

**Paper 18- Indirect Tax Laws and Practice**

**Paper 18- Indirect Tax Laws and Practice**

**Full Marks: 100**

**Time allowed: 3 hours**

The figures in the margin on the right side indicate full marks.  
Working notes should form part of the answer.

**Section - A**

**Answer Question No. 1 which is compulsory and any four from the rest of this section.**

1. Choose the correct answer with justification/ workings wherever applicable: [7×2=14]
- (i) The total composition rate of tax for manufacturers under composition scheme is:  
(a) 0.5% of turnover  
(b) 5% of turnover  
(c) 1% of turnover  
(d) 2.5% of turnover.
- (ii) Service of transportation of passengers in radio taxis for ₹ 4,50,000. It is:  
(a) Exempted supply  
(b) Taxable supply  
(c) Not at all supply  
(d) None of the above.
- (iii) Bank extended housing loan of ₹ 20,00,000 to Mr. A. The taxable value of supply will be:  
(a) ₹ 20,00,000  
(b) Nil, as not service  
(c) Nil, as exempted vide notification  
(d) None of the above.
- (iv) Which of the following schemes of the life insurance business is exempted?  
(a) Janashree Bima Yojana  
(b) Aam Aadmi Bima Yojana  
(c) Varishtha Pension Bima Yojana  
(d) All of the above.
- (v) Ram of Jaipur provides online gaming services. He earns ₹ 2,00,000 from Jammu & Kashmir, ₹ 10,00,000 from foreign users and ₹ 20,00,000 from other users in India. The taxable value of service will be:  
(a) ₹ 32,00,000  
(b) ₹ 20,00,000  
(c) ₹ 22,00,000  
(d) Nil.
- (vi) Renting of property to an educational body is:  
(a) taxable  
(b) not chargeable to GST  
(c) Not at all supply  
(d) None of the above.
- (vii) Every registered person whose aggregate turnover during a financial year exceeds \_\_\_\_\_ rupees shall get his accounts audited by a Chartered Accountant or a Cost Accountant:  
(a) one crore

## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

---

- (b) two crores
- (c) five crores
- (d) ten crores

**Answer:**

- (i) (c): The total composition rate of tax for manufacturers under composition scheme is 1% (0.5% of CGST and 0.5% of SGST) of turnover,
- (ii) (b): Service of transportation of passengers in radio taxis is liable to GST.
- (iii) (b): Bank extended housing loan of ₹ 20,00,000 to Mr. A. The taxable value of supply will be Nil, as the same is transaction in money, therefore not regarded as service.
- (iv) (d): As per entry 36 of notification no. 12/2017-CT (rate), the services of life insurance business provided under Janashree Bima Yojana, Aam Aadmi Bima Yojana, Varishtha Pension Bima Yojana etc. are exempted.
- (v) (c): The taxable value of services will be ₹ 22,00,000 (₹ 2,00,000 from users of Jammu & Kashmir and ₹ 20,00,000 from other users in India).
- (vi) (a): Renting of property to an educational body is a taxable service.
- (vii) (b): Every registered person whose aggregate turnover during a financial year exceeds rupees two crores shall get his accounts audited by a Chartered Accountant or a Cost Accountant.

**2.(a) State with reasons whether the following transactions can be treated as service:**

- (1) Sale of newly constructed ready to occupy flats for ₹ 1,00,00,000 per flat (including undivided share of land) after the issue of completion certificate by the competent authority.
- (2) Sale of lottery tickets by lottery distributor of State Governments.
- (3) Manufacture of alcoholic liquor for human consumption on job-work basis.
- (4) Sale of mobile SIM cards in bulk by distributor of mobile telephone operator.
- (5) Sale of land. [10]

- (b) Mr. Ali of Raipur (unregistered person) hires the services of M/s ABC Ltd., an event management company registered in Jaipur, for organizing the marriage ceremony of his daughter at marriage garden in Jaipur. Determine the place of supply of services provided by ABC Ltd. What would your answer be in case marriage takes place in Dubai. [4]

**Answer:**

- (a) The treatment of following transactions as service or not, is explained as follows:
- (1) If the entire amount is received after issuance of completion certificate, then, it is not a service. It is a sale of immovable property.
  - (2) Sale of lottery tickets is a sale of goods. Hence, it is not a service under GST Law.
  - (3) Job-work is a service, as it is a treatment on other's goods.
  - (4) SIM cards are not goods and therefore, they are service and it is a part of telecom services.
  - (5) Sale of land is outside the scope of GST as it is covered within negative list. Mere transfer of title of immovable property is not service.

- (b)** As per section 12(7) of the IGST Act, the place of supply of services provided by way of organisation of a cultural, artistic, sporting, scientific, educational or entertainment event including supply of services in relation to a conference, fair, exhibition, celebration or similar events to a person other than a registered person, shall be the place where the event is actually held and if the event is held outside India, the place of supply shall be the location of recipient.

Since, Mr. Ali is not a registered person, the place of supply shall be the place where the event is held, here as the marriage ceremony is held in Jaipur, therefore, the place of supply shall be Jaipur. The location of the supplier and the location of recipient is irrelevant.

If the marriage ceremony is organised in Dubai, then the place of supply would have been the location of the recipient. Since, Mr. Ali resides in Raipur, therefore, the place of supply shall be Raipur.

- 3.(a) State the procedures related to application for registration and validity of registration by a non-resident taxable persons making taxable supplies. [6+3=9]**

- (b) Explain the transitional provisions relating to recovery and refund of amount on account of revision in return. [5]**

**Answer:**

- (a)** Procedures related to application for registration by a non-resident taxable person making taxable supplies: Non-resident taxable person has to apply for registration at least five days prior to commencing his business in India using a valid passport (and need not have a PAN number in India).

A non-resident taxable person is not required to apply in normal application for registration being filed by other taxpayers. A simplified form GST REG-09 is required to be filled. A non-resident taxable person has to electronically submit an application, along with a self-attested copy of his valid passport, for registration, duly signed or verified through Electronic Verification Code (EVC), in FORM GST REG-09, at least five days prior to the commencement of business at the Common Portal either directly or through a Facilitation Centre notified by the Commissioner.

In case the non-resident taxable person is a business entity incorporated or established outside India, the application for registration shall be submitted along with its tax identification number or unique number on the basis of which the entity is identified by the Government of that country or its PAN, if available.

The application for registration made by a non-resident taxable person has to be signed by his authorized signatory who shall be a person resident in India having a valid PAN. On successful verification of PAN, mobile number and e-mail address the person applying for registration as a non-resident taxable person will be given a temporary reference number by the Common Portal for making the mandatory advance deposit of tax for an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought.

The registration certificate shall be issued electronically only after the said deposit appears in his electronic cash ledger. The amount deposited shall be credited to the electronic cash ledger of the Non-resident person.

The non-resident taxable person can make taxable supplies only after the issuance of the certificate of registration.

Procedures related to validity of registration by a non-resident taxable person making taxable supplies: The certificate of registration shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier.

In case the non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in FORM GSTREG-11 shall be submitted electronically through the Common Portal, either directly or through Facilitation Centre notified by the Commissioner, before the end of the validity of registration granted to him.

The validity period of 90 days can be extended by a further period not exceeding ninety days. The extension will be allowed only on payment of the amount of an additional amount of tax equivalent to the estimated tax liability for the period for which the extension is sought has to be deposited.

- (b)** Recovery on account of revision in return: As per section 142(9)(a) of the CGST Act, where any return, furnished under the existing law, is revised after the appointed day and if, pursuant to such revision, any amount is found to be recoverable or any amount of CENVAT credit is found to be inadmissible, the same shall, unless recovered under the existing law, be recovered as an arrear of tax under this Act and the amount so recovered shall not be admissible as input tax credit under this Act.

Refund on account of revision in return: As per section 142(9)(b) of the CGST Act, where any return, furnished under the existing law, is revised after the appointed day but within the time limit specified for such revision under the existing law and if, pursuant to such revision, any amount is found to be refundable or CENVAT credit is found to be admissible to any taxable person, the same shall be refunded to him in cash under the existing law, notwithstanding anything to the contrary contained in the said law other than the provisions of sub-section (2) of section 11B of the Central Excise Act, 1944 and the amount rejected, if any, shall not be admissible as input tax credit under this Act.

**4.(a) What is cognizable and non-cognizable offence? [5]**

**(b)(i) The applicant company provided canteen services exclusively for its employees. The canteen running expenses were recovered from its employees without any profit margin. The applicant sought Advance Ruling on whether recovery of food expenses from employees for the canteen services provided by the applicant company came under definition of outward supplies and were taxable under Goods and Services Tax Act. Critically examine. [5]**

**(ii) "Transaction in money, per se, is outside the ambit of GST." — Explain. [4]**

**Answer:**

- (a)** Generally, cognizable offence means serious category of offences in respect of which a police officer has the authority to make an arrest without a warrant and to start an investigation with or without the permission of a court. Non-cognizable offence means relatively less serious offences in respect of which a police officer does not have the authority to make an arrest without a warrant and an investigation cannot be initiated without a court order.

Cognizable and non-cognizable offence under CGST Act: As per section 132 of the CGST Act, it is provided that the offences relating to taxable goods and/ or services where the amount of tax evaded or the amount of input tax credit wrongly availed or the amount of

## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

---

refund wrongly taken exceeds ₹ 5 crores, it shall be cognizable and non-bailable and in such cases, the bail can be considered by a Judicial Magistrate only. Other offences under the Act are non-cognizable and bailable and all arrested persons shall be released on bail by Deputy / Assistant Commissioner.

- (b)(i)** In the case of Caltech Polymers (P) Ltd., In re [2018] 92 taxmann.com 142/67 GST 95 (AAR- Ker.), it is held that from the plain reading of the definition of 'business', it can be safely concluded that the supply of food by the applicant to its employees would definitely come under sub-clause (b) of section 2(17) of the CGST Act as a transaction incidental or ancillary to the main business. Even though there is no profit as claimed by the applicant on the supply of food to its employees, there is 'supply' as provided in section 7(1)(a). The applicant would definitely come under the definition of 'supplier' as provided in clause (105) of section 2. Further, since the applicant recovers the cost of food from its employees, there is consideration as defined in section 2(31).

Thus, recovery of food expenses from the employees for the canteen services provided by applicant would come under the definition of 'outward supply' as defined in section 2(83) of the Act, and therefore, taxable as a supply of service under GST.

- (ii)** Transaction only in money do not constitute service and not chargeable to GST. However, the related activity, for which a separate consideration is charged, is subject to GST if other elements of taxability are present. For example, a foreign exchange dealer while exchanging one currency for another also charges a commission (Often inbuilt in the difference between the purchase price and selling price of forex). The activity of providing the services of conversion of forex, documentation and other services (for which a commission is charged separately or built in the margins) is subject to GST.

- 5.(a)(i)** Ravi, a registered person under GST, has filed his GSTR-1 for the month of September on 19<sup>th</sup> November. Determine the amount of late fee payable, if any, by Ravi. [4]  
**(ii)** Write down the procedure for scrutiny of returns under GST. [4]

- (b)** From the following information, determine the time of supply if goods are supplied on approval basis:

Sl. No.	Removal of goods	Issue of invoice	Accepted by recipient	Receipt of payment
1.	01.12.2018	15.12.2018	05.12.2018	25.12.2018
2.	01.12.2018	15.12.2018	15.12.2018	12.12.2018
3.	01.12.2018	25.07.2019	25.07.2019	20.07.2019

[6]

**Answer:**

- (a)(i)** As per section 47 of the CGST Act, any registered person who fails to furnish, inter alia, the returns required u/s 39 by the due date is required to pay a late fee of ₹ 100 for every day during which such failure continues subject to a maximum amount of ₹ 5,000. However, such late fee is reduced by notification no. 4/2018-CT, dt. 23.01.2018 as under:

- Delay – Due date of filing GSTR-1 for a month of September is 10<sup>th</sup> day of the succeeding month, i.e. 10<sup>th</sup> October. The return is filed on 19<sup>th</sup> November and there is delay of 21+19=40 days.
- If return is Nil-return – Late fee = 40 days × ₹ 10 = ₹ 400 under CGST and ₹ 400 under SGST.
- If return is not Nil-return – Late fee = 40 days × ₹ 25 = ₹ 1,000 under CGST and ₹ 1,000 under SGST.

## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

(ii) If any return furnished by a registered person is selected for scrutiny, the proper officer shall scrutinize the same in accordance with the provisions of section 61 of CGST Act, with reference to the information available with him. In case of any discrepancy, he shall issue a notice to the registered person in form GST ASMT-10. He will inform him of discrepancy and seeking his explanation thereto within such time, not exceeding fifteen days from the date of service of the notice, as may be specified in the notice. He will also quantify the amount of tax, interest and any other amount payable in relation to such discrepancy - Rule 99(1) of CGST and SGST Rules, 2017,

The registered person may accept the discrepancy mentioned in the notice and pay the tax, interest and any other amount arising from such discrepancy and inform the same or furnish an explanation for the discrepancy in form GST ASMT-11 to the proper officer - Rule 99(2) of CGST and SGST Rules, 2017.

If the explanation furnished by the taxable person or the information submitted is found to be acceptable, the proper officer shall inform the registered person accordingly in form GST ASMT-12 - Rule 99(3) of CGST and SGST Rules, 2017.

Superintendent of Central Tax has been designated as 'proper officer' for the purpose of scrutiny of return - CBE&C circular No. 3/3/2017-GST dated 5-7-2017 [State Government will prescribe 'proper officer' for purpose of SGST in the respective State].

(b) Time of supply of goods will be as follows:

Date of Invoice (DoI)	Date of Payment (DoP)	Time of Supply (ToS)
1. Earlier of — (A) 15.12.2018 (actual), or (B) Date of supply (05.12.2018) or 6 months from removal (01.06.2019), whichever is earlier = 05.12.2018	25.12.2018	05.12.2018
2. Earlier of — (A) 15.12.2018 (actual), or (B) Date of supply (15.12.2018) or 6 months from removal (01.06.2019), whichever is earlier = 15.12.2018	12.12.2018	12.12.2018 (ToS = DoI = 15.12.2018 in case of non-composition dealer)
3. Earlier of — (A) 25.07.2019 (actual), or (B) Date of supply (25.07.2019) or 6 months from removal (01.06.2019), whichever is earlier = 01.06.2019.	20.07.2019	01.06.2019

6.(a) State the contents of a payment voucher as per rule 52 of the CGST Rules. [7]

(b) From the following informations, determine the amount of input tax credit admissible to ABC Ltd. in respect of various inputs purchased during the month of September, 2017.

Purchases	CGST & SGST (₹)
(1) Goods purchased without invoice	25,000
(2) Goods purchased from PQR Ltd. (Full payment is made by ABC Ltd. to PQR Ltd. against such supply but tax has not been deposited by PQR Ltd.)	1,20,000
(3) Purchases of goods not to be used for business purposes	18,000
(4) Purchases of goods from IT Ltd. (Invoice of IT Ltd. is received in the month of September, 2017, but goods were received in month of October, 2017)	24,000
(5) Goods purchased against valid invoice from FF Ltd. Tax has been deposited by FF Ltd. ABC Ltd. has made payment to FF Ltd. for such purchases in the month of October, 2017.	36,000

[7]



## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

---

**Answer:**

**(a)** Contents of a payment voucher: A payment voucher referred to in section 31(3)(g) of the CGST Act shall contain the following particulars, namely:-

1. name, address and GST Identification Number of the supplier if registered;
2. a consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters- hyphen or dash and slash symbolised as "-" and "/" respectively, and any combination thereof, unique for a financial year;
3. date of its issue;
4. name, address and GST Identification Number of the recipient;
5. description of goods or services;
6. amount paid;
7. rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
8. amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
9. place of supply along with the name of State and its code, in case of a supply in the course of interstate trade or commerce; and
10. signature or digital signature of the supplier or his authorised representative.

**(b)** Computation of admissible Input Tax Credit to ABC Ltd. for the month of September, 2017:

(1)	Goods purchased without invoice [No Input tax credit will be available since ABC Ltd. is not in possession of valid taxpaying document]	—
(2)	Goods purchased from PQR Ltd. [no registered person shall be entitled to the credit of any input tax in respect of any supply of goods unless the tax charged in respect of such supply has been actually paid to the Government. Since PQR Ltd. has not deposited the tax to the credit of Government, no ITC can be claimed by ABC Ltd.]	—
(3)	Purchases of goods not to be used for business purposes [A registered person shall be entitled to take input tax credit on goods which are used or intended to be used in the course or furtherance of his business. Since ABC Ltd. has purchased the goods for non business purpose, hence no credit will be admissible on such purchases.]	—
(4)	Purchases of goods from IT Ltd. (Input tax credit is admissible only when registered person has received such goods. Since the goods are received in the month of October, 2017, input tax credit cannot be taken in the month of September, 2017.)	—
(5)	Goods purchased against valid invoice from FF Ltd. [Input tax credit shall be admissible in month of September, 2017 even if payment is made by ABC Ltd. in month of October, 2017, as payment is made within 180 days' period.]	36,000
	Total admissible Input Tax credit for the month of September 2017	36,000

**7. Answer the following:**

**[7+7]**

**(a) Define 'business' as per CGST Act.**

**(b) An assessee was under impression that his product is exempt from GST and hence sold the goods @ ₹ 100 per piece without charging GST. Later, it was found that actually, the product was chargeable with IGST 18%. Department claimed that since goods were removed without GST, transaction value should be ₹ 100 and GST is payable accordingly. Assessee contended that price of ₹ 100 should be taken as inclusive of GST and actual GST payable should be calculated by back calculations. Determine the correct GST payable per piece.**



## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

---

**Answer:**

**(a)** As per Sec 2(17) of the CGST Act, "business" includes:

- A. any trade, commerce, manufacture, profession, vocation, adventure, wager (i.e. bet, gamble) or any other similar activity, whether or not it is for a pecuniary benefit;
- B. any activity or transaction in connection with or incidental or ancillary to sub-clause (a);
- C. any activity or transaction in the nature of sub-clause (a), whether or not there is volume, frequency, continuity or regularity of such transaction;
- D. supply or acquisition of goods including capital goods and services in connection with commencement or closure of business;
- E. provision by a club, association, society, or any such body (for a subscription or any other consideration) of the facilities or benefits to its members;
- F. admission, for a consideration, of persons to any premises;
- G. services supplied by a person as the holder of an office which has been accepted by him in the course or furtherance of his trade, profession or vocation;
- H. services provided by a race club by way of totalisator (i.e. computer that registers bets and divides the total amount bet among those who won) or a licence to book maker in such club; and
- I. any activity or transaction undertaken by the Central Government, a State Government or any local authority in which they are engaged as public authorities;

**(b)** As per rule 35 of the CGST Rules, 2017 transaction value and GST liability is as follows:

The Transaction value should be taken, as cum-tax-price and tax payable should be calculated by making back calculations. Hence, the transaction value is as follows:

The transaction value = ₹ 100 x 100/118 = ₹ 84.75

IGST = ₹ 100 x 18/118 = ₹ 15.25

Total invoice price = ₹ 100.00

[CCE v Maruti Udyog Ltd. (2002) 141 ELT 3 (SC)]

### Section - B

**Answer Question No. 8 which is compulsory and any two from the rest of this section.**

**8. Choose the correct answer with justification/ workings wherever applicable: [3×2=6]**

- (i) **In case of imposition of safeguard duty on articles originating from developing countries, the safeguard duty cannot be imposed if the imports of such article does not exceed:**
  - (a) 1% of total imports
  - (b) 3% of total imports
  - (c) 5% of total imports
  - (d) 10% of total imports
  
- (ii) **In case the import manifest or import report is not presented within specified time limit, the penalty for such delay should not exceed:**
  - (a) ₹ 50,000
  - (b) ₹ 1,00,000
  - (c) ₹ 1,50,000
  - (d) None of the above.
  
- (iii) **In FTP, an applicant shall be categorised as status holder on achieving export performance during:**
  - (a) Current and previous two financial years
  - (b) Current and previous three financial years
  - (c) Current and previous five financial years
  - (d) Current year only.

## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

---

**Answer:**

- (i) (b) In case of imposition of safeguard duty on articles originating from developing countries, the safeguard duty cannot be imposed if the imports of such article does not exceed 3% of total imports.
- (ii) (a) In case the import manifest or import report is not presented within specified time limit, the penalty for such delay should not exceed ₹ 50,000.
- (iii) (b) In FTP, an applicant shall be categorised as status holder on achieving export performance during current and previous three financial years (except gems & jewellery sector).

**9.(a) Calculate duty drawback in the following cases:**

- (1) Salman imported a motor car for his personal use and paid ₹ 5,00,000 as import duty. The car is re-exported after 6 months and 20 days.
- (2) Nisha imported wearing apparel and paid ₹ 65,000 as import duty. As she did not like the apparel, these are re-exported after 20 days.
- (3) Super Tech Ltd. Imported 10 computer systems paying customs duty of ₹ 50,00,000. Due to some technical problems, computer systems were returned to foreign supplier after 2 months without using them at all. [9]

- (b) State the conditions to be fulfilled for allowing transit or transshipment of goods without payment of duty. [3]

**Answer:**

- (a) The amount of drawback is computed as follows:

Goods	Period of use	Import duty	Drawback rate	Drawback
Motor car for personal use	6 months and 20 days = 3 quarters	₹ 5,00,000	100% - 4% per quarter × 3 quarters = 88%	₹ 4,40,000
Wearing apparel	20 days (assumed they were used)	₹ 65,000	Not allowed on wearing apparel re-exported after use	Nil
Computer systems	Nil	₹ 50,00,000	98%	₹ 49,00,000

- (b) Conditions to be fulfilled for allowing transit or transshipment of goods without payment of duty:

- (1) Goods must not be prohibited goods, as sections 53 or 54 of the Customs Act are subject to section 11.
- (2) Goods must be specified in import report/ manifest
- (3) It is stated in import report/ manifest that the goods are meant for transit/ transshipment.
- (4) In case of transshipment, a bill of transshipment or declaration thereof should be filed.

- 10.(a) The assessee had imported resin and impregnated paper and had bonded the same in the warehouse. The assessee had also sought the extension of the said warehousing period by contending that the goods were in good condition but could not be used for manufacture due to recession in the market and the extension was granted. Thereafter another application was made at a later date by contending that the resin impregnated papers which were stored in the ware house had lost its shelf life and had become unfit for use on account of non-availability of orders for clearance and**

## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

---

accordingly an application for remission of duty was made. The department rejected the remission of duty claim on the grounds that section 23 is applicable only when the imported goods have been lost or destroyed at any time before clearance for home consumption. Discuss in the light of decided case law, if any, whether the department is correct in law. [7]

**(b) What do you mean by State Trading Enterprises (STEs)? State its importance regarding imports & exports. [5]**

**Answer:**

**(a) CCE v Decorative Laminates (I) Pvt. Ltd. 2010 (257) ELT 61 (Kar)**

The High Court held that the circumstances made out under section 23 of the Customs Act, 1962, were not applicable to the present case since the destruction of the goods or loss of the goods had not occurred before the clearance for home consumption within the meaning of that section.

There will be no remission of duty if the goods had become unfit for use on account of non-availability of orders for clearance within the period or extended period as given by the authorities, their continuance in the warehouse will not attract section 23 of the Act.

Therefore, from the above it is evident that the department is correct.

**(b) State Trading Enterprises (STEs) are governmental and non- governmental enterprises, including marketing boards, which deal with goods for export and/ or import. Any goods, export/ import of which is governed through exclusive or special privilege granted to State Trading Enterprises, may be exported or imported by the concerned State Trading Enterprises as per conditions specified in ITC (HS).**

Importance of State Trading Enterprises (STEs) regarding imports & exports: STEs shall make any such purchases or sales involving export/ import solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchases or sales in a non-discriminatory manner and shall afford enterprises of other countries with adequate opportunities, in accordance with customary business practices, to compete for participation in such purchases or sales.

DGFT may, however, grant an authorisation to any other person to import or export any of the goods notified for exclusive trading through STEs.

**11.(a) What is Accredited Clients Programme (ACP)? State the benefits of this programme. [2+6=8]**

**(b) Compute entitlement for advance authorisation for annual requirement for an exporter having export performance in past five years and last financial year's detail being:**

- Physical export (FOB ₹ 42,00,000)
- Deemed exports (FOR ₹ 10,00,000) [4]

**Answer:**

**(a)** The importers who meet the desired criteria, such as — imported goods at ₹ 10 crores in the previous financial year; or paid customs duty more than ₹ 1 crore in the previous financial year; or who are also Central Excise assessee, paid Central Excise Duties over ₹ One Crore from the Personal Ledger Account in the previous financial year, have filed at least 25 Bills of Entry in the previous financial year in one or more Indian Customs stations etc., shall be eligible under the Accredited Clients Program.

Accredited Clients Program (ACP) gives the following benefits:

## Answer to MTP\_Final\_Syllabus 2016\_Dec 2018\_Set 1

---

1. The clients will get assured facilitation;
2. In a small number of occasions their consignments will be randomly selected for checks by customs officers;
3. The Indian Customs EDI system will accept the declared classification and valuation and assess duty on the basis of importers' self-declaration;
4. They will also not be subjected to examination;
5. It will be ensured that their cargo is delivered quickly;
6. These benefits are applicable at all ICES locations.

**(b)** Since exporter has export performance in at least past 2 years, it is eligible for advance authorisation for annual requirement. The entitlement would be:

- 300% of (₹ 42,00,000 + ₹ 10,00,000) = ₹ 1,56,00,000; or,
- ₹ 1,00,00,000

Whichever is higher, i.e. ₹ 1,56,00,000.