

CHAPTER 7 DRAWBACK

Illustration 1

With reference to drawback on re - export of duty paid imported goods under section 74 of the Customs Act, 1962, answer in brief the following questions:

- (i) What is the time limit for re - exportation of goods as such?
- (ii) What is the rate of duty drawback if the goods are exported without use?
- (iii) Is duty drawback allowed on re - export of wearing apparel without use?

(Mock Test Paper, May 2015; exam question, Nov. 2013, Nov. 2020) (ICAI Material) (CA Final RTP Nov 2020)

Solution

Illustration 2

Calculate duty drawback in following cases:

- (i) Salman imported a motor car for his personal use and paid Rs.5,00,000 as import duty. The car is re - exported after 6 months and 20 days.
- (ii) Nisha imported wearing apparel and paid Rs.50,000 as import duty. As she did not like the apparel, there are re - export after 20 days.
- (iii) Super tech Ltd. imported 10 computer systems paying custom duty of Rs.50 lakh. Due to some technical problem, computer systems were returned to foreign supplier after 2 months without using them at all.

Solution

Illustration 3

Abdul Overseas Pvt. Ltd. was erroneously refunded a sum of Rs.30,000 in excess of actual drawback on 16.6.2017. A demand for recovery of the same was issued by the department on 24.8.2017. Abdul Overseas Private Limited returned the erroneous refund to the Department on 16.10.2017. You are required to calculate the amount of interest chargeable from Abdul Overseas Pvt. Ltd.

Provide brief reasons for your answer. (CA Final Nov. 18 Exam Old) (ICAI Material)

Solution