



Manufacturers' Association for Information Technology ('MAIT')

Pre-budget memorandum – Customs

| Sl. No | Particulars | Issue | Recommendations | | | | | | | | | | | | | | | | | | |
|-----------------|---|--|-----------------|-------------|---------------|--------|---|---|----------|-------|------|-------------|-------------|---------------|--------|---------------|--|-----------------|--------------|-------------|---|
| 1. | <p>Clarification with respect to concessional Basic Customs Duty ('BCD') on telecommunication networking products and request for review of the product list</p> | <p>- The First Schedule to Customs Tariff Act, 1975 under Chapter 85 prescribes the Tariff heads and rates for Telecom products. Telecommunication networking equipment is classified under HSN 8517 62. Extract of Tariff (as it reads today) is provided below for your reference:</p> <table border="1" data-bbox="463 630 1426 951"> <thead> <tr> <th>Tariff item</th> <th>Description</th> <th>Standard rate</th> </tr> </thead> <tbody> <tr> <td>851762</td> <td>Machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus:</td> <td>-</td> </tr> <tr> <td>85176290</td> <td>Other</td> <td>20%*</td> </tr> </tbody> </table> <p><i>*Tariff rate increased from 10% to 20% vide Finance Act, 2018</i></p> <p>Other telecommunication related equipment is classified under:</p> <table border="1" data-bbox="463 1144 1426 1295"> <thead> <tr> <th>Tariff item</th> <th>Description</th> <th>Standard rate</th> </tr> </thead> <tbody> <tr> <td>851769</td> <td>Other:</td> <td></td> </tr> <tr> <td>85176990</td> <td>Other</td> <td>20%*</td> </tr> </tbody> </table> | Tariff item | Description | Standard rate | 851762 | Machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus: | - | 85176290 | Other | 20%* | Tariff item | Description | Standard rate | 851769 | Other: | | 85176990 | Other | 20%* | <p>1) <u>Issue of clarificatory Circular with respect to Notification 57/2017-Cus:</u></p> <p>- To eliminate ambiguity mentioned in issue (a) above, we request the CBIC to revisit the exclusions in the entry 20 of the Notification and issue an clarification by way of circular which would provide specific list of products falling under HSN 8517 62 90 and 8517 69 90 (i.e. Ethernet Switches, Transceivers & SFP modules and Firewall and Network Security) that would be eligible for concessional rate of 10%.</p> <p>2) <u>Amendment to Notification 57/2017-Cus:</u></p> <p>- We request CBIC to amend the notification to remove ITA products from the exclusion part of the entry 20 of the Notification 57/2017-Customs and consequently, such ITA products should merit nil BCD rate.</p> |
| Tariff item | Description | Standard rate | | | | | | | | | | | | | | | | | | | |
| 851762 | Machines for the reception, conversion and transmission or regeneration of voice, images, or other data, including switching and routing apparatus: | - | | | | | | | | | | | | | | | | | | | |
| 85176290 | Other | 20%* | | | | | | | | | | | | | | | | | | | |
| Tariff item | Description | Standard rate | | | | | | | | | | | | | | | | | | | |
| 851769 | Other: | | | | | | | | | | | | | | | | | | | | |
| 85176990 | Other | 20%* | | | | | | | | | | | | | | | | | | | |

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| | | <p><i>*Tariff rate increased from 10% to 20% vide Notification 74/ 2018 - Cus dated October 11, 2018</i></p> <ul style="list-style-type: none"> - Various notifications issued, granting, and withdrawing exemptions under Customs Tariff Act has created an ambiguity on appropriate rate of BCD for items falling under 8517 62 90 and HSN 8517 69 90. - Notification No 57, 2017 – Cus dated June 30, 2017 as amended from time to time prescribes an effective rate of 10% for items falling under 8517 62 90 and 8517 69 90. However, specific items have been excluded from the benefit of the concessional rate and therefore would attract rate of 20%. - In other words, the effective rate of items falling under 8517 62 90 and HSN 8517 69 90 is as under: | <p>3) <u>Specific classification of products under Chapter 8517:</u></p> <ul style="list-style-type: none"> - In light of broad definition of various telecommunication products, specific classification of the same has not been resorted to while placing the said products in ‘others’ category <p>It is requested that such products be specifically classified, within the various prescribed categories, to establish uniformity of customs duty rates and avoid variance in levy due to interpretation issues</p> |

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| | | <table border="1"> <thead> <tr> <th data-bbox="465 387 1256 443">Particulars</th> <th data-bbox="1256 387 1447 443">Effective rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="465 443 1256 1214"> Following items, falling under 8517 62 90 and HSN 8517 69 90, not covered by notification* prescribing concessional rate: (a) Wrist wearable devices (b) Optical transport equipment (c) Combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS); (d) Optical Transport Network (OTN) products; (e) IP Radios; (f) Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; (g) Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching Transport Profile (MPLS-TP) products; (h) Multiple Input/Multiple Output (MIMO) and Long Term Evolution (LTE) products </td> <td data-bbox="1256 443 1447 1214">20%</td> </tr> <tr> <td data-bbox="465 1214 1256 1262">All other items falling under 8517 62 90 and HSN 8517 69 90</td> <td data-bbox="1256 1214 1447 1262">10%</td> </tr> </tbody> </table> <p data-bbox="465 1278 1037 1305">* Notification No 57, 2017 – Cus dated June 30, 2017</p> | Particulars | Effective rate | Following items, falling under 8517 62 90 and HSN 8517 69 90, not covered by notification* prescribing concessional rate: (a) Wrist wearable devices (b) Optical transport equipment (c) Combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS); (d) Optical Transport Network (OTN) products; (e) IP Radios; (f) Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; (g) Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching Transport Profile (MPLS-TP) products; (h) Multiple Input/Multiple Output (MIMO) and Long Term Evolution (LTE) products | 20% | All other items falling under 8517 62 90 and HSN 8517 69 90 | 10% | |
| Particulars | Effective rate | | | | | | | | |
| Following items, falling under 8517 62 90 and HSN 8517 69 90, not covered by notification* prescribing concessional rate: (a) Wrist wearable devices (b) Optical transport equipment (c) Combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS); (d) Optical Transport Network (OTN) products; (e) IP Radios; (f) Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; (g) Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching Transport Profile (MPLS-TP) products; (h) Multiple Input/Multiple Output (MIMO) and Long Term Evolution (LTE) products | 20% | | | | | | | | |
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| | | <p>(a) <u>Issues which require clarification</u></p> <ul style="list-style-type: none"> - The list of items mentioned in the Notification (as shown in the table above) has led to many interpretational issues, specifically because telecom networking products including the following are classified under HSN 8517 62 90: <ul style="list-style-type: none"> ✓ Access points; ✓ Network access controllers; ✓ Switches ✓ Transceivers & SFP modules; ✓ Wireless modem support; ✓ Firewall appliances; ✓ Port serial control gateway; ✓ Integrated networking equipment; ✓ Fibre channels; ✓ Networking equipment and its accessories; etc. - These items are closely related to the list of items mentioned in the Notification. They in fact make-up the final products and assist in its intended use. | |

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| | | <ul style="list-style-type: none"> - The exclusion list seems to outline the technical nature of activities performed by the products or intended use and does not necessarily specify the products itself. This has led to a lot of debate and practical difficulties at the time of clearance of goods. - There is therefore an ambiguity as to what specific products would be liable to a concessional rate of BCD at 10% and those that would be liable at the full tariff rate of 20%. - Owing to this ambiguity, several companies have been in fact discharging the full rate of 20% under protest. - Further, there have been instances observed where customs ports have contrary interpretation in relation to applicability of concessional rate for the same product. For example, a particular product would have been cleared at BCD rate of 10% in Port A and at higher BCD rate of 20% in Port B. - The above issue has been explained by ambiguity faced by the industry in import of Ethernet Switches (Without carrier), Transceivers & SFP modules and Firewall and network security usually found in the IT environment which would require immediate clarification by way of Circular. | |

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| | | Product | HSN | BCD Rate for product | Interpretation | |
| | | Ethernet Switch (without Carrier) | 8517 62 90 (Classified at par with Carrier Ethernet Switches) | 1 0 | <ul style="list-style-type: none"> • Ethernet switches are different from Carrier Ethernet Switches (which are classified under 8517 62 90 and attract at 20%). • Ethernet Switches are used within enterprise for their internal information and communication Technology. Further, these are used for establishing Local Area Network (LAN) connection to PC's Laptops, Printers and other IP enabled end points which are part of the single business entity. • On contrary, Carrier Ethernet Switches are used by telecommunications network providers / internet service providers to provide Ethernet services to their customers. | |

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| | | | | | <ul style="list-style-type: none"> • Therefore, Ethernet switches (without carrier) are different from Carrier Ethernet Switches and hence should not be classified under the exclusion part Notification No 57, 2017 – Cus. Consequently, Ethernet Switch (without carrier) would merit a BCD rate of 10% as per said Notification. • Our ask is that Ethernet Switches (With carrier) should not get classified as Carrier Ethernet Switches falling under item (g) of exclusion list of Entry 20 of Notification 57/2017-Cus | |
| | | Firewall and network security | 8517 62 90 (classified at par with gateway controllers) | 1 0 % | <ul style="list-style-type: none"> • Firewall and network security commonly used in ITA environment have been denied benefit of standard rate of 10% as these are treated to be par with gateway controllers. • It should be noted that firewall and network security are hardware / software appliance the blocks, filters, or restricts and to a degree | |

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| | | | | | <p>directs network traffic. These are different from “Gateway controllers” whose primary task is to link two networks.</p> <ul style="list-style-type: none"> • Firewall and network security, being on telecom in nature should be provided benefit of standard rate of 10% as against the current rate of 20% paid by most companies. • Our ask therefore is to clarify that the Firewall and Network Security should not get classified as “Gateway controllers” falling under item (g) of exclusion list of Entry 20 of Notification 57/2017-Cus. | |
| | | Transceivers | 8517 62 90 (classified at par with (i) Optical transport equipment | | <ul style="list-style-type: none"> • Transceivers are networking hardware that connect devices on a computer network by using packet switching to receive and forward data to the destination device. • Transceivers are not Optical transport equipments: They are used in Enterprise data centers and do not have the required technical specifications to be deployed in | |

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| | | | (ii) Optical Transport Network (OTN) products (iii) POTP or POTS (iv) PTN products (v) VoIP equipment | <p>backbone network architecture that transport network traffic (voice, data, or images) through the optical medium across cities and countries.</p> <ul style="list-style-type: none"> • Transceivers do not implement the OTN standard as specified in ITU-T G.709 and do not transport services over optical wavelengths in DWDM systems. • Transceivers do not use Packet Optical Transport technology and are not used in backbone networks and therefore, cannot be called POTP or POTS. • Transceivers are not Packet Transport Node (PTN) products and cannot be considered as Multiprotocol Label Switching Transport Profile (MPLS-TP) products used in backbone industry. • They cannot be considered as IP radios, soft switches or VoIP equipment, namely: VoIP phones, media gateways, gateway controllers or session border controllers. | |

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| | | <p>- Therefore, our request with respect to the above products, namely Ethernet Switch (Non-Carrier), Transceivers & SFP modules and Firewall and network security, is a clarification by way of a circular on applicability of Concession rate for the said products i.e. (a) Ethernet Switches (b) Firewall and Network Security.</p> <p><i>(b) <u>Issues which require amendment in Notification 57/2017-Cus</u></i></p> <p>- In addition to the confusion that the exclusion list has created, it is important to note that several of these items routers, modems etc. are ITA products, however, have been included in the exclusion part of notification 57/2017-Cus thus attracting a higher rate of BCD at 20%.</p> <p>- Most of the ITA products mentioned in the Information Technology Agreement to which Indian is a signatory would attract nil rate of BCD. The list of such products in Annexure - A and B of the ITA agreement also includes Telecom and IT products classified under 8517.</p> <p>- Any duty levied on the ITA product would be a violation of the ITA entered in to by India.</p> <table border="1" data-bbox="465 1161 1485 1353"> <thead> <tr> <th data-bbox="465 1161 600 1257">Product</th> <th data-bbox="600 1161 786 1257">HSN</th> <th data-bbox="786 1161 958 1257">BCD Rate for product</th> <th data-bbox="958 1161 1485 1257">Interpretation</th> </tr> </thead> <tbody> <tr> <td data-bbox="465 1257 600 1353">VoIP Phones</td> <td data-bbox="600 1257 786 1353">8517 18 10 Telephone</td> <td data-bbox="786 1257 958 1353">Nil</td> <td data-bbox="958 1257 1485 1353"> <ul style="list-style-type: none"> VoIP Phones or IP Phones without web conferencing and video enabled facilities </td> </tr> </tbody> </table> | Product | HSN | BCD Rate for product | Interpretation | VoIP Phones | 8517 18 10 Telephone | Nil | <ul style="list-style-type: none"> VoIP Phones or IP Phones without web conferencing and video enabled facilities | <ul style="list-style-type: none"> SFP Cables/ DAC Cables are nothing but copper cables irrespective of any additional attachment to it and hence the classification under 85444292 is correct. Suitable instructions need to be issued for such cases. |
| Product | HSN | BCD Rate for product | Interpretation | | | | | | | | |
| VoIP Phones | 8517 18 10 Telephone | Nil | <ul style="list-style-type: none"> VoIP Phones or IP Phones without web conferencing and video enabled facilities | | | | | | | | |

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| | | sets, including telephones for cellular networks or for other wireless networks | | <p>would be classified under and should attract <i>nil</i> rate of BCD in line with ITA.</p> <ul style="list-style-type: none"> On the contrary to the above, VoIP phones have been classified under 8517 69 90 in Notification 57/2017-Cus and more specifically been included in the exclusion part thereby providing for higher BCD rate of 20%. Our ask in relation to VoIP phones are that these should not get classified under 8517 69 90 and a suitable amendment has to be made in the said Notification. | |
| | | <ul style="list-style-type: none"> Our request in relation to the above issue is to amend the Notification 57/2017-Cus to exclude all the ITA products (including VoIP), which would attract a nil rate of tax. SFP cables / DAC cables which are basically copper cables and rightly classified under HTS Code 85444292 are being queried by Customs officer | | | |

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| | | <p>Since these cables have SFP connectors, Indian Customs authorities have been imposing 20% duties classifying it under HTS code 85176290</p> | | | | | | | | | | | |
| 2. | <p>Recommendation for continuity of end-use exemption claimed under Notification No. 50/2017 under Sr. 168, 341 & 341A for specific raw materials of Optical Fiber / Cable (OF/C)</p> | <p>- Hon’ble Prime Minister in his address from the ramparts of Red Fort on 76th Independence Day emphasized on the role of Optical Fiber in the Digital India movement. This is the primary requirement for initiatives of Government of India like ‘Digital India’ and ‘Smart City’ projects.</p> <p>- Considering that Optical Fiber / Cable (‘OF/C’) are an important part of communication network, exemption from payment of BCD on import of raw materials were granted for manufacturing of subject good under Notification No. 50/2017-Customs dated June 30, 2017 (“Exemption Notification”) [List 5 of the said Notification]. However, with the revenue department drive for rationalizing the custom duty, it is indicated for withdrawal of Sr. 168, 341 & 341A for specific raw materials of OF/C w.e.f. April 1, 2023 vide Notification No. 2/2022 Customs dated February 1, 2022. The relevant Entries are provided below:</p> <table border="1" data-bbox="483 1098 1485 1193"> <thead> <tr> <th data-bbox="483 1098 584 1193">Sr. No</th> <th data-bbox="584 1098 725 1193">Chapter heading</th> <th data-bbox="725 1098 1229 1193">Description</th> <th data-bbox="1229 1098 1384 1193">Standard rate</th> <th data-bbox="1384 1098 1485 1193">IGST</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | Sr. No | Chapter heading | Description | Standard rate | IGST | | | | | | <p>We hereby recommend your goodself for revocation of exemption from payment of BCD on import of such specific raw materials in terms of Entry No. 168, 341 & 341A of the Exemption Notification is withdrawn w.e.f. April 1, 2023, vide Notification No. 2/2022 Customs dated February 1, 2022 for next 10 years. It will help Government to achieve the objective under Bharat Net and 5G by ensuring enough availability of OF/C and will propel Industry towards deepening the value addition, by getting into manufacturing of the key inputs/ raw materials including the preforms of the Optical Fibre.</p> <p>a) <u>Non-availability of requisite quality of raw materials in India</u>- In order to cater the increasing demand, the domestic manufacturers has to import the raw materials due to the factors such as unavailability, incapability, lack of capacity and lack of cost competitiveness in domestic manufacturing. Moreover, the required raw material with technical specifications are not or available in limited capacity with the domestic suppliers.</p> |
| Sr. No | Chapter heading | Description | Standard rate | IGST | | | | | | | | | |
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| | | | 168 | 28, 29, 32, 39, 54, 56, 70, 72 or 90 | <p>The following goods, namely:</p> <p>A. Goods specified in List 5, for the manufacture of telecommunication grade -optical fibres or optical fibre cables.</p> <p>B.</p> <p>C.</p> | Nil | - | <p>b) <u>Increase in Cost of Raw materials and reduced competitiveness of domestic manufacturing against imports from FTA countries:</u> The domestic manufacturers were fully equipped and prepared to meet the future market demand in the industry as per customer's requirements. However, with the levy of import duty will result into increased cost of raw materials and thus making OF/C costlier and uncompetitive in the Global Market. This will give serious apathy to exports and reduce the foreign exchange earnings of the country. Effectively, India's dream of becoming the Fiber capital of the world will be ill-fated.</p> <p>c) This restoration of exemption would be in line with Government's Digital India and will act as push to 5G Initiative and Smart City Initiative</p> <p>By way of the detailed joint representation by the major domestic industry players we seek revocation of Notification 2/2022- Customs dated February 1, 2022.</p> | |
| | | | 341 | 70 | Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables. | 5% | - | | |
| | | | 341A | Any Chapter | <p>The following goods for the manufacture of Preform of Silica, namely:</p> <p>i. Refrigerated Helium Liquid (2804);</p> <p>ii. Germanium Tetra Chloride (2812);</p> <p>iii. Silica tetra chloride (2812);</p> <p>iv. Silica tube (7002);</p> <p>v. Silica Rods (7002)</p> | Nil | - | | |
| 3. | Classification of Digital LCD / | - | No Amendment has been issued by customs after 2007 against Custom Circular no. 33/2007. | | | | | Need to issue an amendment of the circular aligned with the technological changes of a monitor for ease of doing business and for better understanding of duty benefit on Monitor. | |

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| | Flat Panel Monitor | <ul style="list-style-type: none"> - Till date custom has been following the same circular for Monitor classification which has undergone several technological changes since then. | <p>Multiple technological changes have taken place since 2007 and newer features like new HDMI ports , speaker , in-out Port , remote control etc. have been added in the monitor.</p> <p>However, as the classification of Monitor has not changed since 2007, therefore many a times custom officials raise queries for justification of custom duty benefit for the Computer Monitor.</p> <p>This leads to delays and higher cost of compliance.</p> |
| 4. | Benefit for AEO T3 status holder under CAROTAR | <ul style="list-style-type: none"> - One of the benefit of AEO certification is that the AEO status holder is not required to furnish bank guarantee. However, this exemption from Bank guarantee would not be applicable in cases where the Competent Authority orders furnishing of Bank Guarantee for provisional release of seized goods. - Whereas under CAROTAR, officers require furnishing of Bank Guarantee for clearance of cargo under FTA benefit and no provision or timeline is available for return of the BG. | <p>We recommend that a time frame should be fixed to release the BG from custom because a huge amount gets blocked by bank for issuance of BG.</p> |
| 5. | Additional obligations and procedural compliances | <p>Importer is responsible for using "reasonable care" in ensuring the correctness and truthfulness of the FORM I information obtained from the provider.</p> | <p>The onus of accuracy and truthfulness of information has been shifted to the importer whereby the term 'reasonable care' is being used. Such words to be suitably phrased elaborating the exact nature of requirement to be submitted</p> |

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| | <p>casted on importer on account of introduction of Section 28DA of the Customs Act, 1962 ('Customs Act') along with CAROTAR Rules</p> | <p>The provision specifies that the entire verification process should be completed within 60 days as per CAROTAR Rules or timelines as per rules of Origin.</p> <p>It has been noted that at the ground level, practically there is no adherence of such timelines and Bank Guarantee ('BG') are demanded for all subsequent shipments till the verification of the first shipment is not concluded.</p> <p>The importer does not have any visibility on the fact that whether the Regional Value Content ('RVC') is correctly computed by the exporter unless it is accustomed to the cost details of the exporter. The said details are extremely confidential and company specific and most of the exporters are reluctant to share the same. Hence, verification of any details with a 'reasonable care' as mentioned in the Rules is practically impossible for any importer.</p> <p>Customs Authorities are delaying the timelines of verification and thereby increasing burden of submission of BG on the importers. This has created immense financial hardships on the importers.</p> | <p>by the importer considering the supplier will not be willing to share any information on its cost or transactions being confidential for them.</p> <p>Suitable instructions to the field officers should be provided to have strict adherence of specified timelines for verification process and importer should not wait beyond such timelines. Further, BG should be asked only for the specific shipments where retroactive check has not been applied and not all the subsequent shipments of that particular vendor to reduce hardship. Alternatively, in place of BG only bond should be asked by Customs Authorities & Section 28DA & Rules made there under should be amended to that effect.</p> |
| 6. | <p>Delay in issue of Speaking Order</p> | <p>There have been several instances where the bills of entry are assessed with loading value, change in classification or duty rate.</p> <p>Importers approaches Customs with request letter to issue speaking orders u/s17 of Customs Act, 1962 in such cases. However, in spite of frequent requests, there is delay in issue of speaking orders from Customs.</p> | <p>Such issues need to be attended and addressed on priority.</p> |

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| 7. | Action on Appeals remanded back by Commissioner of Customs, Appeal (CCA) | <p>Due to delay in receipt of speaking orders, importer files appeal before CCA against individual Bill of Entry as there is no speaking order.</p> <p>In such cases, CCA remand back the appeal to Customs for issue of speaking orders</p> | Such cases also lead to delay in resolution of issue and need to be handled on priority. |
| 8. | RMS Instructions and valuation query | <p>Recently several instances observed where the bills of entry re-assessed for;</p> <p>a) Changing the value based on RMS instructions;</p> <p>b) Change in value though the value of product covered under live Bill of entry compared with the value of unidentical product covered under Bill of entry referred in rule instructions.</p> <p>It takes time to analyse the issue and provide request letter for re-call & reassessment of such Bill of entry which leads to delay in Customs clearance of import shipment.</p> | <p>Assessing officers need to check the request with due diligence prior to re-assessment of Bills of entry with change in value, duty, classification.</p> <p>This will help to avoid delay in clearance of import shipment.</p> |
| 9. | Repetitive queries | <p>There are instances where repetitive queries on classification, notification benefits are being questioned, in spite the importer is submitting proper justification / technical clarification at ground level.</p> <p>This leads to delay in clearance of import shipments.</p> | <p>Assessing officer should consider the previous assessment of similar goods for the assessment and should avoid repetitive queries.</p> <p>This will help to avoid delay in clearance of import shipment.</p> |
| 10. | Courier shipments to FTWZ | <p>Courier shipment are not allowed in FTWZ and hence it requires to convert courier mode shipments to cargo mode which leads to delay in inward in FTWZ.</p> | Enable courier mode shipments for FTWZ |

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| 11. | <p>Query from Customs and sending products for testing</p> | <p>Customs officers are raising queries on imported products such as Switches, IP Phone and in spite of submission of technical details, datasheets, clarification during in person meetings, such Officers are insisting the products to be sent for testing to external labs. This leads to delay in clearance of shipments.</p> <p>The products being sent to test labs without any specific ask / guidelines on parameter / features to be tested. Sometimes such shipments take more than 2-3- months for clearance from Customs.</p> <p>This approach is not supporting the intention of government of ease of doing business.</p> | <p>Customs should give priority on clearance of shipments.</p> <p>Any query w.r.t. technical features, capability of products etc. can be raised post clearance.</p> |
| 12. | <p>Amendment of Bills of entry u/s 149 of Customs Act,1962</p> | <p>There are instances where importers file application for amendment of Bills of entry, but it takes considerable time for the amendment to come through.</p> <p>The proposed amendment is typically with respect to the additional remarks in Bill of entry for embedded software, change in value due to system error while generating commercial invoice, Bills of entry assessed by Customs with change in value, duty, classification.</p> | <p>Customs should assess the cases on priority for amendment provide an opportunity to importer with personal hearing to get the clarity, if needed</p> |
| 13. | <p>Digital filing of appeals under customs</p> | <p>Currently, physical submissions of reply to Show Cause Notice ('SCN') and appeals are made before the customs authorities. The documents also require physical signing by the authorised signatories.</p> <p>The requirement of physical submission of documents requires collation of documents, preparation of sets along with signature of authorised representative.</p> | <p>Provision to be introduced in the customs law to file letters, appeals and other correspondence with the authorities digitally.</p> <p>Physical submission of documents should be done away with completely.</p> |

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| | | <p>Manual submission of information completely defeats the purpose of digital transformation of data. Further, it is pertinent to note that online filing of appeals and other submission to the tax authorities have commenced on Income Tax India and GST portal.</p> <p>Also, during the COVID-19 pandemic, the offices were closed, and the employees were working remotely. Therefore, the requirement of physical filing of letters/ documents created a lot of difficulties on the Company.</p> | |
| 14. | Digitalisation of Advance license, project import process including redemption process | <p>Now currently lot of manual process involved which could be streamlined for the ease of importer</p> | <p>Since all import, export details are available in Icegate, it can be digitalized to save time of both importer & department.</p> |
| 15. | ICEGATE software update | <p>ICEGATE is not updating their software by removing expired notification for Customs duty as well as for IGST.</p> <p>Due to which, CHA wrongly filing the BOE with expired, wrong notification/sl.no and paying the less duty or excess duty through BOE.</p> | <p>A suitable arrangement be made to update the ICEGATE software frequently.</p> |
| 16. | Free time period should be allowed for filing BOE post import | <p>CBIC circular no. 8/2021 – Customs dated 29.03.2021 & Custom Notification no.34/2021 (N.T.), notification no. 35/2021 (N. T.) and Notification 36/2021 dated 29.03.2021 for implementation with effect from March 29, 2021 - Section 46 of customs Act 1962 - As per the conditions laid down timely submission of import Bill of Entry in advance has become essential.</p> | <p>Free time period should be allowed at least for AEO entities.</p> |

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| | <p>atleast for AEO entities</p> | <p>There will be no waiver of late submission fee even for public holidays.</p> <p>Earlier there was 24 hours free time available to file the BOE post inward date, now due to the new notification/ circular there is no free time available which leads to late filing charges.</p> | |
| <p>17.</p> | <p>IDPMS system</p> | <p>Import Bill of Entry not getting reflected into the IDPMS system post amendment in ICEGATE system.</p> <p>Bill of Entry amendment is completed in ICEGATE system however due to the technical error same is not getting reflected into the IDPMS system.</p> <p>Due to this error AD bank unable to make remittance to the foreign supplier.</p> | <p>IDPMS system should be updated immediately to avoid procedural hurdles.</p> |

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| 18. | <p>Delays to the tune of 2 weeks for imports of components for manufacturing due to Faceless Assessment</p> | <p>The faceless process (COMPONENTS) is leading to a minimum of 5-7 days of clearance and 8-10 days if there is a weekend or holiday</p> <p>It is difficult for Customs officer to judge whether it is a detailed part or finished product just by description for example: -</p> <p>LED - This can be a detail part used to assemble on PCB on SMT line or can be a large product which is dutiable.</p> <p>TRANSFORMER - This can be a large Transformer definitely dutiable or can be a small, moulded piece used by SMT line.</p> <p>CONNECTORS- This can be large Assembly of parts used as good as finished product or can be a small connector used on PCB.</p> <p>FILTER - This can be anything, if you see you will know the product.</p> <p>of the products the detail part and Assembled Product DESCRIPTION is common</p> | <p>It is recommended to formulate a Task Force which can Find Technological Solutions (like AI) for faceless assessment with minimal human intervention and a fixed TAT for clearance</p> |

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| 19 | Unit wise compliance IGCR rules | At present import of certain inputs to be used in manufacturing of specific products is allowed at concessional rate of custom duty but this facility is available for specific unit/locations. It involves a lot of administrative efforts as in case and input imported under IGCR rule as a specific location or company. It can't be utilised in some other unit of company even having located the same GST number | The facility of import of inputs under IGSR rule should be provided at least on GSTN basis. Means all the units covered under the same GSTN should be treated as a single entity. It will reduce a lot of administrative efforts like separate returns, payments of custom duty and interest on stock transfer of the inputs imported IGCR to other unites/locations having the same GSTN. |

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| 20 | Short Haul Air Shipments Penalty Clause Waiver Request | <ul style="list-style-type: none"> - Required Relaxation atleast D+1 for all short haul shipments (Same day Arrival and Departure ,Ex :Hongkong, Singapore, Korea... Etc) - Required Support to exclude National holidays / Sunday from penalty amount calculation | <ul style="list-style-type: none"> - For short haul shipments ,(Same Day ETD &ETA) facing difficulty in retriving import documents from shipper / forwarder and Same day BOE filing. |

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| 21 | BOE Late Filing Calculation Method & High Penalty Charges | <ul style="list-style-type: none"> - To Facilitate ICEGATE System itself to calculate and levy the Late Presentation charges based on submission date w.r.t to Duty Value of respective BOE to reduce Clearance Dwell time. - Late Filing Penalty Charges Can be fixed at Nominal Rate. | <ul style="list-style-type: none"> - BOE late filing Penalty fee shall not exceed the duty payable value, but ICEGATE system calculates Late fine based on submission time : After Assessment again BOE Re-called in order to levy applicable late fine amount. - Also existing Penalty is Very High |

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| 22 | BCD Exemption on the Inputs and capital goods Imported for Domestic Manufacture of Primary Cells/ Battery/Battery Pack | <ul style="list-style-type: none"> - One of the fast-upcoming sub-sectors is Electrical Vehicles which are a natural extension of electronics where electronics control technology is the core constituent of EVs along with battery and motor. - While India is building up a sustainable ecosystem for the EV industry; it is important to promote cheaper imports of the inputs and capital goods which are used for domestic manufacturing of Primary Cells/ Battery/ Battery pack which is a major constituent of electric vehicles | <ul style="list-style-type: none"> - Extend the benefit of exemption from BCD for the inputs and capital goods imported for domestic manufacture of Primary Cells/ Battery/ Battery pack as per Custom Notifications No. 25/2002 dt 01.03.2002 (Sl. No. 69), which exempts Lithium Ion Cell for use in the manufacture of Battery of Mobile Handsets & No. 50/2017 dt 30.06.2017 (Sl No. 512) |

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| 23 | <p>Extension of BCD Exemption benefits given for “Thermal Printer Module/Engine for use in the manufacture of Thermal Printers” for revision in Custom Notification No.24/2005 dt 01.03.2005 (Sl. No. 2 and Sl. No. 4)</p> | <ul style="list-style-type: none"> - One of the fastest upcoming sub-sectors is thermal Printing which is a type of digital printing widely used in E-Commerce and marketplaces for trade in goods & Services. Please note that the average marginal propensity to consume in the last 19-20 years is around 57%, and the share of the household consumption component in the GDP is on average 68%. These points discussed above show that India’s population spends more on goods and services that attract marketplaces, traders & sellers, and so the demand for thermal printers increases. - The core product used in the manufacturing of thermal printers is the Thermal Printer Module/Engine, and due to a lack of technical know-how, we depend on developed countries like Japan. - While India is promoting the “Make in India” campaign; it is important to promote imports of the core parts which are used for domestic manufacturing of Thermal Printing because the thermal printing market size is growing and expected to grow further with 9.4% Projected CAGR. On the other side, the import of thermal printers is expected to increase at 29% CAGR in the period 2021 to 2025. - The thermal printing market will grow soon, but if we do not take necessary measures like removing the BCD on essential parts of thermal printers, then the dependency on imports will rise, and soon, we will be 100% dependent on imports | <ul style="list-style-type: none"> - Extend the benefit of exemption from BCD for the parts imported for domestic manufacture of Thermal Printers as per Customs Notifications No. 24/2005 dt 01.03.2005 (Sl. No. 2 and Sl. No. 4), which exempts Thermal Printer Module/Engine for use in the manufacture of Thermal Printers |

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| 24 | MOOWR 2019 – Suggestions (Manufacturing in Private Bonded Warehouse – MOOWR, 2019) | - | <ul style="list-style-type: none"> - <u>Allow payment of customs duty on periodical basis:</u> Customs duty saved in relation to imported raw materials used in manufacturing the finished goods are required to be paid when the said finished goods are cleared into the DTA, should require to be made on a periodic basis; say fortnightly to ease the frequency of such compliance & through single TR-6 Challan; or - Allow the facility of Deferred Duty Payment to license holders also holding license of AEO (Tier II) or AEO (Tier III) under the Indian Authorized Economic Operator programme - <u>Tagging of multiple in-bond BoE to ex-bond BoE/shipping bill:</u> Enable the functionality on Customs EDI portal for tagging the multiple in-bond BoE with single ex-bond BoE for domestic clearance or to a shipping bill for export of goods. - <u>Imported capital goods</u> should be allowed for clearance to domestic area after considering depreciation for the period of use, in line with EOU/SEZ provisions - <u>Expansion of RoDTEP scheme</u> |

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| | | | <ul style="list-style-type: none"> - Scheme's objective is to refund, currently un-refunded duties/ taxes/ levies, at the Central, State and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in production of the exported product, and such indirect Duties/ taxes/ levies in respect of distribution of exported products. - Given the above objective, the Government must also consider to allow RoDTEP benefits to the Units operating under Section 65 of the Customs Act, 1962 read with MOOWR 2019, as they also have un-refunded duties/taxes/levies in the supply chain, similar to other sectors being considered eligible for RoDTEP benefit |

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| 25 | <p>Section 27 of Customs Act, 1962: The term "under protest" mentioned under 2nd proviso to Section 27 of Customs Act, 1962 is not defined, or no rules/regulations/procedures prescribed under the said act leading to churn during the customs clearance process.</p> | <p>- There is no uniform process followed across Customs field formation for "under protest" cases. For E.g.: MAA Customs follows a process of registering the protest in a Customs register and allot a file number, whereas there is no such process followed in Mumbai Customs. Importers are declaring the term "Under protest" in the product description of the Bill of Entry (BoE) as there is no other option to select "under protest" at line item level while filing BoE, and this practice is being challenged by certain port Customs, as there is no defined process in place. A clear guideline on "under protest" process should support in maintaining a uniform process across all ports and thereby reducing additional cost and disputes.</p> | <p>(a) A new provision to notify the procedure for lodging "protest": 1) registration (for example: a column may be added in the ICEGATE system, where an importer can select 'under protest, at lone item-level, while filing bill of entry), 2) regularization (including vacation of protest), and 3) refund process, may be introduced under Section 17 of Customs Act, 1962. and (b) Protest should be allowed to be lodged in both modes: online and offline.</p> |

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| 26 | <p>Section 17 (5) of Customs Act, 1962:</p> <p>Non-issuance of speaking order on cases of re-assessment by the proper officer of Customs, where the importer has not confirmed his acceptance of the said re-assessment in writing.</p> | <p>- Section 17 (5) of Customs Act, 1962 requires the proper officer of Customs to pass a speaking order within fifteen days from the date of re-assessment of the bill of entry (BoE) or the shipping bill (SB), as the case may be. However, the speaking orders are not being issued on a timely manner by the proper officer, leading to uncertainty on tax liability among the importer/exporter and negatively impacting EoDB, besides the financial burden on trade. In absence of a speaking order, importers are constrained to file appeals against individual bills of entry. Further, Commissioner of Customs (Appeals) in many cases remand the matter back to the assessing officer for passing speaking order, leading to further delay and financial hardship.</p> | <p>To insert a clause within this section that should make such re-assessment invalid, if the speaking order is not issued within the stipulated time period of 15 working days. The importer/exporter should be able to directly file refund under Section 27 of Customs Act, 1962 on all such cases, without a need for filing an appeal against the re-assessed BOEs</p> |

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| 27 | <p>Section 124 of Customs Act, 1962:</p> <p>There is no adjudication timelines specified under this section leading to inordinate delays on live shipments that are pending for an out of charge (OOC) order from Customs, impacting the trade at large.</p> | <p>- At times, Customs is issuing notices under section 124 of Customs Act, 1962 for live shipments that are pending for OOC, but there is no adjudication timelines specified under this section for timely disposal of such cases, exposing trade to huge financial crisis.</p> | <p>A definite timeline to issue a notice within 15 days from the date of filing of BOE/Inward date (whichever is later) may be specified. Besides, a timeline of 30 days to pass an order from the date of issuance of such notice may be specified, beyond which, it will be deemed as no show cause notice issued under this section, and the out of charge (OOC) should be granted by Customs immediately, upon payment of applicable customs duty.</p> |

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| 28 | <p>Section 25 (1) of Customs Act, 1962:</p> <p>In case of Notifications (Tariff) issued by the central government regarding exemption of duty of customs (whole or any part), there is no specific explanation about the exclusion clauses mainly related to technology that are mentioned in such notification.</p> <p>E.g.: Notification</p> | <p>- In case of exclusion clauses involving technologies such as LTE or MIMO, the notification should clearly explain the document requirements/reports that are required to be submitted by the importer at the time of filing the BOE. This will help in avoiding disputes in Customs and the importers will also be in a better position to secure such documents/reports well in advance to mitigate financial risk.</p> | <p>An explanation may be added in Notification No. 57/2017-Cus dated 30.06.2017 defining / explaining the terms used in Sl. No. 20 thereof. Further, documentation required to justify presence / absence of any specific technology in the imported goods may also be specified in the said Notification and similar other Notifications.</p> |

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| | <p>No. 57/2017 SI No. 20 (h) refer to "Multiple Input/Multiple Output (MIMO)". This is creating disputes in Customs as the field formation is rejecting such benefits to the importer even when the importer submits the necessary lab certificates to prove the goods as Non-MIMO. This is also leading to further enquiry by other central agencies.</p> | | |

