

PRACTICAL

CUSTOMS LAW AND FOREIGN TRADE POLICY

(10 Marks each)

Illustration: 1

Dabang Ltd. Imported a machine from Australia at a FOB value of Rs. 38, 00,000 (inclusive of accessories of market value Rs. 5, 00,000 compulsorily supplied along with the machine). Other details are as follows:

- (i) FOB value includes Rs. 8, 00,000 attributable to post – importation activities to be carried out by the seller.
- (ii) Dabang Ltd. had supplied raw material worth Rs. 10, 00,000 to the seller for the manufacture of the said machine.
- (iii) Design and development charges were paid to a consultancy firm in Australia Rs. 2, 00,000 (INR converted).
- (iv) Dabang Ltd. also spent an amount of Rs. 75,000 in India for development work connected with the machinery.
- (v) The goods were imported by vessel and actual cost of transport is Rs. 9, 25,000.
- (vi) The importer has also paid demurrage charges Rs. 50,000 and lighterage and barge charges Rs. 25,000 in addition to the said 9, 25,000.
- (vii) The importer also paid Rs. 75,000 for transportation of goods from port of entry to Inland Container Depot.
- (viii) Loading, unloading and handling charges – Rs. 54,900.
- (ix) The actual cost of insurance is Rs. 1, 00,000.
- (x) Foreign exporters have an agent in India. Commission is payable to the agent Rs. 1, 90,000.
- (xi) Compute assessable value assuming that the amount attributable to post importation activities is not payable as a condition of the sale of imported goods.
- (xii) If rate of BCD on machinery is 10% and on accessories it is 25%, then at which rate machinery and accessories will be assessed?

Illustration: 2

From the following particulars given by rancho Ltd., an importer manufacturer, calculate assessable value, customs duty payable and amount tax credit that can be availed by Rancho Ltd.

- (i) Sum total of FOB, freight, loading, unloading & handling charges and insurance charges = 1,38,000 US Dollars;
- (ii) Air freight, loading, unloading & handling charges = 35,000 US Dollars;
- (iii) Insurance cost 3,000 US Dollars
- (iv) Date of presentation of bill of entry for Home Consumption : 30.05.2017 [Rate of BCD 25%; RBI Exchange rate: Rs. 44.50]
- (v) Date of grant of Entry Inward Order: 27.06.2017 [Rate of BCD 25%; RBI Exchange rate: Rs. 43.50]
- (vi) The banker realized the payment from the importer at the exchange rate of Rs. 45.50 per dollar.
- (vii) Rate of exchange per dollar notified by the CBEC (as made effective from 26.04.2017 = Rs. 44.70; from 27.05.2017 = Rs. 45 and from 25.06.2017 = Rs. 44).
- (viii) Rate of IGST of such goods in India: 12%.