

Customs → Goods

Interpretation Rules

Rule 1

If there is no ambiguity there is no need to refer other rules

Rule 2

unfinished Articles & mixtures

अध्या अध्या
सामान अध्या
नो पूरा rate
अध्या

(Rate)

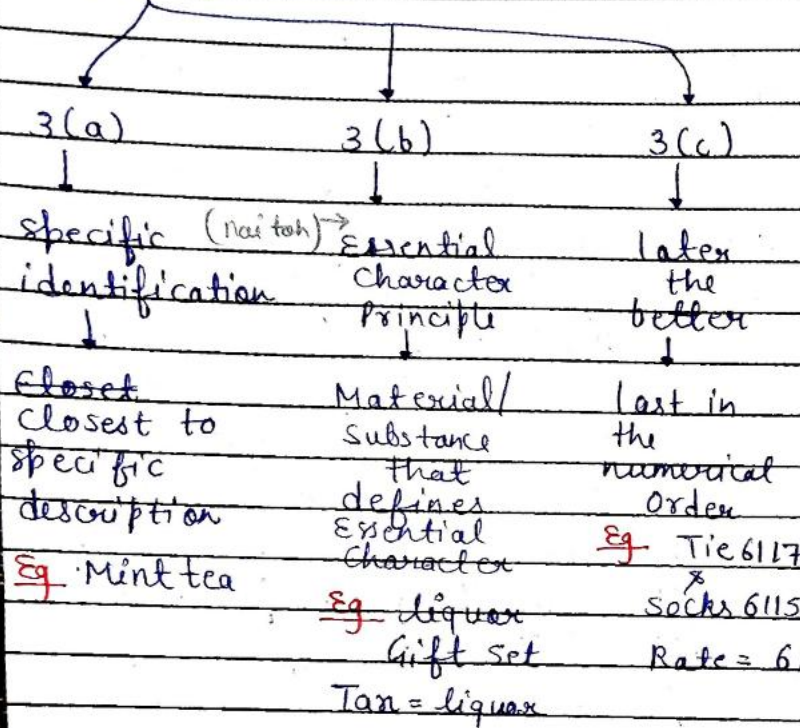
Reference of the main product is given, and there are products in unfinished form which shows similar characteristics like the main product (or) the mixture can be identified through the main product then the rate of main product given will be taken.

Eg Car without wheels but which with engine / Rate of Car will be taken

If rate of natural rubber is given the rate of mixture like live synthetic rubber would be as same as natural rubber.

Rule 3

Classification of goods in more than 1 head



Rule 4

Akin Principle (similar)

If classification can't be done as per Rule 1-2-3 then refer 4 i.e. refer the heading which includes similar goods

eg. Refer Builder ware of plastic for can filling

Rule 5

Covers / Packages for a product which can help the article protected & can be used for long term the rate of tax of main product will be applied to such package as well.

Valuation Rules

Rule 3
FOB / CIF

Rule 4
Identical /
Comparison
Method

Rule 5

iphone
16
(Value)
↓

Imports

Exports

Same
Commercial
level
&
Same Qty

- Like Kind & Quality
- Same time
- Same destination (or another)

Disposal
Eups.

More than 1 Value
↓
Lowest one

Rule 5

Rule 6

Similar
for
imports

Completed
for
Exports

Imports

Exports

Characteristics
&
Country of
Production

Cost of
Production

Refer
Rule 7 & 8

Consistent
&
Reasonable
means

Eg. Lenovo
↓
HP
Laptop
(↓)

Design /
Branding
Charges (+)
Reasonable
Profit

Rule 7

Deductive Method

↓
Imparted / similar /

identical goods
sold in greatest

Aggregate Quantity 1000 units

Sale Value XXX L → sell

less 500 @ 11%

• Commission 300 @ 9%

• selling exps 200 @ 13%

• profit

• Transportation

• Insurance

• Taxes in India etc.

XXX Value

[Max. 90 days after]
importation

Rule 8

Computed Value for
imports.

• Cost of material of
goods imparted

⊕ profits

⊕ Rule 10

adjustment

(Insurance &
freight)

Lec 3 4 April

Date.....

* Section 46 Pg 11-23

Entry of Goods on Importation

(1) File BOE electronically by home Consumption or warehousing
(Principle Commissioner)

→ PC / Comm may allowed BOE in other form as well

☞ → If buyer is not able to file BOE because all details are not available then PO may allow :-

To Examine goods in presence of Customs officer

To deposit goods in warehouse

☞ (2) BOE is required to be filed generally 1 day before the date of arrival

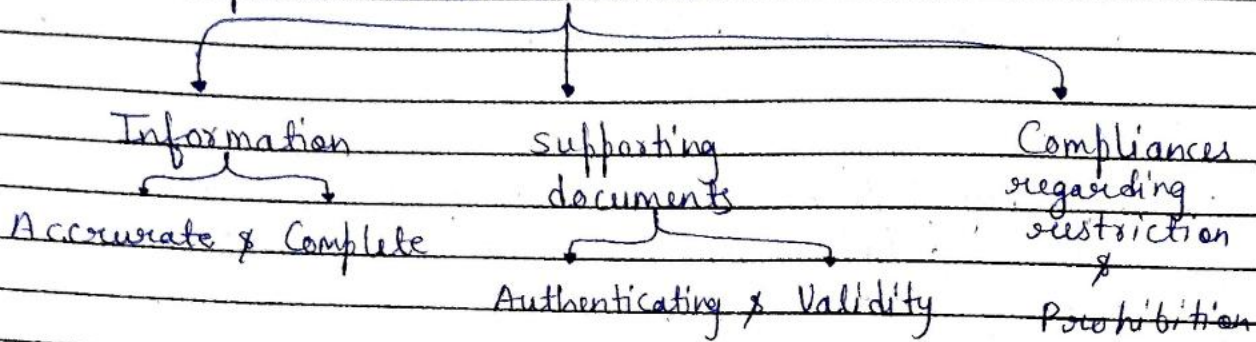
provided that

BOE may be filed max 30 days before arrive

• Late charges may be applied for delay in filing BOE.

(3) Importer shall file a declaration stating that the Content of BOE is true & Correct as per his Knowledge.

(4) Importer holds to ensure



Buggage [Duty free allowances]

Rule 3	Proviso of Rule 3	Rule 4	Rule 5
<ul style="list-style-type: none"> Indian Resident Foreigner - Residing in India Indian - Tourist 	Foreign Origin - Tourist	<ul style="list-style-type: none"> IR (Indian Resident) Foreigner Residing in India Any Tourist 	Passenger Residing abroad > 1 year ↓ Any Country
NBM (X) 15000 (up to 10000) NBM (X) 50000	15000	NBM. 15000	Gents Ladies ↓ ↓ 2 kg 4 kg (20gram) (40gram) ↓ ↓ Max upto 50000 upto 1 lakh

Eg Laptops imported
 1st June 2024
 Tax pay ₹ 6 lakh
 were used & exported on 4th Aug 2025
 Find DDB amt. which can be claimed.

[June 2024 to Aug 2025]

June 2024 to May 2025 = 12 months

June July Aug = 3 months = > 12m to 15m

↓

65%

$$6l \times 65\% = 390000$$

DDB can be claimed.

Eg Car purchase 1 Aug 2024 import
 Tax pay 9 lakh
 Car export on 5 Dec 2025

Aug 2024 to Dec 2025

Aug 2024 July 2025 = 1 year = 4 Quarters

Aug 25 }
 Sep 25 } ⊕ 1 Quarter
 Oct 25 }

Nov 25 }
 Dec 25 } + 2 Quarters
 Jan 26 }

6 Quarters

100%

- 4%

- 4%

- 4%

- 4%

- 3%

- 3%

78%

6 quarters

 $91 \times 78\%$

= 70200 DDB eligible.

Lec 4 4 April* No duty drawback shall be admissible

(1) Amount is less than 1% of FOB \rightarrow Not allowed
 But if $> ₹ 500$ \rightarrow allowed
(more than)

In other words it should be either 1% or $> ₹ 500$,
 then DDB will be allowed

Eg FOB 60,000
 DDB claimed = 5400
 allowed or not??

 $60,000 \times 1\% = 600$

below 1% = Not allow

but > 500 Allowed

yes allowed ✓

CIF = Cost insurance freight.
AV = Assessable Value

Date.....

Eg FOB Value = 40,000
DDB claimed = 470
Allowed or not??

$40,000 \times 1\% = 400$
below 500 but min 1% allowed

allowed (✓)

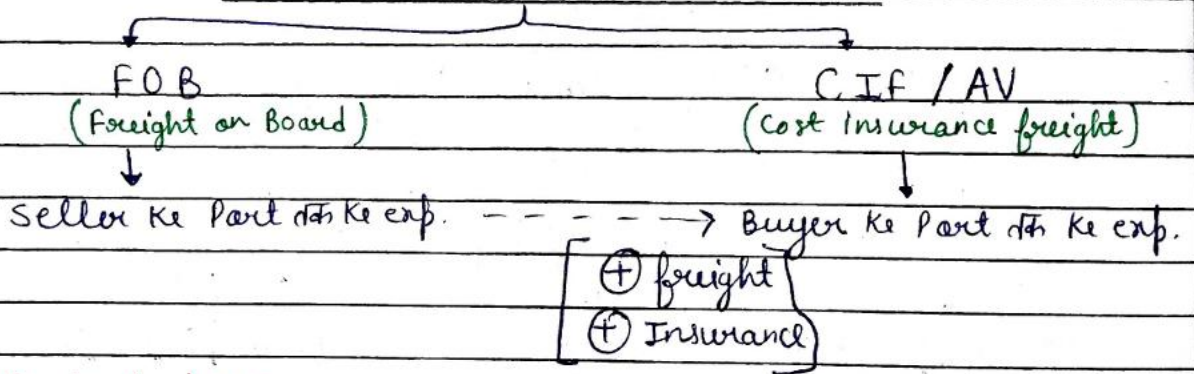
(2) below ₹50 → drawback not allowed

(3) DDB appreciation $> \frac{1}{3}$ of MV (✗)

~~DDB~~

(4) Import Value $>$ Export Value NO DDB

Valuation under Customs



FOB includes :-

- Seller's sale Value
- (+) Designing
- (+) Transportation
- (+) Certificate
- (+) Misc.
- (+) seller's lia. paid by the buyer

$$\text{CIF} = \text{FOB} + \text{Insurance} + \text{freight}$$

Eg FOB ⊕ Insurance ⊕ Freight = CIF
 50l 10l 6l = 66laks

Case (I) Insurance 7lakh
 Freight 9lakh
 A. Value (CIF) 1Cr.

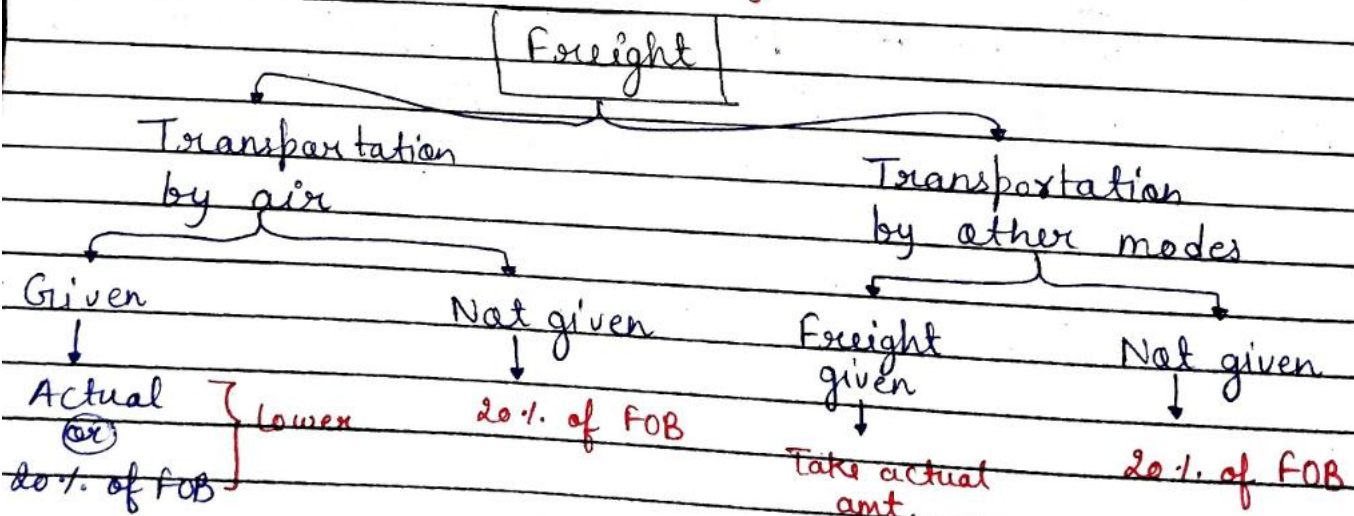
Find FOB

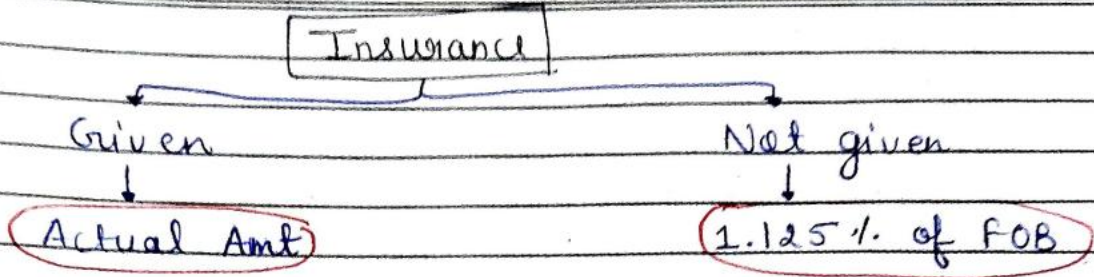
FOB + Freight + Insurance = CIF
 $x + 9l + 7l = 1Cr$

(FOB)x + 16l = 1Cr
 $x = 1Cr - 16l = \underline{84l}$

* Insurance & freight are missing in the Question

FOB ⊕ Insurance ⊕ Freight = CIF.
 Missing.





Case ① Goods import
 FOB 8 lakh
 Insurance 70,000
 Find CIF.

FOB (given) 8 lakh
 Insurance (given) ⊕ 70,000
 Freight (not given) ⊕ 16,000

∴ FOB X 20% ~~←~~

8l X 20%

CIF / AV 10,30,000

Case ② Goods imported by air
 FOB 16l , freight 4l
 Find CIF.

By air.

FOB 16l

⊕ Freight
 Actual ₹ 4l ⊕ 3,20,000

Lower } (a)
 20% of FOB
 20% of 16l

⊕ Insurance
 FOB X 1.125% ⊕ 18,000
 16l

19,38,000

* Calculation of Taxes

① Correct FOB Calculate

⊕ Freight

⊕ Insurance

CIF / ~~Advan~~ A. Value XXX 1 Crore

BCD 30% Assume XXX ⊕ 30 lakh

(social welfare surcharge)

⊕ SWS 10% on BCD
↳ Fin.

⊕ 3 lakh

1,33,00,000

• Anti dumping duty ⊕ XXX

• Safe guard ⊕ XXX

1,33,00,000

IGST 18%

⊕ 23,94,000

Compensation cess 15%

⊕ 19,95,000

1,76,89,000

Ques Goods imported from Japan

Sale Value ₹ 54 lakhs

Selling Comm. paid by the buyer ₹ 4 lakh

Import by Vistara airlines

Freight for importation 13 lakhs

BCD = 38%

IGST = 12%

Comp. Cess = 20%

Date.....

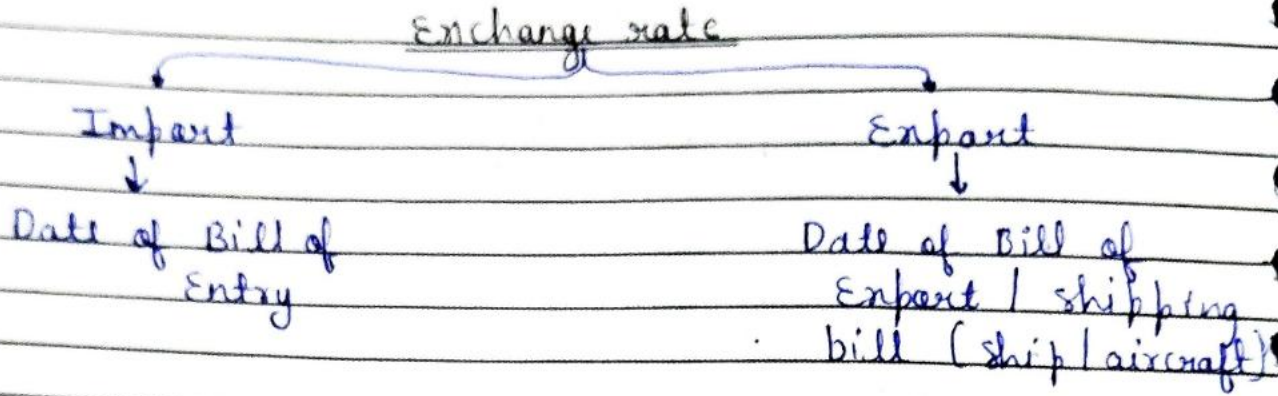
Find total imported Value:-

(a) Sale Value	54 lakh
(b) Seller's liab paid by buyer	4 lakh
(A) FOB	58 lakh
⊕ Freight (by air)	
• Actual 13l	} lower
⊖	
• 20% of FOB	11,60,000
• 20% of 58 lakhs	
⊕ Insurance (Not given)	65,250
∴ 1.125% of FOB	
58l x 1.125%	
(B) CIF	<u>70,25,250</u>
⊕ BCD 38% of CIF	26,69,595
⊕ SWS 10% of 2669595	⊕ 266959.5
Amt before GST & compliances	99,61,804.5
⊕ IGST 12%	
⊕ Comp. Cess 20%	
	<u>13,14,9581.94</u>

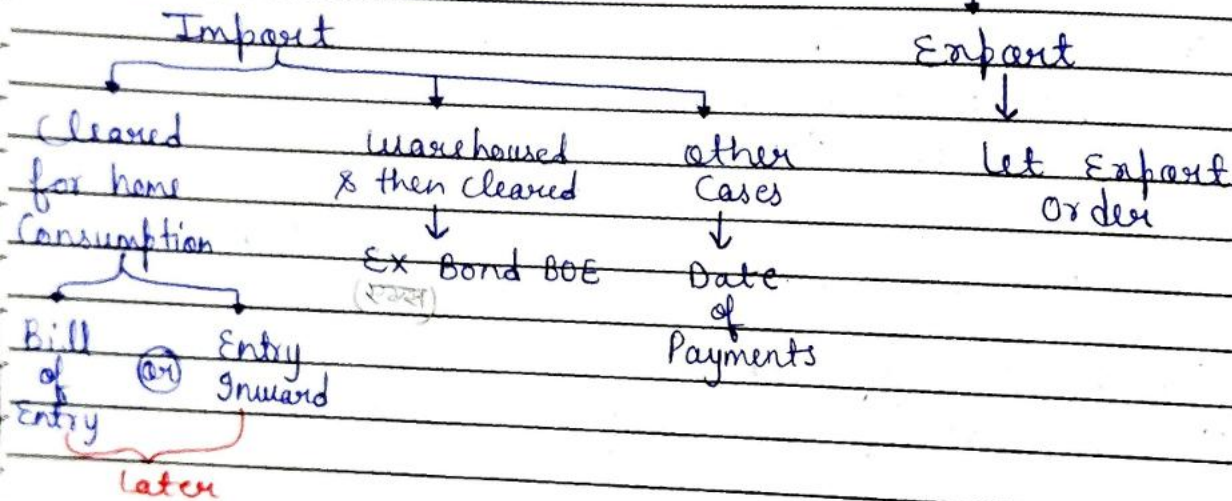
Spiral

Exchange Rate & Tax rate

1 \$ = ??



Tax Rate (BCD)



Que SV of product A = 50 lakh
 T part = 4l
 selling Comm. paid by buyer 3 lakh
 SV of product 'B' \$ 8000
 Import freight amt is ₹ 1,30,000 by air
 IGST 12%
 Comp. less = 20%
 BOE = 17 Nov 2025
 Exchange rate 84rs . BCD = 11%.

Entry incurred 11 Nov 2025

Exchange rate 82rs / BCD 17%

SV 'A'	50l
⊕ T port	⊕ 4l
⊕ Sell Comm	⊕ 3l
⊕ 'B' 8000 x 84rs	⊕ 672000

BOE

FOB	6372.000
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⊕ freight air	130000
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130000 @ FOB 20%
Lower

⊕ Insurance 1.25% of FOB	71685
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CIF / AT lower	65,73,685
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⊕ BCD 11%	723105
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⊕ SwS SwS @ 10%	72310.5
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Amt before IGST & Cess	7369100.5
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IGST 12%	884292
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Comp Cess 20%	1473820
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	9727,213
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