



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

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

AGP

Winter Exam-2025

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- Q.1.** According to Rule 361 of the Customs Rules, 2001 an appropriate officer of customs, authorized by
- a** the concerned Assistant Collector of Customs, shall conduct stock taking and detailed audit of a warehouse as and when so directed but at least once in a year. The auditors specifically will examine the mandatory requirements of the scheme, availabilities of all prescribed records set out in this scheme, input or output ratios actually consumed for the manufacturing of finished goods, opening stocks of the year, inward or outward input goods during the year, finished goods stocks, wastages or rejects (losses during the year if any), due approvals of the Customs authorities, and shall submit its findings or report to the concerned Collectorate and a copy thereof to the licensee for his records.
- Q.1.** According to Rule 62 of the Customs Rules, 2001, (1) the auctioneer shall be entitled to a
- b** commission on the net proceeds at the rate of;
- (a) on the first one million rupees, one per cent of the proceeds; and
- (b) on the amount exceeding one million rupees, half per cent of the proceeds so exceeding:
- Provided that the auctioneer shall not be entitled to any commission on any guarantee or earnest money forfeited for non-payment of the balance of the amount of a bid by the successful bidder or on auction through departmental procedures or private offer or on the differential of auction proceeds enhanced by the bidder through the efforts of any officer of the department or as a consequence of rebidding by the competent officer.
- (2) The cost of advertisement, sales or delivery of goods, etc., may be deducted from the payable commission by the authorized officer in case of failure of the auctioneer to discharge his functions satisfactorily.
- Q.1.** According to Section 88 of the Customs Act, 1969, following procedure is performed on receipts of
- c** goods in the warehouse;
- (1) On receipt of the goods, the pass shall be examined by the warehouse-keeper, and shall be returned to the appropriate officer.
- (2) No package, butt, cask or other container shall be admitted into any warehouse unless it bears the marks and numbers specified in, and otherwise corresponds with, the pass for its admission.
- (3) If the goods be found to correspond with the pass, the warehouse-keeper shall certify to that effect on the pass, and the warehousing of such goods shall be deemed to have been completed.
- (4) If the goods do not so correspond, the fact shall be reported by the warehouse-keeper for the orders of the appropriate officer, and the goods shall either be returned to the custom-house in charge of an officer of customs or kept in deposit pending such orders as the warehouse-keeper deems most convenient.
- (5) if the quantity or value of any goods has been incorrectly stated in the goods declaration, due to inadvertence or bona fide error, the Collector of Customs may, for reasons to be recorded in writing, direct the correction of the said error.
- Q.1.** According to Section 25 (5) of the Customs Act, 1969, if the customs value of the imported goods
- d** cannot be determined under the provisions of sub-section (1), it shall, subject to rules, be the transaction value of identical goods sold for export to Pakistan and exported at or about the same time as the goods being valued.
- (a) In applying the provisions of this sub-section, the transaction value of the identical goods in a sale at the same commercial level and substantially the same quantity as the goods being valued shall be used to determine the customs value of imported goods.



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(b) Where no sale referred to in clause (a) is found, the transaction value of identical goods sold at a different commercial level and/or in different quantities, adjusted to take account of differences attributable to commercial level and/or to quantity shall be used, provided that such adjustments can be made on the basis of demonstrated evidence which clearly establishes the reasonableness and accuracy of the adjustment, whether the adjustment leads to an increase or decrease in the value.

(c) Where the costs and charges referred to in clause (a) of sub-section (2) are included in the transaction value of identical goods, an adjustment shall be made to take account of significant differences in such costs and charges between the goods being valued and the identical goods in question arising from differences in distances and modes of transport.

Q.2. 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.

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(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 Section 4 of the Sales Tax Act, 1990, the following goods shall be charged to tax at the rate of zero per cent:

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- a. goods exported, or the goods specified in the Fifth Schedule;
- b. supply of stores and provisions for consumption aboard a conveyance proceeding to a destination outside Pakistan as specified in section 24 of the Customs Act, 1969;
- c. such other goods, as the Federal Government may specify by notification in the official Gazette, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements; and provided that nothing in this section shall apply in respect of a supply of goods which –

(i) are exported, but have been or are intended to be re-imported into Pakistan; or



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(ii) have been entered for export under Section 131 of the Customs Act, 1969, but are not exported; or
(iii) have been exported to a country specified by the Federal Government, by Notification in the official Gazette provided further that the Federal Government may, by a notification in the official Gazette, restrict the amount of credit for input tax actually paid and claimed by a person making a zero-rated supply of goods otherwise chargeable to sales tax.

- Q.3.** According to Rule 354 of the Customs Rules, 2001 subject to the satisfaction of the Collector, the customs-duty, central excise duty and sales tax, if any, may be remitted in full or in part, as the case may be in the following cases, namely:
- (a) when the goods are damaged or destroyed by unavoidable circumstances or for causes beyond the control of the licensee; or
 - (b) when the wastage of input goods, as determined in the Analysis Certificate, is destroyed; or
 - (c) when goods procured are bona fide samples drawn under this sub-chapter or samples for study, testing or design; or
 - (d) when the input goods or finished goods that are rendered unfit for consumption or sale, are destroyed in the manner as determined by the Collector.
- Q.4. i** **Commercial exporter** means a person engaged in purchase and export of goods in the same state from the domestic market or from an indirect exporter and export these goods.
- Q.4. ii** **Defaulter** means the person and in the case of a company or firm every director or partner of the company or, as the case may be of the firm and of which he is a director or a partner of proprietor, and includes the guarantor who fails to pay outstanding arrears.
- Q.4. iii** **Bid** means the price offered at an auction by a bidder for goods separately or in lots or a combination of lots of goods put to auction.
- Q.4. iv** **Detain** in relation to goods, means to prohibit the disposal or use of the goods, pending the finalization of any proceedings under this Act in relation to the goods or the owner thereof.
- Q.4. v** **International toll manufacturing** means an arrangement wherein a foreign principal provides input goods to an exporter to produce finished goods for subsequent export
