



# Chapter 8

# CUSTOM TARIFF ACT 1975

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## 01. General Questions

Students, let's try to solve it



### Basics

#### MCQ 08.01.01.00

The principle by which goods are classified based on how they are known in market is:

- Common/ Trade Parlance Test
- Latter the Better
- Market knowledge Theory
- Specific prevails over general

### General Rules of Interpretation

#### MCQ 08.01.02.00

Latter the better rule for classification falls under:

- |              |              |
|--------------|--------------|
| a. Rule 3(a) | b. Rule 3(b) |
| c. Rule 3(c) | d. Rule 4    |

#### MCQ 08.01.03.00

Akin rule for classification falls under:

- |              |              |
|--------------|--------------|
| a. Rule 3(a) | b. Rule 3(b) |
| c. Rule 3(c) | d. Rule 4    |

### Sec 3 :- Additional Customs Duty

#### MCQ 08.01.04.00

Additional Customs Duty i.e. ACD 3(3) is levied to countervail the effect of Excise duty on:

- Alcoholic liquor for human consumption
- Raw Cotton
- Manufactured Material
- Raw Material

#### MCQ 08.01.05.00

ACD 3(5) shall be levied on any imported article only if duty of ACD 3(1) or 3(3) levied on such article. State whether the statement is true or false.

- True
- False

#### MCQ 08.01.06.00

For calculating the additional duty u/s 3(5), which of the following duty/duties are not included in it? Choose the correct alternative.

- duty referred to in sub-section (7) & (9) of section 3
  - countervailing duty referred to in section 9
  - safeguard measures referred to in sections 8B
  - anti-dumping duty referred to in section 9A
  - duty referred to in sub-section (1) & (3) of section 3
- 1,2, 3,4,5,
  - only 1, 2 & 3 above
  - only 2, 3 & 4 above
  - only 1, 2, 3 & 4 above

#### MCQ 08.01.07.00

Maximum tax rate that can be levied u/s ACD 3(7) on any imported article in addition to other duties & taxes shall be:

- Eighteen percent
- Twenty eight percent
- Forty percent
- Twenty percent

#### MCQ 08.01.08.00

While calculating the integrated tax under sub-section (7) on any imported article, following shall be excluded:

- tax referred to in sub-section (7) of section 3
- cess referred to in sub-section (9) of section 3
- duty referred to in sub-section, (1), (3) & (5) of section 3
- Both a & b above

#### MCQ 08.01.09.00

Mr. Ajay imported sewing machines from Japan and warehoused such goods by filing into bond bill of entry. When the goods were in warehouse, Mr. Ajay sold it to Mr. Vijay for ₹ 10 lakhs. The imported values of such goods were as follows:

Transaction value section 14(1) - ₹ 7 lakhs BCD @ 10% on above - ₹ 70000

ACD 3(1) on above - ₹ 77000

Integrated Tax u/s 3(7) - ₹ 126000

Calculate the value of such goods for the purpose of section 3(7) of Customs Act

- ₹ 1000000
- ₹ 847000
- ₹ 973000
- ₹ 700000

**MCQ 08.01.10.00**

In case of sale of imported goods from warehouse before clearance or export, the value of such imported article under sub-section (7) of section 3 shall be:

- value determined u/s 3(8)
- transaction value of such goods
- retail sale price of such imported goods
- higher of a or b above

**MCQ 08.01.11.00**

State whether the following statement is true or false, Imported articles are also liable to GST compensation cess in India in addition to other duties and taxes.

- True
- False

**MCQ 08.01.12.00**

Transaction value for the purpose of calculating ACD on warehouse sale before clearance for home consumption or export, where only part of the warehoused goods is sold for more than once, shall be:

- the transaction value of first of such transactions
- the transaction value which is higher of such transactions
- the transaction value of last of such transactions

d. none of the above

**MCQ 08.01.13.00**

Mr. Sanjay imported goods from Nepal valuing ₹ 10,50,000 which, is inclusive of all duties & taxes. Mr. Sanjay deposited such goods in warehouse. While the goods were in warehouse, Mr. Sanjay sold them to Mr. Ajay for ₹ 11,75,000 who in turn sold these goods to Mr. Vinay for ₹ 12,35,000 and such goods were further sold by Mr. Vinay to Mr. Pranay for ₹ 12,25,000.

Determine the value of such imported goods

- ₹ 1050000
- ₹ 1175000
- ₹ 1235000
- ₹ 1225000

**MCQ 08.01.14.00**

FOB price of imported goods = \$ 4,00,000

Cost of transportation = ₹ 15000

Cost of Insurance = ₹ 5000

BCD rate = 12%, ACD 3(1) rate = 10%, and GST on like article in India = 28%

The exchange rate notified by RBI = 1\$ = ₹ 62,

CBIC rate = 1\$ = ₹ 62.50

Answer the following with respect to above.

i. Calculate Basic Custom Duty.

- ₹ 3002400
- ₹ 2976000
- ₹ 3127500
- ₹ 2978400

ii. Calculate Additional Custom Duty payable in ₹ u/s 3(1):

- ₹ 2919000
- ₹ 2832264
- ₹ 2779840
- ₹ 2777600

iii. Determine the Assessable value or CIF value.

- ₹ 25000000
- ₹ 24800000
- ₹ 25020000
- ₹ 24820000

iv. Calculate the GST value u/s 3(7)

- ₹ 8639306
- ₹ 8723373
- ₹ 8633706
- ₹ 8636706

[Hint :- FOB = 2,50,00,000 (4,00,000 X 62.5)

Transportation = 15,000

Insurance = 5000

AV 25020000

BCD 3002400 (25020000 X 12%)

SWS 300240 (3002400 X 10%)

Total 28322640

ACD 3(1) 2832264 (28322640 X 10%)

Total 31154904

ACD 3(7) 8723373 (31154904 X 28%)]

**MCQ 08.01.15.00**

CIF value = ₹ 15,00,000

Cost of transportation = ₹ 50,000

Cost of insurance = ₹ 20,000

BCD @ 10%, SWS @ 10%, ACD 3(1) @ 12%, ACD 3(5) @ 4%, ACD 3(7) @ 18%, ACD 3(9) @ 18%

Answer the following questions on the basis of the above given information.

i. Determine the amount of assessable value.

- ₹ 1570000
- ₹ 1550000
- ₹ 1520000
- ₹ 1500000

ii. Determine the amount of Basic custom duty payable.

- a. ₹ 157000                      b. ₹ 150000  
c. ₹ 152000                      d. ₹ 155000

iii. Calculate the amount of duty payable under ACD 3(1).

- a. ₹ 198000                      b. ₹ 227964  
c. ₹ 207240                      d. ₹ 199800

iv. What will be the amount of duty payable under ACD 3(5).

- a. ₹ 74592                        b. ₹ 85107  
c. ₹ 77370                        d. ₹ 73920

v. IGST payable under ACD 3(7) is:

- a. ₹ 345946                      b. ₹ 362090  
c. ₹ 349091                      d. ₹ 365381

vi. IGST payable under ACD 3(9) is:

- a. ₹ 349091                      b. ₹ 362090  
c. ₹ 411927                      d. ₹ 365381

[Hint :- AV/ CIF      15,00,000]

BCD	1,50,000 (15,00,000*10%)
SWS	5,000 * 10%
Total	16,65,000
ACD 3(1)	19,9800 (16,65,000* 12%)
Total	18,64,800
ACD 3(5)	74,592 (18,64,800 * 4%)
Total	19,39,392
ACD 3(7)	3,49,091 (19,39,392 * 18%)
Total	2288483
ACD 3(9)	349091 (19,39,392 * 18%)

### Sec.4- Preferential rate

#### MCQ 08.01.16.00

Preferential rate is applicable only if goods are imported from

- a. Most famous Country  
b. Most favoured country  
c. Most friendly country  
d. All of the above

#### MCQ 08.01.17.00

Which of the following is not a condition to apply preferential rate of duty?

- a. A preferential rate of duty is specified in the First Schedule, or is admissible by virtue of exemption  
b. owner of articles claims at the time of importation that, it is chargeable with preferential rate of duty  
c. such article is the produce or manufacture of notified preferential area  
d. Commissioner has approved the import with that area

### Sec.5- Lower rate of duty under trade agreement

#### MCQ 08.01.18.00

Which of the following is/are the condition/(s) for levy of duty at a lower rate under a trade agreement u/s 5?

- a. lower duty is specified in trade agreement between Govt. of India and Govt. of foreign country

- b. imported articles are produce or manufacture of foreign country or territory  
c. the owner of such article makes a claim at the time of importation  
d. All of the above

### Sec.6&7- Protective Duty

#### MCQ 08.01.19.00

Protective duty is imposed to protect the interest of:

- a. Domestic Industry  
b. any Industry established in India  
c. Foreign Industry  
d. Both a & c above

### Sec.8B- Safeguard Duty

#### MCQ 08.01.20.00

Safeguard measures are applied on the import of goods under section -----

- a. Section 8B of custom tariff Act, 1975  
b. Section 6 of custom tariff Act, 1975  
c. Section 9 of custom tariff Act, 1975  
d. Section 9A of custom tariff Act, 1975

#### MCQ 08.01.21.00

The Safeguard measures are applied by Central Government if, any article imported into India in increased quantities in order to:

- a. cause injury to domestic industry  
b. cause or threatening to cause injury to industry established in India  
c. threatening to cause injury to domestic

industry

d. cause or threatening to cause serious injury to domestic industry

### Sec.9A- Anti-Dumping Duty

#### MCQ 08.01.22.00

Mr. Amit imported commodity into India from a country notified by Central Govt. u/s 9A of Customs Tariff Act, 1975. Following particulars are made available by Mr. Amit

Particulars	
CIF value of the consignment	US \$ 15000
Quantity imported	250 kgs.
Exchange rate applicable	US \$1= ₹ 50
Basic Custom Duty	10%

As per the notification, anti-dumping duty will be equal to the difference between the cost of commodity calculated @ US\$ 100 per kg and the landed value of the commodity as imported

Calculate the margin of dumping assuming that only basic custom duty and social welfare surcharge is leviable.

- a. ₹ 8,32,500
- b. ₹ 12,50,000
- c. ₹ 4,17,500
- d. ₹ 7,50,000

[Hint- cif value 15000\*50=750000

BCD.	=75000
SWS.	=7500
Total.	832500

$$\text{Cost of commodity} = 100 \text{ per kg} * 50 \text{ ₹} * 250 \text{ kg} = 1250000$$

$$\text{Differences} = 1250000 - 832500 = 417500$$

### Combine Questions on Sec.9 and 9A

#### MCQ 08.01.23.00

The countervailing duty on subsidized article or anti-dumping duty shall, unless revoked earlier, cease to have effect on the expiry of:

- a. Four years
- b. Five years
- c. Ten years
- d. Two years

#### MCQ 08.01.24.00

Central Government may levy countervailing duty or anti-dumping duty retrospectively from a date prior to the date of imposition of such duties, but not beyond ..... back from the date of notification.

- a. thirty days
- b. sixty days
- c. ninety days
- d. one hundred and eighty days

#### MCQ 08.01.25.00

For the purpose of valuation under ACD 3(1), the value of imported article shall not include:

- a. Transaction value or Tariff value [section 14]
- b. Basic Customs Duty [section 12]
- c. Both a and b
- d. Safeguard measures [section 8B]

#### MCQ 08.01.26.00

If any article is imported into India on which it is required to declare on the package thereof the retail sale price of such article under the provisions of the "Legal Metrology Act, 2009" or the rules made thereunder or under any other law for the time being in force, the value of the imported article shall be deemed to be:

- a. the retail sale price
- b. the retail sale price less abatement if, any
- c. Transaction value
- d. Tariff value less abatement

#### MCQ 08.01.27.00

Mr. Paresh imported some article on which retail sale price is required to be declared under "Legal Metrology Act, 2009" and for the like article produced or manufactured in India, Central Government has fixed a tariff value, the value of imported article shall be deemed to be such:

- a. Retail sale price
- b. Retail sale price less abatement if, any
- c. Transaction value
- d. Tariff value

### 02. ICAI Material Questions

#### MCQ 08.02.28.00

Under the customs law, electric shaving machine is classifiable under following:

8510: Shavers and hair clippers with self-contained electric motors;

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**8509: Electro mechanical domestic appliances with self-contained electric motor**

**As per rules of classification, electric shaving machine should be classifiable under [ICAI Material]**

- a. 8510
- b. 8509
- c. More information is needed
- d. Can be classified under both

**MCQ 08.02.29.00**

**Which of the following statements is/are correct?**

- (i) Cases which are specially designed or fitted to contain a specific article and given with the articles for which they are intended shall follow the classification of items which are packed.
- (ii) Packing materials, whether capable of repetitive use or not, cleared along with goods are classifiable with goods. [ICAI Material]

- a. (I)
- b. (ii)
- c. Both (i) and (ii)
- d. Neither (i) nor (ii)

**MCQ 08.02.30.00**

**Safeguard duty cannot be imposed if: [ICAI Material]**

- a. The article on which it is proposed to be imposed originates from a developed country provided its share of imports is not more than 3% of total imports of that article in India.
- b. The article on which it is proposed to be imposed originates from developing country provided its share of imports is not more than

5% of total imports of that article in India.

- c. The article on which it is proposed to be imposed originates from more than one developing country and its aggregate share of imports from developing countries each with less than 3% share taken together does not exceed 9% of total imports of that article into India.
- d. The article is imported by a person in special category State.

**MCQ 08.02.31.00**

**Some banks in China are giving interest free loans to its domestic manufacturers for manufacture of solar panels. This interest free loan would qualify as subsidy for levying of countervailing duty under section 9 of the Customs Tariff Act, 1975 in India on import of such solar panels if: [ICAI Material]**

- a. such interest free loan is given by public or Government bank.
- b. such interest free loan is given by private banks on their own without any direction or instruction from the Government.
- c. Neither (a) nor (b)
- d. Both (a) and (b)

**MCQ 08.02.32.00**

**Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that:**

- (i) subsidy relates to export performance.
- (ii) subsidy relates to use of domestic goods over

imported goods in export article.

**(iii) subsidy is conferred on all persons engaged in the manufacture of export article. [ICAI Material]**

- a. (I), (ii) and (iii)
- b. Only (iii)
- c. (ii) and (iii)
- d. (i) and (ii)

**MCQ 08.02.33.00**

**Which of the following statements is valid under the customs law?**

- (I) Imposition of countervailing duty and anti-dumping duty on same article.
- (ii) Imposition of countervailing duty on an article for the reason that same is exempt from duty borne by a like article when meant for consumption in country of origin.
- (iii) Imposition of anti-dumping duty on articles imported from a member country of WTO on determination that import of such article materially retards the establishment of any industry in India. [ICAI Material]

- a. (I), (ii) and (iii)
- b. (i) and (ii)
- c. (i) and (iii)
- d. Only (iii)

**03. Rtp & MTP Questions**

**MCQ 08.03.34.00**

**Which of the following statements is/are correct for safeguard measures under section 8B of the Customs Tariff Act, 1975?**

- (i) Safeguard measures are applied on articles

which are imported in increased quantities.

(ii) Such increased importation is causing or threatening to cause serious injury to domestic market.

(iii) Safeguard Measures can be applied for a period of 4 years and the period of application can be extended. However, in no case, the safeguard measures shall continue to be applied beyond a period of 10 years from the date on which it was first applied.

(iv) Safeguard measures can be applied provisionally also pending final determination of duty. [CA Final RTP May 19]

- a. (i), (ii) and (iii)
- b. Only (i) and (iv)
- c. None of above
- d. All of above

**MCQ 08.03.35.00**

Which of the following statements is false? [CA Final RTP Nov 2020]

- a. Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.
- b. Safeguard measures shall not be applicable on articles imported by a 100% EOU or SEZ unit unless, specifically made applicable.
- c. Safeguard measures shall not be applied on

articles originating from developing country if, the share of imports of that article from that country  $\leq 3\%$  of the total imports of that article into India.

d. Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard measures.

**MCQ 08.03.36.00**

Which of the following are levied as additional duties of customs under section 3 of the Customs Act, 1962?

- (i) Duty equal to excise duty leviable on like product manufactured in India
- (ii) Countervailing duty as special additional duty
- (iii) Special additional duty to counterbalance sales tax
- (iv) Anti-dumping duty to protect domestic industry

[CA Final MTP Nov 21]

- a. (i), (ii), (iii) and (iv)
- b. (i), (ii) and (iv)
- c. (i), (iii) and (iv)
- d. (i), (ii) and (iii)

**MCQ 08.03.37.00**

Anti-dumping duty is calculated as follows: [CA Final MTP Nov 21]

- a. Higher of margin of dumping or injury margin
- b. Lower of margin of dumping or injury margin
- c. Higher of export price or normal value

d. Lower of export price or normal value

Answer:

08.01.01	a	08.01.15.02	b	08.02.29	a
08.01.02	c	08.01.15.03	d	08.02.30	c
08.01.03	d	08.01.15.04	a	08.02.31	a
08.01.04	d	08.01.15.05	c	08.02.32	d
08.01.05	b	08.01.15.06	a	08.02.33	d
08.01.06	d	08.01.16	b	08.02.34	d
08.01.07	c	08.01.17	d	08.02.35	a
08.01.08	d	08.01.18	d	08.02.36	d
08.01.09	a	08.01.19	b	08.02.37	b
08.01.10	d	08.01.20	a		
08.01.11	a	08.01.21	d		
08.01.12	c	08.01.22	c		
08.01.13	d	08.01.23	b		
08.01.14.01	a	08.01.24	c		
08.01.14.02	b	08.01.25	d		
08.01.14.03	c	08.01.26	b		
08.01.14.04	b	08.01.27	d		
08.01.15.01	d	08.02.28	a		