



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Customs Laws and Allied Taxes
including Federal Excise Duty
and Revenue Accounting
(Application)**

AGP

May Exam-2026

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Solutions – Customs Laws and Allied Taxes including Federal Excise Duty and Revenue Accounting (Application)

Q.1. 8528.7211

a

Q.1. Import value

b $8,000 \times 280 = \text{Rs. } 2,240,000$

Insurance 1% = $2,240,000 \times 1\% = \text{Rs. } 22,400$

Landing charges 1% = $(2,240,000 + 22,400) \times 1\% = \text{Rs. } 22,624$

Import value = $2,240,000 + 22,400 + 22,624 = \text{Rs. } 2,285,024$

Q.1. Calculation of sales tax on retail price

c

Particulars	Amount
Import value	2,285,024
C.Duty @ 20%	457,005
Addl: C. Duty @ 4%	91,401
Regulatory Duty @ 15%	342,754
I.Tax @ 6%	190,571
Total value and Duty & Taxes-A	3,366,754
Sales tax on retail price (A x 130% x 18%)	787,821

Q.2. FOB Value

a

Particulars	Amount
$50,000 \times 280$	14,000,000
Less 1% Insurance	140,000
Less 1% Freight	140,000
FOB	13,720,000

Q.2. According to S. No. 6 of Schedule-IV of SRO 210(I)/2009, duty drawback payable on leather cricket balls is 0.53% of FOB value = $13,720,000 \times 0.53\% = \text{Rs. } 72,716$

b

Q.2. According to preamble of the SRO 210(I)/2009, the claim was required to be submitted within 210 days from the date of exportation, however, the exporter has claimed it after 219 days from the date of exportation. The claim was 19 days late.

c

Q.2. In terms of Para 47(iii) of the Custom General Order 12/2002, the delay in filing duty drawback shall be condoned by the officers of the Collectorate within their respective jurisdiction of sanctioning of claims. In this case, the rebate payable is not exceeding Rs. 200,000, so the Assistant Collector may condone the delay.

d

Q.3. 9506.9960

a

Q.3. According to section 98(1) of the Customs Act, 1969, non-perishable goods may remain in the warehouse for a period of six months.

b

Q.3. $3,000 \times 5 \times 280 = \text{Rs. } 4,200,000$

c



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- Q.3.** In terms of section 98(1) of the Customs Act, 1969, non-perishable goods may remain in the warehouse for a period of six months. However, the importer removed last instalment on 10.10.2025 and the goods remained in warehouse for a period of 257 days, meaning thereby, more than six months. According to proviso of Section 98, the warehousing period, in case of non-perishable goods, be extended subject to the condition that he pays in advance surcharge on the duty and taxes involved at one per cent per month for the extended period. The surcharge will be;

Particulars	Amounts
Import value	4,200,000
C.Duty @20%	840,000
Addl. C. Duty @4%	168,000
Regulatory duty @24%	1,008,000
Sales tax @18%	1,118,880
Value addition tax @3%	186,480
Income Tax @6%	451,282
Total	3,772,642

$$3,772,642 \times 12\% \times (257-180/365) = \text{Rs. } 92,958$$

- Q.3.** According to Section 98 (1) (aa) of the Customs Act, 1969, the Collector of Customs is empowered to grant extension for a period exceeding one month but not exceeding six months.

- Q.4.** According to 4th proviso of the Section 30 of the Customs Act, 1969, in case of exercising option for redemption of fine in lieu of confiscation of the goods seized during anti-smuggling operations, the rate of duty shall be the rate prevalent either on the date of seizure or date of payment of duty and taxes, whichever is higher.

In the instant case, the goods were seized on 25.06.2025 and released by the adjudicating authority on 15.05.2025, meaning thereby after annual budget for the year 2025 when the rate of duty was reduced from 20% to 15%. The rate of duty applicable will be 20% being higher of two rates in terms of above-mentioned provisions of Law.

- Q.4.** Redemption fine @ 20% = $(5,000 \times 5 \times 280) + (5,000 \times 5 \times 280) \times 1\% = 7,070,000 \times 20\% = \text{Rs. } 1,414,000$

- Q.5.** In terms of para 3 of the Distribution of Revenues and Grant-in-Aid Order, 2010, federal excise duty on natural gas and export development surcharge do not part of divisible pool taxes.

- Q.5.** **Share of Sindh's Government**

Divisible pool taxes for FY 2024-25 = $151,000,000 + 223,000,000 + 328,000,000 = \text{Rs. } 702,000,000/-$

According to para 3(2) of the Distribution of Revenues and Grant-in-Aid Order, 2010, 1% of divisible pool taxes is assigned to KPK on account of war on terror i.e. $\text{Rs. } 7,020,000/-$ ($702,000,000 \times 1\%$)

Share of provinces in divisible pool taxes = $(702,000,000 - 7,020,000) \times 57.5\% = \text{Rs. } 399,613,500/-$

Share of Sindh's Government = $399,613,500 \times 24.55\% = \text{Rs. } 98,105,114/-$



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Q.6. Item-wise material consumed in quantity exported

a

Leather sheet = $1,000 \times 2.5\% \times 80\% = 2000$ meters

Thread = $1,000 \times 500 \times 95\% = 475,000$ grams

Q.6. Item-wise visible waste

b

Leather sheet = $(1,000 \times 2.5\% \times 20\%) \times 85\% = 4,25$ meters

Thread = $(1,000 \times 500 \times 5\%) \times 90\% = 22,500$ grams
