

Paper 11- Indirect Taxation

MTP Intermediate Syllabus-2016 June 2019 Set -1

Paper 11- Indirect Taxation

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 relevant answer.

Section – A

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

1. Answer the following questions:

(A) Multiple choice questions:

[5×1=5]

(i) Which of the following taxes will be levied on Imports of goods and services?

- (a) CGST
- (b) SGST
- (c) IGST
- (d) Exempt

(ii) In GST, SAC stands for:

- (a) Services Accounting Code
- (b) Software Accounting Code
- (c) System Accounting Code
- (d) Service application code.

(iii) What is the validity of Registration Certificate?

- (a) Five years
- (b) Ten years
- (c) No validity
- (d) Valid till it is cancelled.

(iv) When does liability to pay GST arise in case of supply of goods?

- (a) On raising of invoice
- (b) At the time of supply of goods
- (c) On receipt of payment
- (d) Earliest of any of above.

(v) Input tax credit on capital goods and inputs can be availed in:

- (a) thirty six instalment
- (b) twelve instalment
- (c) one instalment
- (d) six instalment.

Answer:

- (i) (c)
- (ii) (a)

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- (iii) (d)
- (iv) (d)
- (v) (c)

(B) Say True or False for the following question:

[5×1=5]

- (i) A person can collect tax only he is registered.
- (ii) Air Travel Agents are entitled for exemption under GST.
- (iii) Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below Rs. 1,000 per day or equivalent is an exempted supply under GST.
- (iv) Goods sent for a demonstration on returnable basis, is considered as supply.
- (v) CMA Amit a practicing Cost Accountant carries out the activity of Accounting, Auditing, Filing returns, Certifying documents and so on so forth. These activities can be considered as performed in the course of business.

Answer:

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

(C) Match the following:

[5×1=5]

	Column 'A'		Column 'B'
1.	The fringe benefits are transactions	A.	taxable supply of services
2.	Acupuncture treatment	B.	subject to GST
3.	Penal interest charged by the banker for delay in payment of dues is	C.	Input tax credit not available
4.	State Police provided protection services to the Judges of High Court is	D.	exempted service
5.	Composition tax payers	E.	in furtherance of business

Answer:

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

(D) Fill in the blanks:

[5×1=5]

- (i) As per Article _____, the power to levy GST has been given to the Parliament as well as to Legislature of every State.

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- (ii) The form of return which is used by the compounding taxable persons to file their return quarterly is _____.
- (iii) A supply of goods or services or both which is leviable to tax under GST, is called _____.
- (iv) GST is _____ (chargeable/not chargeable) if free replacement is provided by a business to customers without consideration under warranty.
- (v) Under section 25 of CGST Act, 2017, every place of business of a person where separate registration is obtained for output supply will be considered as _____.

Answer:

- (i) 246A
(ii) GSTR-4
(iii) Taxable supply
(iv) Not chargeable
(v) Distinct person

2. (a) (i) What is meant by “Exempt supply” under the CGST Act, 2017?

- (ii) Swamiji Trust, an entity registered under section 12AA of the Income-tax Act, 1961, has furnished you the following details with respect to the activities undertaken by it. You are required to compute its tax liability from the information given below:

Particulars	Rs.
Amount received for the Yoga camps organized for elderly people	4,83,000
Payment made for the services received from a service provider located in US, for the purposes of providing 'charitable activities'	5,50,000
Amount received for counselling of mentally disabled persons	10,50,000
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	12,35,000

Note: Applicable CGST 9% and SGST 9% have been charged separately wherever applicable. Swamiji Trust is not eligible for composition levy.

(b) Indian railways has provided following services –

- (1) Transport of passengers by general class : Rs. 15,00,000;
(2) Transport of passengers by sleeper class : Rs. 10,00,000;
(3) Transport of passengers by 1st Class air conditioned coach: Rs. 5,00,00,000;
(4) Transport of passengers by 2 tier air conditioned coach: Rs. 20,00,00,000;
(5) Transport of passengers by 3-tier air conditioned coach: Rs. 30,00,00,000;

Compute value of taxable supplies and GST liability. Applicable GST rate is 5%.

[[3 + 7] + 5]

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Answer :

2. (a) (i)

As per Section 2(47) of CGST Act, 2017 "exempt supply" means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply; Exempt supply includes the supply of following type of goods and services:

- (a) Supply attracting nil rate of tax;
- (b) Supplies wholly exempt from tax;
- (c) Non-taxable supply.

2. (a) (ii) Computation of Total GST liability of Swamiji Trust

Particulars	Rs.
Amount received for the Yoga camps organized for elderly people	Exempted supply
Payment made for the services received from a service provider located in US, for the purposes of providing 'charitable activities'	Exempted supply
Amount received for counselling of mentally disabled persons	Exempted supply
Amount received for renting of commercial property owned by the trust	1,50,000
Amount received for activities relating to preservation of forests and wildlife	Exempted supply
CGST 9% x 1,50,000	13,500
SGST 9% x 1,50,000	13,500
Total GST liability	27,000

2. (b) Statement showing GST liability

Nature of service (Transport of passengers)	Value in Rs.
General class	Exempted supply
Sleeper class	Exempted supply
1st Class air conditioned coach	5,00,00,000
2 tier air conditioned coach	20,00,00,000
3-tier air conditioned coach	30,00,00,000
Taxable supply of service	55,00,00,000
GST @5% on Rs. 55 crore	2,75,00,000

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3. (a) LIC of India provides you the following information for the month of Oct 2018. You are required to compute GST payable by the company if the company has opted to pay GST as per Rule 32(4) of CGST Rules, 2017:

General policies : Total premiums collected Rs.12,000 lakhs (Out of which 1st year premium is Rs. 5,000 lakhs)

Only Risk Cover Policies : Premiums collected Rs. 500 lakhs.

Variable Insurance Policies: Premiums collected Rs. 8,000 lakhs. (80% of the amount is allocated for investments on behalf of policy holder for which policy holder is given separate break up in premium receipts).

- (b) Mr. Rishi, a performing artist, provides the following information relating to August, 2018.

Receipts from	Value in Rs.
Performing classical dance	98,000
Performing in television serial	2,80,000
Services as brand ambassador	12,00,000
Coaching in recreational activities relating to arts	2,10,000
Activities in sculpture making	3,10,000
Performing western dance	90,000

Determine the value of taxable supply of services and GST payable by Mr. Rishi for August, 2018. GST @ 18%. [8 + 7]

Answer :

3. (a) Statement showing GST liability of LIC of India for the month of Oct. 2018 under Rule 32(4) of the CGST Rules, 2017 :

Particulars	Value Rs. in lakhs	Working note
General policies		
1st Year premium	1,250	5,000 x 25%
2nd Year Premium	875	7,000 x 12.5%
Only Risk cover policies	500	
Variable insurance policies premium	1,600	(8,000 – 6,400)
Total taxable supply of service	4,225	
CGST 9%	380.25	(4,225 x 9%)
SGST 9%	380.25	(4,225 x 9%)

3. (b) Computation of taxable supply of services and GST payable by Mr. Rishi

Receipts from	Value in Rs	Remarks
Performing classical dance	Nil	Exempt as receipt is less than or equal to Rs. 1,50,000
Performing in television serial	2,80,000	
Services as brand ambassador	12,00,000	
Coaching in recreational activities relating to arts	Nil	
Activities in sculpture making	3,10,000	

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Performing western dance	90,000	
Value of taxable supply of service	18,80,000	
GST 18%	3,38,400	

4. (a) CMA Ram received Rs. 2,05,200 (after TDS @10%) from client on 1st Nov 2017 for taxable services rendered in the month of July 2017. Find the GST liability. Applicable rate of CGST 9% and SGST 9%.

- (b) ABC Fabricators has its factory located in Gujarat. It has temporarily imported certain goods from its customer located in China and re-exported them to China after carrying out the necessary repairs without putting them to any use in Gujarat.

Examine what would be the place of supply of service in the given case.

Will your answer be different if the repaired goods are re-exported after being put to use in Gujarat for some time? [8 + 7]

Answer :

4. (a) Computation of GST Liability

Particulars	Value in Rs.
Payment received net of TDS u/s 194J	2,05,200
Add: TDS u/s 194J	19,000
Gross value of Bill (i.e. inclusive of GST)	2,24,200
CGST (2,24,200 x 9/118)	17,100
SGST (2,24,200 x 9/118)	17,100

Workings:

Assume taxable value of supply	X
Add: CGST & SGST	0.18x
Value of Bill	1.18x
Less: TDS @10% on X (u/s Sec 194J of the Income Tax Act, 1961)	-0.1X
Net Paid	1.08X
X (i.e. 2,05,200/1.08) [i.e. taxable value of supply]	1,90,000
TDS u/s 194J 10% on 1,90,000	19,000

4. (b) In the given case, since goods have been temporarily imported by ABC Fabricators and have been re-exported after the repairs without being put to any use in Gujarat (taxable territory), place of supply of repair services carried out by ABC Fabricators will be determined by Sec 13(2) of IGST Act, 2017. Consequently, the place of supply of service will be the location of service receiver, viz. China (non-taxable territory).

However, if repaired goods are re-exported after being put to use, the place of supply of service will be determined according to Sec 13(3)(a) of IGST Act, 2017, if the use to which such goods are put to is not required for such repair.

Therefore in such a case, the place of supply of service will be the location where the service is actually performed, which in the given case is Gujarat.

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However, if the use is of such nature, which is necessary for carrying out the repairs, the place of supply of service will again be determined as per Sec 13(2) of IGST Act, 2017.

5. (a) What is meant by OIDAR services? Which types of services are included under OIDAR services?

(b) M/s Anjali Ltd, a registered company under GST, being a dealer dealing with second-hand goods. M/s Anjali Ltd. supplies a used camera to a consumer in Chennai for selling price of Rs. 15,000. The used camera (i.e. second hand) was purchased for Rs. 10,000 from a registered dealer in Mumbai; on which CGST + SGST of Rs. 1,400 each were charged (i.e. GST rate applicable to cameras is 28%).

M/s Anjali Ltd. charged IGST 28% on inter State supply.

Find the net GST liability in the following independent cases:

(i) if input tax credit availed.

(ii) if input tax credit not availed.

[7 + 8]

Answer :

5. (a) Online Information and Database Access or Retrieval [OIDAR] services means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information technology.

OIDAR services include the following services:

- (i) advertising on the internet;
- (ii) providing cloud services;
- (iii) provision of e-books, movie, music, software and other intangibles via telecommunication networks or internet;
- (iv) providing data or information, retrievable or otherwise, to any person, in electronic form through a computer network;
- (v) online supplies of digital content (movies, television shows, music, etc.);
- (vi) digital data storage; and
- (vii) online gaming.

5. (b) (i) Computation of Net GST liability in case of input tax credit availed:

Particulars	Value in Rs.	28% IGST Rs.
Output supply	15,000	4,200
Less: ITC	10,000	
CGST 14%		(1,400)
SGST 14%		(1,400)
Net GST liability		1,400

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(ii) Computation of Net GST liability in case of input tax credit not availed:

Particulars	Value in Rs.	28% IGST (Rs.)	Remarks
Output supply	15,000		
Less: Purchase price	12,800		ITC will form part of cost.
Difference known as margin	2,200	616	Charge GST on the margin or profit earned on the goods (Rs. 2,200 x 28%)

6. (a) M/s. Vipin Ltd. purchased raw material 'A' 10,000 kg @ Rs. 80 per Kg. plus GST. The said raw material was used to manufacture product 'P'. The other information's are as under:

(i) Processing loss : 2% on inputs 'A'.

(ii) Transaction value of 'P' : Rs. 100 per kg.

(iii) Other material 'M' used in the manufacture of 'P' : Rs. 2 lakh plus GST.

(iv) GST on capital goods imported during the period and used in the manufacture of 'P':

- Basic customs duty Rs. 20,000

- IGST under customs under section 3(1) of the Customs Tariff Act, 1975 Rs. 10,000;

(v) Rate of GST on 'A', 'M' and 'P' : 12%.

M/s. Vipin Ltd. is not eligible for composition scheme under Section 10 of CGST Act, 2017

Compute:

(a) Amount of input tax credit available and

(b) Net GST payable by M/s. Vipin Ltd.

(b) M/s. Basu Ltd. is operating in two states Andhra Pradesh and Tamil Nadu. The tax liability for the month of August 2018 is as follows

Sl. No.	Tax Liability	Andhra Pradesh (Rs.)	Tamil Nadu (Rs.)
1.	Output CGST Payable	25,000	10,000
2.	Output SGST Payable	10,000	5,000
3.	Output IGST payable	3,000	2,500
4.	Input CGST	8,000	13,000
5.	Input SGST	15,000	1,500
6.	Input IGST	12,000	16,000

Calculate the tax payable for the month of August 2018.

[7 + 8]

Answer :

6. (a) Statement showing eligible input tax credit of M/s Vipin Ltd.

Particulars	Value in (Rs.)	Working note
Raw material 'P'	96,000	(10,000 kg x Rs. 80) x 12%
Other material 'M'	24,000	Rs. 2,00,000 x 12%
Capital goods (imported)	10,000	IGST allowed as ITC.
Total ITC	1,30,000	

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(b) Net GST liability of M/s Vipin Ltd.

Input 'A' 10,000 kg → Output 'P' 9,800 kg

GST payable on value of supply 'P' (9,800 kg x Rs. 100) x 12% = Rs. 1,17,600

less: ITC allowed = Rs. (1,30,000)

Excess ITC c/f = Rs. (12,400)

6. (b) Net Tax payable for the month of August 2018 is as follows:

Particulars	Andhra Pradesh			Tamil Nadu		
	CGST	SGST	IGST	CGST	SGST	IGST
Output tax	25,000	10,000	3,000	10,000	5,000	2,500
Input credit available for setoff	8,000	15,000	12,000	13,000	1,500	16,000
Input credit adjusted	8,000	10,000	3,000	10,000	1,500	2,500
Tax payable after setting of ITC	17,000	-	-	-	3,500	-
Input Tax available for further set-off	-	5,000	9,000	3,000	-	13,500
Inter Adjustment of ITC	9,000	-	(9,000)	-	3,500	(3,500)
Net Tax payable in cash	8,000	-	-	-	-	-
Input credit carry forwarded to next month	-	5,000	-	3,000	-	10,000

Notes:

1. IGST Input tax credit can be adjusted against Output tax of liability of IGST, CGST, SGST, UTGST (set off can be done in same Order)
2. SGST Input tax credit cannot be adjusted against output CGST & Vice-Versa.
3. CGST & SGST Input tax credit of one State cannot be adjusted against Output CGST & SGST of other state (same principle is applicable to IGST credit also).

7. Write short notes on any three of the following:

[5 x 3]

(a) Transactions through E-commerce Operators.

(b) Export of Service

(c) Revised Invoice as per Section 31(3)(a) of the CGST Act, 2017

(d) Purposes & importance of filing of returns under GST

Answer :

7. (a) Rule 78 deals with the matching of details furnished by the e-Commerce operator with the details furnished by the supplier.

The following details relating to the supplies made through an e-Commerce operator, as declared in FORM GSTR-8, shall be matched with the corresponding details declared by the supplier in FORM GSTR-1-

(a) GSTIN of the supplier;

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- (b) GSTIN or UIN of the recipient, if the recipient is a registered person;
- (c) State of place of supply;
- (d) invoice number of the supplier;
- (e) date of invoice of the supplier;
- (f) taxable value; and
- (g) tax amount

Provided that for all supplies where the supplier is not required to furnish the details separately for each supply, the following details relating to such supplies made through an e-Commerce operator, as declared in FORM GSTR-8, shall be matched with the corresponding details declared by the supplier in FORM GSTR-1

- (a) GSTIN of the supplier;
- (b) State of place of supply;
- (c) total taxable value of all supplies made in the State through e-commerce portal; and
- (d) tax amount on all supplies made in the State:

- (b) As per Section 2(6) of the IGST Act, 2017, export of service means the supply of any services when:
 - (i) The supplier of the 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
 - (vi) The supplier of service and the recipient of service are not merely establishments—→ of distinct persons in accordance with explanation 1 to section 8 of the IGST Act, 2017.
- (c) A registered person may, within one month from the date of issuance of certificate of registration and in such manner as prescribed in the Invoice Rules, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him.

This provision is necessary, as a person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the time period and registration is granted, the effective date of registration is the date on which the person became liable for registration. Thus there would be a time lag between the date of grant of certificate of registration and the effective date of registration.

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For supplies made by such person during this intervening period, the law enables the issuance of a revised invoice, so that Input Tax Credit can be availed by the recipient on such supplies.

(d) Purposes of filing of Return under GST:

The returns serve the following purposes —

- (i) Mode for transfer of information to tax administration;
- (ii) Compliance verification program of tax administration;
- (iii) Finalization of the tax liabilities of the taxpayer within stipulated time period;
- (iv) Providing necessary inputs on basis of which policy decision can be taken;
- (v) Management of audit and anti-evasion programs of tax administration.

Importance of filing of returns in GST Law: Under the GST laws, the correct and timely filing of returns is of utmost importance because of two reasons.

- (i) Firstly, under GST laws, a taxpayer is required to estimate his tax liability on "self-assessment" basis and deposit the tax amount along with/before the filing of such return. The return, therefore, constitutes a kind of working sheet/supporting document for the tax authorities that can be relied upon as the basis on which the tax has been computed by the taxpayer.
- (ii) Secondly, under the GST regime, filing of returns not only determines the tax liability of the person filing the same, but it also has a huge bearing on determination of tax liability of other persons with whom the former has entered into taxable activities.

Section – B

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

8. Choose the correct answer:

[5 x 1= 5]

- (i) Entry 83 of the Union List of the _____ to the Constitution of India is empowered to levy the customs duty by the Central Government of India**
 - (a) Sixth Schedule**
 - (b) Seventh Schedule**
 - (c) Eighth Schedule**
 - (d) Ninth Schedule.**

- (ii) An area beyond _____ from the base line is called High Seas.**
 - (a) 100 nautical miles**
 - (b) 150 nautical miles**
 - (c) 200 nautical miles**
 - (d) None of the above**

- (iii) Which of the following is a taxable event for imported goods?**
 - (a) Unloading of imported goods at the customs port**
 - (b) Date of entry into Indian territorial waters**
 - (c) Date of presentation of bill of entry**
 - (d) Date on which the goods cross the customs barrier.**

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(iv) 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

(v) Derelict are goods that

- (a) are abandoned by the owner in an emergency with a hope of recovering it later.
- (b) owner has no intention to abandon but get sunk and drift to the shore.
- (c) owner has no intention to abandon but float and drift to the shore.
- (d) are abandoned by owner of goods without any hope of recovery.

Answer:

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

9. (a) A commodity is imported into India from a country covered by a notification issued by the Central Government under section 9A of the Customs Tariff Act, 1975. Following particulars are made available:

CIF value of the consignment: US\$25,000

Quantity imported: 500 kgs.

Exchange rate applicable: Rs. 60=US\$1

Basic customs duty: 12%

Social Welfare Surcharge applicable as per the Finance Act, 2018.

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$70 per kg. and the landed value of the commodity as imported.

Appraise the liability on account of normal duties and the anti-dumping duty.

Assume that only 'basic customs duty' (BCD) and Social Welfare Surcharge are payable. IGST @12% is also be applicable.

(b) BSA & Company Ltd. has imported a machine from U.K. From the following particulars furnished by them, arrive at the assessable value for the purpose of customs duty payable:

(i)	F.O.B. cost of the machine	10,000 U.K. Pounds
(ii)	Freight (air)	3,000 U.K. Pounds
(iii)	Engineering and design charges paid to a firm in U.K	500 U.K. Pounds
(iv)	License fee relating to imported goods payable by the buyer as a condition of sale	20% of F.O.B. Cost
(v)	Materials and components supplied by the buyer free of cost	Rs. 20,000

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	valued	
(vi)	Insurance paid to the insurer in India	Rs. 6,000
(vii)	Buying commission paid by the buyer to his agent in U.K. 100 U.K. Pounds	

Other Particulars:

- (i) Inter-bank exchange rate as arrived by the authorized dealer: Rs. 88.50 per U.K. Pound.
 - (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of Rs. 86.25 per U.K. Pound.
 - (iii) Importer paid Rs. 5,000 towards demurrage charges for delay in clearing the machine from the Airport.
- (Make suitable assumptions wherever required and show workings with explanations)**

[7 + 8]

Answer :

9. (a) Statement showing landed value of imported goods and customs duties:

Particulars	US \$
CIF value	25,000
	Value in Rs.
Assessable value (i.e. 25,000 x Rs. 60)	15,00,000
Add: Customs duty (including SWS) 13.2% on Assessable value	1,98,000
Landed value (or value of imported goods)	16,98,000
Anti-dumping duty (21,00,000 – 16,98,000)	4,02,000
Market value of imported goods (500 kgs x Rs. 60 x US \$70) = 21,00,000	
Open Market Value	21,00,000
Add: IGST @12% on Rs. 21,00,000	2,52,000
Total	23,52,000

Total customs duty payable is Rs. 8,52,000 (i.e. 1,98,000 + 4,02,000 + 2,52,000)

9. (b) Computation of Assessable Value of BSA & Company

Particulars	UK Pound
FOB Value	10,000
Add: Engineering and Design charges (Paid in UK)	500
Add: License fee (20% on 10,000 UKP)	2,000
Sub-total	12,500
	Value in Rs.
Sub-total (12,500 UKP × Rs. 86.25)	10,78,125
Add: Material supplied by the buyer freely	20,000
FOB Value as per customs	10,98,125
Add: Air freight (10,98,125 × 20%)	2,19,625
Add: Insurance	6,000
CIF Value/ Assessable value	13,23,750

10. (a) What is meant by Duty Drawback? Discuss about the Negative List of Duty Drawback (Section 76).

(b)(i) 'A' exported a consignment under drawback claim consisting of the following items—

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Particulars	Chapter Heading	FOB value Rs.	Drawback rate
200 pieces of pressure stores mainly made of beans @ Rs. 80/piece	74.04	16,000	4% of FOB
200 Kgs. Brass utensils @ Rs. 200 per Kg.	74.13	40,000	Rs. 24/Kg.
200 Kg. Artware of brass @ Rs. 300 per Kg.	74.22	60,000	17.50% of FOB subject to a maximum of Rs. 38 per Kg.

On examination in docks, weight of brass Artware was found to be 190 Kgs. and was recorded on shipping bill. Compute the drawback on each item and total drawback admissible to the party.

(ii) Write a short note on One Time Lock (OTL).

[(2 + 5) + (5 + 3)]

Answer :

10. (a) Duty Drawback is an export incentive scheme where the duties paid on any exported materials or excisable materials which are used in the manufacture/processing/carrying out any operations on the goods that are exported outside India is allowed as refund to the exporter.

Negative list of Duty Drawback [Section 76]

- (i) Duty Drawback (DDB) amount is less than Rs. 50
- (ii) In case of negative sales
- (iii) If CENVAT Credit availed (except BCD)
- (iv) DDB amount is more than 1/3rd of Market value of exports
- (v) Export to Nepal and Bhutan and the export proceeds are not received in hard currency (it means USD, GBP or Pounds).
- (vi) DDB as % on FOB less than 1% unless amount of DDB is more than or equal to Rs. 500
- (vii) Duty drawback is not allowed if the exporter has already availed the Duty Entitlement Pass Book (DEPB) or other export incentives.
- (viii) If the sale proceeds not received within the time period allowed by Reserve Bank of India.
- (ix) Duty drawback amount exceeds the market value of exported goods.

10. (b) (i) The drawback on each item and total drawback admissible to the party shall be:

Particulars	FOB value Rs.	Drawback rate	Drawback Amount (Rs.)
200 pcs, pressure stoves made of brass	16,000	4% of FOB	640
200 Kgs. Brass utensils	40,000	Rs. 24 per Kg.	4,800
200 kgs. Artware of brass, whose actual weight was 190 Kgs. only. (60,000 x 190/200) x 17.5% = Rs. 9,975 190 kgs x Rs. 38 = Rs. 7,220		17.50% of FOB subject to maximum of Rs. 38 per Kg. (Rs. 9,975 or Rs. 7,220 whichever is less)	7,220
Total Drawback admissible (in Rs.)			12,660

- (ii) When the goods are removed from the customs station of import for warehousing, the proper officer affixes a onetime 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.

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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).