



IDT EDGE

The Question Bank that gives you the edge.

Focused Practice. Clear Answers.



CA Deepak Gupta

Author | Educator | Legal Mentor

7.1 Baggage

Sec 77-81 | Customs Baggage (Declaration and Processing) Regulations, 2026. | Baggage Rules, 2026 | Circular No. 4/2026–Customs

Meaning of BAGGAGE – Sec 2(3)

1. Define - Baggage.

Ans. The term **"Baggage"** is defined u/Sec 2(3) of the Customs Act, 1962 in an inclusive manner. It includes unaccompanied baggage but excludes motor vehicles.

In practical terms, baggage means the **luggage and personal belongings of a passenger**, whether:

- Carried in accompanied baggage, or
- Sent as unaccompanied baggage.

The duty-free clearance of such baggage is governed by the **Baggage Rules, 2026** framed u/Sec 79, while declaration requirements arise u/Sec 77.

Key: Sec 2(3) → Inclusive | Includes unaccompanied baggage | Excludes motor vehicles | Sec 77 → Declaration

2. Whether gold belt tied around waist by a passenger arriving into India is also 'baggage' and needs to be declared u/Sec 77?

Ans. Yes. A gold belt worn on the body constitutes "baggage" u/Sec 2(3) and must be declared u/Sec 77, if dutiable. The Supreme Court in **Mayor Hans George (1999)** held that **articles carried on the body** are also part of baggage. Further, **Rule 5 of the Baggage Rules, 2026** permits free allowance for goods carried "on the person or in bona fide accompanied baggage". Hence, belt worn on the body is covered.

Key: Goods on body = Baggage | Sec 77 declaration | SC: Mayor Hans George

CLEARANCE OF BAGGAGE- DECLARATION OF CONTENTS – Sec 77

3. Discuss the validity of following statement:

Declaration of Content u/Sec 77 is not required to be filed by passenger carrying goods within duty-free limit and passing through 'green channel'

Ans. The statement is legally **correct in operational effect**, when read harmoniously with **Section 77** and **Section 81** of the Customs Act, 1962 and the **Customs Baggage (Declaration and Processing) Regulations, 2026**.

Under **Section 77**, the owner of any baggage shall, for the purpose of clearing it, **make a declaration of its contents** to the proper officer. However, the section does not prescribe the **format or mechanism** of declaration. **Section 81** empowers the Board to make regulations prescribing the **manner of declaration, examination and clearance of baggage**. Accordingly, the CBD Regulations, 2026 provide the procedural framework for compliance.

Under **Regulation 3**, **electronic filing of CBD-I** is required only where a passenger is carrying **dutiable or prohibited goods**. A passenger not carrying such goods is permitted to use the **Green Channel**. Entry through the Green Channel constitutes a **deemed declaration** that the passenger carries **no dutiable or prohibited goods**. In such cases, **no separate CBD-I filing is required**.

Thus, while **Section 77** mandates declaration, the **manner of declaration** is governed by regulations framed under **Section 81**, and the Green Channel system satisfies this requirement through a **deemed compliance mechanism**. However, if dutiable or prohibited goods are later detected, the passenger may be liable for **confiscation under Section 111** and **penalty under Section 112** for misdeclaration or non-declaration.

Accordingly, the statement is valid, subject to compliance with the prescribed regulatory framework.

Key: Sec 77 → Declaration mandatory | Sec 81 → Manner prescribed by Regulations | **Green Channel** → **Deemed declaration of no dutiable/prohibited goods** | *CBD-I required only if dutiable/prohibited goods carried* | **Wrong use of Green Channel** → Sec 111 confiscation & Sec 112 penalty

Advance E-Declaration – Legal Effect & Consequences of Non-Update

4. A passenger travelling from Dubai to Mumbai files an electronic declaration (CBD-I) two days before arrival declaring electronics worth ₹ 50,000 under Regulation 3(4) of the Customs Baggage (Declaration and Processing) Regulations, 2026.

Before boarding the flight, he purchases additional goods worth ₹1,50,000 but does not update the declaration. On arrival, Customs officers detect the undeclared goods during verification.

Examine:

1. Whether the advance declaration constitutes valid declaration under Section 77.
2. The legal consequences of failure to update the declaration.
3. The relevance of Section 78 in determining the rate of duty.

Ans.

1. Nature of Advance Declaration

Under Regulation 3(4), a passenger may file an electronic declaration up to **3 days prior to arrival**. However, the proviso expressly states that such advance declaration **shall not be deemed to be declaration under Section 77** of the Customs Act, 1962.

The declaration is legally reckoned **from the date of arrival** of the passenger.

Therefore, **the advance CBD-I becomes operative only upon arrival**.

2. Failure to Update – Legal Consequence

The Explanation to Regulation 3 permits the passenger to **update the declaration till the date and time of arrival**.

If the passenger fails to update the additional goods:

- The declaration becomes **incomplete and inaccurate**.
- Excess goods are treated as **undeclared goods**.
- Such goods are liable to **confiscation under Section 111** (non-declaration of dutiable goods).
- Penalty may be imposed under **Section 112**.

Thus, omission to update amounts to **misdeclaration by suppression**.

3. Rate of Duty – Section 78

Under **Section 78**, the applicable rate of duty in respect of baggage is the rate in force **on the date on which declaration under Section 77 is made**.

Since advance filing is **not deemed declaration**, the **relevant date for duty rate** is the **date of arrival**, not the advance filing date.

Conclusion

Advance declaration facilitates compliance but does not substitute statutory declaration until arrival. Failure to update before arrival renders excess goods liable to confiscation under **Section 111** and penalty under **Section 112**, and duty is determined as per **Section 78 on the date of arrival**.

Key: Reg. 3(4) → **Advance e-filing (3-day window) permitted** | Proviso → **Not deemed Sec 77 declaration until arrival** | **Update allowed till date & time of arrival** | Failure to update → Excess treated as **undeclared goods** → **Sec 111 confiscation + Sec 112 penalty** | **Sec 78** → Rate of duty fixed on **date of arrival**

TEMPORARY DETENTION OF BAGGAGE – Sec 80**5. Explain briefly the provisions relating to temporary detention of baggage under Customs Act.**

[CA Final - May 2000 -5 Marks]

Ans. The provisions relating to **temporary detention of baggage** are contained in **Section 80 of the Customs Act, 1962**. U/Sec **80(1)**, where the baggage of a passenger contains any article which is **Dutiable**, or **Prohibited for import**, and in respect of which a **true declaration has been made u/Sec 77**, the **PO** may, at the request of the passenger, **detain such article** for being returned to him at the time of his departure from India.

Purpose of Section 80

The provision protects bona fide passengers (e.g., a foreign tourist or NRI executive) who may unknowingly carry goods that are restricted or not intended for use in India.

Instead of: Paying duty and later claiming drawback u/Sec 74, or Facing confiscation, the passenger may opt for temporary detention.

7.1 Baggage

Return of Detained Goods

The detained article shall be:

- Returned to the passenger at the time of leaving India, or
- Handed over to an **authorised departing passenger**, or
- Sent as **cargo consigned in his name**, if not personally collected.

Key: Sec 77 declaration : Prohibited/ dutiable goods → Sec 80 detention | Return at departure | *Avoid Sec 111 confiscation* | Avoid duty + Sec 74 drawback route

- 6.** **Mr. Cliff Paul, a resident and citizen of USA, visits India on a business tour. He made declaration to the PO about his baggage u/Sec 77 of the Customs Act, 1962 for the purpose of clearance. During the scrutiny of the declaration, PO found that some of the articles declared in baggage brought with him were prohibited to the entered in India and were detained by the officer.**

Although Mr. Paul did not insist to clear those articles, value of those articles was very high and it was a difficult situation for him. You are required to advice any procedure prescribed under customs law to overcome the situation. Give your advice on the basis of relevant statutory provisions.

[CA Final - May 2022 -3 Marks]

- Ans.** Mr. Cliff Paul can seek relief u/Sec **80 of the Customs Act, 1962**, which provides for **temporary detention of baggage**. Where baggage contains **dutiable or prohibited goods**, and a **true declaration has been made u/Sec 77**, the **PO** may, at the request of the passenger, **detain such goods** for being returned to him at the time of his departure from India.

In the present case:

- Mr. Paul has made a **valid declaration u/Sec 77**.
- The goods are **prohibited**, but he does not insist on clearance.
- Therefore, instead of confiscation proceedings u/Sec **111**, he may request **temporary detention u/Sec 80**.

The detained article shall be:

- Returned to the passenger at the time of leaving India, or
- Handed over to an **authorised departing passenger**, or
- Sent as **cargo consigned in his name**, if not personally collected.

Thus, Mr. Paul can avoid payment of duty or confiscation consequences by invoking **Section 80**, provided his declaration was **true and complete**.

- 7.** **Hemal K. Shah, a passenger, who arrived at Ahmedabad Airport, declared the total value of goods as ₹ 13,500 in the disembarkation slip. On detailed examination of his baggage, it was found to contain Saffron, Unicore Rhodium Black, Titan Wrist watches, Mobile Phones, assorted perfumes, Imitation stones and bags. Since, the said goods were in commercial quantity and did not appear to be a bona fide baggage, the said goods were placed under seizure.**

The passenger admitted the offence but requested for re-shipment of the said goods in terms of Sec 80 of Customs Act. However, the adjudicating authority denied his claim for re-export un/Sec 80.

Discuss whether rejection of request of re-export is proper?

[CA Final -5 Marks]

- Ans.** Yes, the rejection of the request for re-export u/Sec **80 of the Customs Act, 1962** is **legally proper**.

Section 80 permits **temporary detention of baggage** only where:

1. The baggage contains **dutiable or prohibited goods**, and
2. A **true declaration has been made u/Sec 77**, and
3. The passenger **requests detention at the time of arrival** for return on departure.

In the present case, Hemal Shah **grossly mis-declared** the value (₹13,500) despite carrying goods in **commercial quantity**, *indicating intent to evade duty*. Such goods do not qualify as **bona fide baggage** under the Baggage Rules, 2026.

On similar facts, in **Hemal Shah v. CC (2011)**, it was held that where there is **misdeclaration and attempt to smuggle**, the benefit of Section 80 cannot be claimed subsequently.

Since there was **no true declaration u/Sec 77**, and no request for detention was made at the time of arrival, the adjudicating authority was correct in denying re-export u/Sec 80. The goods are liable for confiscation u/Sec **111**.

Key: Sec 80 → True declaration + request at arrival | Misdeclaration → No Sec 80 benefit | *Commercial quantity ≠ bona fide baggage*

DUTY ON BAGGAGE

8. Explain in brief the duty exemption to baggage u/Sec 79(1) of the Customs Act, 1962.

[CA Final - May 2010- 3 Marks]

Ans. Section 79(1) of the Customs Act, 1962 grants exemption from customs duty to the **bona fide baggage of passengers**, subject to such rules as may be prescribed.

The exemption operates in two distinct layers:

1. Used Personal Effects

Articles forming part of baggage and required for **satisfying daily necessities of life** are allowed **duty-free without any monetary limit**, subject to exclusions specified in **Annexure-I of the Baggage Rules, 2026**.

This flows from the combined reading of **Section 79(1)** and **Rule 3 of the Baggage Rules, 2026**.

2. Other Articles

Goods other than used personal effects are allowed **duty-free only up to prescribed limits** under the **Baggage Rules, 2026**, such as:


- **Rule 5 – General Free Allowance** (₹75,000 / ₹25,000, as applicable),
- **Rule 6 – Jewellery (weight-based concession)**,
- **Rule 7 – Transfer of Residence**, etc.

Thus, Section 79(1) provides the statutory foundation, while the **extent and conditions of exemption** are governed by the **Baggage Rules, 2026**.


BAGGAGE RULES, 2026

w.e.f. 2nd Feb, 2026

BAGGAGE RULES, 2026

Types of Allowances	Passenger Categories (that decide allowance)
<p>Rule 3: Used 'Personal Effects (PE)' + Travel Souvenirs (no limit) [Excluding: Annexure-I]</p> <p>↓</p> <p>Rule 4: Temporary IMPORT / re-import (no limit) [Temporary Import: Temporary Clearance of Unused PE (Declare Articles + Obtain 'Certificate (CBD-IV)' + Re-export (Earlier of - 'Departure' or '6 Months'))]</p> <p>↓</p> <p>Rule 5: General Free Allowance (GFA) - ₹75k / ₹25k + Laptop (any value) [Mode of Arrival: Other than Land] [Any article in bona-fide baggage] [Excluding: Annexure-I]</p> <p>↓</p> <p>Rule 6: Special jewellery allowance (Male: 20g / Female: 40g)</p> <p>↓</p> <p>Rule 7: Transfer of Residence (TOR) - ₹1.5L / ₹3L / ₹7.5L [Any article in bona-fide baggage] [Excluding: Annexure-I] [Including: Annexure-II (One Unit of each article)] [Additional Allowance (in addition to Rule 3, 5)]</p> <p><i>Special</i></p> <p>Rule 8: Currency (as per FEMA Regulations)</p> <p>↓</p> <p>Rule 9: Pet - (as per rules notified by Ministry/ Dept/ Authority (CG))</p> <p>Miscellaneous:</p> <p>Rule 10: Unaccompanied Baggage (Above rules applicable - but no GFA)</p> <p>↓</p> <p>Rule 11: Crew (Routine = GFA only ₹2,500 → Final Pay-Off = Full Rules Apply)</p>	<p>Resident (Rule 2(h)): Ordinarily residing in India + valid Indian Passport</p> <p>↓</p> <p>Tourist (Rule 2(i)): Not ordinarily resident + stay ≤6 months in any 12 months for legitimate non-immigrant purpose</p> <p style="background-color: #f0f0f0; padding: 2px;">Tourist of Indian Origin = Includes NRI + OCI cardholder (Reg 2(g) in CBD Reg).</p> <p style="background-color: #f0f0f0; padding: 2px;">Tourist of foreign origin = Foreign tourist (tourist visa category)</p> <p>↓</p> <p>Foreigner with valid visa other than tourist visa (Rule 2(d)): Valid non-tourist visa + staying in India >6 months (long-term class)</p> <p><i>Special</i></p> <p>Infant (Rule 2(e)): Child ≤2 years</p> <p>↓</p> <p>↓</p> <p>↓</p> <p>Crew:</p> <div style="text-align: center;">  </div>

Annexure-I



9. After visiting USA, Mrs. & Mr. X (Indian residents) brought to India a lap-top computer valued at ₹ 1,20,000, used personal effects valued at ₹ 90,000 (equal effects of both) and a personal computer for ₹ 95,000. What is the customs duty payable?

[CA FINAL- MAY 2007 -3 Marks] [CA Final - MTP - March 2018/Nov 2021/ May 2022 -5 Marks]

Ans. **Computation of Duty Liability** [Sec 79 r/w Baggage Rules, 2026]

Passenger = Mr X = **Resident – arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used personal effects (45,000)	Fully Exempt
R-5	New personal Effects - New personal effects within ₹75,000 GFA	Personal Computer = 95,000 [Desktop is not laptop. Therefore covered under GFA (Rule 5)]	Duty payable on excess over GFA = (95,000 - 75,000) @35% = 7,000 Note: Desktop value ₹95,000 exceeds ₹75,000 limit of single passenger. Excess ₹20,000 is taxable. GFA of spouse cannot be pooled.
	New Laptop (≥18 years: 1 Unit (value irrelevant))	Laptop (1,20,000)	Fully Exempt
	Annexure-1 Articles (No GFA)	--	--
R-6	Jewellery Male (20g) (value irrelevant)	--	--
Total Duty payable			7,000
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Not Available</i>			

Computation of Duty Liability [Sec 79 r/w Baggage Rules, 2026]

Passenger = Mrs X = **Resident – arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used personal effects (45,000)	Fully Exempt
R-5	New personal Effects - New personal effects within ₹75,000 GFA	--	--
	New Laptop (≥18 years: 1 Unit (value irrelevant))	--	--
	Annexure-1 Articles (No GFA)	--	--
R-6	Jewellery Female(40g) (value irrelevant)	--	--
Total Duty payable			Nil
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Not Available</i>			

Key: Rule 5 → GFA ₹75K each | Desktop fits within GFA | GFA cannot be pooled

10. Mrs. X, an Indian resident who was on a visit to China, returned after 6 months. She was carrying with her the following items:

(i) **Personal Effects** ₹ 75,000

- (ii) Laptop Computer ₹ 60,000
 (iii) Jewellery – 25 grams (purchased in China) ₹ 75,000
 (iv) Music System ₹ 50,000

Compute the Customs duty payable by Mrs. X with reference to Baggage Rules, 2016.

[CA FINAL, Nov. 2019 - 5 Marks] [CA Final- MTP May 2023]

Ans. **Computation of Duty Liability** [Sec 79 r/w Baggage Rules, 2026]

Passenger = Mrs X = **Indian Resident (Stay abroad < 1 year)– presuming arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Personal effects (75,000) – presumed to be used personal effects	Fully Exempt
R-5	New personal Effects - New personal effects within ₹75,000 GFA	1 Music System (Value = 50,000) + New Jewellery (Value = 75,000) Total = 1,25,000 <small>[* Jewellery (new) also adjustable under ₹75,000 GFA (since R-6 not available)]</small>	Duty payable on excess over GFA = (1,25,000 - 75,000) @35%¹ = 17,500
	New Laptop (≥18 years: 1 Unit (value irrelevant))	1 Unit allowed (value irrelevant)	Fully Exempt
	Annexure-1 Articles (No GFA)	--	--
R-6	Jewellery Female(40g) (value irrelevant)	Not admissible [Stay <1 year → Rule 6 NOT applicable]	--
Total Duty			= 19,250

For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Not Available

Author:

Jewellery Allowance

- Stay > 1 year → Rule 6 jewellery concession available (20g male / 40g female, value cap applicable)
- Stay ≤ 1 year → No Rule 6 benefit → Jewellery treated as normal article under GFA (₹75,000 limit)

11. Mr. Sujoy, an Indian entrepreneur, went to London to explore new business opportunities on 01.04.2025. His wife also joined him in London after three months. The following Baggage Details are submitted by them with the Customs authorities on their return to India on 15.04.2026.-

- (a) Used personal effects worth ₹ 80,000,
 (b) 2 music systems each worth ₹ 50,000,
 (c) The jewellery brought by Mr. Sujoy worth ₹ 48,000 [20 grams] and the jewellery brought by his wife worth ₹ 96,000 [40 grams].

Determine their eligibility with regard to duty free baggage allowances as per the Baggage Rules, 2016.

[CA Final -RTP, NOV 2016 / April 2018, 5 Marks]

Ans. **Computation of Duty Liability** [Sec 79 r/w Baggage Rules, 2026]

Passenger = Mr Sujoy = **Indian Resident (Stay abroad > 1 year)– presuming arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used personal effects (40,000- presumed half)	Fully Exempt
R-5	New personal Effects	1 Music System (Value = 50,000) Total = 50,000	Fully Exempt

¹ SWS has been exempted on all baggage articles vide N/N 11/2018 -Cus (as amended w.e.f 2nd Feb, 2025)
 IGS (Imports) has been exempted on all baggage articles vide N/N 183/86 -Cus (as amended in 2017)

	- New personal effects within ₹ 75,000 GFA		
R-6	Jewellery Male (20g) (value irrelevant)	20g (48,000)	Fully Exempt
Total Duty			= Nil
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Not Available</i>			

Computation of Duty Liability [Sec 79 r/w Baggage Rules, 2026]Passenger = Mrs Sujoy = **Indian Resident (Stay abroad < 1 year)** – presuming arrival is by mode other than land

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used personal effects (40,000- presumed half)	Fully Exempt
R-5	New personal Effects - New personal effects within ₹ 75,000 GFA	1 Music System (V=50,000) + New Jewellery (V= 96,000) Total = 1,46,000 <i>[* Jewellery (new) also adjustable under ₹75,000 GFA (since R-6 not available)]</i>	Duty payable on excess over GFA = (1,46,000 - 75,000) @35% = 24,850
	Annexure-1 Articles	--	--
R-6	Jewellery Female (40g) (value irrelevant)	Not admissible [Stay <1 year → Rule 6 NOT applicable]	--
Total Duty			= 27,335
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Not Available</i>			

12. Mr. X, an Indian resident, returns to India on 10th April, 2026 after visiting France for 3 months. On his return to India he brings with him following articles :

- (i) Used personal effects like clothes etc., valued at ₹ 1,75,000
- (ii) Music system valued ₹ 1,20,000
- (iii) Jewellery valued ₹ 1,30,000 measuring 20 grams brought by Mr. 'X'.
- (iv) Laptop worth ₹ 1,20,000
- (v) Wine 1 litre worth ₹ 6,000
- (vi) Mobile phone worth ₹ 50,000

You are required to determine the taxable value of Baggage with reference to the Baggage Rules, 2016.

[CA Final—Dec 2021 - 5 Marks]

Ans. **Computation of Duty Liability** [Sec 79 r/w Baggage Rules, 2026]

Passenger = **Resident (Stay Abroad < 1 Year)** – presuming arrival is by mode other than land

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used clothes etc (1,75,000)	Fully Exempt
R-5	New personal Effects - New personal effects within ₹ 75,000 GFA	Wine – 1 Lt (V=6,000) + Music System (V=1,20,000) + Jewellery (V=1,30,000) + Mobile (V=50,000) Total = 3,06,000 <i>[* Jewellery (new) also adjustable under ₹75,000 GFA (since R-6 not available)]</i>	Duty payable on excess over GFA = (3,06,000 - 75,000) @35% = 80,850/-
	New Laptop (≥18 years: 1 Unit (value irrelevant))	1 Unit allowed (value irrelevant)	Fully Exempt

	Annexure-1 Articles (No GFA)		
R-6	Jewellery • Male(20g) (value irrelevant)	-- [Stay <1 year → Rule 6 NOT applicable]	--
Total Duty payable			= 80,850/-
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Not Available</i>			

13. Mr. Fang a tourist of Chinese origin aged 22 years came to Indian on tourist visa for period of one month on 1-4-20x1 along with his wife aged 20 years and child Jing aged 2 years. Baggage Details of baggage is as follows:

- (1) personal effects like clothes of Mr. Fang valued at ₹ 40,000, of Mrs. Fang valued at ₹ 50,000 and of the Jing worth ₹ 25,000.
- (2) 2 laptop computers worth ₹ 90,000 each.
- (3) 3 bottles of wine of 1 liter each of total value of ₹ 6,000.
- (4) Digital camera worth ₹ 11,000.
- (5) Mobile worth ₹ 15,000.

What is the customs duty payable?

Ans. Computation of Duty Liability of Infant [Sec 79 r/w Baggage Rules, 2026]

Passenger = Jing (age 2 years) = Infant

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used personal effects (25,000)	Fully Exempt

Note: Infant not eligible for GFA; only used personal effects allowed.

Computation of Duty Liability [Sec 79 r/w Baggage Rules, 2026]

Passenger = Mr Fang = **Tourist of Foreign Origin (TFO) – presuming arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used effects like clothes etc (40,000)	Fully Exempt
R-5	New personal Effects - New personal effects within ₹ 25,000 GFA	Wine – 2 Lt (V=4,000) + Mobile (V=15,000) Total = 19,000	Fully Exempt
	New Laptop (≥18 years: 1 Unit (value irrelevant))	1 Laptop (V=90,000)	Fully Exempt
	Annexure-1 Articles (No GFA)	--	--
R-6	Jewellery Male(20g) (value irrelevant)	--	--
Total Duty payable			Nil
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Available (but not required)</i>			

Computation of Duty Liability [Sec 79 r/w Baggage Rules, 2026]

Passenger = Mrs Fang = **Tourist of Foreign Origin (TFO) – presuming arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used effects like clothes etc (40,000)	Fully Exempt
R-5	New personal Effects	Wine – 1 Lt (V=2,000)	Fully Exempt

7.1 Baggage

	- New personal effects within ₹ 25,000 GFA	+ Camera (V=11,000) Total = 13,000	
	New Laptop (≥18 years: 1 Unit (value irrelevant))	1 Laptop (90,000)	Fully Exempt
	Annexure-1 Articles (No GFA)	--	--
R-6	Jewellery Female(40g) (value irrelevant)	--	--
Total Duty payable			Nil

For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Available (but not required)

Author:**Permissible Lawful Allocation**

Where goods are capable of being separately attributed, distribution among co-travelling passengers is acceptable if:

- Each passenger **physically carries or declares** the goods attributable to him/her.
 - Quantity limits (e.g., wine 2 litres per passenger, cigarette threshold) are respected.
 - Allocation is **genuine and reasonable**, not artificial splitting to evade limits.

Example:

3 litres wine → may be distributed as • 2 litres (Passenger A) • 1 litre (Passenger B) : Lawful (within 2 litres per person limit)

Key: Allowances are individual → Distribution is permissible → Pooling is prohibited

14. Kiara of Indian origin, came to India on tour with her baby of 1 year. She brought following goods :

1.	Personal effects	50,000
2.	Used personal effects of infant	10,000
3.	New camera	45,000
4.	Mobile phone	12,500
5.	Cigarette sticks 70	1,000
6.	Wine – 2 litres	18,000
7.	Travel souvenirs	5,000
8.	Laptop	90,000

Determine the duty liability.

[CA Final – Nov 2022- 5 Marks]

Ans. Computation of Duty Liability of Infant [Sec 79 r/w Baggage Rules, 2026]

Passenger = **Baby (age 1 year) = Infant**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used personal effects (10,000)	Fully Exempt
Total Duty payable			= Nil

Note: Infant not eligible for GFA; only used personal effects allowed.

Computation of Duty Liability [Sec 79 r/w Baggage Rules, 2026]

Passenger = **Tourist of Indian Origin (TIO) – presuming arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Used clothes etc (50,000) Travel Souvenirs (5,000)	Fully Exempt
R-5	New personal Effects - New personal effects within ₹ 75,000 GFA	Wine – 2 Lt (V=18,000) + Cigarettes- 70 Sticks (V=1,000) + Music Camera (V=45,000)	Duty payable on excess over GFA = (76,500 - 75,000) @35% = 525

		+ Mobile (V=12,500) Total = 76,500	
	New Laptop (≥18 years: 1 Unit (value irrelevant))	1 Laptop (90,000)	Fully Exempt
	Annexure-1 Articles (No GFA)		
R-6	Jewellery Female(40g) (value irrelevant)	--	--
Total Duty payable			= 525
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Available</i> Kiara can opt for temporary import (with CBD IV): Duty free clearance will be allowed (subject to re-export) [*Must re-export (max within 6 months); else duty becomes payable]			

15. John of foreign origin has come on travel visa, to tour in India. He carries with him, as part of baggage, the following:

Particulars	₹
Travel Souvenir	85,000
Other articles carried on the person	1,50,000
120 sticks of cigarettes of ₹ 100 each	12,000
Fire arm with 100 cartridges (value includes value of cartridges at @₹ 500 per cartridge)	1,00,000

Determine customs duty payable.

[CA Final -May 2018 (Adapted)- 4 Marks]

- Ans. **Computation of Duty Liability** [Sec 79 r/w Baggage Rules, 2026]

Passenger = John = **Tourist of Foreign Origin – arrival is by mode other than land**

Rule	Goods Covered	Baggage Details	Duty treatment
R-3	Used Personal Effects Travel Souvenirs - No value cap	Travel Souvenir (85,000) ²	Fully Exempt
R-5	New personal Effects - New personal effects within ₹ 25,000 GFA	50 Cartridges (V= 50@500 = 25,000) + 100 Sticks (V=100@100 = 10,000) + Other Articles (V=1,50,000) Total = 1,85,000	Duty payable on excess over GFA = (1,85,000 - 25,000) @35% = 56,000
	Annexure-1 Articles (No GFA)	+ Fire Arm (V= 1,00,000 - (100*500) = 50,000) + 50 Cartridges (V= 50@500 = 25,000) + 20 Sticks (V=20@100 = 10,000) Total = 77,000	Duty payable on full value of 77,000 – as applicable
R-6	Jewellery Male(20g) (value irrelevant)	--	--
Total Duty payable			-----
<i>For Knowledge: R-4 (Temporary Import facility: Declaration CBD-IV): Available</i> John can opt for temporary import (with CBD IV): Duty free clearance will be allowed (subject to re-export) [*Must re-export (max within 6 months); else duty becomes payable]			

Transfer of Residence

- ² Travel souvenirs → Treated as part of bona fide baggage

- If they are small commemorative items → practically pass under Rule 3.
- But high-value goods labelled as "souvenir" may be treated as new personal effects and fall under GFA.

For sake of this question, we have treated "souvenir" as covered by R-3. However considering their value, they may be treated u/Rule 5 (GFA).

7.1 Baggage

16. **Varun Goyal, an IT professional and a person of Indian origin, is residing in USA for the last 14 months. He wishes to bring a used microwave oven (costing approximately ₹ 1,85,500/- and weighing 15 kg) with him during his permanent return to India. He purchased the oven in USA 6 months before and he has been using that oven for his personal use in his kitchen. He is not aware of Indian customs rules.**

Analyze and summarize the related legal provision of Baggage Rules, 2026 and provide him some advice in this regard. Relevant legal provisions should form part of your answer.?

[CA Final, May 2024- 4 Marks]

- Ans. Varun Goyal is a **person of Indian origin** who has been residing in USA for the last **14 months** and is now returning to India permanently. His case is governed by **Rule 7(1) of the Baggage Rules, 2026 (Transfer of Residence – ToR)**.

Under **Rule 7(1)**, a **resident or tourist of Indian origin** returning to India is entitled to concessional clearance of **personal and household articles (used or new), including Annexure-II items (one unit each)**, subject to the prescribed value cap under Appendix-I, depending upon duration of stay abroad.

Since Varun has stayed abroad for **more than one year but less than two years**, he falls under the **intermediate slab**, i.e., **“one year during the preceding two years”**, and is therefore eligible for a **Transfer of Residence allowance of ₹3,00,000**, in addition to benefits available under **Rule 3 (used personal effects)** and **Rule 5 (General Free Allowance)**.

A microwave oven is a **household appliance** falling within **Annexure-II (one unit permissible)**. Although it is a used article purchased six months ago for personal kitchen use, it does not fall under Rule 3 (used personal effects required for daily necessities carried in bona fide baggage). Instead, it is covered under Rule 7 as a household article eligible for ToR concession.

The value of the microwave oven is **₹1,85,500**, which is **within the ₹3,00,000 limit** applicable to him under the intermediate slab of Rule 7(1). Accordingly, the microwave oven can be cleared **duty-free under the Transfer of Residence concession**, subject to compliance with other conditions.

Advice: Varun should declare the microwave oven at the time of arrival under the prescribed baggage declaration procedure and claim the benefit of **Rule 7 (Transfer of Residence)**. Since the value is within the permissible ToR limit, no customs duty would be payable, provided all procedural requirements are fulfilled.

Unaccompanied Baggage

17. **Distinguish between Accompanied Baggage and Unaccompanied Baggage under the Customs Baggage (Declaration and Processing) Regulations, 2026. Briefly explain their legal treatment with reference to declaration, timing, allowances and clearance.**

- Ans. **Accompanied baggage** refers to baggage that travels with the passenger and is presented at the time of arrival. It is declared through **CBD-I under Regulation 3(1)** and may be filed on arrival or up to **3 days in advance under Regulation 3(4)**. The declaration becomes a valid **Section 77 declaration from the date of arrival of the passenger**. Baggage allowances including **General Free Allowance (GFA)** are available (subject to non-land condition). Examination is primarily **risk-based**.

Unaccompanied baggage refers to baggage that travels separately from the passenger but retains its character as baggage subject to prescribed conditions. It must be **declared through CBD-II under Regulation 3(2)** and may be filed up to **3 days before arrival of baggage**. The declaration becomes effective under **Section 77 from the date of arrival of the baggage**. Although baggage provisions apply, **GFA is not available for unaccompanied baggage**. It may be permitted to transit to another customs station subject to **manifest entry, sealing and carrier bond/security under Regulation 6**.

Thus, the principal distinction lies in physical accompaniment, declaration form, availability of GFA, and procedural controls.

Key: **Accompanied** → CBD-I | GFA available | Sec 77 from passenger arrival |

Unaccompanied → CBD-II | GFA not available | Sec 77 from baggage arrival | *Transit to other customs station also allowed*

18. **Pankaj, an Indian resident, was travelling from Singapore to Chennai. His baggage was dispatched separately as unaccompanied baggage.**

Examine the admissibility of General Free Allowance (GFA) under the Baggage Rules, 2016 in the following independent situations:

- (1) **Passenger Arrives in India**

Pankaj arrives in Chennai two days after his baggage lands in India and seeks clearance of such unaccompanied baggage claiming GFA.

- (2) **Passenger Does Not Arrive in India**

Pankaj cancels his journey and does not travel to India at all. However, the baggage reaches Chennai and he seeks to clear it claiming GFA.

Discuss the legal position in both cases with brief reasons.

Ans. **Unaccompanied Baggage & GFA (Rule 5)**

Basis	(1) Passenger Arrives in India (Baggage lands separately)	(2) Passenger Does Not Arrive at all
Legal Character	Treated as Unaccompanied Baggage (subject to prescribed time linkage)	Treated as Normal Import Cargo
Rule Framework	Baggage Rules apply to unaccompanied baggage (subject to conditions)	Baggage Rules fail due to no passenger nexus
GFA (Rule 5)	Not available (as GFA is for baggage carried on person / accompanied baggage)	Not available (as it is not cleared as baggage at all)
What relief can apply	Only such concessions as are otherwise not restricted specifically to accompanied baggage (e.g., Rule 3, Rule 7 etc)	None under baggage regime
Assessment	Cleared as unaccompanied baggage under baggage procedure	Cleared as regular import (cargo)
Core principle	Arrival creates "baggage nexus", but does not convert it into accompanied baggage for GFA	No arrival → no baggage nexus → cargo treatment

Key: **Unaccompanied baggage may be permitted if passenger arrives**, but GFA is not admissible because Rule 5 GFA is restricted to accompanied baggage.



Bringing Clarity on Tax