

TYPES OF DUTIES

Q.1 Suppose Assessable Value including landing charges = Rs. 100. Rate of BCD: 10% & Rate of IGST: 12%; Calculate customs Duty & IGST.

Answer:

- (a) BCD = Rs. 10 (10% of AV)
 (b) Social Welfare Surcharge = Rs. 1 [10% of (a)]
 (c) IGST = Rs. 13.32 [AV +(a) +(b)] x 12%

Q.2 Sujal Ltd. imported Rolls Royce car for providing output services of transportation of passengers.

Particulars	Amount
Cost of vehicle (Assessable value)	Rs. 3 Crores
Custom duty	10%
IGST	28%
Compensation cess	20%

Sujal Ltd. is eligible to take ITC & have output IGST liability of Rs. 120 Lacs. Calculate tax liability towards Custom duty & GST liability.

Answer:

Particulars	Amount
A. Cost of Vehicle	Rs. 300,00,000
B. Basic Custom duty @ 10% of AV	Rs. 30,00,000
C. SWS @ 10% of BCD	Rs. 3,00,000
D. Total Custom duty payable (BCD + SWS)	Rs. 33,00,000
E. Total Cost after Custom duty	Rs. 333,00,000
F. IGST [28% on (E)]	Rs. 93,24,000
G. Compensation cess [20% on (E)]	Rs. 66,60,000
H. Total cost [E + F + G]	Rs. 492,84,000

- **Input tax credit available to set off against output IGST is Rs. 93,24,000.**
- **Compensation cess paid cannot be set off against output tax liability of IGST.**
- **Total tax payable by Sujal Ltd. after adjusting ITC of IGST = Rs. 26,76,000 (Rs. 1.2 Crores – Rs. 93,24,000)**

Q.3 Kunal Ltd imported Sodium Nitrite from a developing country from 26th Feb 2015 to 25th Feb 2016: Rs. 50 Cr. Total imports of Sodium Nitrite (including developing country) is Rs. 2,500 crores. [Note: Rate of SGD = 30%]

(a) Determine the safeguard duty payable by Kunal Ltd. u/s 8B of the Customs Tariff Act, 1975

(b) What if import of Sodium Nitrite from a developing country Rs. 80 crores?

Answer:

- (a) 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 Kunal Ltd.
 (b) SGD = Rs. 24 crores (Rs. 80 crores x 30%) Since import from a developing country > 3%.

Q.4 Import of Sodium Nitrite from developing & developed countries from 26th Feb 2018 to 25th Feb 2019 are:

Importer	Country of Import	Rs. in Crores
A Ltd.	Developing Country	70
B Ltd.	Developing Country	72
C Ltd.	Developing Country	52
D Ltd.	Developing Country	50
Others	Developed Country	2,256
	Total	2,500

Determine safeguard duty payable by A Ltd, B Ltd, C Ltd & D Ltd u/s 8B of CTA, 1975. [Note: Rate of SGD = 30%]

Answer:

Importer	Country of Import	Rs. in Crores	% of imports
A Ltd.	Developing Country	70	2.8%
B Ltd.	Developing Country	72	2.88%
C Ltd.	Developing Country	52	2.08%
D Ltd.	Developing Country	50	2%
Others	Developed Country	2,256	
	Total	2,500	9.76%

Calculation of Safeguard duty

Importer	Rs. in Crores	% of imports
A Ltd.	21	$70 \times 30\%$
B Ltd.	21.60	$72 \times 30\%$
C Ltd.	15.60	$52 \times 30\%$
D Ltd.	15	$50 \times 30\%$

Q.5 Import of Sodium Nitrite from developing & developed countries from 26th Feb 2018 to 25th Feb 2019 are:

Importer	A Ltd.	B Ltd.	C Ltd.	D Ltd.	Others	
Country	Developing	Developing	Developing	Developing	Developed	Total
Rs. (in Cr)	70	82	52	50	2256	2500

Determine safeguard duty payable by A Ltd, B Ltd, C Ltd. & D Ltd. u/s 8B of CTA, 1975.
[Note: Rate of SGD = 30%]

Answer:

Importer	Country of Import	Rs. in Crores	% of Imports	
A Ltd.	Developing Country	70	2.8%	
B Ltd.	Developing Country	82		3.28%
C Ltd.	Developing Country	52	2.08%	
D Ltd.	Developing Country	50	2%	
Others	Developed Country	2,256		
	Total	2,500	6.88%	3.28%

Calculation of Safeguard duty

Importer	Rs. in Crores	% of imports
A Ltd.	Nil	$70 \times 30\%$
B Ltd.	24.60	$82 \times 30\%$
C Ltd.	Nil	$52 \times 30\%$
D Ltd.	Nil	$50 \times 30\%$

Q6. A commodity is imported into India from a country covered by a notification issued by CG u/s 9A of CTA.

CIF Value of consignment	US\$ 25,000
Quantity imported	500 kgs
Foreign Exchange Rate notified by CBEC	US\$1 = Rs. 60
Rate of BCD	12%

As per the notification, anti-dumping duty will be equal to the difference b/w cost of commodity calculated @ US\$70 per kg & landed value of the commodity as imported. Appraise the liability on account of normal duties, cess and the anti-dumping duty. Assume that only BCD & Social Welfare Surcharge are payable. IGST @12% is also applicable.

Answer: Statement showing land value of imported goods & Customs duties

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

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

Note: Market value of imported goods (500 kgs x Rs. 60 x US \$70) = 21,00,000.