

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

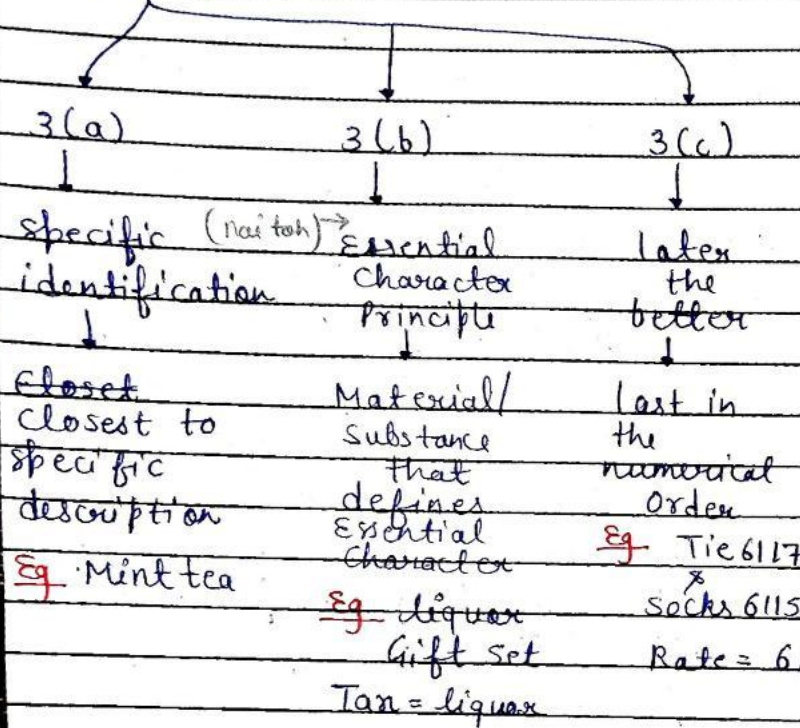
(Rate) ↓  
Reference of the main product is given, and there are products in unfinished form which shows similar characteristics like the main product (or) the mixture can be identified through the main product then the rate of main product given will be taken.

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 Cups.

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

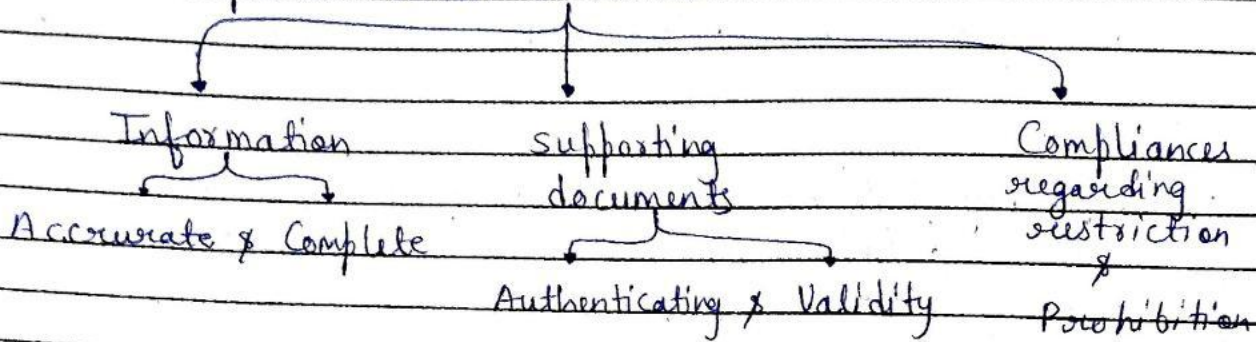
provided that

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"> <li>Indian Resident</li> <li>Foreigner - Residing in India</li> <li>Indian - Tourist</li> </ul>	Foreign Origin - Tourist NBM (X) 15000	<ul style="list-style-type: none"> <li>IR (Indian Resident)</li> <li>Foreigner Residing in India</li> <li>Any Tourist</li> </ul> NBM. 15000	Passenger Residing abroad > 1 year ↓ Any Country Gents      Ladies ↓            ↓ 2 kg      4 kg (20gram)    (40gram) ↓            ↓ Max upto 50000      upto 1 lakh
(Not at Indian Origin) NBM (X) 50000			

Eg Laptops imported  
 1st June 2024  
 Tax pay ₹ 6 lakh  
 were used & exported on 4<sup>th</sup> 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

 $91 \times 78\%$  $= 702000$  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 = 54000  
 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 (✓)

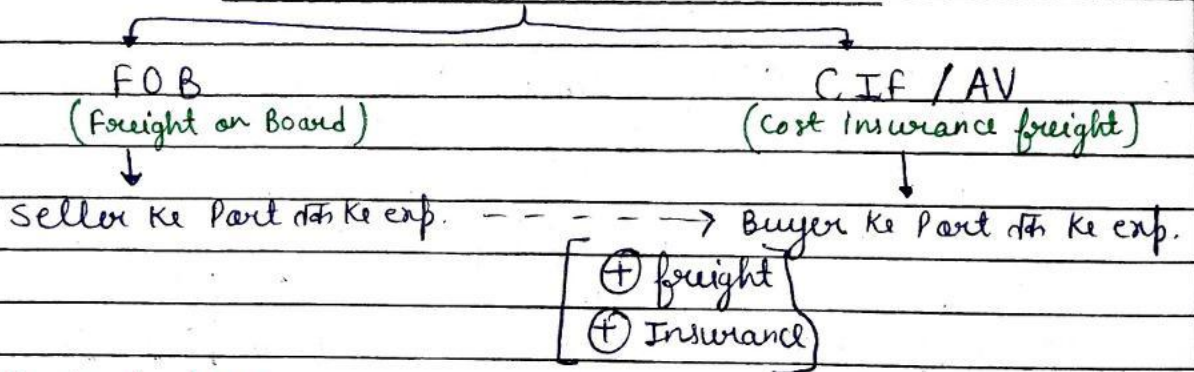
(2) below ₹50 → drawback not allowed

(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.

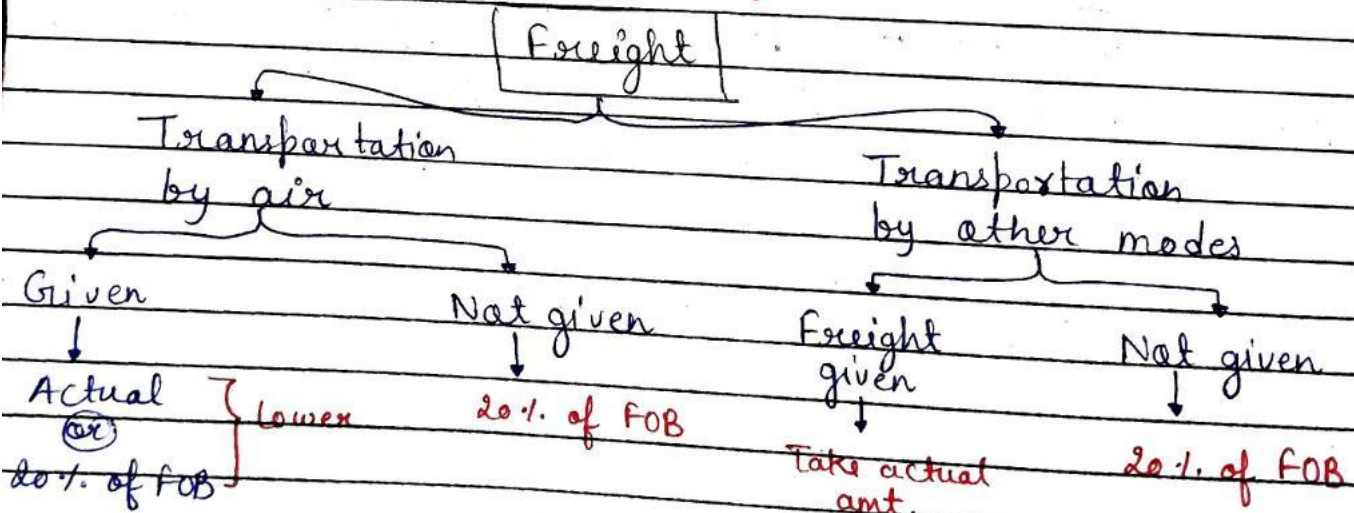
Find FOB

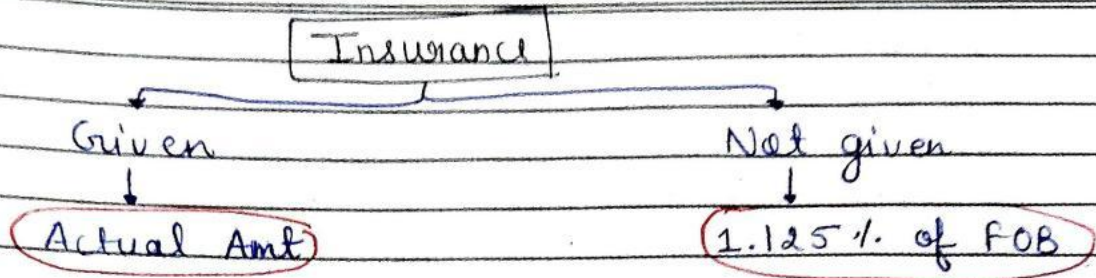
FOB + Freight + Insurance = CIF  
 $x + 9l + 7l = 1Cr$

(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

$$\therefore \text{FOB} \times 20\% \quad \leftarrow$$

$$8 \text{ l} \times 20\%$$

$$\text{CIF/AV} \quad \underline{\underline{10,30,000}}$$

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

By air.

FOB 16l

(+) Freight

Lower } Actual ₹ 4l (+) 32,000

(a) 20% of FOB

20% of 16l

(+) Insurance

16l  $\times 1.125\%$  (+) 18,000

$$\underline{\underline{19,38,000}}$$

Lec 5 4 April

(Freight on board)  
FOB

BCD  
(Basic Custom Duty)

Date.....

### \* 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

Que 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.....

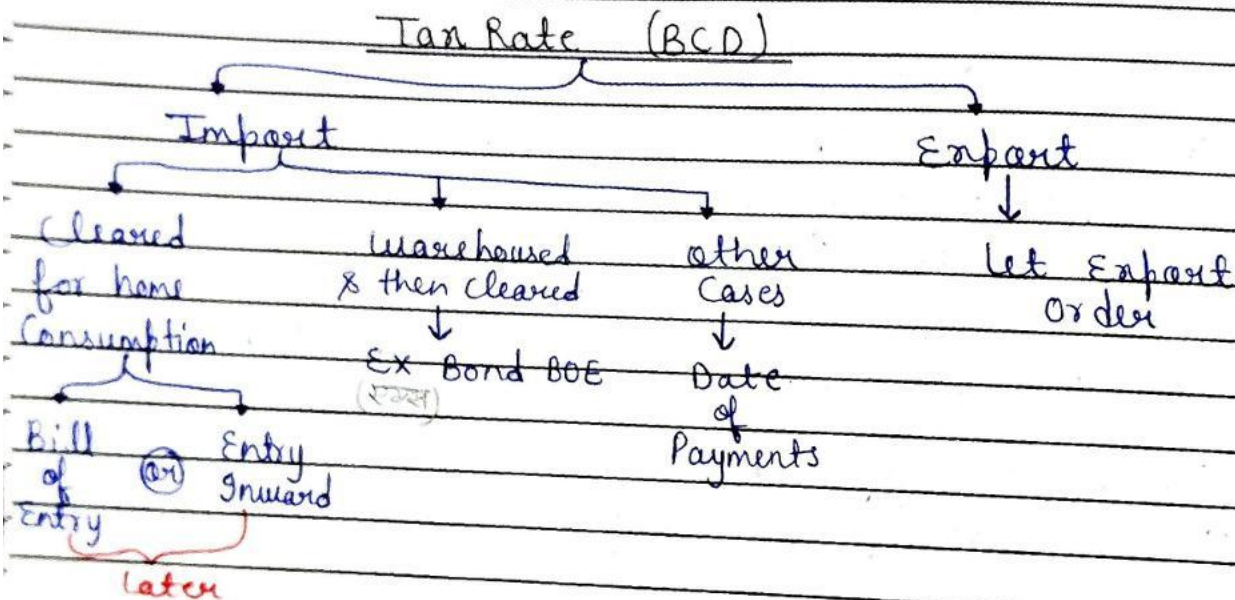
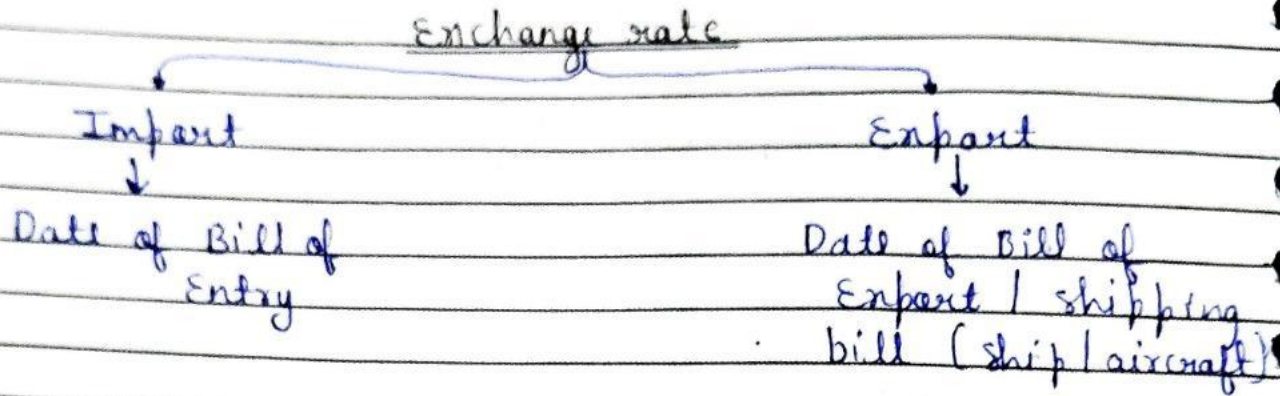
Find total imported Value:-

(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>

Date.....

## Exchange Rate & Tax rate

1 \$ = ??



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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(+) <del>SwS</del> SwS @ 10%	72310.5
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Amt before IGST & Cess	7369100.5
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IGST 12%	8848292
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Comp Cess 20%	1473820
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	<u>9727,213</u>
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