



Chapter 7

CUSTOM TARIFF ACT, 1975

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01. General Rules of Interpretation

Students, let's try to solve it



MCQ 07.01.01.00

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

- a. Common/ Trade Parlance Test
- b. Latter the Better
- c. Market knowledge Theory
- d. Specific prevails over general

[Hint:- Common Parlance Test means that the words must be attributed meaning in the sense which a common man would attribute to it]

MCQ 07.01.02.00

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

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

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

[Hint:- Refer specific rule]

MCQ 07.01.03.00

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)

[Hint:- Refer General Rules of Interpretation]

MCQ 07.01.04.00

Which of the following statements are correct as per the General Rules for the interpretation of import tariff?

- i. A durable wooden case specially shaped to contain a musical instrument and presented with the same, shall follow the classification of such musical instrument.
- ii. Packing materials presented with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods provided such packing materials are clearly suitable for repetitive use.
- iii. The heading which provides the most specific description shall be preferred to headings providing a more general description.

Choose the most appropriate option. [ICAI Material]

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

[Hint:- Refer General Rules of Interpretation]

02. Sec 3:- Additional Custom Duty (ACD)

MCQ 07.02.05.00

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

- a. Eighteen percent
- b. Twenty eight percent
- c. Forty percent
- d. Twenty percent

[Hint:- ACD 3(7) countervail GST which cannot be more than 20% CGST & SGST each u/s 9 of CGST/SGST Act]

MCQ 07.02.06.00

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.

- a. ₹ 1570000
- b. ₹ 1550000
- c. ₹ 1520000
- d. ₹ 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 15,000 (1,50,000*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%)]

MCQ 07.02.07.00

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)

[Hint:- Refer Sec 3]

03. Sec 6 & 7:- Protective Duty

MCQ 07.03.08.00

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

[Hint:- Refer Sec 6 & 7]

04. Sec 8B:- Safeguard Duty

MCQ 07.04.09.00

Safeguard duty cannot be imposed if: [CA Final RTP May 23] [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 a 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

[Hint:- Refer Sec 8B]

MCQ 07.04.09.01

Lamba Industry, India, has imported an 'Article Gamma' in large quantities from Malaysia, a developing country, to meet the increased domestic demand of its final product. The Central Government, concerned about the increased imports of said product, is considering the imposition of safeguard measures, as after conducting enquiry, it is satisfied that such imports are threatening to cause serious injury to the domestic industry. The share of imports of 'Article Gamma' from Malaysia constitutes 4% of the total imports of that article into India. Which of the following statements is/are correct in relation to imposition of safeguard measures in the given case? Choose the most appropriate option.

- (i) The Central Government is empowered to impose safeguard measures for a maximum period of 10 years from the date of its imposition.
(ii) Safeguard measures can be imposed since share of imports of 'Article Gamma' from Malaysia exceeds 3% of the total imports of that article into India.

(iii) The Central Government is empowered to impose safeguard measures for a maximum period of 4 years from the date of its imposition with no further extension permitted.

(iv) Safeguard measures cannot be imposed since share of imports of 'Article Gamma' from Malaysia exceeds 3% of the total imports of that article into India. [CA Final RTP May 25]

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

[Hints :- Section 8B of the Customs Tariff Act, 1975]

MCQ 07.05.09.02

Determine the total duties payable under the customs law if Mr. Aditya imported rubber from Singapore at landed price (exclusive of duties) of ₹ 50 lakh. It has been notified by the Central Government that share of imports of rubber from the developing country against total imports to India exceeds 5%. Safeguard duty notified on this product is 30% and basic customs duty is 10%. Ignore integrated tax and agriculture infrastructure and development cess. [CA Final MTP I May 25]

- (a) ₹ 20,50,000 (b) ₹ 20,00,000
(c) ₹ 23,50,000 (d) ₹ 18,00,000

[Hints :- Section 12 of the Customs Act, Section 8B of the Customs Tariff Act

BCD @ 10% = 500000, SWS @ 10% of BCD = 50000, Safeguard duty @ 30% on CIF = 1500000,

Total duties = 500000+50000+1500000 = 2050000]

MCQ 07.04.10.00

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

[Hint:- Refer Sec 8B]

05. Sec 9:- Countervailing Duty on Subsidized Article

MCQ 07.05.11.00

Countervailing duty under section 9 of the Customs Tariff Act, 1975 shall not be levied unless it is determined that the subsidy provided by the exporting country on manufacture of an article:

(i) relates to export performance.

(ii) relates to use of domestic goods over imported goods in export article.

(iii) is conferred on all persons engaged in the manufacture of said article whether to be exported or to be consumed domestically.

Choose the most appropriate option. [ICAI Material]

[CA Final RTP Nov 23] [CA Final Exam May 25]

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

[Hint:- Refer Sec 9]

06. Sec 9A:- Anti Dumping Duty

MCQ 07.06.12.00

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

- 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

[Hint:- Refer Sec 9A]

MCQ 07.06.13.00

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

Cost of commodity = 100 per kg * 50 ₹ * 250kg = 1250000

Differences = 1250000 - 832500 = 417500]

07. Combined Questions:-

MCQ 07.07.14.00

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

- Imposition of countervailing duty and anti-dumping duty on an article to compensate for the same situation of dumping.
- 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.

Choose the most appropriate option. [ICAI Material]

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

[Hint:- Refer Sec 9 & 9A]

MCQ 07.07.15.00

Which of the following statements is false? [CA Final RTP Nov 20] [ICAI Material]

- Anti-dumping duty is imposed when any article is exported from any country to India at more than its normal value.
- Absorption of countervailing duty is said to have taken place if there is a decrease in the export price of an article without any commensurate change in the resale price in India of such article imported from the exporting country or territory.
- Safeguard duty shall not be imposed 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.
- Central Government may exempt notified quantity of any article, when imported from any country into India, from whole/part of the safeguard duty.
- Safeguard measures shall not be applicable on

articles imported by a 100% EOU or SEZ unit unless, specially made applicable.

[Hint:- Refer Sec 8B & 9A]

Answer:

07.01.01	a
07.01.02	a
07.01.03	a
07.01.04	a
07.02.05	c
07.02.06.01	d
07.02.06.02	b
07.02.06.03	d
07.02.06.04	a
07.02.06.05	c
07.02.06.06	a
07.02.07	d
07.03.08	b
07.04.09	c
07.04.09.01	a
07.04.09.02	a
07.04.10	d
07.05.11	d
07.06.12	b
07.06.13	c
07.07.14	d
07.07.15	a