



SUPER 26 QUESTIONS OF CUSTOMS

ONE DAY BEFORE....

Q1. A commodity is imported into India from a country covered by a notification issue by the Central Government u/s 9A of the Customs Tariff Act, 1975. Following particulars are made available:

- Assessable Value for levying Basic Customs Duty: ₹ 12,62,500
- Quantity imported: 500 kgs.
- Basic customs duty: 10%
- IGST: 18%

As per the notification, the anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$ 50 per kg (Exchange Rate is 1 USD = INR 70) and the landed value of the commodity as imported

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

Answer:

Computation of Customs Duty, SWS, anti-dumping duty and IGST

Particulars	Details	₹
Assessable Value		12,62,500
Basic Customs Duty @ 10% on ₹ 12,62,500 [A]		1,26,250
Add: SWS @ 10% [B]		12,625
Landed value of imported goods [C]		14,01,375
Rate of commodity as per Anti Dumping Notification per kg.	US\$ 50	
Quantity Imported	500 Kg	
Value as per notification (500 × 50)	US\$ 25,000	
Exchange rate 1US\$	₹ 70	
Market Value in ₹ [D]	17,50,000	
Add: Anti-dumping Duty [E = D - C]		3,48,625
Value for levying IGST [F]		17,50,000
Add: IGST @ 18% of [F]		3,15,000
Total Customs Duty Payable [A + B + E + F]		8,02,500



Q2. Compute the value of the imported goods for customs purpose with the following information

Particulars	Case 1	Case 2	Case 3
Price actually payable to the seller	10,000	20,000	30,000
Cost of packing materials	1,000	Nil	500
Labour charges for packing	200	Nil	300
Price of material supplied to seller by buyer free of cost	1,000	500	2,000
Cost of transport	1,000	Unascertained	12,000
Insurance	Unascertained	Unascertained	500
Local transport in India	500	400	600
Mode of transport	Sea	Sea	Air

Solution:

Computation of assessable value of goods for customs purpose

Particulars	Case 1	Case 2	Case 3
Price actually payable to the seller	10,000	20,000	30,000
Cost of packing materials	1,000	Nil	500
Labour charges for packing	200	Nil	300
Material supplied to seller by buyer free of cost	1,000	500	2,000
Free on Board Value [A]	12,200	20,500	32,800
Add:			
Cost of transport [B]	1,000	4,100 ¹	6,560 ²
Insurance (1.125% of A) [C]	137	231	500
Assessable value	13,337	24,831	39,860

- When cost of transportation is not certain then 20% of FOB value shall be considered as cost of transport.
- When goods are transported through airways then, cost of transportation shall be restricted to 20% of FOB value.



Q3. From the particulars given below, find out the assessable value of the imported goods under the Customs Act, 1962:

	Particulars	US\$
(i)	Cost of the machine at the factory of the exporting country	20,000
(ii)	Transport charges incurred by the exporter from his factory to the port for shipment	1,000
(iii)	Handling charges paid for loading the machine in the ship	100
(iv)	Buying commission paid by the importer	100
(v)	Freight charges from exporting country to India	2,000
(vi)	Exchange Rate to be considered 1\$ = ₹ 85	

Solution:

Computation of assessable value of goods for customs purpose

	Particulars	Value (US \$)
(i)	Cost of the machine at the factory of the exporting country	20,000.00
(ii)	Transport charges incurred by the exporter from his factory to the port for shipment	1,000.00
(iii)	Handling charges paid for loading the machine in the ship	100.00
	FOB Value of Exporter	21,100.00
(iv)	Buying commission paid by the importer [Not includible]	-
(v)	Cost of insurance [@ 1.125% of FOB]	237.38
(vi)	Freight charges from exporting country to India	2,000.00
(vii)	CIF Value/ Assessable value	23,337.38
	Assessable value (in INR) [\$ 23,337.38 × ₹ 85]	19,83,677

Q4. XYZ Industries Ltd., has imported certain equipment from Japan at an FOB cost of 4,00,000 Yen (Japanese). The other expenses incurred by M/s. XYZ Industries in this connection are as follows:

- ✚ Freight from Japan to Indian Port 40,000 Yen
- ✚ Insurance paid to Insurer in India ₹ 20,000
- ✚ Designing charges paid to Consultancy firm in Japan 60,000 Yen
- ✚ M/s. XYZ Industries had expended ₹ 2,00,000 in India for certain development activities with respect to the imported equipment
- ✚ XYZ Industries had incurred road transport cost from Mumbai port to their factory in MP ₹ 1,30,000



- ✚ The CBIC had notified exchange rate of 1 Yen = ₹ 0.69. The inter bank rate was 1 Yen = ₹ 0.70
- ✚ M/s XYZ Industries had effected payment to the Bank based on exchange rate 1 Yen = ₹ 0.71
- ✚ The commission payable to the agent in India was 5% of FOB cost of the equipment in Indian Rupees.

Compute assessable value

Solution:

Computation of assessable value of goods for customs purpose

Particulars	Amount in Yen
Free on Board (FOB)	4,00,000
Designing charges	60,000
Development charges [as it is post shipment expenses]	—
Road transport charges [as it is post shipment expenses]	—
Commission $[4,00,000 \times 5\%]$	20,000
FOB value of the Customs	4,80,000
	Amount in ₹
FOB value of the Customs [by using exchange rate of the CBIC] $[4,80,000 \times 0.69]$	3,31,200
Insurance	10,000
Freight $[40,000 \times 0.69]$	27,600
Total CIF value/ Assessable Value	3,68,800



Q5. How shall your answer differ, if the information regarding freight and insurance are not available.

Solution:

Computation of assessable value of goods for customs purpose

Particulars	Amount in Yen
Free on Board (FOB)	4,00,000
Designing charges	60,000
Development charges [as it is post shipment expenses]	—
Road transport charges [as it is post shipment expenses]	—
Commission $[4,00,000 \times 5\%]$	20,000
FOB value of the Customs	4,80,000
	Amount in ₹
FOB value of the Customs [by using exchange rate of the CBIC] $[4,80,000 \times 0.69]$	3,31,200
Insurance $[\text{₹ } 3,31,200 \times 1.125\%]$	3,726
Freight $[\text{₹ } 3,31,200 \times 20\%]$	66,240
Total CIF value/ Assessable Value	4,01,166

Q.6. BSA and 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 U.K. Pounds

Other Particulars:

- Inter-bank exchange rate as arrived at by the authorized dealer: ₹ 102.50 per U.K. Pound.
- CBIC had notified for purpose of Section 14 of the Customs Act, 1944, exchange rate of ₹ 100.25 per U.K. Pound.



- c. Importer paid ₹ 5,000 towards demurrage charges for delay in clearing the machine from the Airport.

Solution:

Computation of assessable value of goods for customs purpose

Particulars	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
	12,500
	Value in ₹
Sub-total (12,500 UKP × ₹ 100.25)	12,53,125
Add: Material supplied by the buyer freely	20,000
FOB Value as per customs	12,73,125
Add: Air freight (₹ 12,73,125 × 20%)	2,54,625
Add: Insurance	6,000
CIF Value / Assessable value	15,33,750

Buying commission shall not be considered.

Q7. X Ltd. imported goods from Switzerland 400 units @ \$ 110. Following further information is also needs to be considered:

- Freight (Vessel) - \$ 5000
- Demurrage charges paid to port authority - \$ 1000
- Insurance - \$ 50
- Royalty for use of Patent - \$ 1,000
- Royalty as a condition of Sale - \$ 20,000

Assuming exchange rate is ₹ 82.00. Compute assessable value

Solution:

Computation of Assessable Value

Particulars	Amount
Purchase Value	\$ 44,000
Particulars	Amount
Royalty for use of Patent	\$ 1,000
Royalty as a condition of Sale	\$ 20,000



FOB Value	\$ 65,000
Add: Freight	\$ 5,000
Add: Insurance Charges	\$ 50
Assessable Value	\$ 70,050
Assessable Value in INR [\$ 70,050 × ₹ 82]	₹ 57,44,100

Note

- Demurrage charges payable to port trust authorities for delay in clearing goods are not to be added
- Royalties and license fees relating to imported goods that buyer is required to pay, directly or indirectly, as a condition of sale of goods being valued are required to be added

Q8. C Ltd, an importer, has imported a machine from USA at FOB Cost of \$ 10000.

- Freight from port in USA to Indian port was \$ 700.
- Insurance was paid to insurer in India ₹ 6,000.
- Design and development charges of \$ 2000 were paid to a consultancy firm in USA.
- The importer also spent an amount of ₹ 50,000 in India for development work connected with the machinery.
- ₹ 10,000 were spent in transporting the machinery from India port to the factory of Importer
- Rate of exchange as announced by RBI was : ₹ 84.70 = 1 US \$
- Rate of exchange as announced by CBIC: ₹ 85.60 = 1 US \$.
- Rate which bank recovered the amount from importer: ₹ 85.30 = 1 US \$
- Foreign exporters have an agent in India. Commission is payable to the agent in Indian Rupees @ 5% of FOB price.

Find the assessable value

Solution:

Computation of Assessable Value

Particulars	Amount
FOB Value	\$ 10,000
Add: Design and Development Charges	\$ 2,000
Add: Ocean Freight	\$ 700
Total	\$ 12,700
In INR [US \$ 12,700 × ₹ 85.60]	₹ 10,87,120
Add: Insurance	₹ 6,000



Add: Commission [500 US \$ × ₹ 85.60]	₹ 42,800
Assessable Value (Rounded off)	₹ 11,35,920

Note: Design and development work in India and transport cost incurred in India shall not be considered for ascertaining assessable value.

Q9. Assessable value of an item imported is ₹ 2,00,000. Basic customs duty is 10%, integrated tax is 18%, and social welfare surcharge is 10% on duty. Compute the amount of total customs duty and integrated tax payable. Ignore GST Compensation Cess.

Solution:

Computation of customs duty

	Particulars	₹
1.	Assessable Value	2,00,000
2.	Basic customs duty @ 10%	20,000
3.	Add: Social Welfare surcharge @ 10% on ₹ 20,000	2,000
4.	Sub-total	2,22,000
5.	Integrated tax @ 18% of ₹ 2,22,000	39,960
6.	Total customs duty and integrated tax payable [(2) + (3) + (5)]	61,960

Q10. X & Co. imported some goods from USA for being used in manufacture of its final product. Determine the exchange rate to be considered for computation of import duty from the following information:

Date	Particulars	Rate of exchange for 1 US\$ notified	
		By CBIC	By RBI
10.10.24	Import general manifest was submitted by master of vessel	₹ 84.20	₹ 83.20
15.10.24	Entry Inwards was granted by the customs officer	₹ 84.30	₹ 85.30
22.10.24	X & Co. presented the Bill of Entry	₹ 84.50	₹ 82.50
31.10.24	Goods were allowed to be cleared from the customs port	₹ 84.60	₹ 83.60



Solution:

The relevant rate of exchange for the purpose of valuation of imported goods is the rate of exchange (being notified by CBIC) as in force on the date on which a bill of entry in relation to imported goods is presented, i.e. 1 US \$ = ₹ 84.50. Further, rate of exchange notified by CBIC is relevant. Rate notified by RBI is not relevant.

Q11. Malya Internationals Ltd., has imported a machinery by air from Germany. Bill of Entry is presented on 20.01.2024. However, entry inwards is granted on 25.01.2025. Relevant information of the transaction are provided hereunder:

(i)	CIF Value of Machine	5,500 USD
(ii)	Air Freight Paid	1250 USD
(iii)	Insurance Charges Paid	100 USD
(iv)	Rate of Exchange on 20.01.2024	As per RBI 1 USD = ₹ 85.50 As per CBIC 1 USD = ₹ 86
(v)	Rate of Exchange on 25.01.2024	As per RBI 1 USD = ₹ 86.50 As per CBIC 1 USD = ₹ 87
(vi)	Basic Customs Duty Rate	10%
(vii)	IGST Rate	18%

Calculate the assessable value in INR for the purposes of levy of customs duty as well as total customs duty.

Solution:

Computation of assessable value

Particulars	Amount in \$
CIF Value	5,500
Less: Air Freight	1250
Less: Insurance	100
FOB Value	4,150
Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered (4150 × 20% = 830)]	830
Add: Insurance	100
Assessable Value (in US \$)	5,080
Assessable Value in ₹	4,36,880



Computation of customs duty

Particulars	Details	Amount
Assessable Value	4,36,880	
Add: Basic Customs Duty @ 10%	43,688	43,688
Add: Social Welfare Surcharge @ 10% on BCD	4,369	4,369
Total [A]	4,84,937	
Add: IGST @ 18% [A × 18%]	87,289	87,289
Total duty payable		1,35,346

Q12. Compute the total duty and integrated tax payable under the Customs Law on an imported equipment based on the following information:

- Assessable value of the imported equipment US \$ 10,100
- Date of bill of entry is 25th April. Basic customs duty on this date is 10% and exchange rate notified by the Central Board of Indirect taxes and Customs is US \$ 1 = ₹ 85.
- Date of entry inwards is 21st April. Basic customs duty on this date is 20% and exchange rate notified by the Central Board of Indirect taxes and Customs is US \$ 1 = ₹ 90.
- Integrated tax: 18%
- Social Welfare surcharge 10%

Solution:

Computation of customs duty

Particulars	₹
Assessable value (\$ 10,100 × 85)	8,58,500
Add: Basic custom duty @ 10% [A]	85,850
Add: Social Welfare Surcharge @ 10% on ₹ 85,850 [B]	8,585
Value for computing IGST	9,52,935
Add: Integrated tax @ 18% [C]	1,71,528
Total Customs duty and integrated tax payable [A + B + C]	2,65,963



Q13. RPG Ltd. imported 125 units of minerals from High Seas for sale in India. Selling price is exclusive of duties and taxes. Freight from port to depot in India is ₹ 2,530 and insurance ₹ 310.

Sale quantity	Unit price (₹)
80	105
60	90
30	105
100	100
50	95
70	90
10	105

Basic Customs Duty - 12%. Assume there is no IGST applicable for the product. You are required to calculate total customs duty as per Rule 7 of customs valuation (Determination of value of imported goods) Rules 20017.

Solution:

First of all, we are required to determine the price at which greatest quantity of the product is sold

Total quantity (Unit)	Unit price (₹)
130	90
50	95
100	100
120	105

The greatest number of units sold at a particular price is 130 units. Therefore, the unit price in the greatest aggregate quantity is ₹ 90.

Particulars	₹
Selling price (125 × ₹ 90)	1,1250
Less: Freight (post shipment)	(2,530)
Particulars	₹
Less: Insurance (Post shipment)	(310)
Assessable value	8,410
Custom duty [(12% + 10% SWS of BCD) = 13.20%]	1,110



Q14. From the undermentioned relating to import made on 12.10.2023 of product 'Minic' from New York, USA, to the Kochi Airport, by Mr. Prahalad, the importer:

FOB value of the product	\$ 10,000
Cost of transport	\$3,500
Insurance	\$ 1,000
Unloading charges at Kochi Airport	₹ 24,800
Basic customs duty	10%
IGST	18%
Exchange rate notified by RBI	1\$ = ₹ 84.50
Exchange rate notified by CBIC	1\$ = ₹ 85

Ascertain the assessable value and total tax and duty payable by Mr. Prahalad.

Solution:

Computation of assessable value and customs duty

Particulars	Amount (\$)
FOB value of the product	10,000
Cost of transport [restricted to 20% of FOB]	2,000
Insurance (Actual) [if actual amount of insurance is known, the same is to be taken]	1,000
CIF Value	13,000
	Amount (₹)
Assessable value (13,000 × 84)	10,92,000
Basic customs duty at 10% [A]	1,09,200
Add: Social Welfare Surcharge @ 10% of custom duty [B]	10,920
Value for the purpose of levying integrated tax	12,12,120
Add: Integrated tax @ 18% [C]	2,18,182
Total duty & tax payable [A + B + C]	3,38,302

ITC of ₹ 2,18,182/- is available against payment of IGST.



Q15. Compute the Assessable Value of a machine imported from Germany by RLI Ltd., under Customs Act, 1962. Also determine the duty liability of RLI Ltd.

Particulars	USD\$
FOB Value	30,000
Air Freight Paid	7,250
Insurance Cost	Not Known
Designing Charges incurred in India	₹ 15,000
Indian Agent's Commission	₹ 20,000
Transport Charges from port to factory in India	₹ 15,000
Rate of duty	10%
IGST	18%
Rate of exchange notified by CBEC	₹ 85 per USD

Solution:

Computation of assessable value and customs duty

Particulars	Amount
FOB Value	\$ 30,000.00
Add: Insurance @ 1.125% of FOB Value	\$ 337.50
Add: Air Freight (restricted to 20% of FOB)	\$ 6,000.00
	\$ 36,337.50
Value in INR @ ₹ 85	₹ 30,88,688
Add: Local Agent's Commission	₹ 20,000.00
Assessable Value for Customs	₹ 31,08,688
Basic customs duty at 10% [A]	3,10,869
Add: Social Welfare Surcharge @ 10% of custom duty [B]	31,087
Value for the purpose of levying integrated tax	34,50,644
Add: Integrated tax @ 18% [C]	6,21,116
Total duty & tax payable [A + B + C]	9,63,072



Q16. Informatics Ltd., imported a photography printer by air from Best Inc., of USA, as per following details.

Particulars	US \$
CIF Value	4,500
Particulars	US \$
Air Freight Paid	1,000
Insurance Cost	250
Rate of exchange notified by CBEC	₹ 84.50 per USD
Inter Bank Selling Rate	₹ 85 per USD.
Basic Customs Duty	10% ad valorem.
IGST	18%

You are required to compute the Assessable Value and Import Duty payable by Informatics Ltd.

Solution:

Computation of assessable value and customs duty

Particulars	Amount in \$
CIF Value	4,500
Less: Air Freight	1,000
Less: Insurance	250
FOB Value	3,250
Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered ($3,250 \times 20\% = 650$)]	650
Add: Insurance	250
Assessable Value (in US \$)	4,150
Assessable Value in ₹ [US \$ 4,150 × ₹ 84.50]	3,50,675

Computation of customs duty

Particulars	Details	Amount
Assessable Value	3,50,675	
Add: Basic Customs Duty @ 10%	35,068	35,068
Add: Social Welfare Surcharge @ 10% on BCD	3,507	3,507
Total [A]	3,89,250	
Add: IGST @ 18% [A × 18%]	70,065	70,065
Total duty payable		1,08,640



Q17: R Ltd. has imported one machine from England. It has given the following particulars:

- + Price of machine 8,000 UK Pounds
- + Freight paid (air) 2,500 UK Pounds
- + Design and development charges paid in UK 500 UK Pounds
- + Commission payable to local agent of exporter @ 2% of price of machine, in Indian Rupees
- + Date of bill of entry: 24th October (Rate BCD 10%; Exchange rate as notified by CBIC ₹ 100 per UK Pound)
- + Date of arrival of aircraft: 20th October (Rate of BCD 15%; Exchange rate as notified by CBIC ₹ 97 per UK Pound)
- + Integrated tax is 18%
- + Insurance charges have been actually paid but details are not available.

Compute the total customs duty and integrated tax payable.

Solution:

Computation of assessable value and customs duty

Particular	Amount (UK P)
Price of machine	8,000
Add: Design and development charges	500
Total	8,500
	Amount in ₹
Total in rupees @ ₹ 100 per pound	8,50,000
Add: Local agency commission [(2% of 8,000 UK pounds) × ₹ 100]	16,000
FOB value as per Customs	8,66,000
Add: Air freight (₹ 8,66,000 × 20%)	1,73,200
Add: Insurance @ 1.125% of customs FOB	9,743
CIF Value / Assessable value	10,48,943
Add: Basic custom duty @ 10% [A]	1,04,894
Add: Social Welfare Surcharge @ 10% on ₹ 1,04,894 [B]	10,489
Value for computing IGST	11,64,326
Add: Integrated tax @ 18% [C]	2,09,579
Total duty & integrated tax payable [A + B + C]	3,24,962



Q18. ABC Industries Ltd. of Mumbai imported one machine through vessel from Japan, in the month of November. The following particulars are made available for computation of customs duty:

S.N	Particulars	Amount in JPY (¥)
(i)	Cost upto port of exportation incurred by exporter	6,00,000
(ii)	Loading charges at port of exportation	25,000
(iii)	Freight charges from port of export to port of import in India.	1,00,000
S.N	Particulars	Amount in JPY (¥)
Following additional amounts paid by ABC Industries Ltd:-		
(i)	Designing charges, necessary for the machine, paid to consultancy firm in Delhi	8,00,000
(ii)	Commission paid (not buying commission) to the local agent of exporter	1,25,000
(iii)	Actual landing charges paid at the place of importation.	15,000
(iv)	Actual insurance charges paid to the place of importation is not ascertainable	
(v)	Ligherage charges paid at the port of importation	20,000
Other information		
(i)	Rate of basic customs duty	10%
(ii)	Rate of social welfare surcharge	10%
(iii)	Integrated tax	18%
(iv)	Ignore GST compensation cess.	
(v)	Rate of exchange to be taken 1 Japanese Yen (¥) =	₹ 0.71

Solution:

Computation of assessable value and customs duty

	Amount in JPY (¥)
Cost upto port of exportation	6,00,000
Add: Loading charges at the port of exportation	25,000
Total in Japanese Yen	6,25,000
	In ₹
Total in Indian rupees @ ₹ 0.71 per Japanese Yen	4,43,750



Add: Commission paid to local agent of exporter	1,25,000
FOB value as per customs	5,68,750
Add: Freight charges from port of export to port of import in India [1,00,000 JPY × 0.71 = ₹ 71,000]	71,000
Add: Lighterage charges paid by the importer at port of importation	20,000
Add: Insurance charges @ 1.125% of FOB [₹ 5,68,750 × 1.125%]	6,398
CIF value / Assessable Value	6,66,148
Add: Basic customs duty @ 10% of ₹ 6,66,148	66,615
Add: Social welfare surcharge @ 10% of ₹ 66,615	6,662
Value for computing IGST	7,39,425
Add: Integrated tax @ 18% of ₹ 7,39,425	1,33,097
Total custom duty and integrated tax payable [(A) +(B) + (C)]	2,06,374

Ramesh imported certain goods by air at CIF price of USD 10,000. Freight paid was USD 3,000 and insurance cost was USD 520. The banker realised the payment from the importer at the exchange rate of ₹ 84 per dollar. CBIC notified the exchange rate of ₹ 83 per USD. Find the value of material for the purpose of levying duty.

Solution

Computation of assessable value

Particulars	Details	Amount (USD)
Price of goods		10,000
Less: Air Freight being included in the price	3,000	
Less: Insurance charges being included in the price	520	3,520
FOB Value		6,480
Add: Air freight [Being lower of the following]		
- Actual Freight	3,000	
- 20% of 6,480 USD	1,296	1,296
Add: Insurance [Actual]		520
CIF Value / Assessable value		8,296
		Amount in ₹
CIF Value / Assessable value in INR [8,296 USD × ₹ 83]		6,88,568

Note:

- In case of air transport, freight charges shall be restricted to 20% of FOB value
- Exchange rate provided by CBIC is relevant.



Q19. Mr. Ratan imported goods from USA. Value of the goods is \$ 10,000. Freight paid (air) \$ 2,500. Insurance charges are actually paid but details are not available.

- Design and Development charges paid outside India \$ 500
- Transportation charges from the Indian airport to the factory ₹ 5,000

Date of presentation of Bill of Entry: 24-02-2025

BCD on that date is 20% and the exchange rate notified by CBIC is US \$ 1 = ₹ 81.

Date of entry inward: 03-03-2025. BCD on that date is 18% and the exchange rate notified by CBIC is US \$ 1 = ₹ 82.

IGST is 12% and social welfare surcharge is 10%.

Compute the Assessable Value and Customs Duty payable Mr. Ratan.

Solution:

Computation of assessable value and customs duty

Particular	Amount (US \$)
Price of goods	10,000
Add: Design and development charges	500
Total	10,500
	Amount in ₹
FOB value as per Customs [Total in rupees @ ₹ 81 per US \$]	8,50,500
Add: Air freight [being lower of (a) ₹ 8,50,500 × 20%; or (b) ₹ 81 × US \$ 2500]	1,70,100
Add: Insurance @ 1.125% of customs FOB	9,568
CIF Value / Assessable value	10,30,168
Add: Basic customs duty @ 18% [A]	1,85,430
Add: Social Welfare Surcharge @ 10% on ₹ 1,85,430 [B]	18,543
Value for computing IGST	12,34,141
Add: Integrated tax @ 12% [C]	1,48,097
Total duty & integrated tax payable [A + B + C]	3,52,070

Q20. M/s Impex Ltd. imported goods from USA.



- FOB value of the goods: US \$ 1,000
 - Insurance: US \$ 100
 - Freight fare (air): US \$ 300
 - Designing charges paid in USA: US \$ 500
 - Date of bill of entry: 28.09.2024 (when BCD rate was 20%)
 - Date of entry inward: 10.10.2024 (when BCD rate was 18%)
 - IGST payable is 12%
 - Social Welfare Surcharge is 10%
 - Exchange rates were as follows:
on 28.09.2024 on 10.10.2024
Notified by CBIC ₹ 73.50/US \$ ₹ 75.10/US \$
- Compute the assessable value and customs duty payable by M/S Impex Ltd.

Solution

Computation of assessable value and customs duty

Particular	Details	Amount (US \$)
Price of goods		1,000
Add: Design charges		500
Total		1,500
Add: Air freight [Being lower of the following]		
- Actual Freight	300	
- 20% of 1500 US \$	300	300
Add: Insurance [Actual]		100
CIF Value / Assessable value		1,900
		Amount in ₹
CIF Value / Assessable value in INR [1,900 US \$ × ₹ 73.50]		1,39,650
Add: Basic customs duty @ 18% [A]		25,137
Add: Social Welfare Surcharge @ 10% on ₹ 25,137 [B]		2,514
Value for computing IGST		1,67,301
Add: Integrated tax @ 12% [C]		20,076
Landed Value / Cost of imported Goods [CIF Value + A + B + C]		1,87,377
Total duty & integrated tax payable [A + B + C]		47,727



Q21. From the following information, calculate the assessable value and customs duty payable in case of a machine imported from UK:

	U.K. Pound
FOB value of goods	25,000
Designing and development fees paid in UK	1,000
Air freight	5,500
Insurance	Details not available
Landing charges (₹)	650
Transportation charges from Mumbai airport to the factory (₹)	15,000

Exchange rate notified by CBIC is ₹ 90 per UK pound.

Basic Customs Duty — 10%; IGST; 12%

Solution:

Computation of assessable value and customs duty

Particular	Details	Amount (UK P)
Price of goods		25,000
Add: Design charges		1,000
Total		26,000
Add: Air freight [Being lower of the following]		
- Actual Freight	5,500	
- 20% of 26,000 UK P	5,200	5,200
Add: Insurance [1.125% of 26,000 UK P]		292.50
CIF Value / Assessable value		31,492.50
		Amount in ₹
CIF Value / Assessable value in INR [31,492.5 UK P × ₹ 90]		28,34,325
Add: Basic customs duty @ 10% [A]		2,83,433
Add: Social Welfare Surcharge @ 10% on ₹ 2,83,433 [B]		28,343
Value for computing IGST		31,46,101
Add: Integrated tax @ 12% [C]		3,77,532
Landed Value / Cost of imported Goods [CIF Value + A + B + C]		35,23,633
Total duty & integrated tax payable [A + B + C]		6,89,308



Q22. Palak Trade Ltd. of Mumbai has imported a machine by air from UK. The details in this regard are as under:

S.No.	Particulars	Amount
1.	Price of the Machine	UK Pound 10,000
2.	Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	UK Pound 2,000
3.	Royalties relating to imported machine payable by buyer as a condition of sale	UK Pound 500
4.	Design and engineering charges paid to Consultancy firm in UK	UK Pound 300
5.	Insurance charges paid to the place of importation	Not known
6.		

Other Information:

Date of bill of entry	30-04-2024 (Rate of BCD 10%; Exchange rate as notified by CBIC ₹ 104 per UK Pound)
Date of arrival of aircraft	21-05-2024 (Rate of BCD 20%; Exchange rate as notified by CBBIC 103 per UK Pound)
Social Welfare Surcharge (SWS)	10%
Integrated tax payable u/s 3(7) of the Customs Tariff Act, 1975	12%
Ignore GST compensation cess and Agriculture infrastructure and development cess	

You are required to compute the total customs duties and integrated tax payable by Palak Trade Ltd, under the Customs Act, 1962 with appropriate working notes from the above information.

Relevant legal reasoning should form part of your answer.

Solution:

Computation of the total customs duties and integrated tax payable by Palak Trade Ltd	
Price of the Machine	UK Pound 10,000
Royalties relating to imported goods payable by buyer as a condition of sale	UK Pound 500
Design and engineering charges paid to Consultancy firm in UK	UK Pound 300
FOB value	UK Pound 10,800
Cost of machine @ ₹ 104 per UK Pound	₹ 11,23,200



Rate of exchange notified by CBIC on the date of presentation of bill of entry is considered.	
Add: - Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	₹ 2,08,000
Add: - Insurance charges (If insurance charges are not ascertainable, the same shall be added @ 1.125% of FOB value of the goods)	₹ 12,636
CIF Value/Assessable value	₹ 13,43,836
Basic custom duty @ 20%	₹ 2,68,767.20
Add: - Social Welfare Surcharge (SWS)	₹ 26,876.72
Total for Integrated Tax leviable under section 3 (7)	₹ 16,39,479.92
Add: - Integrated tax	₹ 1,96,737.59
Total Customs Duty Payable	₹ 2,95,643.92

Q23. Shyam Trade Company of Kolkata has imported one machine by Air from USA. Shyam Trade Company has given the following particulars related to this transaction:

S. No	Particulars	Amount
	FOB value of the machine	US \$ 25,000
	Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	US \$ 3,000
	Licence fee relating to imported goods, the buyer was required to pay in USA as a condition of sale	US \$ 500
	Design and engineering charges paid to consultancy firm in Mumbai	₹ 10,000
	Buying commission paid in India	₹ 15,000
	Insurance charges paid to the insurer in India	₹ 8,000
	Demurrage charges for delay in clearing the machine from Airport paid by importer	₹ 12,000

Date of Bill of entry	30-07-2023 exchange rate as notified by CBIC = 75 per US \$, Rate notified by RBI = 76 per US \$)
Date of arrival of aircraft	10-08-2023 exchange rate as notified by CBIC = ₹ 77 per US \$, Rate notified by RBI = 78 per US \$)



You are required to determine the assessable value of machine imported by Shyam Trade Company under the Customs Act, 1962.
Show workings with explanations.

Solution

Assessable value of machine imported by Shyam Trade Company

FOB value of the Machine	US \$ 25,000
Add: - Licence fee relating to imported goods, the buyer was required to pay in USA	US \$ 500
Customs FOB value	US \$ 25,500
Value in rupees	₹ 19,12,500
Add: - Air freight, loading, unloading & handling charges associated with the delivery of the imported goods to the place of importation	₹ 2,25,000
Add: - Insurance charges paid to the insurer in India (Actual insurance charges paid are includible in the assessable value)	₹ 8,000
Assessable value	₹ 21,45,500

Q24. Malya Internationals Ltd., has imported a machinery by air from Germany. Bill of Entry is presented on 20.01.2025. However, entry inwards is granted on 25.01.2025. Relevant information of the transaction are provided hereunder:

CIF Value of Machine	5,500 USD
Air Freight Paid	1250 USD
Insurance Charges Paid	100 USD
Rate of Exchange on 20.01.2025	As per RBI 1 USD = ₹85.50 As per CBIC 1 USD = ₹ 86
Rate of Exchange on 25.01.2025	As per RBI 1 USD = ₹86.50 As per CBIC 1 USD = ₹ 87
Basic Customs Duty Rate	10%
IGST Rate	18%

Calculate the assessable value in INR for the purposes of levy of customs duty as well as total customs duty.

**Solution****Computation of assessable value and customs duty:**

Particulars	Amount in \$
CIF Value	5,500
Less: Air Freight	1,250
Less: Insurance Cost	100
FOB Value	4,150
Add: Air Freight [Since actual air freight is more than 20% of FOB, 20% of FOB shall be considered ($4150 \times 20\% = 830$)]	830
Add: Insurance	100
Assessable Value (in US \$)	5,080
Assessable Value in ₹	4,36,880

Computation of customs duty:

Particulars	Details	Amount
Assessable Value	4,36,880	
Add: Basic Customs Duty @ 10%	43,688	43,688
Add: Social Welfare Surcharge @ 10% on BCD	4,369	4,369
Total [A]	4,84,937	
Add: IGST @ 18% [$A \times 18\%$]	87,289	87,289
Total duty payable		1,35,346

Q25. From the particulars given below, Calculate the assessable value and total customs duty:

- Cost of imported machine: US \$ 20,000
- Expenses up to the place of exportation: US \$ 2,000
- Buying commission: US\$ 200
- Designing charges in India: 1, 50,000
- Materials supplied by the buyer free of cost: 2, 00,000
- CBIC had notified exchange rate of one US \$ is equal to 78 (Inter-bank rate is 79)
- Basic customs Duty @10%, social welfare surcharge @10% and IGST @ 18%.

Solution

Particulars	US\$
Cost Price	20,000.00
Expenses	2,000.00
Foreign Currency	22,000.00



Indian Currency (22000 × 78)	17,16,000.00
(+) Materials	2,00,000.00
	19,16,000.00
(+) Freight @ 20%	3,83,200.00
(+) Insurance@1.125%	21,555.00
Assessable Value (CIF)	23,20,755.00
BCD @10%	2,32,075.50
SWS @10%	23,207.55
IGST@18%	4,63,686.85
Total Duty (Rounded off)	7,18,970.00

Q26. Following are the sale details of product X (being 12000 units imported from Japan on 1-1-2025), you are required to compute assessable value of product X for customs duty by applying deductive method -

Date of Sale	Quantity Sold (in units)	Price per unit
01-1-2025	1000	₹ 100
10-1-2025	2000	₹ 98
19-1-2025	500	₹ 101
27-2-2025	1500	₹ 100
03-3-2025	1000	₹ 98
13-3-2025	1500	₹ 99
30-3-2025	1000	₹ 98
07-5-2025	2000	₹ 100

Assume the expenditure incurred in India (including profit) is ₹ 18 per unit. Duty is charged on such article @ 25% (including SWS) ad valorem.

Solution

Quantity sold at different prices are summarized below

Price per unit	Quantity sold
₹ 100	1000 + 1500 = 2500 units
₹ 98	2000 + 1000 + 1000 = 4000 units
₹ 101	500 units
₹ 99	1500 units

Note: Sale made on 7/5/2025 is not considered as it is made after 90 days from importation thereof. The greatest number of units sold at a particular price is 4000 units, therefore, the unit price in the greatest aggregate quantity is ₹ 98.



Computation of assessable value :

Assessable value + Customs duty = Unit sale price as computed above - Expenditure incurred in India

Assessable value + 25% of Assessable value = ₹ 98 - ₹ 18

125% of Assessable value = ₹ 80

Assessable value = ₹ 64 per unit

Assessable value of 12000 units = ₹ 7,68,000

Duty on above = ₹ 1,92,000