

Paper 11- Indirect Taxation

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Full Marks: 100

Time allowed: 3 hours

The figures in the margin on the right side indicate full marks.
Working notes should form part of the answer.

Section – A

Answer question No. 1 which is compulsory and any four from rest of this section.

1. Answer the following questions:

(A) Multiple choice questions:

[5×1=5]

- (i) Which of the following is not a feature of indirect taxes?
(a) Regressive nature
(b) Supply based taxes
(c) Rate of taxes are different from person to person
(d) No previous year and assessment year concept.
- (ii) Goods and Services Tax (GST) has been implemented in India w.e.f. —
(a) 1st July, 2017;
(b) 1st June, 2017;
(c) 1st September, 2017;
(d) 1st April, 2017.
- (iii) Which of the following persons are not entitled to avail Composition Scheme?
(a) persons engaged in the supply of services (other than restaurant and outdoor catering service);
(b) persons engaged in making any supply of goods which are not leviable to tax under this Act
(c) persons engaged in making any inter-state outward supplies of goods
(d) all of the above.
- (iv) The form of return which is used by the compounding taxable persons to file their return quarterly is:
(a) GSTR-1;
(b) GSTR-2;
(c) GSTR-3;
(d) GSTR-4.
- (v) Mr. T, a thief has stolen motorbike and sells the motorbike to Mr. Q. It is illegal to steal a motorbike. Sale of motorbike will be considered as:
(a) supply and liable to be taxed;
(b) supply but not liable to be taxed;
(c) not at all supply;
(d) None of the above.

Answer:

- (i) (c)
(ii) (a)
(iii) (d)

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- (iv) (d)
- (v) (a)

(B) Say True or False for the following question: **[5×1=5]**

- (i) Goods and Services Taxpayer Identification Number (GSTIN) is a state-wise PAN-based 15 – digit number.
- (ii) Recovery Agent Services to banking or NFBCs are exempted from GST.
- (iii) The frequency to file GSTR – 1 is monthly.
- (iv) GST is extended to whole of India excluding the State of Jammu and Kashmir.
- (v) Goods sent for a demonstration on returnable basis. It is a supply.

Answer:

- (i) true
- (ii) false
- (iii) true
- (iv) false
- (v) false

(C) Match the following: **[5×1=5]**

	Column 'A'		Column 'B'
1.	Supply	A.	Does not attract GST
2.	Donation	B.	Special category state under GST
3.	Himachal Pradesh	C.	Details of inward supplies of taxable goods and/ or services
4.	GSTR-2	D.	Collected by Central Government
5.	Integrated Goods and Services Tax	E.	Taxable event under GST

Answer:

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

(D) Fill in the blanks: **[5×1=5]**

- (i) Rooms in a hotel or lodge are let out where tariff per day per room ₹ _____ or more, is a taxable supply under GST.
- (ii) Certificate of registration for GST shall be granted in Form _____.
- (iii) The place of supply for post paid telecommunication services will be the _____.
- (iv) Mr. C, a practicing CMA, provided services to The Institute of Cost Accountants of India by way of teaching to students is a _____ (taxable/ exempted) service.
- (v) GST is _____ based consumption tax.

Answer:

- (i) 1,000
- (ii) GST REG-06

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- (iii) billing address
- (iv) taxable
- (v) destination.

- 2.(a) State the benefits which the Country will get from GST. [7]**
- (b) Discuss whether the following events can be considered as supply:**
- (i) Import (Downloading) of a song for consideration for personal use by Mr. Sen.**
 - (ii) X Ltd. supplied spare parts freely to replace during warranty period.**
 - (iii) Goods sent for a demonstration on returnable basis.**
 - (iv) Micro Apparels in Chennai, Tamil Nadu, avails fashion designing services of ₹ 50,00,000 from Prabhu Designs in Singapore. [2×4]**

Answer:

- (a)** GST is a win-win situation for the entire country. It brings benefits to all the stakeholders of industry, Government and the consumer. It will lower the cost of goods and services, give a boost to the economy and make the products and services globally competitive.

The significant benefits of GST are discussed hereunder:

- (1) Removal of cascading effect of taxes: Introduction of GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax and allowing set-off of prior-stage taxes, it would mitigate the ill effects of cascading and pave the way for a common national market.
 - (2) Removal of bundled indirect taxes: GST will subsume majority of existing indirect tax levies both at Central and State level into one tax *i.e.*, GST which will be leviable uniformly on goods and services. This will make doing business easier and will also tackle the highly disputed issues relating to double taxation of a transaction as both goods and services.
 - (3) Reduction in overall tax burden of consumers: For the consumers, the biggest gain would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25% - 30%.
 - (4) More competitive products: Introduction of GST would also make our products competitive in the domestic and international markets. Studies show that this would instantly spur economic growth. Thus, GST will give a major boost to the 'Make in India' initiative of the Government of India.
 - (5) Increase in Government's revenue: There may also be revenue gain for the Centre and the States due to widening of the tax base, increase in trade volumes and improved tax compliance.
 - (6) Easier administration: Last but not the least, this tax, because of its transparent character, would be easier to administer.
- (b)**
- (i) Import (Downloading) of a song for consideration for personal use by Mr. Sen — It is supply of service and IGST will be levied. Services may be in the course or furtherance of business or not.
 - (ii) X Ltd. supplied spare parts freely to replace during warranty period — It is not supply. GST is not chargeable if free replacement is provided by a business to customers without consideration under warranty.
 - (iii) Goods sent for a demonstration on returnable basis — It would not be considered as supply, as there is no transfer of title involved.

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(iv) Micro Apparels in Chennai, Tamil Nadu, avails fashion designing services of ₹ 50,00,000 from Prabhu Designs in Singapore — It is supply (i.e. import of service).

3.(a) Determine the Time of supply in each of following independent cases where supply does not involve movement of goods.

Sl.No.	Date of invoice	Date when goods made available to recipient	Date of receipt of payment
1.	02-10-2017	05-10-2017	14-11-2017
2.	07-10-2017	03-10-2017	25-11-2017
3.	04-11-2017	06-11-2017	01-10-2017

[9]

(b) Find the place of supply in the following cases:

- (i) X Ltd., located in Mumbai, Maharashtra receives order from M/s Y Ltd. located in Ahmedabad, Gujarat for supply of one machine.
- (ii) Mr. Navab a person staying at Dubai, trained for the purpose of grooming of horse in Chennai.
- (iii) Mr. D of Delhi being an event organizer hosted an exhibition at Mumbai to exhibit the products of exhibitor (namely M/s S Silks Ltd. of Singapore). [2×3]

Answer:

(a) Time of supply of goods in each of the cases has been given in following table —

Sl. No.	Date of invoice	Date when goods made available to recipient	Date of receipt of payment	Time of supply	Reason
1.	02-10-2017	05-10-2017	14-11-2017	02-10-2017	Time of supply is date of issuance of invoice since invoice is issued prior to date when goods are made available to recipient and payment is received after the date of invoice.
2.	07-10-2017	03-10-2017	25-11-2017	03-10-2017	Time of supply is date when goods are made available to the recipient and date of issuance of invoice is after that date and payment is also received after that date.
3.	04-11-2017	06-11-2017	01-10-2017	01-10-2017	Time of supply is date of receipt of payment since invoice is issued after date of receipt of payment.

(b) (i) Location of Supplier: Mumbai (Maharashtra).

Place of Supply: Ahmedabad (Gujarat)

Since, the movement of goods terminates at Ahmedabad.

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(ii) Place of supply of service = Chennai
Since, the horses are groomed in Chennai.

(iii) Place of supply of service = Mumbai
Since, place of supply of service is where event is actually held.

4.(a) A Ltd. (a registered taxable person) provides the following information relating to their services for the month of November, 2017 :

Particulars	₹
Gross receipts from:	
Running a Boarding School (including receipts for providing residential dwelling services ₹ 12,00,000)	28,00,000
Conducting private tuition's	18,00,000
Education services for obtaining a qualification recognised by law of a foreign country	8,00,000
Conducting modular employable skill course, approved by National Council of vocational training	5,00,000
Fees from prospective employers for campus interview	6,00,000
Renting of furnished flats for temporary stay to different persons	6,80,000

Compute the value of taxable supply and the amount of GST payable. The above receipts are exclusive of GST. GST rate is 18%. [8]

(b) ABC India Ltd. is engaged in the manufacture of some taxable goods. It purchased the following goods in the month of October, 2017:—

Items	GST paid in ₹
Raw material used for the production of the final product	1,00,000
Goods used for generation of electricity for captive consumption	20,000
Goods used for providing free warranty – Value of such free warranty provided by ABC India Ltd. is included in the price of the final product and is not charged separately from the customers	10,000
Light diesel oil	5,000

Note: ABC India Ltd. is also purchased High Speed Diesel oil by paying central excise duty of ₹ 12,000, which is also used in the manufacturer of taxable output.

Compute the amount of input tax credit available to ABC India Ltd. [7]

Answer:

(a) Computation of Value of taxable supply and GST liability —

Particulars		₹
Running a boarding school [including residential dwelling services]	[WN-1]	Nil
Conducting private tuition	[WN-2]	18,00,000
Education services for obtaining a qualification recognized by law of a foreign country	[WN-3]	8,00,000
Conducting Modular Employable Skill Course, approved by National Council of vocational training	[WN-4]	Nil
Fees from prospective employers for campus interview [Not covered in exemption]		6,00,000

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Value of renting of furnished flats for temporary stay to different persons	[WN-5]	6,80,000
Value of taxable supply		38,80,000
GST payable @ 18%		6,98,400

Working Notes:

- (1) Running a boarding school is not taxable since education up to higher secondary school is exempt vide Entry 66 of Notification No. 12/2017-CT (Rate) and renting of residential dwelling is exempt vide Entry 12 of Notification No. 12/2017-CT (Rate)].
- (2) Private tuitions are not exempt as they do not lead to grant of a qualification recognised by law.
- (3) Education as a part of a curriculum for obtaining a qualification recognized by only an Indian law and not a foreign law is exempt.
- (4) Modular Employable Skill Course is an approved vocational education course and is exempt vide Entry 66 of Notification No. 12/2017-CT (Rate).
- (5) Short stay by different persons in furnished flats is not renting of residential dwelling and thus, not exempt.

(b) Statement showing input tax credit (ITC) of ABC India Ltd.

Items	ITC in ₹
Raw material used for the production of the final product	1,00,000
Goods used for generation of electricity for captive consumption	20,000
Goods used for providing free warranty – Value of such free warranty provided by ABC India Ltd. is included in the price of the final product and is not charged separately from the customers	10,000
Light diesel oil	5,000
High Speed Diesel oil	Not allowed
Total input tax credit	1,35,000

5.(a) State the procedure to be adopted for registration under GST. [7]

(b) Hot Breads Pvt. Ltd is the supplier of bakery products registered in the current financial year (2017-18) w.e.f. 1st Oct 2017. In the month of Oct 2017 total taxable supplies ₹ 88 lakhs.

Answer the following:

- (i) Is Company eligible for Composition Scheme?
- (ii) If so company wants to pay tax @ 1% being a trader. However, the Deputy Commissioner of Central Tax contended that the assessee is liable to pay tax @ 5% under the Food and Restaurant Services category? Advise. [2+6]

Answer:

(a) Procedure to be adopted for registration under GST [u/s 25 of CGST Act]:

Every person who is liable to be registered shall apply for registration within 30 days from the date on which he becomes liable to registration. Before applying for registration, he should declare his:

1. Legal name of business
2. PAN,
3. Mobile number,
4. e-mail address,

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5. State or Union territory
in Part A of Form GST REG -01 on Common Portal.

On successful verification of these matters, a reference number will be generated.
Applicant shall submit Part B of Form GST REG-01, duly signed, along with documents specified in the said Form at the Common Portal.

Form GST REG-02 is the acknowledgement of Application.
If these documents are found to be in order, the Proper Officer shall approve the registration within 3 working days from the date of submission.

- (b) (i) Hot Breads Pvt. Ltd. is eligible for composition levy in the current year.
- (ii) The supply of food and restaurant services category is the only service included under the composition scheme. For a business to be categorised as food and restaurant services, there needs to be an element of service involved.

In the given case, supply of bakery products, there is only a supply of goods i.e. food items but there is no element of supply of service. Hence supply of bakery products is eligible to pay GST @1%, under the Traders category and not Food and Restaurant Services category.

Therefore, department contention is not correct.

6.(a) From the following information determine the value of taxable supply.

	₹
Value of machine (including GST @ 12%)	16,00,000
The invoice value includes the following:	
(1) Taxes (other than CGST/SGST/IGST) charged separately by the supplier	17,000
(2) Weighment and loading charges	23,000
(3) Consultancy Charges in relation to pre-installation planning	11,000
(4) Testing Charges	2,500
(5) Inspection Charges	4,300
Other information:	
(i) Subsidy received from Central government for setting up factory in backward region	51,000
(ii) Subsidy received from third party for timely supply of machine to recipient	56,000
(iii) Trade discount actually allowed shown separately in invoice	23,000

Give working notes with suitable assumptions where necessary. [10]

(b) What do you mean by export of service as per IGST Act? [5]

Answer:

(a) Computation of Value of taxable supply of goods:

Particulars	₹	₹
Value of machine		16,00,000
Less:		
(1) Taxes other than CGST/SGST/IGST charged separately	—	

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by the supplier [WN-1]		
(2) Weighment and loading charges [WN-2]	—	
(3) Consultancy Charges in relation to pre-installation planning [WN-2]	—	
(4) Testing Charges [WN-2]	—	
(5) Inspection Charges charged before supply [WN-2]	—	
(6) Trade discount actually allowed shown separately in invoice [WN-3]	23,000	(23,000)
Add: Subsidy received from third party for timely supply of machine to recipient [WN-4]		56,000
Cum tax value		16,33,000
Less: GST @ 12% [₹ 16,33,000 × (12 ÷ 112)] [WN-5]		1,74,964
Value of taxable supply		14,58,036

Working Notes: In the given question, for the purpose of determining the value of taxable supply of goods-

- (1) Any duty, taxes, cesses, fees and other charges, charged separately by supplier are to be included in value of taxable supply.
- (2) Any amount charged for anything done by the supplier in respect of the supply of goods at the time of, or before delivery of goods shall be included in the value of taxable supply. Hence, weighment and loading charges, consultancy charges, testing charges and inspection charges shall also be included in the value of taxable supply.
- (3) The value of the supply shall not include any discount which is given before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply. Hence, the same is deductible to arrive at value of taxable supply.
- (4) The value of supply shall include subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments. Hence, subsidy received from third party for timely supply of machine to recipient will be included in the value of taxable supply whereas subsidy received from Central government for setting up factory in backward region shall not be included in value of taxable supply.
- (5) Value of supply shall not include any taxes or cesses levied under CGST Act, SGST Act, UTGST Act and the GST (Compensation to States) Act, if charged separately by the supplier.

(b) Export of service means the supply of any service when —

- (i) the supplier of service is located in India;
- (ii) the recipient of service is located outside India;
- (iii) the place of supply of service is outside India;
- (iv) the payment for such service has been received by the supplier of service in convertible foreign exchange; and
- (v) the supplier of service and the recipient of service are not merely establishments of a distinct person in accordance with *Explanation 1* in section 8 of the IGST Act.

7. Short note: (any three)

[5×3]

(a) Credit Notes as per CGST Act

(b) Details of accounts maintained by registered persons, executing works contract services

(c) Anti-profiteering

(d) Types of Audit under GST.

Answer:

- (a) Credit Notes as per CGST Act: In cases where tax invoice has been issued for a supply and subsequently it is found that the value or tax charged in that invoice is more than what is actually payable /chargeable or where the recipient has returned the goods, the supplier can issue a credit note to the recipient.

A registered person who issues such a credit note has to declare details of such credit note in the return for the month during which such credit note has been issued but not later than —

- September following the end of the financial year in which such supply was made or
- the date of furnishing of the relevant annual return, whichever is earlier.

The tax liability of the registered person will be adjusted in accordance with the credit note issued, however no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

- (b) Details of accounts maintained by registered persons, executing works contract services:

As per rule 56(14) of the CGST Rules, 2017 every registered person executing works contract shall keep separate accounts for works contract showing—

- (1) the names and addresses of the persons on whose behalf the works contract is executed;
- (2) description, value and quantity (wherever applicable) of goods or services received for the execution of works contract;
- (3) description, value and quantity (wherever applicable) of goods or services utilized in the execution of works contract;
- (4) the details of payment received in respect of each works contract; and
- (5) the names and addresses of suppliers from whom he received goods or services.

- (c) Anti Profiteering —

As per section 171(1) of the CGST Act,

- Any reduction in rate of tax on any supply of goods or services
- Or,
- the benefit of input tax credit

shall be passed on to the recipient by way of commensurate reduction in prices.

Analysis with example:

- (1) Any reduction in rate of tax on any supply of goods or services -

For Example, under the Service Tax regime, Tour operator services are charged at abated rate of 9% whereas in Goods & Services Tax Act, 2017 rate of tax fixed is 5% which resulted in reduction of tax from 9% to 5%. The tax rate reduction benefit to the extent of 4% is to be passed on to recipient.

- (2) The benefit of input tax credit -

Suppose, X Ltd. being an Interior designing service provider while providing output service has availed Input services and a material 'M' for which tax paid is as under:

Particulars	Service tax regime	GST regime

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Tax paid towards service tax on Input services availed (₹)	15	15
Tax paid towards VAT for Material 'M' (₹)	5	5

Output tax liability of X Ltd. is ₹ 25 before deducting Input tax credit available.
In the given case, benefit of input tax credit accruing to X Ltd. due to implementation of GST is as follows-

Particulars	Service tax regime (₹)	GST regime (₹)	Remarks
Output tax liability	25	25	
Input allowed- Towards Input services Towards Material 'M'	15 NIL	15 5	Service provider cannot avail VAT paid as Input tax credit in Service tax regime
Total Input Tax credit eligible for set off	15	20	
Net tax payable	10	5	
Input tax benefit due to GST	-	5	Benefit of ₹ 5 to be passed to recipient by way reduction in prices

(d) Types of Audit under GST: GST envisages three types of audit, such as —

- (i) **Mandatory audit by Cost Accountant/ Chartered Accountant:** The first audit is by a Cost Accountant/ Chartered Accountant. Every registered person whose aggregate turnover during a financial year exceeds ₹ 2 crore has to get his accounts audited by a Cost Accountant/ Chartered Accountant and furnish a copy of audited annual accounts and a reconciliation statement duly certified, in form GSTR-9C.
- (ii) **Departmental audit:** The Commissioner or any officer authorised by him, can undertake audit of any registered person for such period, at such frequency and in such manner, as may be prescribed.
- (iii) **Special audit:** The registered person can be directed to get his records including books of accounts examined and audited by a Cost Accountant/ Chartered Accountant during any stage of scrutiny, inquiry, investigation or any other proceedings, depending upon the complexity of the case.

Section – B

Answer question No. 8 which is compulsory and any one from rest of this section.

8. Answer the following questions:

[5×1=5]

- (i) As per Baggage Rules, 2016, the general free allowance of passengers of Indian resident arriving from countries other than Nepal, Bhutan or Myanmar, will be:**

- (a) ₹ 15,000**
- (b) ₹ 50,000**
- (c) ₹ 35,000**
- (d) None of the above.**

- (ii) In case of customs valuation, if air freight is not given, it is to be considered as:**

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- (a) 20% of FOB value;
(b) 1.125% of FOB value;
(c) 15% of FOB value;
(d) 10% of FOB value.
- (iii) In Customs, warehouse means:
(a) A public warehouse
(b) A private warehouse
(c) Special warehouse
(d) All of the above.
- (iv) The bill of entry which is used for clearance of goods from warehouse for home consumption, is:
(a) White bill of entry
(b) Yellow bill of entry
(c) Green bill of entry
(d) None of the above.
- (v) Integrated declaration under single window project has come into effect from:
(a) 01.04.2016
(b) 01.07.2016
(c) 01.08.2016
(d) 01.10.2016.

Answer:

- (i) (b)
(ii) (a)
(iii) (d)
(iv) (c)
(v) (a)

- 9.(a)(i) What is similar goods in customs valuation? [3]
(ii) In customs, if goods are pilfered after the order of clearance is made but before the goods are actually cleared, would duty be leviable? [2]

- (b) Compute the customs duty payable from the following data –

Machinery imported from USA by air	US \$ 12,000
Accessories worth US \$ 3,000 compulsorily supplied with machine, price is included in price of machine	
Air freight	US \$ 5,000
Insurance	US \$ 100
Local agent's commission	₹ 5,000
Exchange rate	1 US \$ = ₹ 60
Customs duty on machine	10% ad valorem
Customs duty on accessory	20% ad valorem
Integrated tax	12.00%
GST Compensation Cess	Nil
Education Cess plus Secondary and Higher Education Cess	2% +1%

Answer:

(a)(i) "Similar goods" includes which although not alike in all respects, have like characteristics and like component materials which enable them to perform the same functions and to be commercially interchangeable with the goods being valued having regard to the quality, reputation and the existence of trade mark.

Valuation of similar goods:

- Produced in the country in which the goods being valued were produced; and
- Produced by the same person who produced the goods being valued, or where no such goods are available, goods produced by a different person, but shall not include imported goods where engineering, development work, art work, design work, plan or sketch undertaken in India were completed directly or indirectly by the buyer on these imported goods free of charge or at a reduced cost for use in connection with the production and sale for export of these imported goods;

(ii) In customs, if goods are pilfered after the order of clearance is made but before the goods are actually cleared, then the importer has to pay duty but refund can be claimed.

(b) Computation of customs duty payable –

Cost of machinery inclusive of accessory (FOB)		US \$ 12,000
Total (in Indian ₹) US \$ 12,000 × ₹ 60 (being the exchange rate)		₹ 7,20,000
Add: Agency commission		₹ 5,000
FOB value as per Customs		₹ 7,25,000
Add: Cost of insurance US \$ 100 × ₹ 60 (being the exchange rate)		₹ 6,000
Add: Air freight (restricted to 20% of FOB value as per customs)		₹ 1,45,000
CIF value/Assessable value	[A]	₹ 8,76,000
Add: Basic Customs duty (10% of assessable value)	[B]	₹ 87,600
Add: Education Cess @ 2% of [B]	[C]	₹ 1,752
Add: Secondary and Higher Education Cess @ 1% of [B]	[D]	₹ 876
Total for Integrated Tax	[E]	₹ 9,66,228
Add: Integrated Tax (@ 12% of ₹ 9,66,228 i.e. [E])	[F]	₹ 1,15,947
Total imported cost		₹ 10,82,175
Total customs duty payable = [B] + [C] + [D] + [F]		₹ 2,06,175

Working Notes:

- (1) Accessories and spare parts compulsorily supplied with main implements are chargeable at the same rate as applicable to main machine. Therefore, such accessories shall also be chargeable with duty at the rate applicable to the machinery i.e. @ 10% ad valorem.
- (2) Agency Commission, which is incurred in India, is not regarded as buying Commission and therefore will be added to determine customs FOB value.
- (3) Though actual air freight is US \$ 5,000, it is limited to 20% of Customs FOB value of goods.

10.(a) Mrs. A, a person of Indian origin, aged 40 years came to India on tour along with her baby aged 2 years. She carried with her following goods:

- (1) Personal effects like clothes of Mrs. A valued at ₹ 55,000**
- (2) Used personal effects of infant valued at ₹ 38,000**
- (3) Laptop worth ₹ 58,000**
- (4) Travel souvenirs valued at ₹ 23,000**

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(5) 1 liter wine worth ₹ 5,500

(6) Mobile worth ₹ 15,000

(7) Digital camera ₹ 63,000

(8) Cigars 20 worth ₹ 1,350.

What is the customs duty payable?

[10]

(b) What is One Time Lock (OTL) under customs?

[5]

Answer:

(a) Computation of Customs duty payable by Mrs. A (amount in ₹):

Personal effects like clothes of Mrs. A	Exempt
Used personal effects of infant	Exempt
Laptop	Exempt
Travel souvenirs	Exempt
Wine (upto 2 liters can be accommodated in GFA)	5,500
Mobile	15,000
Digital camera	63,000
Cigars (upto 25 nos. can be accommodated in GFA)	1,350
Total dutiable goods imported (that can be accommodated in GFA)	84,850
Less: General Free Allowance	50,000
Balance goods on which duty is payable	34,850
Customs duty payable @ 36.05%	12,563

(b) One Time Lock (OTL):

When the goods are removed from the customs station of import for warehousing, the proper officer affixes a one-time lock (OTL) on the container or means of transport (closed trucks). The serial number of OTL along with date and time of its affixation needs to be endorsed upon Bill of Entry for warehousing and transport document.

All customs stations are required to maintain records incorporating the number of the OTL, bill of entry, truck number, container number (if applicable), date & time of affixing the OTL and the name, designation & telephone number of the officer affixing the OTL.

A similar procedure has been provided under Warehoused Goods (Removal) Regulations, 2016 for removal of goods from one warehouse to another and from a warehouse to customs station for export.

However, the Principal Commissioner of Customs /Commissioner of Customs may permit movement of goods without affixation of such OTLs, where the nature of goods or their manner of transport so warrant (e.g. Liquid Bulk Cargo transported through Pipe Line & Over Dimensional Cargo).