



## Chapter 8

# AUDIT AND REFUND

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## 01. General Questions

Students, let's try to solve it



## 01. Sec 99A:- Audit

## MCQ 08.01.01.00

Auditee has to preserve (in written, printed or electronic form) and make available relevant documents for the following minimum period:

- a. 5 years      b. 6 years  
c. 8 years      d. 10 years

[Hint:- Refer Sec 99A]

## MCQ 08.01.02.00

The proper officer shall give advance notice to the auditee before start of audit to conduct audit at the premises of auditee under customs, not less than:

- a. 30 days      b. 25 days  
c. 15 days      d. 60 days

[Hint:- Refer Sec 99A]

## MCQ 08.01.03.00

Any Auditee, who contravenes provisions of regulations made under section 99A is liable to penalty which may extend to:

- a. ₹1,00,000  
b. ₹50,000  
c. ₹10,000  
d. 10% of tax involved

[Hint:- Refer Sec 99A]

## MCQ 08.01.04.00

Where the audit is conducted at the premises of the auditee, the proper officer shall complete

audit within:

- a. 30 days from the date when audit documents are made available  
b. 30 days from the date of starting of the audit  
c. 15 days from the date when audit documents are made available  
d. 15 days from the date of starting of the audit

[Hint:- Refer Sec 99A]

Answer:-

08.01.01	a
08.01.02	c
08.01.03	b
08.01.04	b

## 02. Refund:-

## MCQ 08.02.05.00

Refund will not be granted if, the amount involved is:

- a. ₹100  
b. less than ₹100  
c. less than ₹500  
d. ₹500

[Hint:- Refer proviso to sec 27(1)]

## MCQ 08.02.06.00

Which of the following statements is/are incorrect in relation to refund provisions under the Customs Act, 1962?

- (i) Interest on delayed refund is payable to the applicant only if duty ordered to be refunded is not refunded within 3 months from the date of receipt of application.  
(ii) If imports were made by an individual for his personal use, the amount of duty found refundable, is paid to the applicant instead of being credited to the Consumer Welfare Fund.  
(iii) Application for refund has to be made within 1 year of payment of duty where duty is paid under protest.

- (iv) Doctrine of unjust enrichment is applicable if refund of duty is relatable to drawback of duty payable under sections 74 and 75. [ICAI Material]

[CA Final RTP Nov 20]

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

[Hint:- Refer sec 27A, 27(2), there is no time limit for refund under protest & Sec 27(2)]



**MCQ 08.02.07.00**

In which of the following cases, the refund under section 27 of the Customs Act, 1962 is credited to the consumer welfare fund? [ICAI Material]

- (a) If the importer proves that there is no unjust enrichment.
- (b) Where goods are imported for non-personal use of an individual and he could not prove that there is no unjust enrichment.
- (c) If the amount of refund relates to drawback of duty under sections 74 and 75 of the Customs Act, 1962.
- (d) If the amount relates to the duty paid in excess (as evident from the bill of entry in case of self-assessed bill of entry) by the importer before an order permitting clearance of goods for home consumption is made.

[Hint:- Refer Sec 27(2)]

**MCQ 08.02.08.00**

Mr. Rohan exported some goods to Nepal which were returned back due to defect in those goods. Export duty paid at the time of exportation by Mr. Rohan was ₹ 50000. Now Mr. Rohan claims the refund of export duty paid on 10.4.XX. The application for refund was received by an Appellate Authority on 30.4.XX and the refund was paid on 31.10.XX. Calculate the amount of interest payable by C.G. on such refund amount.

- |           |           |
|-----------|-----------|
| a. ₹ 1512 | b. ₹ 756  |
| c. ₹ 1677 | d. ₹ 3000 |

[Hint:- Refer Sec 27A- here, interest = ₹50000 \* 6% p.a. \* 92/365 = ₹756]

**MCQ 08.02.09.00**

Export duty paid by the exporter or any other person on his behalf will be refunded only if:

- a) Goods are returned to such person otherwise than by way of re-sale
- b) Goods are re-imported within 1 year from the date of exportation
- c) An application for refund of such duty is made before the expiry of 6 months from the date on which the proper officer makes an order for the clearance of goods
- d) All of the above

[Hint:- Refer Sec 26]

**MCQ 08.02.09.01**

ABC Pvt. Ltd. exported a consignment of goods to M/s George, located in France in January, 2024 and paid applicable export duty. Due to quality issues, M/s George rejected the goods, and they were returned to ABC Pvt. Ltd. in October, 2024 without any resale involved. The proper officer passed the clearance order for the returned goods on 15th October, 2024. ABC Pvt. Ltd. applied for a refund of the export duty on 10th May, 2025. Is ABC Pvt. Ltd. eligible for the refund of export duty under section 26 of the Customs Act, 1962? [CA Final RTP Sept 25]

- a) Yes, because the goods were returned within one year of export and not resold.
- b) No, because the refund application was filed

beyond the time limit prescribed under section 26 of the Customs Act, 1962.

- c) Yes, because the refund application was filed within one year of re-import.
- d) No, because goods once exported are not eligible for duty refund under any circumstance.

[Hint:- Sec 26 of Customs Act- one of the conditions that application for refund is to be made within 6 months from date of PO's order for clearance of goods is not satisfied i.e. application is made after 6 months from 15th Oct, 24]

**MCQ 08.02.10.00**

Refund claim cannot be a substitute for an appeal.

State true or false.

- a. True
- b. False

[Hint:- They both are different]

**MCQ 08.02.11.00**

M/s. Zenith Importers received an assessment order from the Customs Officer on May 15, 2025, for a consignment of imported goods, determining a customs duty liability of ₹ 50,000. Zenith Importers believed the assessment was incorrect and paid the duty under protest on June 1, 2025. On December 10, 2025, they filed a refund claim for the entire ₹ 50,000, arguing that the goods were incorrectly classified, leading to an overpayment of duty. No appeal against the assessment order was filed.

Based on the provisions of the Customs Act, 1962,

which of the following statements is most likely correct regarding Zenith Importers' refund claim?

[CA Final MTP II Sept 25]

- (a) The refund claim is valid because it was filed within one year from the date of payment of duty, and payment under protest preserves the right to claim a refund.
- (b) The refund claim should be processed by the Customs Officer, who can review the original assessment order to determine if the classification was indeed incorrect.
- (c) The refund claim is liable to be rejected because it attempts to challenge an order of assessment without filing a proper appeal within the prescribed timelines.
- (d) Zenith Importers can convert their refund claim into an appeal, provided they pay the differential appeal fees within 30 days of the refund claim being filed.

[Hint:- Refer sec 27 of Customs Act]

Answer:-

08.02.05	b
08.02.06	c
08.02.07	b
08.02.08	b
08.02.09	d
08.02.09.01	b
08.02.10	a
08.02.11	c