



**Pakistan Institute  
of Public Finance Accountants**

# **Model Solutions**

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

**AGP**

**May Exam-2026**

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### **Solutions – Customs Laws and Allied Taxes including Federal Excise Duty and Revenue Accounting (Theory)**

**Q.1.** According to Section 12 of the Federal Excise Act, 2005,

- (1) Where any goods are liable to duty under this Act at a rate dependent on their value, duty shall be assessed and paid on the basis of value as determined in accordance with sub-section (46) of section 2 of the Sales Tax Act, 1990, excluding the amount of duty payable thereon.
- (2) Where any services are liable to duty under this Act at a rate dependent on the charges therefore, the duty shall be paid on total amount of charges for the services including the ancillary facilities or utilities, if any, irrespective whether such services have been rendered or provided on payment of charge or free of charge or on any concessional basis.
- (3) Where any goods are chargeable to duty at the import stage, duty will be assessed and paid on the value determined in accordance with section 25 of the Customs Act, 1969, including customs duties payable thereon.
- (4) Where any goods are chargeable to a duty on the basis of retail price, duty thereon shall be paid on the retail price fixed by the manufacturer, inclusive of all duties, charges and taxes, other than sales tax levied and collected under section 3 of the Sales Tax Act, 1990, at which any particular brand or variety of such goods should be sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price and such retail price shall, unless otherwise directed by the Board, be legibly, prominently and indelibly indicated on each good, packet, container, package, cover or label of such goods: provided that where so and as specified by the Board, any goods or class of goods liable to duty on local production as percentage of retail price, the provisions of this sub-section shall mutatis mutandis apply in case such goods are imported from abroad provided further that the Board may through a general order specify zones or areas only for the purpose of determination of highest retail price for any brand or variety of goods.
- (5) The Board may fix the minimum price of any goods or class of goods, for the purpose of levying and collecting of duty and duty on such goods shall be paid accordingly provided that, where the price at which the goods or class of goods are sold, is higher than the price fixed by the Board, the duty shall, unless otherwise directed by the Board, be levied and collected at such higher price

**Q.2.** According to Rule 75 of the Customs Rules, 2001, (1) the Collector may;

**a**

- (i) cancel the whole proceeding of an auction without assigning any reason;
- (ii) accept or reject any bid or offer or auction at any time before the goods are delivered to the successful bidder/private offeror. He may also recall the proceedings and recover the goods even after delivery of goods if it is proved that there has been a deliberate attempt to cause loss to the public exchequer; and
- (iii) restrict or refuse the entry of persons to the premises where an auction is held or their taking part in the auction.

**Q.2.** Notwithstanding the procedures prescribed above, the Collector may issue such general or special orders, regulating the auction as he thinks fit in order to safeguard the public interest.

**b**

- (ii) According to Rule 92 of the Customs Rules, 2001, a candidate is eligible to file application with the licensing authority if he is;



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- (a) a citizen of Pakistan;
- (b) not below 21 years of age;
- (c) a graduate from a recognized university;
- (d) having adequate knowledge of computer to handle the goods declaration (GD) in PRAL or PaCCS;
- (e) not convicted by any court of law; and
- (f) sound financial record, duly verified by a bank.

**Q.3.** According to Section 21 of the Customs Act, 1969, subject to such conditions, limitations or restrictions as it thinks fit to impose, the Board may, in such general cases as may be prescribed by rules or in particular cases by special order, authorize;

- (a) the delivery without payment of the customs-duties chargeable thereon of goods which are imported only temporarily with a view to subsequent exportation;
- (b) the repayment in whole or in part of the duties as levied under section 18 or 18A and paid on the importation of any goods which have been used in the production, manufacture, processing, repair or refitting in Pakistan of goods meant for exportation, or for supply to industrial units, projects, institutions, agencies and organizations, entitled to import the same at concessionary rates provided that no repayment may be granted in a case in which the amount involved is less than one hundred rupees; and
- (d) without prejudice to the provisions of clause (c), the Federal Government may, by notification in the Official Gazette, direct that drawback or repayment shall not be allowed in respect of any goods of specified description or may be allowed subject to such restrictions and conditions as may be specified in the notification.

**Q.3.** According to Para 5 of the Distribution of Revenues and Grants-in-Aid Order, 2010, each of the provinces shall be paid in each financial year as a share in the net proceeds of the total royalties on crude oil an amount which bears to the total net proceeds the same proportion as the production of crude oil in the Province in that year bears to the total production of crude oil.

**Q.4.** According to Section 3B of the Sales Tax Act, 1990,

- a**
  - (1) any person who has collected or collects any tax or charge, whether under misapprehension of any provision of this Act or otherwise, which was not payable as tax or charge or which is in excess of the tax or charge actually payable and the incidence of which has been passed on to the consumer, shall pay the amount of tax or charge so collected to the Federal Government.
  - (2) Notwithstanding anything contained in any law or judgement of a court, including the Supreme court and a High court, any amount payable to the Federal Government under sub-section (1) shall be deemed to be an arrear of tax or charge payable under this Act and shall be recoverable accordingly and any claim for refund in respect of such amount shall neither be admissible to the registered person nor payable to any court of law or to any person under direction of the court. The burden of proof that the incidence of tax or charge referred to in sub-section (1) has been or has not been passed to the consumer shall be on the person collecting the tax or charge



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- Q.4.** According to Section 8 of the Federal Excise Act, 2005, if a person does not pay the duty due or any part thereof within the prescribed time or receives a refund of duty or drawback or makes an adjustment which is not admissible to him, he shall, in addition to the duty due, pay default surcharge at the rate of twelve percent per annum or KIBOR plus three percent per annum, whichever is higher, of the duty due, refund of duty or drawback.
- b**
- Q.5.**
- i) According to Section 2 (kkaa) of the Customs Act, 1969, “**e-bilty**” means a digital document generated through the Cargo Tracking System, electronically linked with the transport vehicle engaged in the import, export, transit, or transshipment of goods transported within or into or out of the territory of Pakistan in the manner prescribed under the rules by the Board.
  - ii) According to Section 2 (eb) of the Customs Act, 1969 “**Cargo Tracking System**” means a digital system, as may be notified by the Board, for the prevention of smuggling and for the electronic monitoring of the import, export, transit, and transshipment of goods transported within or into or out of territory of Pakistan.
  - iii) According to Rule 33 (w) of the Customs Rules, 2001 “**Arrears**” means the amount of any duty, surcharge, fine or penalty or any other amount which is adjudged or demanded through an adjudication order passed by the competent authority or the amount referred to in the notice under sub-section (2) of section 202 which is recoverable in full or in part and is not paid within the time prescribed.
  - iv) According to Rule 90 (g) of the Customs Rules, “**Self-clearance**” means where a person or his employee or his authorized representative transacts customs business without using a customs agent under sub-section (2) of section 208 read with Section 155C of the Customs Act, 1969.
  - v) According to Rule 871 (v) of the Customs Rules, 2001 “**Regulatory Collector**” means the Collector of Customs in whose jurisdiction the place of business or manufacturing unit of the applicant, duly registered under the Sales Tax Act, 1990, is located. In case an applicant has multiple manufacturing facilities in different jurisdictions, the Collector in whose Jurisdiction, the head office of the applicant or principal manufacturing unit is located shall act as the Regulatory Collector.

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