d):**2 Marks**

What is the “Exempted goods” under Cenvat Credit Rules?

Question 3 (a):**5 Marks**

The appellants were the manufacturers of rubber products. Some of the defective goods were returned by the buyers and the appellants took Cenvat Credit of the duty originally paid under Rule 16 of Central Excise Rules, 2002. Defective goods were reprocessed, which activity however yielded only scrap and scrap was cleared on payment of duty. Department claimed that Cenvat Credit taken by the appellants should be reversed since reprocessing did not amount to ‘manufacture’ whereas appellants argued that the process cannot be anything other than ‘manufacture’ in as much as the defective goods returned by their buyers were put to normal process of manufacture.

Offer your comments to the appellants referring to decided case law.

Question 3 (b):**5 Marks**

What are the provisions regarding general exemption to SSI units?

Question 3 (c):**5 Marks**

M/s. P Ltd. used to label its products with a foreign brand and claimed exemption under a notification. The classification list was approved by the department after carrying out verifications and all returns were regularly filed. The invoice containing description of goods were also regularly approved by the department. The department denied the benefit of exemption to the assessee by invoking extended period of limitation U/s. 11A on the ground that it failed to declare the particulars regarding affixing of labels. Is the department justified?

Question 4 (a):**3 Marks**

Explain whether a person who is neither a producer nor a curer nor a manufacturer of excisable goods, but he only stores such goods in a warehouse, can be called upon to pay the duties of excise on such goods?

Question 4(b):**3 Marks**

“The value of price support incentives received from the raw materials supplier should be included in the assessable value of the final products”. Do you agree? Explain.

Question 4 (c):**4 Marks**

Briefly explain the procedure to be adopted in respect of exported goods subsequently re-imported and returned to factory.

Question 4 (d):**5 Marks**

Explain the concept of “Provisional Assessment” under Rule 7 of the Central Excise Rules, 2002.

Question 5 (a):**3 Marks**

Discuss the power of Central Government to amend first and second schedules of Central Excise Tariff.

Question 5 (b):**3 Marks**

What would be the outcome, if retail price is not indicated or wrongly indicated at the time of removal?

Question 5 (c):**4 Marks**

State the non-application of provisions of unjust enrichment U/s. 11B(2) of Central Excise Act, 1944.

Question 5 (d):**5 Marks**

State the powers of Settlement Commission U/s. 32 of Central Excise Act, 1944.

Part – B

Question 6 (a):

2×2=4 Marks

Explain briefly with reference to the provisions of the Customs Act, 1962 any two of the following:

- (i) Conveyance
- (ii) Dutiable goods
- (iii) India.

Question 6 (b):

5 Marks

State the situation in which the proper officer is authorized to issue show-cause notice U/s. 28 of Customs Act, 1962 and also the time limit.

Question 6 (c):

5 Marks

The assessee M Ltd. entered into a joint venture with a foreign collaborator N for promotion and selling antennas, accessories and other communication equipment. The agreement between them indicates that N owned majority of equity shares in M Ltd. Technical services were provided by N to M Ltd. for various functions that were carried out in respect of manufacture of antenna system in India, for which technical service fee was paid to N by M Ltd. Based on the above facts, the department opined that both M Ltd. and N were related person in terms of Rules 2(2)(1) and 2(2)(iv) of the Customs Valuation (Determination of Price of Imported goods) Rules, 1988 and that the technical fee paid by M Ltd. was includible in the assessable value of the imported components in terms of Rule 9(1)(c) of the Rules. Decide referring to decided case law.

Question 6 (d):

6 Marks

From the following particulars, calculate assessable value and total custom duty payable:

- (i) Date of presentation of bill of entry; 20.06.2006 [Rate of BCD 25%; Exchange Rate:Rs.43.60 and rate notified by CBEC Rs.43.80].
- (ii) Date of arrival of goods in India; 30.06.2006 [Rate of BCD 20%; Exchange Rate: Rs.43.90 and rate notified by CBEC Rs.44.00].
- (iii) Rate of Additional Customs Duty; 16%
- (iv) CIF Value 2,000 US Dollars; Air Freight 500 US Dollars, Insurance cost 100 US Dollars [Landing charges not ascertainable].
- (v) Education Cess applicable 2%.
- (vi) Assume there is no special CVD.

Question 7 (a):

3 Marks

After visiting USA, Mrs. & Mr.X brought to India a lap-top computer valued at Rs.80,000, personal effects valued at Rs.90,000 and a personal computer for Rs.52,000. What is the customs duty payable?

Question 7 (b):

2×3=6 Marks

Write a brief note on the following with reference to the Customs Act, 1962;

- (i) Remission of duty on imported goods lost;
- (ii) Pilfered goods.

Question 7 (c):

6 Marks

State the requirements to be satisfied to accept 'transaction value' under rule 4(2) of Customs Valuation Rules.

Question 8 (a):

3 Marks

Enumerate the penalties in respect of improper exportation of goods U/s. 114 of Customs Act.

Question 8(b):**4 Marks**

State the difference between transit and transshipment of goods under the provisions of Customs Act.

Question 8(c):**4 Marks**

State the ingredients in the case of seizure U/s. 123 of Customs Act.

Question 8(d):**4 Marks**

Explain the provisions U/s.15 of the Customs Act for determining the rate of duty and tariff valuation of imported goods.

Part – C**Question 9 (a):****3×1=3 Marks**

- (i) Temporary transfer of any intellectual property right.
- (ii) Canteens in office run by the canteen contractor providing service directly to employees/workmen.
- (iii) Business auxiliary service provided by commission agents in relation to sale of agricultural produce.

Question 9(b):**4 Marks**

M/s.TCCL, providing management consultancy to its client, do not maintain any separate accounts and have paid Rs.1,00,000 as service tax and excise duty towards input services and input material/ capital goods used by them. They have used the inputs for partially exempted and partially taxable services. They are now providing the output services for which current tax liability is Rs.1,40,000. How much credit out of Rs.1,00,000 can be availed by them for paying output service tax liability, if they do not maintain any separate accounts?

Question 9(c):**4 Marks**

Mr.AJAR, a Chartered Accountant, raised an Invoice for Rs.28,060 (25,000+3,060 service tax) to a client on 20.1.2007. The client, however, has paid a lump sum of Rs.26,000 on 28.4.2007 for full and final settlement:

- (i) How much service tax Mr.AJAR has to pay and when does this tax become due for payment?
- (ii) What will be his liability, if client refuses to pay service tax and pays only Rs.25,000 in total?

Question 9 (d):**2×2=4 Marks**

- (i) The service provider is abroad. He renders service to a subsidiary of an Indian Company located abroad. Payment to him is done by holding Indian Company. Does this attract service tax?
- (ii) What do you understand by “Centralised Registration”?