

CUSTOM LAW QUESTION BANK

Example: 1

A vessel ARJUN, sailing from U.S.A to Australia via,, India carries various types of products namely 'A, B, C & D'. 'A & B' are destined to Mumbai Port. On account of submission of bill of transshipment product 'A' transshipped to Chennai port as ultimate destination in India and product 'B' transshipped to Srilanka.

Find the imported goods, Transshipment goods and transit goods?

Answer:

Product 'A' is imported goods because its ultimate destination is in India.

Products 'A & B' are called as Transshipment goods, since these goods are transshipped to another vessel, Product 'A' transshipped to Chennai attracts import duty whereas product 'B' is destined to Srilanka without payment of duty.

Example : 2

X imported some goods for subsequent sale in India at \$ 10,000 on assessable value basis. Relevant exchange rate and rate of duty are as follows:

Particulars	Date	Exchange rate declared by the CBIC	Rate of Basic Customs Duty
Date of submission of bill of entry	25th February 2020	₹ 58/USD	10%
Date of entry inwards granted to the vessel	5th March 2020	₹ 58.75/USD	12%

Calculate Assessable value and Customs Duty in Indian rupees?

Answer:

Relevant rate of duty for the imported goods is 12% (i.e. Date of submission of bill of entry or Date of entry inwards granted to the vessel whichever is later)

Exchange Rate is ₹ 58 per USD (i.e. the rate of CBIC as on the date of submission of Bill of Entry by the importer)

Assessable value = ₹ 5,80,000 (i.e. USD 10,000 x ₹ 58)

Basic Customs Duty = ₹ 69,600 (i.e. ₹ 5,80,000 x 12%)

10% Social Welfare Surcharge = ₹ 6,960 (i.e. ₹ 69,600 x 10%)

IGST (Assume 18%) 1,18,181 (i.e., 18% on (580000 + 69600 + 6960))

Total Customs Duty including IGST = ₹ 1,94,741/-

Example: 3

Y imported some goods. Entry inwards granted to the vessel on 7th February, and the goods were cleared from Chennai port for warehousing on 8th February, after assessment. The Bill of Entry was presented on 1st February for warehousing. Assessable value was US \$ 10,000. Assume that no additional duty is payable. The goods were warehoused at Chennai and were cleared from Chennai warehouse on 4th March. What is the duty payable while removing the goods from Chennai warehouse on 4th March? Exchange rates and rate of Customs Duties are as follows:

Particulars	Date	Exchange rate declared by the CBIC	Basic Customs Duty
Date of submission of bill of entry for warehousing	1st February	₹ 55/USD	10%
Date of entry inwards granted to the vessel	7th February	₹ 59/USD	15%
Date of clearance of goods from warehouse	4th March	₹ 60/USD	12%

CUSTOM LAW QUESTION BANK

Answer:

Relevant rate of duty for the imported goods warehoused is 12% (i.e. Date of submission of sub-bill of entry)

Exchange Rate is ₹ 55 per USD (i.e. the rate of CBIC as on the date of submission of Bill of Entry by the importer)

Assessable value = ₹ 5,50,000 (i.e. USD 10,000 x ₹ 55)

Basic Customs Duty = ₹ 66,000 (i.e. ₹ 5,50,000 x 12%)

10% Social Welfare Surcharge = ₹ 6,600 (i.e. ₹ 66,000 x 10%)

Total Customs Duty (excluding IGST) = ₹ 72,600/-

Example: 4

Compute export duty from the following data:

- (i) **FOB price of goods: US \$ 1,00,000**
- (ii) **Shipping bill presented electronically on 28-02-2018**
- (iii) **Proper officer passed order permitting clearance and loading of goods for export on 01-03-2018.**
- (iv) **Rate of exchange and rate of export duty are as under**

Duty	Rate of Exchange	Rate of Export
On 28-02-2020	1 US \$=₹65	10%
On 01-03-2020	1 US \$=₹66	8%

- (v) **Rate of exchange is notified for export by Central Board of Indirect Tax and Customs (Make suitable assumptions)**

Answer:

Particulars	Value in ₹	Remarks
FOB	65,00,000	1,00,000 x ₹65
Customs Duty	5,20,000	₹65 lakhs x 8%

Note: Export duty does not carry Social Welfare Surcharge.

Exchange rate for export of goods is the rate of CEBC at the time of submission of shipping bill.

Rate of duty for export is the date on which entry outward granted for export and loading of goods taken place.

Example : 5

Mr. X imported an Air conditioner on 1st January 2020 for ₹ 5,00,000 from USA. Mr. X has paid import duty for ₹ 50,000. Due to some technical problems the same was exported for want of repairs on 31st January 2020. After incurring some additional cost for repairs and replacement worth for ₹ 1,00,000 the same was re-imported on 5th February 2020.

Answer : The import duty in such case will be restricted on the value of repairs and replacement of ₹1,00,000.

Example : 6

A machine was originally imported from Japan at ₹ 250 lakh in August 2019 on payment of all duties of customs. The said machine was exported (sent-back) to supplier for repairs in January 2020 and re-imported without any re-manufacturing or re-processing in October, 2020 after repairs. Since the machine was under warranty period, the repairs were carried out free of cost.

However, the fair cost of repairs carried out (including cost of material ₹ 6 lakh) would have been ₹ 9 lakh. Actual insurance and freight charges (to and fro) were ₹ 3 lakh. The rate of basic customs duty is 10% and rate of IGST in India on like article is 12%.

Compute the amount of customs duty payable (if any) on re-import of the machine after repairs. The ownership of the machine has not been changed during the period.

CUSTOM LAW QUESTION BANK

Answer:

Particulars	₹
Value of goods re-imported after exports [₹ 9 lakh (including cost of materials) + ₹3 lakh]	12,00,000
Basic customs duty @ 10%	1,20,000
Social Welfare Surcharge @ 10% on BCD	12,000
Balance (i.e. Transaction value)	13,32,000
Add: IGST @12% on 13,32,000	1,59,840
Landed Value	14,91,840
Total Customs Duty (including IGST)	2,91,840

Example: 7

If goods are pilfered after the order of clearance is made but before the goods are actually cleared, duty would be leviable?

Answer:

Yes. Importer has to pay duty.

Note: refund can be claimed

Example : 8

Provisions of section 13 would apply if it can be shown that pilferage took place prior to the unloading of goods?

Answer:

Section 13 would not apply in the given case.

The pilferage should have occurred after the goods are unloaded, but before the proper officer makes the order of clearance.

Example: 9

Y Ltd imported goods from USA for ₹ 50,000. After damage these goods valued by customs officer is ₹ 10,000. Total Customs duty on the value of imported goods levied ₹ 6,180. Imported goods had been damaged after the unloading of goods in India but before their examination for assessment by customs authorities, and such damage is not due to any willful act of X Ltd. Find total duty payable by X Ltd.

Answer:

Customs Duty = ₹ 1,236

Working Note:

$6,180 - [(40,000/50,000) * 6,180] = ₹ 1,236$

Abatement of duty is ₹ 4,944

CUSTOM LAW QUESTION BANK

Example: 10

Suppose Assessable Value (A.V.) including landing charges = ₹ 100/-

(1) BCD - 10%

(2) IGST - 12%

(3) Social Welfare Surcharge - 10%

In view of the above parameters, the calculation of duty would be as below:

(a) BCD = ₹ 10 [10% of A.V.]

(b) Social Welfare Surcharge - ₹ 1 [10% of (a)]

(c) IGST - ₹ 13.32 [A.V. + (a) + (b)] × 12%

Note: The inclusion of anti-dumping duties and safeguard duty in the value for levy of IGST and Compensation Cess is an important change. These were not hitherto included in the value for the levy of additional duty of customs (CVD) or Special Additional Duty (SAD). The IGST paid shall not be added to the value for the purpose of calculating Compensation Cess.

Example : 11

Suppose Assessable Value (A.V.) including landing charges = ₹ 100/-

(1) BCD - 10%

(2) IGST - 12%

(3) Social Welfare Surcharge - 10%

(4) Compensation cess - 10%

In view of the above parameters, the calculation of duty would be as below:

(a) BCD = ₹ 10 [10% of A.V.]

(b) Social Welfare Surcharge = ₹ 1 [10% of (a)]

(c) IGST - ₹ 13.32 [A.V. + (a) + (b)] × 12%

(e) Compensation cess - ₹ 11.10 [A.V. + (a) + (b)] × 10%

Note:

- (1) In cases where imported goods are liable to Anti-Dumping Duty or Safeguard Duty, calculation of Anti-Dumping Duty or Safeguard duty would be as per the respective notification issued for levy of such duty. It is also clarified that value for calculation of IGST as well as Compensation Cess shall also include Anti-Dumping Duty amount and Safeguard duty amount.
- (2) The inclusion of anti-dumping duties and safeguard duty in the value for levy of IGST and Compensation Cess is an important change. These were not hitherto included in the value for the levy of additional duty of customs (CVD) or Special Additional Duty (SAD). The IGST paid shall not be added to the value for the purpose of calculating Compensation Cess.

CUSTOM LAW QUESTION BANK

Example : 12

XYZ Transport company imported Rolls Royce car for the purpose of providing output services by way of transportation of passengers. Following are the cost & other details-

Particulars	Amount (INR)
Cost of vehicle (Assessable value)	300,00,000
Custom duty	10%
IGST	28%
Compensation cess	20%

XYZ Transport company is eligible to take Input tax credit and have output IGST liability of INR 120 Lakh. Calculate tax liability towards Custom duty & GST liability.

Particulars	Calculation	Amount(INR)
Cost of Vehicle-(A)		300,00,000
Custom duty-(B)	10%	30,00,000
Social Welfare Surcharge - (C)	10% on (B)	3,00,000
Total custom duty payable- (D)	(B+C)	33,00,000
Total Cost after Custom duty-(E)	(A+D)	333,00,000
IGST-(F)	28% on (E)	93,24,000
Compensation cess-(G)	20% on (E)	66,60,000
Total cost-(H)	(E+F+G)	492,84,000

- Input tax credit available to set off against output IGST is INR 93,24,000
- Compensation cess paid cannot be set off against output tax liability of IGST
- Total tax payable by XYZ Transport Company after adjusting IGST ITC is INR 26,76,000 (120,00,000-

Note: "developing country" means a country notified by the Central Government in the Official Gazette for the purposes of this section.

Example : 13

Determine the safeguard duty payable by XYZ Ltd., under section 8B of the Customs Tariff Act, 1975 from the following:

X Ltd imported Sodium Nitrite from a developing country from 26th February, 2020 to 25th February, 2020 (both days inclusive) ₹ 50 crores.

Total imports of Sodium Nitrite (including developing country) is ₹ 2,500 crores.

Note: Safeguard duty is @ 30%.

Whether your answer is different in case of import of Sodium Nitrite from a developing country ₹ 80 crores?

CUSTOM LAW QUESTION BANK

Answer:

Since, import from a developing country does not exceeds 3% (i.e. 2% only) of total import of that article in to India, Safeguard duty is Nil.

In the given case safeguard duty will be payable by XYZ Ltd.

Safeguard duty = ₹ 24 crores (i.e. ₹ 80 crores x 30%)

Since, import from a developing country exceeds 3% (i.e. 3.2%)

Example : 14

Determine the safeguard duty payable by X Ltd., Y Ltd., Z Ltd. and A Ltd. under section 8B of the Customs Tariff Act, 1975 from the following:

Import of Sodium Nitrite from developing and developed countries from 26th February, 2020 to 25th February, 2020 (both days inclusive) are as follows:

Importer	Country of Import	₹ in Crores
X Ltd.	Developing Country	70
Y Ltd.	Developing Country	72
Z Ltd.	Developing Country	52
A Ltd.	Developing Country	50
Others	Developed Country	2,256
	Total	2,500

Note: Safeguard duty 30%.

Answer:

Importer	Country of Import	₹ in Crores	% of imports
X Ltd.	Developing Country	70	2.8%
Y Ltd.	Developing Country	72	2.88%
Z Ltd.	Developing Country	52	2.08%
A Ltd.	Developing Country	50	2%
Others	Developed Country	2,256	
	Total	2,500	9.76%

Safeguard duty is as follows:

Importer	₹ in Crores	% of imports
X Ltd.	21	70 x 30%
Y Ltd.	21.60	72 x 30%
Z Ltd.	15.60	52 x 30%
A Ltd.	15	50 x 30%

Articles originating from more than one developing countries and imports from each developing country is less than 3%, safeguard duty can be imposed if imports from all such developing countries taken together exceeds 9% of total imports of that article in India.

CUSTOM LAW QUESTION BANK

Example : 15

Determine the safeguard duty payable by X Ltd., Y Ltd., and Z Ltd. and A Ltd. under section 8B of the Customs Tariff Act, 1975 from the following:

Import of Sodium Nitrite from developing and developed countries from 26th February, 2020 to 25th February, 2020 (both days inclusive) are as follows:

Importer	Country of Import	₹ in Crores
X Ltd.	Developing Country	70
Y Ltd.	Developing Country	82
Z Ltd.	Developing Country	52
A Ltd.	Developing Country	50
Others	Developed Country	2,246
	Total	2,500

Note: Safeguard duty 30%.

Answer:

Importer	Country of Import	₹ in Crores	% of imports	
X Ltd.	Developing Country	70	2.8%	
Y Ltd.	Developing Country	72		3.28%
Z Ltd.	Developing Country	52	2.08%	
A Ltd.	Developing Country	50	2%	
Others	Developed Country	2,256		
	Total	2,500	6.88%	3.28%

Safeguard duty is as follows:

Importer		₹ in Crores	% of imports
X Ltd.		NIL	70 × 30%
Y Ltd.		24.60	82 × 30%
Z Ltd.		NIL	52 × 30%
A Ltd.		NIL	50 × 30%

Articles originating from more than one developing countries (each with less than 3% import share), then the aggregate of imports from all such countries taken together does not exceed 9% (i.e., in the given case 6.88%) of the total imports of that article into India. Therefore, Safeguard duty is not applicable to X Ltd., Z Ltd. and A Ltd.

CUSTOM LAW QUESTION BANK

Example: 16

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: ₹ 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, cess and the anti-dumping duty.

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

Answer:

Statement showing land value of imported goods and customs duties:

Particulars	US \$
CIF value	25,000
	Value in ₹
Assessable value (i.e. 25,000 x ₹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 ₹60 x US \$70) = 21,00,000	
Open Market Value	21,00,000
Add: IGST @12% on ₹ 21,00,000	2,52,000
Total	23,52,000
Total customs duty payable is ₹ 8,52,000 (i.e. 1,98,000 + 4,02,000 + 2,52,000)	

Note:

In cases where imported goods are liable to Anti - Dumping Duty or Safeguard Duty, calculation of Anti - Dumping Duty or Safeguard duty would be as per the respective notification issued for levy of such duty. It is also clarified that value for calculation of IGST as well as Compensation Cess shall also include Anti - Dumping Duty amount and Safeguard duty amount

CUSTOM LAW QUESTION BANK

Example 17

From the particulars given below, find out the assessable value of the imported goods under the Customs Act, 1962.

Sl. No.	Particulars	US\$
(i)	Cost of the machine at the factory of the exporting country	10,000
(ii)	Transport charges incurred by the exporter from his factory to the port for shipment.	500
(iii)	Handling charges paid for loading the machine in the ship	50
(iv)	Buying commission paid by the importer	50
(v)	Freight charges from exporting country to India	1,000
(vi)	Exchange Rate to be considered 1\$ = ₹ 65	

Answer:

Statement showing assessable value for imported goods:

S.No.	Particulars	Value US \$	Workings
(i)	Cost of the machine at the factory of the exporting country	10,000	
(ii)	Transport charges incurred by the exporter from his factory to the port for shipment	500	
(iii)	Handling charges paid for loading the machine in the ship	50	
	FOB Value of Exporter	10,550	
(iv)	Buying commission paid by the importer	-	Not addable into the assessable value
(v)	Cost of insurance	118.6875	@1.125% on FOB value
(vi)	Freight charges from exporting country to India	1,000	
(vii)	CIF Value/ Assessable value	11,668.6875	
(viii)	Assessable value (in INR)	₹ 7,58,465	₹65 x US\$11,668.6875 = ₹ 7,58,465

Example 18

XYZ Industries Ltd., has imported certain equipment from Japan at an FOB cost of 2,00,000 Yen (Japanese). The other expenses incurred by M/s. XYZ Industries in this connection are as follows:

- (i) Freight from Japan to India Port 20,000 Yen
- (ii) Insurance paid to Insurer in India ₹ 10,000
- (iii) Designing charges paid to Consultancy firm in Japan 30,000 Yen
- (iv) M/s. XYZ Industries had expended ₹ 1,00,000 in India for certain development activities with respect to the imported equipment
- (v) XYZ Industries had incurred road transport cost from Mumbai port to their factory in Karnataka ₹ 30,000
- (vi) The Central Board of Excise and Customs had notified for purpose of section 14(3)* of the Customs Act, 1962 exchange rate of 1 Yen = ₹ 0.3948. The inter bank rate was 1 Yen = ₹ 0.40
- (vii) M/s XYZ Industries had effected payment to the Bank based on exchange rate 1 Yen = ₹ 0.4150
- (viii) The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees. Arrive at the assessable value for purposes of customs duty under the Customs Act, 1962 providing brief notes wherever required with appropriate assumptions.

CUSTOM LAW QUESTION BANK

Answer:

Statement showing computation of Assessable Value for the imported goods

Particulars	Amount in Yen	Remarks	Working note
Free on Board (FOB)	2,00,000		
Designing charges	30,000	Addable into the assessable value	
Development charges	—	Not addable into the assessable value, because these are post shipment expenses	
Road transport charges	—	Not addable into the assessable value, because these are post shipment expenses	
Commission	10,000	Addable into the assessable value	2,00,000 x 5% = 10,000
FOB value of the Customs	2,40,000		
	Amount in ₹		

Particulars	Amount in ₹	Remarks	Working note
Insurance	10,000	Addable into the assessable value	
Freight	7,896	Addable into the assessable value	20,000 x 0.3948
Total CIF value/ Assessable Value	1,12,648		

Example 19:

ABC & Company Ltd. have 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 valued	₹ 20,000
(vi)	Insurance paid to the insurer in India	₹ 6,000
(vii)	Buying commission paid by the buyer to his agent in U.K. 100 Pounds	

Other Particulars:

- (i) Inter-bank exchange rate as arrived by the authorized dealer: ₹72.50 per U.K. Pound.
 - (ii) CBIC had notified for purpose of Section 14 of the Customs Act, 1962, exchange rate of ₹70.25 per U.K. Pound.
 - (iii) Importer paid ₹5,000 towards demurrage charges for delay in clearing the machine from the Airport.
- (Make suitable assumptions wherever required and show workings with explanations)

Answer:

	UK Pounds
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 ₹
Sub-total (12,500 UKP x ₹ 70.25)	8,78,125

CUSTOM LAW QUESTION BANK

Add: Material supplied by the buyer freely	20,000
FOB Value as per customs	8,98,125
Add: Air freight (8,98,125 × 20%)	1,79,625
Add: Insurance	6,000
CIF Value/ Assessable value	10,83,750

Example 20

Compute the duty payable under the Customs Act, 1962 for an imported equipment based on the following information:

- (i) **Assessable value of the imported equipment US \$10,100.**
- (ii) **Date of Bill of Entry 25.4.2020 basic customs duty on this date 12% and exchange rate notified by the Central Board of Indirect Tax and Customs US \$ 1 = ₹ 65.**

- (iii) **Date of Entry inwards 21.4.2020 Basic customs duty on this date 16% and exchange rate notified by the Central Board of Indirect Tax and Customs US \$ 1 = ₹ 60.**

- (iv) **IGST u/s 3(7) of the Customs Tariff Act, 1975: 12%.**

Social Welfare Surcharge @ 10% in terms of the Finance Act, 2018.

Make suitable assumptions where required and show the relevant workings and round off your answer to the nearest Rupee.

Answer:

	₹	
A.V	6,56,500.00	(10,100 × 65)
ADD: BCD 12% on 6,56,500	78,780.00	
ADD: 10% Social Welfare Surcharge	7,878.00	(78,780 × 10%)
Balance	7,43,158.00	
ADD: IGST 12% on 7,43,158.00	89,179.00	
Value of Imported Goods	8,32,337.00	
Customs Duty (i.e. 8,32,337.00 – 6,56,500.00)	1,75,837.00	

Example 21

Compute the assessable value and Customs duty payable from the following information:

(i)	F.O.B value of machine	8,000 UK Pounds
(ii)	Freight paid (air)	2,500 UK Pounds
(iii)	Design and development charges paid in UK	500 UK Pounds
(iv)	Commission payable to local agents @ 2% of F.O.B in Indian Rupees	
(v)	Date of bill of entry (Rate BCD 12%; Exchange rate as notified by CBIC ₹ 68 per UK Pound)	24.10.2020
(vi)	Date of entry inward (Rate of BCD 18%; Exchange rate as notified by CBIC ₹ 70 per UK Pound)	20.10.2020
(vii)	IGST payable 18%	
(viii)	Insurance charges actually paid but details not available	

CUSTOM LAW QUESTION BANK

Answer:

	UK Pounds
FOB	8,000
Add: Design and Development (paid in UK)	500
Add: Commission to local agent (2% on 8,000 UKP)	160
FOB Value as per customs	8,660
Add: Air freight (8,660 × 20%)	1,732
Add: Insurance (8,660 × 1.125%)	97,425
CIF Value/ Assessable value	10,489,425
Assessable value in ₹ (10,489.425 × 68)	7,13,281

Statement showing customs duties

Particulars	Value ₹	Working note
Assessable value	7,13,281	
Add: BCD	85,593.72	(7,13,281 × 12%)
Add: Social Welfare Surcharge	8,559.37	(85,593.72 × 10%)
Balance	8,07,434.09	
Add: IGST	1,45,338.14	(8,07,434.09 × 18%)
Landed value	9,52,772.23	
Total Customs duties	2,39,491.23/2,39,491.00	(9,52,772.23 – 7,13,281)

Example 6:

Hero International Group has imported a machine by air from United States. Bill of entry is presented on 18.07.2020. However, entry inwards is granted on 7.08.2017.

The relevant details of the transaction are provided as follows:

CIF value of the machine imported	\$ 13,000
Airfreight paid	\$ 2,800
Insurance charges paid	\$200

Rate of exchange as

Announced by	As on 18.07.2020	As on 7.08.2020
CBIC	1 US \$ = ₹ 66	1US \$ = ₹ 65.80
RBI	1 US \$ = ₹ 66.10	1 US \$ = ₹ 66.10

Calculate the assessable value (in rupees) for the purposes of levy of customs duty as well as total customs duty.

BCD = Nil

IGST = 18%

Make suitable assumptions wherever necessary.

Answer:

Particulars	Amount in US\$	Remarks	Workings
CIF value	13,000		
Less: Air freight	2,800	Air freight should not be more than 20% on FOB	
Less: insurance	200		
FOB value	10,000		

CUSTOM LAW QUESTION BANK

Add: Air freight	2,000	Air freight restricted to 20% on the FOB value	10,000 x 20% = 2,000
Add: Insurance	200		
CIF value/Assessable Value	12,200		US\$ (10,000+ 2,000 + 200) 12,200 x 1% = US\$122
	Amount in ₹		
Assessable value	8,05,200	CBIC exchange rate as on the date of submission of bill of entry is relevant.	US\$12,200 x 66= ₹ 8,05,200
Add: BCD	Nil		
Add: SWS @ 10%	Nil		

Balance	8,05,200		
Add: IGST @ 18%	1,44,936		(8,05,200 x 18%)
Landed value	9,50,136		

Example 22

Compute the assessable value and total customs duty payable under the Customs Act, 1962 for an imported machine, based on the following information:

	US \$
(i) Cost of the machine at the factory of the exporter	20,000
(ii) Transport charges from the factory of exporter to the port for shipment	800
(iii) Handling charges paid for loading the machine in the ship	50
(iv) Buying commission paid by the importer	100
(v) Lighterage charges paid by the importer	200
(vi) Freight incurred from port of entry to Inland Container depot	1,000
(vii) Ship demurrage charges	400
(viii) Freight charges from exporting country to India	5,000

Date of bill of entry	20.02.2020 (Rate BCD 20%; Exchange rate as notified by CBIC ₹ 60 per US \$)
Date of entry inward	25.01.2020 (Rate of BCD 12%; Exchange rate as notified by CBIC ₹ 65 per US \$)
IGST payable under section 3(7) of the Customs Tariff Act, 1975	12%

Also find the eligible input tax credit to the importer.

Answer:

Statement showing Assessable and customs duty:

Particulars	US \$	Remarks
Cost of the machine	20,000	
Add: transport charges from factory of exporter to the port for shipment	800	
Add: handling charges	50	
FOB	20,850	
Add: buying commission	Nil	Not addable
FOB of the Customs	20,850	
Add: Insurance	234.5625	20,850 x 1.125%
Add: Freight	5,000	
Add: Lighterage charges	200	

CUSTOM LAW QUESTION BANK

Add: Ship demurrage	400	
CIF Value/Assessable Value	26,684.5625	
	₹	
Assessable Value	16,01,074	26,684.5625 USD x ₹ 60
Add: BCD 20%	3,20,215	₹ 16,01,074 x 20%
Add: 10% SWS	32,022	(3,20,215 x 10%)
Balance	19,53,311	

Add: IGST	2,34,397	₹ 19,53,311 x 12%
Landed value of imported goods	21,87,708	
Total customs duty	5,86,634	

Note: Importer is eligible to avail input tax credit of IGST portion (i.e. ₹ 2,34,397) under GST Law provided he is using these goods for his business.

Example : 23

Gujarat Dry Fruits Limited imported dry fruits and declared the value as under—

Date of imports	Quantity (MT)	Declared value per MT	Country of import
November 20XX	250	25,000	Egypt
November 20XX	150	25,000	Egypt

It was found that imports were also made by some other dealers as indicated below:-

Date of Imports:	Quantity (MT)	Declared Value ₹ per MT	Country of import
And importer			
September 20XX	50	35,000	Dubai
Mumbai Intil			
October 20XX			
Chennai Fruits Ltd	20	40,000	Persia

The Customs Department has sought to assess the imports made by the Gujarat Fruits Ltd. as Contemporaneous imports under section 14 read with Rule 4 of the Customs Valuation Rules, 2007. Briefly examine whether the action proposed by the Department is correct.

Answer:

The goods are said to be identical only if the goods to be valued have been produced in the same country. In the given question, the goods in question have been imported from Egypt, while other importers have imported goods from other countries. Therefore, the department action is not correct.

CUSTOM LAW QUESTION BANK

Example : 24

A consignment of 800 metric tonnes of edible oil of Malaysian origin was imported by a charitable organization in India for free distribution to below poverty line citizens in a backward area under the scheme designed by the Food and Agricultural Organization. This being a special transaction, a nominal price of US\$ 10 per metric tonne was charged for the consignment to cover the freight and insurance charges. The Customs House found out that at or about the time of import of this gift consignment, there were following imports of edible oil of Malaysian origin:

S. No.	Quantity imported in metric tonnes	Unit price in US \$ (CIF)
1.	20	260
2.	100	220
3.	500	200
4.	900	175
5.	400	180
6.	780	160

The rate of exchange on the relevant date was 1 US \$ = ₹ 63.00 and the rate of basic customs duty was 15% ad valorem. There is no countervailing duty or special additional duty. Calculate the amount of duty leviable on the consignment under the Customs Act, 1962 with appropriate assumptions and explanations where required.

Answer:

Calculation of amount of duty payable:—

exchange rate of \$ 1 = ₹ 63

	₹
CIF Value (800 metric tonnes x 160 USD x ₹ 63)/ Assessable value	80,64,000
15% Basic Customs duty on ₹ 80,64,000	12,09,600
Add: Social Welfare Surcharge @ 10% on 12,09,600	1,20,960
Total custom duty payable	13,30,560

Notes: more than one transaction value for identical goods are given, we are supposed to take the lowest price of the quantity which is nearest to the quantity of import.

Example : 25

X Ltd., sell in India from a price list which grants favourable unit prices for purchases made in larger quantities.

Sale quantity	Unit price in ₹ (Exclusive of duties and taxes)	Number of sales
1-10 units	100	10 sales of 5 units 5 sales of 3 units
11-25 units	95	5 sales of 11 units
Over 25 units	90	1 sale of 30 units 1 sale of 50 units

CUSTOM LAW QUESTION BANK

The selling price includes the following post shipment expenses:

Freight from port to factory in India for ₹ 24,000

Insurance to cover transit damage from port to factory in India for ₹ 6,000

Number of units imported from high seas 5,000 units. Find the assessable value and total customs duty.

Note: BCD @12%.

Answer:

Sale quantity	Unit price in ₹ (exclusive of duties and taxes)	Total quantity sold at each price
1-10 units	100	65
11-25 units	95	55
Over 25 units	90	80

The greatest number of units sold 80, therefore, the unit price in the greatest aggregate quantity is ₹ 90.

	₹
Sale value	4,50,000 (i.e. ₹ 90 x 5,000 units)
Less: Freight & insurance	30,000
Assessable value	4,20,000
Total customs duty	₹ 55,440 (₹ 4,20,000 x 13.2%)

Example : 26

A Ltd., imported 500 units of minerals from High Seas for sale in India. Selling price exclusive of duties and taxes.

Freight from port to depot in India is ₹ 10,150 and Insurance ₹ 1,250.

Sale quantity	Unit price ₹
400 units	100
300 units	90
150 units	100
500 units	95
250 units	105
350 units	90
50 units	100

Basic Customs Duty 12% and Social Welfare Surcharge as applicable. Calculate total customs duty as per Rule 7 of Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Assume there is no IGST applicable for the product.

Answer:

Total quantity Sold	Unit price
650	90
500	95
600	100
250	105

The greatest number of units sold at a particular price is 650 units;

Therefore, the unit price in the greatest aggregate quantity is ₹ 90.

CUSTOM LAW QUESTION BANK

	₹
Selling Price	= 45,000 (i.e. 500 units x ₹ 90)
Less: Freight (post shipment)	= (10,150)
Less: Insurance (post shipment)	= (1,250)
Assessable Value	= 33,600

Example : 27

Following particulars are available in respect of certain goods imported into India:

CIF value: US\$10,000

Exchange rate:

Notified by RBI ₹ 60 = US\$1

Notified by CBIC ₹ 58 = US\$1

Compute the following:

- (a) **FOB value**
- (b) **Cost of insurance**
- (c) **Cost of freight and**
- (d) **Assessable value in rupees as per the Customs Act, 1962 and the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007.**

Answer:

As per Rule 10(2) proviso 3 of the Customs Valuation (Determination of Value of Imported Goods) Rules, 2007, where FOB value of goods and Cost of Insurance and Freight are not ascertainable, then the cost of insurance and transport shall be computed as follows:

Particulars	As per Rule 10(2) proviso 3	Working
Cost of transport (i.e. Freight not known)	20% x (FOB value + Cost of Insurance)	CIF value x 20/120
Insurance (i.e. not known)	1.125% x (FOB value + Cost of transport)	CIF value x 1.125/101.125
FOB value	CIF value – cost transport – cost of insurance	

CIF value in ₹ 5,80,000 (i.e. US \$ 10,000 x ₹58)

Sl. No.	Particulars	₹	Working
(a)	FOB value	= 4,76,881	(i.e. ₹ 5,80,000 – 96,667 – 6,452)
(b)	Cost of insurance	= 6,452	(i.e. ₹ 5,80,000 x 1.125/101.125)
(c)	Cost of transport	= 96,667	(i.e. ₹ 5,80,000 x 20/120)
(d)	Assessable value	= 5,80,000	(CIF Value = Assessable Value)

CUSTOM LAW QUESTION BANK

Example : 28

A Pvt. Ltd. imported goods in the month of April, 2020 and submitted 'Bill of Entry' on 9th April 2020 for home clearances. After verification bill of entry has been returned by the department on 10th April 2020 for payment of customs duty of ₹ 1,03,000. However, duty has been paid on 30th April, 2020. There are five holidays from 11th April 2020 to 30th April 2020. Find the interest under Sec. 47(2) of the Customs Act, 1962.

Answer:

Interest is ₹677

No. of days from 10th April, 2020 to 30th April, 2020 = 21 days

No. of days delay = 21-5 = 16 days

Interest = $1,03,000 \times 15/100 \times 16/365 = ₹ 677$

Example : 29

A bill of entry was presented on 4th August, 2020. The vessel carrying goods arrived on 11th August, 2020. Entry inwards was granted on 13th August, 2020, and the bill of entry was assessed on that date and was also returned to the importer for payment of duty on that date. The duty amounting to ₹5,00,000 was paid by the importer on 22nd August, 2020.

Calculate the amount of interest payable under section 47(2) of the Customs Act, 1962, given that there were four holidays during the period from 14th August to 22nd August, 2020.

Answer:

Interest Rate = 15% p.a.

No. of days delay = from 13th Aug 2020 to 22nd Aug 2020 = 10 days

No. of days delay = 10 days

Less: No. of holidays = -4 days

Net No. of days delay for interest = 6 days

Interest = ₹1,233

₹5,00,000 \times 15/100 \times 6/365 = ₹1,232.88

CUSTOM LAW QUESTION BANK

Example : 30

Mr. X imported a consignment of goods which was unloaded on 31.10.2020. He filed the bill of entry on 15.12.2020. The Deputy Commissioner of Customs imposed a penalty of ₹ 15,000 on Mr. Suhaan as there was a delay of 15 days in filing the bill of entry. The Deputy Commissioner contended that section 46 and 48 of the Customs Act, 1962 read together provide that bill of entry ought to be filed within 30 days from the date of unloading of the goods.

Examine the issue in the light of relevant statutory provisions and decided case laws, if any.

Answer:

It has been held by the High Court in the case of Shreeji Overseas (India) Pvt. Ltd., the time-limit prescribed under section 48 for clearance of the goods within 30 days cannot be read into section 46 and it cannot be inferred that section 46 prescribes any time-limit prescribed for filing of bill of entry.

Therefore, penalty cannot be imposed on Mr.X as he has not committed any offence by filing bill of entry after 45 days of unloading the goods.

However, the custodian after giving notice to Mr. X and with the approval of the proper officer can sell the goods imported by Mr.X.

Example : 31

Explain the validity of the following statements with reference to Chapter IX of the Customs Act, 1962 containing the provisions relating to the warehousing:

- (a) The proper officer is not authorized to lock any warehouse with the lock of the Customs Department.**
- (b) The Commissioner of Customs (Appeals) may appoint public warehouses wherein dutiable goods may be deposited.**
- (c) The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while canceling the license of a private warehouse if he has contravened any provision of the said Act.**

CUSTOM LAW QUESTION BANK

Answer:

- (a) *The given statement is invalid: Sec. 58A (1) The Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, license a special warehouse wherein dutiable goods may be deposited and such warehouse shall be caused to be locked by the proper officer and no person shall enter the warehouse or remove any goods therefrom without the permission of the proper officer.*
- (b) *The given statement is invalid: The Commissioner of Customs or the Principal Commissioner of Customs can appoint public warehouse, wherein dutiable goods can be deposited under Section 57 of the Customs Act, 1962.*
- (c) *The given statement is valid: The Commissioner of Customs or Principal Commissioner of Customs is not required to give a notice to the licensee while canceling the license of a private warehouse if he has contravened any provision of the said Act, as per section 58(2)(b) of the Customs Act, 1962.*

Example : 32

An importer imported some goods on 1st January, 2021 and the goods were cleared from Mumbai port for warehousing on 8th January, 2021 by submitting Bill of Entry, exchange rate was ₹ 50 per US \$. FOB value US \$ 10,000. The rate of duty on 8th January, 2021 was 20%. The goods were warehoused at Pune and were cleared from Pune warehouse on 31st May, 2021, when rate of basic customs duty was 12% and exchange rate was ₹68.75 per 1US \$. IGST @12% is applicable.

You are required to find:

- (a) *The total Customs duty payable.*
- (b) *The interest if any payable.*

Answer:

	₹	
Assessable Value	6,05,625	<i>(i.e. 12,112.50 x ₹ 50)</i>
Add: BCD 12%	72,675	<i>(i.e. 6,05,625 x 12%)</i>
Add: 10% Social Welfare Surcharge	7,268	<i>(i.e. 72,675 x 10%)</i>
Transaction value subject to GST	6,85,568	
Add: IGST	82,268	<i>(i.e. 6,85,568 x 12%)</i>
Value of import	7,67,836	
Value of Customs duties	1,62,211	
Interest: (i.e. 1,62,211 x 15% x 54/365)	3,600	

Working Note: From 8th January 2021 to 31st May 2021 = 144 - 90 = 54 days

CUSTOM LAW QUESTION BANK

Example : 33

Vinay imported certain goods in December, 2020. An 'into Bond' bill of entry was presented on 14th December, 2020 and goods were cleared from the port for warehousing. Assessable value on that date was US \$1,00,000. The order permitting the deposit of goods in warehouse for four months was issued on 21st December, 2020. Vipul deposited the goods in warehouse on the same day but did not clear the imported goods even after the warehousing period got over on 20th April, 2021.

A notice was issued under section 72 of the Customs Act, 1962, demanding duty, interest and other charges. Vipul cleared the goods on 14th May 2021. Compute the amount of duty and interest payable by Vipul while removing the goods on the basis of following information:

Particulars	14-12-2020	20-4-2021	14-5-2021
Rate of exchange per US \$ (as notified by Central Board of Excise & Customs)	₹ 65.20	₹ 65.40	₹ 65.50
Basic Customs Duty	15%	10%	12%
No other customs duty is payable except basic customs duty.			

Answer:

Assessable value ₹ 65,20,000/-

Customs duty is ₹ 7,17,200

$(USD\ 1,00,000 \times ₹65.20) \times 11\% = ₹7,17,200$

Interest payable is ₹ 16,211/-

$(7,17,200 \times 15/100) \times 55\ days/365 = ₹16,211/-$

No. of days delay:

Month	No. of days delay
From 21st Dec 2020 to 31st Dec 2020	11
Jan 2021	31
Feb 2021	28
Mar 2021	31
April 2021	30
May 2021	14
Total	145
Less: No. of days for which no interest	-90
No. of delay for interest	55

Example : 34

How soon will refund in respect of export of goods or services be granted during the GST regime?

Answer:

(a) In case of refund of tax on inputs used in exports:

- **Refund of 90% will be granted provisionally within seven days of acknowledgement of refund application.**
- **Remaining 10% will be paid within a maximum period of 60 days from the date of receipt of application complete in all respects.**
- **Interest @ 6% is payable if full refund is not granted within 60 days.**

(b) In the case of refund of IGST paid on exports:

Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.

Example : 35

M/s X Ltd. manufacture of exempted excisable goods for export. Company availed input stage rebate (ITC on inputs) used in the manufacture of exported goods. Whether the company is eligible for refund of ITC on inputs?

Answer:

Under IGST law a person engaged in export of goods which is an exempt supply is eligible to avail input stage credit for zero rated supplies. Once goods are exported, refund of unutilized credit can be availed under Section 16(3)(a) of IGST Act, 2017 and Section 54 of the CGST Act, 2017 and the rules made there under.

Example : 36

what do you mean refund under section 54 of CGST Act, 2017?

Answer:

As per explanation to section 54 of the CGST Act 2017 refund includes refund of tax paid on zero-rated supplies of goods or services or both

OR

on inputs or input services used in making such zero-rated supplies, or refund of tax on the supply of goods regarded as deemed exports, or refund of unutilized input tax credit as provided under section 54(3) of the CGST Act, 2017.

Example : 37

Under what circumstances it may be beneficial to pay IGST on export of goods and claim rebate (i.e. Refund) under rule 96 of the CGST Rules, 2017.

Answer:

If assessee has balance of tax in Capital Goods Input Tax Credit Account, it is advisable to pay duty (i.e. IGST) on export and claim refund, as balance in Capital Goods Input Tax Credit Account is never refundable.

Example : 38

Calculate the amount of duty drawback allowable under section 74 of the Customs Act, 1962 in following cases:

- (a) Salman imported a motor car for his personal use and paid ₹ 5,00,000 as import duty. The car is re-exported after 6 months and 20 days.**
- (b) Nisha imported wearing apparel and paid ₹ 50,000 as import duty. As she did not like the apparel, these are re-exported after 20 days.**
- (c) Super Tech Ltd. imported 10 computer systems paying customs duty of ₹ 50 lakh. Due to some technical problems, the computer systems were returned to foreign supplier after 2 months without using them at all.**

Answer:

- a) The amount of duty drawback is ₹ 4,40,000 (i.e. ₹ 5,00,000 @ 88%), since these goods are used in India.**
- b) Duty drawback is ₹ nil, assumed that wearing apparels are re-exported after being used.**
- c) Duty drawback is ₹ 49,00,000 (i.e. 50,00,000 x 98%), since these goods are re-exported without being used.**

Example : 39

With reference to drawback on re-export of duty paid imported goods under section 74 of the Customs Act, 1962, answer in brief the following questions:

- (i) What is the time limit for re-exportation of goods as such?**
- (ii) What is the rate of duty drawback if the goods are exported without use?**
- (iii) Is duty drawback allowed on re-export of wearing apparel without use?**

Answer:

- (i) As per section 74 of the Customs Act, 1962, the duty paid imported goods are required to be entered for export within two years from the date of payment of duty on the importation.**

This period can be extended by CBEC if the importer shows sufficient reason for not exporting the goods within two years.

- (ii) If duty paid imported goods are exported without use, then 98% of such duty is re-paid as drawback.**
- (iii) Yes, duty drawback is allowed when wearing apparels are re-exported without being used.**

CUSTOM LAW QUESTION BANK

Example: 40

An exporter exported 2,000 pairs of leather shoes @ ₹ 750 per pair. All industry rate of drawback in fixed on average basis i.e. @ 11% of FOB subject to maximum of ₹ 80 per pair. The exporter found that the actual duty paid on inputs was ₹ 1,95,000. He has approached you, as a consultant, to apply under Rule 7 of the drawback rules for fixation of 'special brand rate'. Advise him suitably.

Answer:

Drawback Amount ₹1,65,000

(i.e. $2,000 \times 750 \times 11\%$)

or

₹1,60,000 (i.e. $₹80 \times 2,000$) whichever is less.

Therefore duty drawback allowed is ₹1,60,000.

All Industry duty drawback rate = @82.05% $[(1,60,000/1,95,000) \times 100\%]$.

Therefore, exporter is eligible for claiming All Industry Duty Drawback.

Example : 41

Computation of duty drawback: 'A' exported a consignment under drawback claim consisting of the following items—

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

Answer The drawback on each item and total drawback admissible to the party shall be-

Particulars	FOB value ₹	Drawback rate	Drawback Amount (₹)
200 pcs, pressure stoves made of brass	16,000	4% of FOB	640
200 Kgs. Brass utensils	40,000	₹ 24 per Kg.	4,800
200 kgs. Artware of brass, whose actual weight was 190 Kgs. only. ($60,000 \times 190/200$) \times 17.5%=9975 190 kgs \times ₹ 38 = ₹ 7,220		17.50% of FOB subject to maximum of ₹ 38 per Kg. (₹ 9,975 or ₹ 7,220 whichever is less)	7,220
Total Drawback admissible (in ₹)			12,660

CUSTOM LAW QUESTION BANK

Example : 42

A Ltd. has exported following goods to USA. Discuss whether any duty drawback is admissible under section 75 of the Customs Act, 1962.

Product	FOB Value of Exported goods	Market Price of goods	Duty drawback rate
A	2,50,000	1,80,000	30% of FOB
B	1,00,000	50,000	0.75% of FOB
C	8,00,000	8,50,000	3.50% of FOB
D	2,000	2,100	1.50% of FOB

Note: Imported value of product C is ₹ 9,50,000.

Answer:

Duty draw back amount for all the products are as follows

Product A:

Drawback amount = $2,50,000 \times 30\% = ₹ 75,000$ or $₹ 1,80,000 \times 1/3 = ₹ 60,000$

Allowable duty draw back does not exceed 1/3 of the market value.

Hence, the amount of duty drawback allowed is ₹ 60,000

Product B:

Drawback amount allowed is ₹ 750 (i.e. $₹ 1,00,000 \times 0.75\%$). Since, the amount is more than ₹ 500 even though the rate is less than 1%.

Product C:

No duty drawback is allowed, since the value of export is less than the value of import (i.e. negative sale)

Product D

No duty drawback is allowed, since the duty drawback amount is ₹ 30 (which is less than ₹ 50).

Though rate of duty drawback is more than 1%, no duty drawback is allowed.

Example : 43

Calculate the amount of duty drawback allowable under the Customs Act, 1962 in the following cases:

- Jai Mehta imported a car from U.K. for his personal use and paid ₹ 4,50,000 as import duty. However, the car is re-exported immediately without bringing it into use.**
- Meena imported a music player from Dubai and paid ₹ 12,000 as import duty. She used it for four months but re-exports the same after four months.**
- ABC Ltd. exported 1000 kgs of a metal of FOB value of ₹ 1,00,000. Rate of duty drawback on such export is ₹ 60 per kg. Market price of goods is ₹ 40,000 (in wholesale market).**

Answer:

- Jai Mehta can claim duty drawback of ₹ 4,41,000 (98% of ₹ 4,50,000).**
- Meena can claim duty drawback of ₹ 10,200 (i.e. 85% of ₹ 12,000)**
- ABC Ltd. is not entitled to claim duty drawback in this case. Since, market value of exported goods is less than the value of Duty Drawback.**

CUSTOM LAW QUESTION BANK

Example: 44

Gama Ltd. manufactures heavy machinery. 50% of its production is exported to European countries. The machinery is manufactured with the help of imported components as well as indigenous raw materials. Alpha Ltd. regularly pays import duty and central excise duty on the imported components and indigenous raw materials respectively and claims duty drawback on exports made by it.

On 28.11.2020, it loaded a machinery manufactured by it on a vessel 'Victoria' for being exported to Germany. 'Victoria' set sail from Mumbai on 01.12.2020, but was caught up in the rough weather and sank in the territorial waters on 02.12.2020. The Customs Department has refused to grant duty drawback claimed by Gama Limited in respect of the machinery loaded on 28.11.2020 for the reason that the machinery has not reached Germany.

Examine the situation with the help of decided case laws, if any.

Answer:

Union of India v Rajindra Dyeing & Printing Mills Ltd. 2005 (180) ELT 433 (SC):

The vessel sunk within territorial waters of India and therefore there is no export. Accordingly, no duty drawback shall be available in this case. The territorial waters extend to 12 nautical miles into the sea from the base line.

CUSTOM LAW QUESTION BANK

Example : 46

M/s X Ltd. (a unit of 100% EOU located in Chennai) sold goods to M/s A Ltd. (Located in Mumbai) for ₹ 20 lac. If M/s X Ltd. being EOU imported these goods exempted from BCD @10%. IGST 12% is applicable.

Find the total GST is liable to pay by X Ltd.

How much input tax credit M/s A Ltd. can avail?

Answer:

Particulars (w.e.f. 1-7-2017)	Value in ₹	Workings
Assessable value	20,00,000	
ADD: Basic Customs Duty 10%	2,00,000	20,00,000 X 10%
Add: Social Welfare Surcharge 10% on BCD	20,000	2,00,000 X 10%
Sub-total	22,20,000	
ADD:IGST @12%	2,66,400	22,20,000X 12%
Sub-total	24,86,400	
Total Duty Payable	4,86,400	

ITC allowed to M/s A Ltd. (Buyer):

Particulars	Value ₹
BCD	nil
IGST	2,66,400
TOTAL	2,66,400