



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

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

AGP

Winter Exam-2025

MODEL SOLUTIONS – DISCLAIMER

INTRODUCTION

The Model Solutions are provided to students for clear understanding of relevant subject and it helps them to prepare for their examinations in organized way.

These Model Solutions are prepared only for the guidance of students that how they should attempt the questions. The solutions are not meant for assessment criteria in the same pattern mentioned in the Model Solution. The purpose of Model Solution is only to guide the students in their future studies for appearing in examination.

The students should use these Model Solutions as a study aid. These have been prepared by the professionals on the basis of the International Standards and laws applicable at the relevant time. These solutions will not be updated with changes in laws or Standards, subsequently. The laws, standards and syllabus of the relevant time would be applicable. PIPFA is not supposed to respond to individual queries from students or any other person regarding the Model Solutions.

DISCLAIMER

The Model Solutions have been developed by the professionals, based on standards, laws, rules, regulations, theories and practices as applicable on the date of that particular examination. No subsequent change will be applicable on the past papers solutions.

Further, PIPFA is not liable in any way for an answer being solved in some other way or otherwise of the Model Solution nor would it carry out any correspondence in this regard.

PIPFA does not take responsibility for any deviation of views, opinion or solution suggested by any other person or faculty or stake holders. PIPFA assumes no responsibility for the errors or omissions in the suggested answers. Errors or omissions, if noticed, should be brought to the notice of the Executive Director for information.

If you are not the intended recipient, you are hereby notified that any dissemination, copying, distributing, commenting or printing of these solutions is strictly prohibited.



Winter Exam-2025

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

Q.1. (i) Import Value

$1,000 \times 9 \times 250 = \text{Rs. } 2,250,000/-$

1% Insurance = $2,250,000 \times 1\% = \text{Rs. } 22,500/-$

1% Freight = $(2,250,000 + 22,500) \times 1\% = \text{Rs. } 22,725/-$

1% Landing charges = $(2,250,000 + 22,500 + 22,725) \times 1\% = \text{Rs. } 22,952/-$

Import value = $2,250,000 + 22,500 + 22,725 + 22,952 = \text{Rs. } 2,318,177/-$

(ii) Report on amount demanded in the recovery notice

Assessed value	Rs. 2,318,177/-		
Particulars	Recovered	Recoverable	Short-paid
C.Duty @20%	463,635	463,635	-
Addl.C.Duty @6%	139,091	139,091	-
Regulatory Duty @45%	811,362	1,043,180	231,818
S.Tax @18%	671,808	713,535	41,727
Value Addition Tax @3%	-	118,922	118,922
I.Tax @6%	125,154	148,702	23,548
Late Payment Surcharge-W1	-	92,847	92,847
Total	2,211,049	2,719,912	508,862

- a) The imported goods were dried peaches and required to be classified under PCT heading 813.4040 with regulatory duty @ 45%, whereas the goods were misclassified under PCT heading 813.4050 with regulatory duty @ 35%. Further, value addition tax in terms of 12th Schedule of the Sales Tax Act, 1990, the goods were also liable to value addition tax @ 3% which was also ignored.
- b) According to Section 83 (2) of the Customs Act, 1969, where the owner fails to pay import duty and other charges within ten days from the date on which the same has been assessed under sections 80 or 81, he shall be liable to pay surcharge at the rate of KIBOR plus three per cent on import duty and other charges payable on such goods.

Working-1

As the duty & taxes of Rs. 2,627,065/- were assessed on 25.07.2025, the same were required to be deposited on 04.08.2024 but the clearing agent failed in and deposited the assessed revenue on 30.11.2024 with a delay of 86 days. So, late payment surcharge of Rs. 92,847/- ($2,627,065 \times 15\% \times 86/365$) is also payable.

- c) So, the amount demanded by the customs authority is genuine and accurate.



Winter Exam-2025

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

Q.2. Input goods required to manufacture 20,000 foot balls;

a

Particulars	Per unit requirement (Gross)	Wastage
Eva Foam sheet	0.9 x 20,000	18,000 mtr
Thread	90 x 20,000	1,800 kgs
Bladder	1 x 20,000	20,000 pieces

Q.2. Input-wise wastage produced

b

Particulars	Material required for 20,000 units	Wastage
Eva Foam sheet	18,000 mtr	18,000x5%= 900 mtr
Thread	1,800 kgs	1,800x2%=36kgs
Bladder	20,000 pieces	Nil

Q.2. Duty & taxes on local sale

c

Assessed value = 2,000 x 250 x 5 = Rs. 2,500,000/-
Insurance = (2,000 x 250 x 5) 1% = Rs. 25,000/-
Landing charges = (2,500,000 + 25,000) = Rs. 25,250/-
= 2,500,000 + 25,000 + 25,250 = Rs. 2,550,250/-

Particulars	Amounts
C.Duty @20%	510,050
Addl. C. Duty @6%	153,015
Regulatory duty @30%	765,075
Sales tax @18%	716,110
Value addition tax @3%	119,352
Income Tax @6%	135,816
Total	2,399,418

Q.3. 1. Rebate-able value of exported goods

25,200 x 250 = 6,300,000

Less Freight @1% = 6,300,000 x 1% = Rs. 63,000/-

Rebate-able value (FOB) = 6,300,000 – 63,000 = Rs. 6,237,000/-

2. According to S. No. 2 (c) (i) of Schedule 1 of the SRO 210(I)/2009, rebate payable on leather jackets is 2.42% of FOB value = 6,237,000 x 2.42% = Rs. 150,935/-

3. As per Law, the claim was required to be submitted within 210 days from the date of exportation, however, the exporter has claimed it after 257 day from the date of exportation. The claim was 47 days late.

4. 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 the instant case, the rebate payable is not exceeding Rs. 200,000, so the Assistant Collector may condone the delay.



Winter Exam-2025

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

Q.4. In terms of para 3 of the Distribution of Revenues and Grant-in-Aid Order, 2010, the anti-dumping duty and export development surcharge are not part of divisible pool taxes.

Share of KPK's Government

Divisible pool taxes for FY 2024-25 = 51,000,100 +23,000,300 +28,000,800 = Rs. 102,001,200/-

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. Rs. 1,020,012/- (102,001,200 x 1%)

Share of provinces in divisible pool taxes = (102,001,200 – 1,020,012) x 57.5% = Rs. 58,064,418/-

Share of KPK's Government = 58,064,418 x 14.62% = Rs. 8,488,984/-

Q.5. Taxable Supplies

- PTCL Directory
- Soccer Football
- Toothpaste
- Pencil Sharpener
- Silver Jewellery

Exempt Supplies

- Sahi Bukhari
- Oxford English Dictionary
- Glucose Testing Apparatus
- Angioplasty Equipment
- Imported Red Chili Seeds for Sowing Purpose

Zero-rated Supplies

- Supplies made to a DTRE user
- Packing Material for Locally manufactured Exercise Books
- Petroleum Crude Oil
- Supplies made to Saudi Embassy
- Imported Exercise Books

- Q.6.** (i) Pineapple Juice (2009.4900)
(ii) Motorcycle Tyre (4011.4000)
(iii) Cotton Yard Waste (5202.1000)
(iv) Washing Machine Fully Automatic (8450.1190)
(v) Ball Bearing (8482.1000)
