DEPARTMENTAL EXAMINATION OF THE INDIAN REVENUE SERVICE

(CUSTOMS AND CENTRAL EXCISE) GROUP 'A' PROBATIONERS

August 2009

PART II - PAPER VII

CUSTOMS LAW, TARIFF AND PROCEDURE (WITHOUT BOOKS)

Date: 27·8·2009

Time: 10-15 to 13-15 HRS.

Maximum Marks: 150

Pass Marks: 100

Notes for guidance:

1. There are a total of 12 questions.
2. All questions are compulsory. Some questions have internal choices.
3. Question 1 carries 20 marks. Question 2 carries 28 marks. Question 3 carries 12 marks. The other 9 questions carry 10 marks each.
4. Please cite legal provisions, wherever applicable.
5. Answers may be furnished either in Hindi or in English.

Question 1: With reference to the definitions in the Customs Act, 1962, please explain any four of the following:

(i) Goods

(ii) Adjudicating authority

(iii) Fund

(iv) Entry

(v) Foreign-going vessel

(vi) Smuggling

(vii) Person-in-charge

(viii) Proper officer

Question 2: Please discuss briefly, and differentiate between, any four of the following. Please give examples, wherever appropriate.

(a) "Rules" and "Regulations"

(b) "Dutiable goods", "imported goods" and "export goods"

(c) "Home consumption" and "warehousing"

(d) "First check" and "Second check"

(e) "Land Customs Station" and "Inland Container Depot"

(f) "Import manifest" and "bill of entry"

(g) "Remission of duty" and "exemption from duty"

(h) "Tariff notification" and "Non-tariff notification"

Question 3: Please discuss the various steps involved in the clearance of imported goods (from arrival onwards). Refer also to the documentation at every stage and the roles of various agencies (i.e., Customs, Custodian, Custom House Agent, Shipping line, etc.).

Question 4: The Customs Act, 1962 prescribes limitations of time for several actions. Please give one example each, of the following kinds of limits (please read very carefully):

(a) Time limits which are "advisory" or "normative" in nature, but not "mandatory" i.e. where a particular action is expected to be completed within the specified time limit, "if it is possible to do so".

(b) Time limits which are "mandatory" in nature, and are also "absolute" i.e., where a particular action is necessarily to be performed/ completed within the specified time limit, with no provision for extension or for condonation of delay.

(c) Time limits which are "mandatory" in nature, but not "absolute" i.e. where a basic time limit is prescribed but a provision for extension of the

limit or of condonation of delay (by the competent authority) also exists - and where such extension/condonation period itself has a specified upper limit.

(d) Same as (c) above but where such extension/condonation period itself does not have a specified upper limit.

Question 5: A company in India manufactures a product and clears it on payment of 10% basic excise duty. Owing to some disruption in its production schedule, it decides to import the product so as to maintain its market share. The consignment valued at US $ 100,000 CIF (one hundred thousand) arrives on 31.07.2009 but the ship is granted entry inwards on 01.08.2009. Meanwhile the company has filed the bill of entry (for home consumption) on 30.07.2009. The rate of exchange of US $ in July 2009 is Rs 49.00 per dollar but is changed to Rs 50.00 per dollar by a notification issued on 31.07.2009 and made effective from 01.08.2009. The basic customs duty on the said product is 12% ad valorem in July 2009 but is changed to 10% ad valorem by another notification issued on 31.07.2009 and made effective from 01.08.2009. Calculate the total duties of customs to be paid for clearance of the consignment. Take landing charges as 1%. Education cess is 2% and higher education cess is 1%. (Please show the steps involved in the calculations. Also, wherever more than one rate is given for the same item, state the reason/legal provision for using one of them.)

Question 6: (please answer one of the following):

(a) Please explain the concept of "transaction value". What items of costs and services are specifically required to be included in transaction value?

Or

(b) Under what situation(s) can the declared transaction value be rejected? On such rejection, what is the method for valuation of goods? What role does the NIDB data play in this process?

Question 7: (please answer one of the following):

(a) Please discuss briefly the provisions relating to refund of duties. What is the concept of "unjust enrichment" in the context of refunds?

Or

(b) What is the concept of "drawback"? What is the difference between "all industry rate" and "brand rate" of drawback? What role does "SION" play?

Question 8: (please answer one of the following):

(a) Please explain the salient provisions relating to "warehousing" under the Customs Act 1962.

Or

(b) Please discuss any two of the various export promotion schemes (other than drawback).

Question 9: (please answer one of the following):

(a) Section 111 of the Customs Act, 1962 lists 16 situations where the goods brought from a place outside India shall be liable to confiscation. Please elaborate any four of these.

Or

(b) Please discuss briefly the General Rules for the Interpretation of the First Schedule to the Customs Tariff Act, 1975.

Question 10: (please answer one of the following):

(a) Please explain the concepts of "natural justice", "speaking order" and "application of mind" in the context of departmental adjudication.

Or

(b) Please discuss (and distinguish) the provisions relating to review of orders passed by a Commissioner and orders passed by a Commissioner (Appeals).

Question 11: (please answer one of the following):

(a) Please explain in brief the functions of the CESTAT and the Settlement Commission.

Or

(b) Please explain the concepts of "Risk Management System (RMS)", "Accredited Clients Program (ACP)" and "Post-clearance Audit (PCA)".

Question 12: Do you think any provision of the Customs law requires any change/modification? Please suggest the change and the reasons therefor (excluding changes already proposed by the Finance Bills of 2009).