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Drawback



Think GST!
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Section 74: Drawback allowable on re-export of duty paid goods

1. The drawback on re-export is allowable on those goods which satisfies the conditions such as:
- a. they are originally imported into India
 - b. duty has been paid at the time of importation
 - c. goods which are to be re-exported must be easily identified as the same were imported into India
 - d. All of the above

Ans: (a) (b) (c) (d)

2. The modes through which goods can be exported as such are:
- a. Cargo mode/ Baggage mode/ Postal mode
 - b. Postal mode/ Baggage mode
 - c. Baggage mode/ Cargo mode
 - d. Cargo mode/ Postal mode

Ans: (a) (b) (c) (d)

3. Mr. Joseph wants to re-export the wrist watch imported by him from China as such, because the watch is not as per his order or specifications. The import duty was paid by Mr. Joseph at the time of importation. Mr. Joseph opt the cargo mode to re-export his wrist watch but the officer does not allow him to use cargo mode as it was too small item to be sent through Cargo.
- State whether the contention of officer is valid in law.
- a. Valid
 - b. Invalid

Ans: (a) (b)

4. To be eligible for drawback goods must be exported within from the date of payment of duty on the importation thereof.
- a. One year
 - b. Two years
 - c. Three years
 - d. Five years

Ans: (a) (b) (c) (d)

5. The rate of drawback on imported goods which are exported as such other than fuel and lubricant oil used in aircraft is:
- a. 100%
 - b. 88%
 - c. 98%
 - d. 95%

Ans: (a) (b) (c) (d)

6. M/s Dinshaws Ltd. imported refrigerator from Japan and paid import duty thereon. After using it for a month M/s Dinshaws Ltd. export that refrigerator. The refrigerator was easily identified as such by the officer and it was exported within 2 years from the date of payment of import duty.

The rate of drawback on such goods shall be:

- a. 98%
- b. 100%
- c. at such percentage fix by Central Board of Indirect Taxes

d. at such percentage fix by Central Government by notification in official gazette

Ans: (a) (b) (c) (d)

7. In case of provisional assessment, for the purpose of calculating the time of two years, the date to be considered is:

- a. the date of payment of final duty
- b. the date of payment of provisional duty
- c. the date of import
- d. the date of export

Ans: (a) (b) (c) (d)

8. Mr. Tushar imported ginning machine from Germany and paid import duty thereon. The part of that machinery was not as per the specification and hence, Mr. Tushar wants to export that part of the machinery. State whether drawback is available to Mr. Tushar on export of part of machinery.

- a. The drawback is available at 98% if exported as such
- b. The drawback is available at specified rate if exported after use
- c. Drawback is not available, as export of part of machinery is not allowed
- d. Either a or b above

Ans: (a) (b) (c) (d)

9. Millipore (I) Pvt. Ltd. imported machinery from Korea and paid import duty thereon. The machinery was operated once in an exhibition for giving demonstration to the public. After that the machinery was exported back to Korea. State at what

rate drawback will be available to Millipore (I) Pvt. Ltd.

- a. 100%
- b. 98%
- c. at such rate as may be notify by Central Government in Official Gazette, having regard to duration of use, depreciation in value and other relevant circumstances.
- d. No drawback will be available

Ans: (a) (b) (c) (d)

10. Any machinery used in an exhibition for display is not eligible for drawback at the rate of 98% u/s 74(1) but drawback can be claimed u/s 74(2) as goods being used for display in exhibition.

State true or false

- a. True
- b. False

Ans: (a) (b)

11. What is the rate notified by Central Government if the goods are exported after using it for not more than nine months?

- a. 98%
- b. 95%
- c. 85%
- d. 75%

Ans: (a) (b) (c) (d)

12. Mr. Kumar imported printer for office use from Japan and re-exported after using it for 12 months. State the rate of drawback applicable on such re-export by Mr. Kumar

- a. 75%
- b. 70%
- c. 65%

d. 98%

Ans: (a) (b) (c) (d)

13. Identify the rate of drawback available to Mr. Sinha on re-export of goods imported for business use after 13 months from the date of payment of import duty.

- a. 98%
- b. 85%
- c. 65%
- d. 70%

Ans: (a) (b) (c) (d)

14. Drawback on imported motor car and other goods for personal use is calculated by reducing the import duty paid in respect of such goods or motor car by percentage if the period of usage is upto 1 year

- a. 4%
- b. 3%
- c. 2.5%
- d. 2%

Ans: (a) (b) (c) (d)

15. Drawback is not available on items such as:

- a. Wearing apparel, tea chests, unexposed photographic films, paper and plates and x-ray films & Exposed cinematograph films duly passed by Censor Board if used
- b. Exposed cinematograph films not duly passed by Censor Board
- c. Exposed photographic films
- d. All of the above

Ans: (a) (b) (c) (d)

16. The time limit for re-exportation of goods as such is from the date

of payment of import duty thereon and for claim of drawback must be filed from the date of let export order, if not extended by AC/ DC

- a. 2 years and 3 months
- b. 3 years and 2 months
- c. within 2 years and within 3 months
- d. 2 years and within 2 months

Ans: (a) (b) (c) (d)

17. Drawback of imported material used in the manufacture of export goods is not available

State true or false

- a. True
- b. False

Ans: (a) (b)

18. Import duty paid in respect of a motor car by James bond for personal use is ₹ 50000. James bond uses that motor car for 4 months. Calculate drawback to be allowed in this case.

- a. ₹ 46000
- b. ₹ 48000
- c. ₹ 48500
- d. ₹ 47500

Ans: (a) (b) (c) (d)

19. Drawback of import duty shall be allowed when they are exported out of India after use:

- a. Wearing Apparel
- b. Tea Chests
- c. Exposed Cinematograph Films
- d. Camera

Ans: (a) (b) (c) (d)

20. Decent Limited. imported 120 computer systems from USA & paid

import duty of ₹ 50 lakhs. Due to mismatch in specification, all the computer systems were returned to the supplier after 7 months without using them at all. Calculate duty drawback thereon

- a. ₹ 44 lakhs
- b. ₹ 44.24 lakhs
- c. ₹ 49 lakhs
- d. ₹ 46 lakhs

Ans: (a) (b) (c) (d)

21. Drawback u/s 75 is available on:

- a. imported goods
- b. manufactured product
- c. export goods
- d. imported goods used in the manufacture of export goods

Ans: (a) (b) (c) (d)

22. The modes of export allowable for drawback u/s 75 are:

- a. Post and Cargo
- b. Post, Cargo & Baggage
- c. Cargo and Baggage
- d. Post and Baggage

Ans: (a) (b) (c) (d)

23. Drawback u/s 75 is allowable if the imported goods and export goods are:

- a. easily identified
- b. same
- c. entirely different from Input
- d. Both a & b above

Ans: (a) (b) (c) (d)

24. Which of the following documents are required to be filed along with drawback claim application?

- a. Import Invoice

- b. Triplicate copy of the Shipping Bill bearing examination report recorded by the proper officer of the customs at the time of export
- c. Copy of Bill of lading or Airway bill
- d. All of the above

Ans: (a) (b) (c) (d)

25. Drawback not to be allowed if:

- a. Export value of finished goods is less than value of imported goods used therein
- b. Export value is not more than such percentage of imported value of goods used, as notified by Central Government
- c. Both a & b above
- d. None of the above

Ans: (a) (b) (c) (d)

26. Determine the eligibility of drawback in following cases:

Export Value	Value of imported material used	Eligibility of drawback
Rs. 1100	Rs. 1000	
Rs. 1000	Rs. 1000	
Rs. 2000	Rs. 1500	

- a. All of the above cases are eligible for drawback
- b. Eligible, Not eligible, Not eligible
- c. Eligible, Eligible, Not eligible
- d. All of the above cases are not eligible for drawback

Ans: (a) (b) (c) (d)

27. Export value of finished goods is ₹ 30000. Notified value addition is 50%. Value of imported material used is ₹ 25000. Drawback is allowed at 15%. Calculate the amount of drawback.

- a. ₹ 4500

b. ₹ 3750

c. ₹ 750

d. Nil

Ans: (a) (b) (c) (d)

28. Drawback shall not be allowed if the goods do not reach the destination State true or false

a. True

b. False

Ans: (a) (b)

29. All Industry Rate (AIR) is notified by:

a. Assistant/Deputy Commissioner

b. Central Board of Indirect Taxes & Customs

c. Central Government

d. Principal Commissioner/
Commissioner of customs

Ans: (a) (b) (c) (d)

30. An exporter who has already filed duty drawback claim under All Industry Rate cannot file an application for fixation of, if AIR is declared at 90% of duty paid.

a. Brand Rate

b. Special Brand Rate

c. Both a & b above

d. Reduced rate

Ans: (a) (b) (c) (d)

31. An exporter can apply for Special Brand Rate when:

a. Brand rate is lower by 80% of duty paid

b. All Industry rate is lower by 80% of duty paid

c. Both a & b above

d. Brand rate is lower by 60% of duty paid

Ans: (a) (b) (c) (d)

32. Brand rate is issued for such goods for which:

a. No special brand rate is announced

b. No all industry rate (AIR) is announced

c. AIR is announced but it is lower by 80% of duty or taxes paid

d. Both b & c above

Ans: (a) (b) (c) (d)

33. Application fees required to be paid by an exporter applying for special brand rate or brand rate is:

a. ₹ 1000

b. 1% of FOB

c. 1% of FOB or ₹ 1000 whichever is lower

d. Higher of a or b above

Ans: (a) (b) (c) (d)

34. The drawback amount or rate determined under rule 3 i.e. all industry rate shall not exceed:

a. One fifth of the market price of the export product

b. One fourth of the market price of the export product

c. One third of the market price of the export product

d. One tenth of the market price of the export product

Ans: (a) (b) (c) (d)

35. Relevant date for determination of AIR in case of goods exported by vessel, vehicle or aircraft other than by post is:

a. Date of shipping bill

- b. Date of entry outward
- c. Date of order of clearance
- d. Date of Let export order

Ans: (a) (b) (c) (d)

36. Mr. Somesh has exported 2000 pairs of footwear at ₹ 1500 per pair and applied for drawback. The FOB value is ₹ 30 lakhs. The drawback is allowed @ 10% of FOB value subject to maximum of ₹ 55 per pair. Calculate the drawback amount.

- a. ₹ 300000
- b. ₹ 110000
- c. ₹ 82500
- d. No drawback will be allowed

Ans: (a) (b) (c) (d)

37. M/s Welfare Ltd. paid export duty of ₹ 15000 on goods for which AIR is announced ₹ 12500. M/s Welfare Ltd. applied for special brand rate. State whether the action of M/s Welfare Ltd. is valid in Law.

- a. Valid
- b. Invalid

Ans: (a) (b)

38. The time limit for payment of drawback to the claimant without interest is within from the date of filing a claim for payment of such drawback

- a. Three months
- b. One month
- c. 90 days
- d. 30 days

Ans: (a) (b) (c) (d)

39. If the amount of drawback is not paid within a period of one month from the

date of filing a claim for payment of such drawback, then the claimant is eligible to get in addition of the amount of drawback, interest at the rate of:

- a. 12% p.a.
- b. 18% p.a.
- c. 6% p.a.
- d. 15% p.a.

Ans: (a) (b) (c) (d)

40. Mr. Kunal was erroneously refunded a sum of ₹ 10000 which was payable to Mr. Ketan on 1.1.18. The same was returned to the Department on 15.4.18. Calculate the interest amount payable by Mr. Kunal

- a. ₹ 500
- b. ₹ 438
- c. ₹ 432
- d. ₹ 518

Ans: (a) (b) (c) (d)

41. Drawback shall not be allowed where:

- a. the market price is less than the amount of drawback on any goods
- b. the drawback amount on any goods is less than fifty rupees
- c. the Central Government is of the opinion that goods are likely to be smuggled back into India
- d. All of the above

Ans: (a) (b) (c) (d)

42. The relevant date in case of filing refund claim may be any one of the following:

- a. Date of let export order
- b. Date of abandonment of goods
- c. Date of destruction of goods

State true or false

a. True
b. False
Ans: (a) (b)

Answers:-

1	d	11	d	21	d	31	b	41	d
2	a	12	b	22	a	32	b	42	a
3	b	13	c	23	c	33	c		
4	b	14	a	24	d	34	c		
5	c	15	a	25	c	35	d		
6	d	16	c	26	a	36	b		
7	b	17	b	27	d	37	b		
8	c	18	a	28	b	38	b		
9	c	19	d	29	c	39	c		
10	b	20	c	30	c	40	c		