
CONTENTS

	PAGE
◆ <i>Chapter-heads</i>	<i>I-9</i>
◆ <i>Section-wise Index</i>	<i>I-27</i>
◆ <i>Glossary (Acronyms)</i>	<i>I-31</i>

DIVISION ONE **LAW AND PRACTICE** **RELATING TO CUSTOMS**

1

INTRODUCTION TO CUSTOMS DUTY

1.1	Brief Background of Customs Law	1.3
1.2	Nature of Customs Duty	1.7
1.3	Territorial Waters and customs waters	1.11
1.4	'Goods' under Customs Act	1.15
1.5	Classification for Customs and rate of customs duty	1.17

2

TYPE OF CUSTOM DUTIES

2.1	Basic Customs Duty	1.20
2.2	IGST on goods at the time of import	1.21
2.3	GST Compensation Cess on goods at the time of import	1.24
2.4	Social Welfare Surcharge as duty of customs	1.24
2.5	Road and Infrastructure Cess	1.26
2.6	Additional Customs Duty under section 3(1) (CVD)	1.26
2.7	Additional Duty under section 3(3)	1.30
2.8	Additional Duty under section 3(5) (Special CVD - SAD)	1.31
2.9	Protective Duties	1.31
2.10	Countervailing duty on subsidised goods	1.32
2.11	Anti Dumping Duty on dumped articles	1.33
2.12	Safeguard duty	1.51

CONTENTS

I-10

	PAGE
2.13 NCCD of Customs	1.53
2.14 Education cess on customs duty	1.54
2.15 Secondary and Higher Education Cess	1.54
2.16 Export duty	1.54
2.17 Cess	1.55

3

CLASSIFICATION OF GOODS

3.1 Customs Tariff Act (CTA)	1.57
3.2 Overview of Customs Tariff	1.60
3.3 Rules for Interpretation of Tariff	1.62
3.4 Application of GIR in Tariff	1.65
3.5 Classification in case of conflict between various headings	1.72
3.6 Other provisions relating to classification	1.79
3.7 Classification of Parts	1.81

4

PRINCIPLES OF CLASSIFICATION OF GOODS

4.1 Trade Parlance Theory	1.86
4.2 HSN and Classification	1.92
4.3 Relevance of End Use in classification	1.93
4.4 Other principles of classification	1.95
4.5 Burden of classification on department	1.98

5

VALUATION FOR CUSTOMS DUTY

5.1 Value for purpose of Customs Act	1.100
5.2 Transaction value at the time and place of importation	1.102
5.3 Rate of Exchange for Customs Valuation	1.103
5.4 WTO Valuation Agreement	1.104
5.5 Customs Value - Inclusions	1.104
5.6 Exclusions from Assessable value of customs	1.117
5.7 Valuation of second hand Machinery and old Motor cars	1.119
5.8 Declaration of value by Importer	1.122

6**METHODS OF VALUATION FOR CUSTOM**

6.1	WTO Valuation Agreement	1.123
6.2	Transaction value of same goods for customs valuation	1.124
6.3	Transaction value of identical goods for customs valuation	1.132
6.4	Transaction value of similar goods for customs valuation	1.133
6.5	Deductive Value for customs valuation	1.134
6.6	Computed Value for Customs valuation	1.135
6.7	Residual Method for customs valuation	1.136

7**VALUATION OF EXPORT GOODS**

7.1	Transaction value for assessment of export goods	1.138
7.2	Rejection of value as declared by exporter	1.139
7.3	Over Invoicing/mis-declaration for export	1.141

8**ASSESSMENT IN CUSTOMS**

8.1	Assessment	1.142
8.2	Self Assessment of Customs Duty	1.143
8.3	Refund if customs duty was paid in excess on self assessment by importer	1.147
8.4	Provisional assessment in customs	1.147
8.5	Interest in case of provisional assessment	1.151
8.6	Refund after finalisation of assessment	1.153
8.7	Best judgment assessment	1.154
8.8	No <i>res judicata</i> or estoppel in taxation	1.154

9**ADMINISTRATIVE SET UP OF CUSTOMS**

9.1	Customs Law Administration	1.156
9.2	Binding nature of departmental circulars	1.160

10**CUSTOMS PROCEDURES**

10.1	Background of procedures	<i>1.164</i>
10.2	Customs Station	<i>1.169</i>
10.3	Inland Container Depots and Air Freight Stations	<i>1.171</i>
10.4	Miscellaneous Customs Procedures	<i>1.176</i>
10.5	Special Notified Zone for trading of rough diamonds	<i>1.181</i>

11**IMPORT PROCEDURES**

11.1	Import Procedures by carrier	<i>1.182</i>
11.2	Overview of procedures for import	<i>1.187</i>
11.3	Submission of Bill of Entry	<i>1.188</i>
11.4	Valuation of goods	<i>1.194</i>
11.5	Payment of duty under protest	<i>1.196</i>
11.6	Relevant Date for Rate and Valuation of Import Duty	<i>1.196</i>
11.7	Relevant date for foreign exchange rate	<i>1.199</i>
11.8	Execution of Bond	<i>1.200</i>
11.9	Customs Clearance from view of Import policy	<i>1.202</i>
11.10	Procedure after self assessment	<i>1.208</i>
11.11	Import of software through data communication	<i>1.211</i>
11.12	Demurrage if goods not cleared from customs	<i>1.211</i>
11.13	Storage in public warehouse pending clearance	<i>1.214</i>
11.14	Disposal if goods not cleared within 30 days	<i>1.215</i>

12**EXPORT PROCEDURES**

12.1	Procedures by person in charge of conveyance	<i>1.217</i>
12.2	Procedures to be followed by Exporter	<i>1.220</i>
12.3	Permission to export by customs	<i>1.227</i>
12.4	Other procedures relating to exports	<i>1.232</i>

13**CUSTOMS BROKER**

13.1	Clearing goods from customs	1.234
13.2	Suspension or revocation of CB licence	1.238
13.3	Limited liability of Customs Broker (CB)	1.243

14**BAGGAGE**

14.1	Background	1.245
14.2	General Free Allowance	1.248
14.3	Rate of customs duty on baggage	1.251
14.4	Concession for transfer of residence	1.253
14.5	Other provisions of Baggage	1.254

15**CUSTOMS PROCEDURES FOR
COURIER AND POST**

15.1	Import and export through Courier	1.257
15.2	Export and Import by Post	1.261

16**EXEMPTION FROM CUSTOMS DUTY**

16.1	Tariff rate and Effective rate of duty	1.265
16.2	Exemption from duty by a notification	1.265
16.3	Option to assessee if two exemption notifications available	1.267
16.4	Other provisions in respect of exemption	1.267
16.5	Exemption when required certificate obtained later	1.270

17**INTERPRETATION OF EXEMPTION
NOTIFICATION**

17.1	Strict construction of Exemption Notification	1.272
17.2	Purposive interpretation of exemption notification	1.272
17.3	Relevance of End Use in exemption notification	1.273

CONTENTS

I-14

PAGE

17.4	Relevance of Customs Tariff for interpretation of Exemption Notification	1.274
17.5	Department cannot challenge the certificate/clarification/license of prescribed authority	1.274

18

SPECIFIC EXEMPTIONS IN CUSTOMS

18.1	Exemption from customs Duty	1.276
18.2	Project Imports	1.276
18.3	General Exemptions under customs notifications	1.283
18.4	Control over end use exemptions	1.286

19

REMISSION, RE-IMPORTS AND RE-EXPORTS

19.1	Remission on lost/pilfered goods	1.288
19.2	Remission on relinquished goods	1.292
19.3	Abatement of duty on damaged goods	1.293
19.4	Re-import of goods	1.294
19.5	Refund of customs duty if imported goods are rejected	1.296
19.6	Re-exports	1.296

20

DEPARTMENTAL ADJUDICATION

20.1	Adjudication in indirect taxes	1.301
20.2	Original Jurisdiction in customs	1.303
20.3	Area Jurisdiction of Officers	1.307

21

DEMANDS OF CUSTOMS DUTY AND INTEREST

21.1	Short payment or non-payment of customs duty and interest	1.310
21.2	Time limit for issuing show cause notice	1.313
21.3	Show Cause Notice	1.314
21.4	Who can issue show cause notice	1.315
21.5	Requirements of Show Cause Notice	1.315
21.6	Revised show cause notice/corrigendum	1.316

	PAGE
21.7	Adjudicating authority or Tribunal cannot go beyond show cause notice 1.317
21.8	Serving of Show Cause Notice, order etc. 1.317
21.9	Reply, Hearing and Order by adjudicating authority 1.318
21.10	Provisional attachment pending adjudication 1.320

22

INTEREST FOR DELAYED PAYMENT OF CUSTOMS DUTY

22.1	Interest if duty paid late 1.322
22.2	Nature of tax, penalty and interest 1.324
22.3	No show cause notice or demand necessary if interest is automatic 1.325

23

DEMANDS FOR UNDERVALUATION OF CUSTOMS DUTY

23.1	Transaction value to be normally accepted 1.326
23.2	Cases where charge of undervaluation not held valid 1.327
23.3	Cases where charge of undervaluation held valid 1.330
23.4	Burden of proof of undervaluation in customs 1.331

24

DEMANDS FOR SUPPRESSION, WILFUL MISSTATEMENT OR COLLUSION

24.1	Extended period for demand 1.333
24.2	Suppression of facts 1.333
24.3	Responsibility to supply all material facts 1.335
24.4	Collusion 1.335

25

RECOVERY OF DUES

25.1	Modes of Recovery of dues 1.336
25.2	Modes of recovery 1.336
25.3	Recovery by distrain and sale of property 1.338
25.4	Amount of customs due to Government is first charge on property of assessee 1.339

	PAGE
25.5 Recovery of duty from successor in business	1.339
25.6 Write off of arrears	1.340

26

REFUND OF CUSTOMS DUTY AND INTEREST

26.1 Claim of refund of customs duty	1.342
26.2 Who can file a refund claim?	1.345
26.3 Time limit for filing refund application	1.348
26.4 Refund when benefit could not be availed due to department's mistake or high handedness	1.349
26.5 Duty collected from buyer must be paid	1.350
26.6 Proof of not passing of burden	1.350
26.7 Interest on late disbursement of refund	1.351
26.8 Consumer Welfare Fund	1.352
26.9 Applicability and validity of doctrine of unjust enrichment	1.353
26.10 Non-application of provisions of unjust enrichment	1.354
26.11 Refund if amount returned to buyer by cheque or credit note or debit note	1.355

27

WAREHOUSING IN CUSTOMS

27.1 Need for warehousing in customs	1.357
27.2 Public, Private and special warehouses	1.361
27.3 Warehoused Goods (Removal) Regulations, 2016	1.364
27.4 Warehousing period under customs	1.366
27.5 Manufacture in customs bonded warehouse	1.369
27.6 Clearance from bonded warehouse	1.371
27.7 Other provisions of customs warehousing	1.375
27.8 Goods improperly removed from warehouse	1.378
27.9 Reassessment of customs duty cannot be made at warehouse	1.379

28

ENFORCEMENT POWERS OF CUSTOMS OFFICERS

28.1 Introduction	1.380
28.2 Powers of customs officers	1.381

	PAGE
28.3 Power to Summons	1.385
28.4 Power to arrest	1.387
28.5 Powers of Search	1.392
28.6 Special provisions of search under customs	1.395
28.7 Powers of Seizure	1.397

29

PENALTIES FOR NON-PAYMENT CUSTOMS DUTY

29.1 Penalty for non-payment of customs duty	1.406
29.2 Mandatory penalty in case of suppression of facts etc. customs	1.407

30

OTHER PENALTIES IN CUSTOMS ACT

30.1 Penalties under Customs Act	1.410
30.2 Improper imports	1.411
30.3 Improper exports	1.414
30.4 Penalties that can be imposed in customs	1.415
30.5 Monetary Penalty in Customs	1.417
30.6 Penalty for short landing	1.418
30.7 Confiscation of Goods in customs	1.419
30.8 Principles in imposition of penalty	1.420
30.9 Personal penalty on director, partners and employees	1.421
30.10 Penalty on transporter and driver	1.423
30.11 Publication of name of defaulters	1.423
30.12 General provisions in case of penalties	1.423

31

CONFISCATION IN CUSTOMS

31.1 Confiscation of goods	1.425
31.2 Provisions in respect of confiscation	1.430
31.3 Redemption fine	1.434
31.4 Effect of wrong seizure/confiscation	1.437

32**MISCELLANEOUS PROVISIONS IN
CUSTOMS LAW**

32.1	Advance Ruling to bring certainty to assessee	1.439
32.2	'Stores' in customs	1.443
32.3	Prohibitions on Imports and Exports	1.445
32.4	Customs - Other provisions	1.448

33**CRIMINAL OFFENCES IN CUSTOMS**

33.1	Prosecution for Offences	1.452
33.2	Offences under the Customs Act	1.452
33.3	Who can be punished	1.455
33.4	Other provisions in respect of prosecution	1.456
33.5	Compounding of offences	1.459

34**SETTLEMENT COMMISSION**

34.1	Purpose of Settlement Commission	1.463
34.2	Who can approach Settlement Commission	1.464
34.3	Disclosure to be made by applicant	1.465
34.4	Which issues can be taken before Settlement Commission	1.466
34.5	Procedure before Settlement Commission	1.468
34.6	Powers to grant immunity from prosecution	1.471
34.7	Powers of Settlement Commission	1.471
34.8	Appeal against order of Settlement Commission	1.473

35**PROOFS IN ADJUDICATION AND PROSECUTION**

35.1	Proof in indirect taxes	1.474
35.2	Proof in Customs Law	1.475
35.3	Special provisions for Goods covered under section 123 of Customs Act	1.475
35.4	Relevancy of Statement before Customs Officer	1.477
35.5	Evidence by documents	1.478
35.6	Testing of samples	1.479

36**APPEALS - GENERAL PROVISIONS**

36.1	Provisions of Appeal and Revision	<i>1.480</i>
36.2	Pre-deposit of duty for entertaining appeal	<i>1.480</i>
36.3	Time limit for filing appeal	<i>1.484</i>
36.4	Bar of jurisdiction of Civil Court	<i>1.487</i>
36.5	Person aggrieved only can file appeal	<i>1.488</i>
36.6	Additional grounds in appeal	<i>1.488</i>
36.7	Additional grounds in departmental appeal	<i>1.490</i>
36.8	Additional evidence in appeal normally disallowed	<i>1.491</i>
36.9	Remand to lower authority	<i>1.491</i>
36.10	Signing of appeal	<i>1.493</i>
36.11	Authorised representative in appeal	<i>1.493</i>
36.12	Adjournment	<i>1.495</i>
36.13	Enhancement of duty and penalty in appeal	<i>1.495</i>

37**DEPARTMENTAL APPEAL AND REVIEW**

37.1	Review of orders of lower authorities	<i>1.496</i>
37.2	General provisions in respect of review	<i>1.501</i>
37.3	Departmental Appeal against order of Commissioner (Appeals)	<i>1.502</i>

38**FIRST APPEAL AND REVISION**

38.1	Appeal to Commissioner (Appeals)	<i>1.504</i>
38.2	Time limit for filing appeal	<i>1.504</i>
38.3	Other provisions of appeal to Commissioner (Appeals)	<i>1.506</i>
38.4	Revision by Central Government	<i>1.508</i>

39**APPEAL TO TRIBUNAL**

39.1	General Provisions of Appeal to Tribunal	<i>1.511</i>
39.2	Cross Objections to appeal	<i>1.513</i>
39.3	Constitution of CESTAT	<i>1.514</i>

CONTENTS

I-20

	PAGE
39.4 Benches of Tribunal	1.515
39.5 Procedure for Appeal to CESTAT	1.516
39.6 Procedure after filing of appeal	1.522
39.7 Orders of Tribunal	1.524

40

POWERS AND LIMITATIONS OF TRIBUNAL

40.1 Powers of Tribunal	1.527
40.2 Inherent Powers of Tribunal	1.528
40.3 Tribunal is final fact finding authority	1.529
40.4 Rectification of own mistakes by Tribunal	1.529
40.5 General Provisions in respect of ROM	1.530

41

APPEAL TO HIGH COURT AND SUPREME COURT

41.1 Appeal before High Court on substantial question of law	1.531
41.2 What is 'Question of Law'	1.533
41.3 Appeal to Supreme Court	1.534
41.4 Norms for entertaining appeal to Supreme Court	1.536
41.5 Constitutional remedies in indirect taxes	1.536

42

OVERVIEW OF FOREIGN TRADE POLICY 2015-2020

42.1 Background	1.537
42.2 FT(D&R) Act	1.538
42.3 Foreign Trade Policy	1.538
42.4 FTP, Excise and Customs Law form an integrated code	1.541
42.5 Amendments to Foreign Trade Policy only by Government, not by DGFT	1.541
42.6 Settlement Commission has jurisdiction in case of default in export obligation and settlement of customs duty and interest	1.543
42.7 Administration of Foreign Trade Policy by DGFT	1.543
42.8 Interpretation of DGFT final and binding	1.545

43**FT(D&R) ACT AND RULES**

43.1	Scheme of FT(D&R) Act	1.548
43.2	Director General of Foreign Trade (DGFT)	1.551
43.3	Penalty and Adjudication under FT(D&R)	1.552

44**PROCEDURES UNDER FOREIGN TRADE POLICY**

44.1	e-Governance of foreign trade	1.555
44.2	Issue of authorisation by DGFT	1.556
44.3	Import/Export Authorisation	1.562
44.4	Authorisation obtained by fraud or misstatement	1.567
44.5	Bond with guarantee for import under authorisation	1.570
44.6	Personal hearing if aggrieved by decision	1.573
44.7	Export Promotion Councils as Registering Authorities	1.573

45**POLICY FOR IMPORT AND EXPORT OF GOODS**

45.1	Policy for import of goods	1.575
45.2	Broad Policy for import of goods	1.578
45.3	Import/export governed as per policy at the time of import/export	1.588
45.4	Export Policy	1.590
45.5	Pre-shipment Inspection and quality certification	1.595
45.6	SCOMET Items	1.596
45.7	Free sale and Commerce Certificate	1.598
45.8	Preferential and free trade agreements	1.598
45.9	Settlement of trade disputes and complaints	1.600

46**EXPORT PROMOTIONAL MEASURES**

46.1	Schemes for encouraging Exports	1.601
46.2	Export Promotional measures through Duty Credit Schemes	1.603
46.3	Export from India Schemes	1.607
46.4	Other promotional measures	1.611
46.5	Status Holders	1.612

47**ADVANCE AUTHORISATION**

47.1	Duty free import of inputs for export	<i>1.615</i>
47.2	Advance Authorisation	<i>1.615</i>
47.3	Advance authorisation can be issued for exports, deemed exports and intermediate supplies	<i>1.619</i>
47.4	Procurement of indigenous inputs	<i>1.621</i>
47.5	Eligibility of inputs in relation to resultant product	<i>1.621</i>
47.6	Procedure for Issue of Advance Authorisation/DFIA	<i>1.624</i>
47.7	Advance authorisation for annual requirements to exporters	<i>1.625</i>
47.8	Export Obligation against advance authorisation	<i>1.626</i>
47.9	Procedures after advance authorisation	<i>1.628</i>

48**DUTY FREE IMPORT AUTHORISATION (DFIA)**

48.1	Transferable import authorisation	<i>1.633</i>
48.2	General provisions of DFIA	<i>1.633</i>
48.3	Transferability of DFIA	<i>1.635</i>
48.4	Procedural aspects at DGFT	<i>1.635</i>

49**GEM AND JEWELLERY UNITS**

49.1	Specialised exports of gem and jewellery	<i>1.637</i>
49.2	Gem and jewellery units in EOU	<i>1.640</i>

50**DUTY DRAWBACK**

50.1	Drawback of customs duty	<i>1.642</i>
50.2	Type of Drawback Rates	<i>1.645</i>
50.3	Drawback Rate Fixation	<i>1.650</i>
50.4	Drawback claim procedure	<i>1.652</i>
50.5	Drawback - Other provisions	<i>1.657</i>
50.6	Duty drawback on Re-export	<i>1.660</i>

51**EPCG AUTHORISATION**

51.1	Capital goods at concessional rate for export	<i>1.664</i>
51.2	Export Obligation (EO) under EPCG	<i>1.667</i>
51.3	Indigenous Sourcing of Capital Goods and benefits to Domestic Supplier	<i>1.670</i>
51.4	Post Export EPCG Duty Credit Scrip	<i>1.670</i>
51.5	Procedures under EPCG	<i>1.671</i>
51.6	Project Imports	<i>1.675</i>

52**EOU/STP/EHTP/BTU**

52.1	An overview of EOU scheme	<i>1.676</i>
52.2	Obtaining approval for setting up EOU/STP/EHTP/BTP	<i>1.681</i>
52.3	Procedures to be followed by EOU/STP/EHTP/BTP	<i>1.683</i>
52.4	All purpose bond in form B-17	<i>1.689</i>
52.5	Tax provisions relating to EOU, STP, EHTP, BTU	<i>1.690</i>
52.6	Procedures by EOU	<i>1.692</i>
52.7	Other provisions relating to EOU	<i>1.698</i>
52.8	Exit of EOU	<i>1.699</i>
52.9	Recovery of duty and penal action on EOU	<i>1.702</i>

53**OTHER SCHEMES SIMILAR TO EOU**

53.1	Software Technology Park (STP)	<i>1.705</i>
53.2	Electronics Hardware Technology Parks	<i>1.707</i>
53.3	Other schemes	<i>1.708</i>

54**DEEMED EXPORTS**

54.1	Supplies within India qualifying for export benefits	<i>1.710</i>
54.2	Conditions for availing Benefits by Indian supplier	<i>1.713</i>
54.3	Procedure for claiming benefit of deemed export	<i>1.713</i>

55**SPECIAL ECONOMIC ZONES**

55.1	SEZ to encourage exports	1.715
55.2	Policy to set up SEZ	1.720
55.3	Setting up unit in SEZ	1.732
55.4	Routine operations of SEZ unit	1.739
55.5	Supply by DTA unit to SEZ	1.746
55.6	Sale to DTA from SEZ	1.750
55.7	Miscellaneous provisions	1.752
55.8	States' Policies towards SEZ	1.754
55.9	Labour Laws	1.755
55.10	Exemption from cesses, customs duties and excise duties	1.755
55.11	Exemption from stamp duty payable under Indian Stamp Act	1.756
55.12	GST provisions relating to SEZ (Special Economic Zone)	1.756
	SUBJECT INDEX	1.761

DIVISION TWO**CUSTOMS ACT**

◆	Arrangement of Sections	2.3
◆	Text of Customs Act, 1962 as amended by Finance (No. 2) Act, 2019	2.15

DIVISION THREE**RULES AND REGULATIONS**

◆	Authority for Advance Rulings (Central Excise, Customs and Service Tax) Procedure Regulations, 2005	3.3
◆	Baggage Rules, 2016	3.13
◆	Customs (Advance Rulings) Rules, 2002	3.18
◆	Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017	3.24
◆	Customs (Settlement of Cases) Rules, 2007	3.29
◆	Customs and Central Excise Duties Drawback Rules, 2017	3.35
◆	Customs and Central Excise Settlement Commission Procedure, 2007	3.50
◆	Customs Baggage Declaration Regulations, 2013	3.54
◆	Customs Brokers Licensing Regulations, 2018	3.57
◆	Customs Valuation (Determination of Value of Export Goods) Rules, 2007	3.78

	PAGE
◆ Customs Valuation (Determination of Value of Imported Goods) Rules, 2007	3.81
◆ Deferred Payment of Import Duty Rules, 2016	3.98
◆ Manufacture and Other Operations in Warehouse Regulations, 2019	3.100
◆ On-site Post-clearance Audit at the Premises of Importers and Exporters Regulations, 2011	3.102
◆ Project Imports Regulations, 1986	3.104
◆ Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995	3.108
◆ Warehoused Goods (Removal) Regulations, 2016	3.114
◆ Customs (Supplementary Notice) Regulations, 2019	3.117
◆ Pre-notice Consultation Regulations, 2018	3.118
◆ Customs Audit Regulations, 2018	3.120
◆ Exports by Post Regulations, 2018	3.123