



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

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

AGP

Summer Exam-2025

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Q.1. According to Section 83 of the Customs Act, 1969,

- (1) when the owner of any goods entered for home-consumption and assessed under section 80 or 81 has paid the import duty and other charges, if any, in respect of the same the appropriate officer, if he is satisfied that the import of the goods is not prohibited or in breach of any restrictions or conditions applying to the import of such goods, may make an order for the clearance of the same: provided that, at customs-stations where the Customs Computerized System is operational the system may clear the goods through system generated clearance documents.
- (2) 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.

Q.2. According to Rule 138 of the Customs Rules, 2001, recovery through Government authorities can be made in following manners;

- (1) The Recovery Officer shall cause recovery of Government dues to be made in terms of sub-section (1) of section 202 of the Act by serving a notice to the Customs, or Inland Revenue authorities in Annex-III to deduct the Government dues from any money or to detain and sell any goods, belonging to the defaulter which are under their control.
- (2) The sale of goods under sub-rule (1) shall be governed by the Chapter-V
- (3) A copy of the notice sent to the Customs, Central Excise or Sales Tax authorities shall be endorsed to the defaulter.
- (4) After issue of the notice and subject to the provisions of sub-rule (2) of rule 139, no further proceedings shall be initiated until thirty days from the date of issue of the notice.

Q.3. According to Section 5 of the Sales Tax, 1990, if there is a change in the rate of tax:

- (a) a taxable supply made by a registered person shall be charged to tax at such rate as is in force at the time of supply;
- (b) imported goods shall be charged to “tax at such rate as” is in force,
 - (i) in case the goods are entered for home consumption, on the date on a goods declaration is presented under section 79 of the Customs Act, 1969; and
 - (ii) in case the goods are cleared from warehouse, on the date on which a goods declaration for clearance of such goods is presented under section 104 of the Customs Act, 1969.

Provided that where a goods declaration is presented in advance of the arrival of the conveyance by which the goods are imported, the tax shall be charged as is in force on the date on which the manifest of the conveyance is delivered: provided further that if the tax is not paid within seven days of the of the goods declaration under section 104 of the Customs Act, the tax shall be charged at the rate as is in force on the date on which tax is actually paid.

- Q.4.**
- a) 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) According to Section 10 of the Federal Excise Act, 2005, the value and the rate of duty applicable to any goods or services shall be the value, retail price, tariff value and the rate of duty in force, (a) in the case of goods, on the date on which the goods are supplies for export or for home consumption; (b) in the case of services, on the date on which the services are provided or rendered; and

Q.5. According to Para 3 (1) of the Distribution of Revenues and Grants-in-Aid Order, 2010, the divisible pool is consisted of following duty & taxes levied and collected by the Federal Government in that year;

- (i) Taxes on income;
- (ii) Wealth tax;
- (iii) Capital value tax;
- (iv) Taxes on sales and purchases of goods imported, exported, produced, manufactured and consumed;
- (v) Customs duties;
- (vi) Federal excise duties excluding duty charged on gas on well-head; and
- (vii) Any other tax levied by the Federal Government.

Q.6. According to Section 25 (5) of the Customs Act, 1969, if the customs value of the imported goods 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.
- 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.7. According to Rule 229 of the Customs Rules, 2001,

- (1) Removal of imported raw materials, imported goods in the same state and goods produced by investors in a Zone to Tariff Area for home consumption may be allowed subject to the import restrictions and formalities applicable to imports from abroad, customs-duties and other taxes levied on imports into Tariff Area from the Zone shall be the same as duties and taxes levied on similar imports from abroad.
- (2) Any goods permitted by the aforesaid authority for entry into the Tariff Area under sub-rule
- (3) may be taken out of the Zone after fulfilling all the requirements prescribed under the Act and the Rules made there-under for the direct import from abroad into the Tariff Area. The investor shall file export GD against the goods being exported from Zone to Tariff Area and the importer in the Tariff Area shall also file corresponding Import GD
- (4) The point in time to be taken into consideration for the purpose of determination of value and the rate of duties and other taxes applicable on goods removed for home consumption shall be determined in accordance with provisions of the Act and the Rules made thereunder.
- (5) The goods produced in a zone and removed to Tariff Area for home consumption shall be chargeable to customs-duties in the state in which they enter the Tariff Area.

- Q.8.**
- i. The territorial jurisdiction of Customs Act, 1969 is whole of Pakistan.
 - ii. Baggage includes unaccompanied baggage but does not include motor vehicles.
 - iii. Stay for Pakistani nationals, means the duration of continuous living abroad; and for foreign nationals, means the duration of their valid visa for stay in Pakistan.
 - iv. Export manifest means export manifest delivered under sub-section (2) of section 53 and includes electronically filed export manifest.
 - v. Licensing Authority means the Collector of Customs or any officer not below the rank of Assistant Collector authorized by Collector to act as licensing authority under this Chapter.
