

SLOB Mapped against the Module

1. To acquire adequate knowledge relating to valuation and duty calculation, remission and refund under Customs Act and Rules.
2. To facilitate strategic decision making by appropriate management of various indirect tax issues.

Module Learning Objectives

After studying this module, the students will be able to:

- ⊙ Explain refund of duty paid on import or export.
- ⊙ Understand conditions to satisfy for claiming refund of duty.
- ⊙ Identify time limit to claim refund of duty and interest.
- ⊙ Explain procedure to claim refund of duty and interest.

On import or export of goods, at times, it is found that duty has been paid in excess of what was actually leviable on the goods. Such excess payment may be due to lack of information on the part of importer/exporter or non-submission of documents required for claim of lower value or rate of duty. Sometimes, such excess payment of duty may be due to shortage/short landing, pilferage of goods or even incorrect assessment of duty by Customs. In such cases, refund of excess amount of duty paid can be claimed by the importer or exporter. If any excess interest has been paid by the importer/exporter on the amount of duty paid in excess, its refund can also be claimed. Importer or Exporter who has actually paid the duty on import or export, which is not required to be paid alone, is eligible to claim refund.

1. Refund of Export Duty

As per Section 26 of the Customs Act, 1962, duty paid on exported goods can be claim for refund in the case of combined reading of the following if:

- ⦿ The goods are returned to such person otherwise than by way of re-sale;
- ⦿ The goods are re-imported within One year from the date of exportation and
- ⦿ An application for refund of such duty is made before the expiry of six months from the date on which the Customs officer makes an order for importation.

Example 1

X Ltd. exported product 'P' to Y Ltd of USA on 1.1.2025. The duty paid on export of product 'P' for ₹1,00,000. Y Ltd. returned product 'P' to X Ltd., on 1.8.2025. The return is otherwise than by way of sale (i.e. it may be sale return or rejected goods, goods sent on consignment returned by the overseas agent or goods sent for exhibition coming back etc.). It means to say that Y Ltd. should not be sold 'P' to X Ltd. Moreover, exported goods are returned within One year from the date of exportation. Hence, X Ltd. can claim for refund of ₹1,00,000 within Six months from Customs clearances order for imported goods (i.e. 1.8.2025).

2. Refund of Import Duty

As per Section 26A of the Customs Act, 1962, duty paid on imported goods can be claimed for refund on account of satisfying the following conditions:

(a) Goods are found defective

The goods are found to be defective or otherwise not in

Moreover, nothing contained in this section (Sec. 26A of the Customs Act, 1962) shall apply to the goods regarding which an offence appears to have been committed under this Act or any other law for the time being in force.

conformity with the specifications agreed upon between the importer and the supplier of goods:

Provided that the goods have not been worked, repaired or used after importation except where such use was indispensable to discover the defects or non-conformity with the specifications;

(b) Goods are easily identifiable as imported goods

The goods are identified to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs as the goods which were imported;

(c) No drawback claim is made

The importer does not claim drawback under any other provisions of this Act; and

(d) Activities carried out after importation

- (i) The goods are exported; or
- (ii) The importer relinquishes his title to the goods and abandons them to customs; or
- (iii) Such goods are destroyed or rendered commercially valueless in the presence of the proper officer, in such manner as may be prescribed and within a period not exceeding 30 days from the date on which the proper officer makes an order for the clearance of imported goods for home consumption under section 47.

An application for refund of duty shall be made before the expiry of 6 months from the relevant date in such form and in such manner as may be prescribed

Note:

- (1) However, the period of 30 days may, on sufficient cause being shown, be extended by the Commissioner of Customs for a period not exceeding three months.
- (2) No refund under section 26 is allowed in respect of perishable goods and goods which have exceeded their shelf life.

3. Relevant Date

Relevant date in case of filing refund claim may be any one of the following:

- ⊙ Let export order issued or
- ⊙ Date of abandonment or
- ⊙ Date of destruction of goods as the case may be.

4. Claim for Refund of Duty

Claim for Refund of duty (Section 27 of the Customs Act, 1962)

Section 27 of the Customs Act, 1962 deals with refund of duty paid on imported or exported goods in excess of what was actually payable. Sometimes, such excess payment of duty may be due to shortage/short landing, pilferage of goods or even incorrect assessment of duty by Customs. In such cases, any excess interest has been paid by the importer or exporter can also be claimed for refund.

5. Consequence if duty involved is less than ₹ 100

No refund and recovery if the amount of customs duty involved is less than ₹100:

Third proviso to section 27(1) of Customs Act, provides that where the amount of refund claimed is less than ₹100, the same shall not be refunded. In other words, there would be no refund if the amount of customs duty involved is less than ₹100. (w.e.f. 10.05.2013)

A refund claim can be made u/s 27 if the payment of higher duty and interest in ignorance of a notification which allowed payment of duty at a concessional rate even if there was no assessment order and the payment u/s 27(i) has not been made pursuant to an assessment order. Section 27(ii) covers those classes of cases where the duty is paid by a person without an order of assessment. It means a refund claim can be filed under section 27 of the Customs Act, 1962 even if the payment of duty has not been made pursuant to an assessment order [**Aman Medical Products Ltd. v CCus., Delhi 2010 (250) ELT 30 (Del.)**].

Attested Xerox copy of the GAR-7 Challan sufficient for claiming refund:

Refund claim CAN NOT BE DENIED purely on a technical contention that the assessee had produced the attested copy of GAR-7 (earlier TR-6) challan and not the original of the GAR-7 challan. Also, as per clarification issued vide F. No. 275/37/2K-CX.8A, dated 2-1-2002, a simple letter from the person who made the deposit, requesting for return of the amount, along with the appellate order and attested Xerox copy of the Challan in Form GAR-7 would suffice for processing the refund application. [Narayan Nambiar Meloths v CCus. 2010 (251) ELT 57 (Ker)].

6. Time Limit for claiming refund

Person claiming refund	Time limit for claiming refund	Remarks
Individual – imported goods for his personnel use, Government or Any educational institutions or Any research institutions or Charitable institutions or hospitals	Application for refund can be made before the expiry of ONE year from the date of payment of duty and interest	The application for refund in duplicate has to be filed before the Assistant Commissioner or Dy. Commissioner of Customs.
Individual – for business use Companies or Firm etc.	Application for refund can be made before the expiry of ONE year (w.e.f. 8-4-2011) from the date of payment of duty and interest	The application for refund in duplicate has to file before the Assistant Commissioner or Dy. Commissioner of Customs.

7. Interest on delayed refunds

As per section 27A of the Customs Act, 1962, if the refund ordered is not paid within 3 months from the date of receipt of refund application by the Assistant Commissioner or Deputy Commissioner of Customs, then the department is liable to pay interest at the rate of 6% p.a. (i.e. interest is liable to be paid after expiry of three months from the date of receipt of the application for refund).

8. Differences between section 26 and section 27

Few differences between section 26 and section 27 of the Customs Act, 1962:

Section 26 deals with refund of export duty whereas Section 27 deals with refund of any export duty, import duty interest paid thereon.

Refund of duty under section 26 is allowed on account of satisfying certain conditions whereas refund under section 27 is allowed only when duty paid in excess of normal duty.

Refund is payable to the exporter who paid the duty under section 26 whereas refund is payable to the importer who paid the duty or to the buyer by whom the duty was borne.

Chartered Accountant Certificate not sufficient to claim refund under section 27:

As per section 27 of the Customs Act, 1962 the importer to produce such documents or other evidence, while seeking refund, to establish that the amount of duty in relation to which such refund is claimed, has not been passed on by him to any other person.

However, if importer had not produced any document other than the certificate issued by the Chartered Accountant to substantiate its refund claim.

In the given case Madras High Court held that, the certificate issued by the Chartered Accountant was merely a piece of evidence acknowledging certain facts. It would not automatically entitle a person to refund in the absence of any other evidence. Hence, the importer could not be granted refund merely on the basis of the said certificate [CCus., Chennai v BPL Ltd. 2010 (259) ELT 526 (Mad)].

9. Computation of Time Period of Limitation

The period of limitation of one year for the purpose of refund of duty under section 27(1B) shall be computed in the following manner, namely:

- (a) In the case of goods which are exempt from payment of duty by a special order issued under section 25(2) of the Custom Act, the limitation of one year shall be computed from the date of issue of such order;
- (b) Where the duty becomes refundable as a consequence of any judgment, the limitation of one year shall be computed from the date of such judgment.
- (c) Where any duty is paid provisionally under section 18, the limitation of one year shall be computed from the date of adjustment of duty after the final assessment thereof or in case of re-assessment, from the date of such re-assessment.

Amendment to Section 27 – Refund Limitation Period

What Changed

Section 27 (which governs refund claims) was amended to clarify the limitation period in cases where refunds arise due to:

- Revised entries under new Section 18A, or
- Amendments made under Section 149 (post-export adjustments).

The time for claiming refunds in such cases is defined to be one year from the date of payment of duty or interest.

Amendment to Section 28 – Relevant Date for Refund

What Changed

Section 28 (which defines the relevant date for refunds) was amended so that:

- In cases where duty is paid based on a revised entry under Section 18A, the relevant date for refund claim is the date of payment of duty or interest.

Most amendments (Section 18 time limits, Section 18A and associated changes) were notified as part of the Finance Act, 2025, and have been progressively operationalised starting from 1 May 2025, with regulations and procedures such as those under Section 18A taking effect by 1 November 2025

10. Refund of customs duties can be recollected in the following table:



11. Form and manner of filing application for refund

- (1) An application for refund shall be made in the prescribed Form appended to these regulations in duplicate to the Assistant Commissioner of Customs or Deputy Commissioner of Customs, having jurisdiction over the Customs port, Customs airport, land customs station or the warehouse where the duty of customs was paid.
- (2) The application shall be scrutinised for its completeness by the Proper Officer and if the application is found to be complete in all respects, the applicant shall be issued an acknowledgement by the Proper Officer in the prescribed Form appended to these regulations within ten working days of the receipt of the application.
- (3) Where on scrutiny, however, the application is found to be incomplete, the Proper Officer shall, within ten working days of its receipt, return the application to the applicant, pointing out the deficiencies. The applicant may resubmit the application after making good the deficiencies, for scrutiny.

Explanation: For the purposes of payment of interest under section 27A of the Act, the application shall be deemed to have been received on the date on which a complete application, as acknowledged by the Proper Officer, has been made.

1. Processing of refund claim:

The application of refund found to be complete in all respects by Customs, is processed to see if the whole or any part of the duty and interest paid by the applicant is refundable. In case, the whole or any part of the duty and interest is found to be refundable, an order for refund is passed. However, in view of the provisions of unjust enrichment enshrined in the Customs Act, the amount found refundable has to be transferred to the Consumer Welfare Fund. Only in following situations, the amount of duty and interest found refundable, instead of being credited to the Consumer Welfare Fund, is to be paid to the applicant:

- a. if the importer has not passed on the incidence of such duty and interest to any other person;
- b. if imports were made by an individual for his personal use;

- c. if the buyer who has borne the duty and interest, has not passed on the incidence of such duty and interest to any other person;
- d. if amount found refundable relates to export duty paid on goods which has returned to exporter as specified in section 26;
- e. if amount relates to drawback of duty payable under section 74 and 75;
- f. if the duty or interest was borne by a class of applicants which has been notified for such purpose in the Official Gazette by the Central Government.

2. Interest on delayed refund:

- a. The Customs has to finalize refund claims immediately after receipt of the refund application in proper form along-with all the documents. In case, any duty ordered to be refunded to an applicant is not refunded within 3 months from the date of receipt of application for refund, an interest @ 15% is to be paid to the applicant. The interest is to be paid for the period from the date immediately after the expiry of 3 months from the date of receipt of such application till be date of refund of such duty. For the purpose of payment of interest, the application is deemed to have been received on the date on which a complete application, as acknowledged by the proper officer of Customs, has been made.
- b. Where any order of refund is made by the Commissioner (Appeals), Appellate Tribunal or any Court against an order of the Assistant Commissioner/Deputy Commissioner of Customs, the order passed by the Commissioner (Appeals), Appellate Tribunal or by the Court, as the case may be is deemed to be an order for the purpose of payment of interest on delayed refund.
- c. The interest on delayed refund is payable only in respect of delayed refunds of Customs duty and no interest is payable in respect of deposits such as deposits for project imports, security for provisional release of goods etc.

Solved Case: Case 1:

Facts of the case:

Krish Flame Ltd., imported during May 2025, by sea, a consignment of metal scrap weighting 3,000 M.T. (metric tonne) from U.K. They filed a bill of entry for home consumption and the Assistant Commissioner of Customs passed an order for clearance of goods, and applicable duty was also paid. The importer thereafter found on taking delivery from the port trust authorities, that only 2,500 M.T. of scrap were available at the docks although they had paid duty for the entire 3,000 M.T., since there was no short landing of cargo. The short-delivery of 500 M.T. was also substantiated by the Port-Trust Authorities, who gave a “weightment certificate” to the importer.

On filing a representation to the Customs Department, the importer has been directed in writing to justify as to which provision of the Customs Act, 1962 governs their claim for restoration of duty on 500 M.T. scrap not delivered by Port-Trust. You are approached by the importer as “counsel” for an opinion or advice. Examine the issues and tender your opinion as per law, giving reasons.

Decision:

In the given case it is clear that 500 M.T. scrap has been lost while in custody of the Port-Trust and the weightment certificate also substantiate the fact of loss.

Hence, the assessee or importer intimate the Department by a representation about the facts and legal position supra, justifying their claim for refund or restoration of duty under Section 23 of the Customs Act, 1962 (i.e. Section 23 deals with those cases where goods are lost after the proper officer has made an order for home consumption,

but before the goods are cleared by the importer, such as in the instant case) read with Section 27 of the Customs Act, 1962, which deals with general refunds.

Case 2:

Facts of the case:

Pipa Industries Ltd. imported copper scrap for using it as raw material in the manufacture of copper oxy-chloride. It cleared the imported goods by paying the applicable customs duties including additional customs duty. However, on coming to know that imported copper scrap was exempt from payment of additional customs duty under Notification, it filed an application for refund of the same. The refund claim was rejected on the ground of unjust enrichment. The contention of the company is that the doctrine of 'unjust enrichment' is not applicable in case of captive consumption of imported material. Discuss the validity of the contention of the company in the light of the decided case law, if any.

Decision:

As per the Hon'ble Supreme Court of India in the case of Union of India (UOI) v Solar Pesticide Pvt. Ltd. (2000) (SC), the doctrine of unjust enrichment is attracted even if the incidence of duty is passed on to another person indirectly as in the case of captive consumption of imported materials. Refund of import duty is made to the importer provided he has not passed on the incidence of duty to any other directly or indirectly (Section 27(2) of the Customs Act, 1962).

In the given case Pipa Industries Ltd. imported copper scrap by paying customs duties, not allowed as refund under said notification even though imported goods are used for captive consumption. It means to say that the principle of unjust enrichment applies even in the case of captive consumption of goods.

Therefore, contention of Pipa Industries Ltd. is not valid in law.

Case 3:

Facts of the case:

Importer imported "Kari Mayer High Speed Draw Warping Machine" claimed exemption notification.

Department contended that exemption notification is for "High Speed Warping Machine" but not for Drawing Unit.

Importer further stated that as per opinion of the expert (i.e. Textile Commissioner) the goods imported are covered under Exemption Notification.

Decision:

Commissioner of Customs (Import) v Konkan Synthetic Fibres 2012(278) ELT 37 (SC):

When no statutory definition was provided in respect of an item in the Customs or Central Excise the opinion of the expert cannot be ignored, rather it should be given due importance.

Decision is in favour of the importer and against the department

Case 4:

Facts of the case:

The importer entered into contract for supply of crude sunflower seed oil U.S. \$ 435 C.I.F./Metric ton. Under the contract, the consignment was to be shipped in the month of May 2025. The period was extended by mutual agreement and goods were shipped on 5th August 2025 at old agreed prices.

In the meanwhile, the international prices had gone up due to volatility in market, and other imports during August 2025 were at higher prices.

Department sought to increase the assessable value on the basis of the higher prices as contemporaneous imports.

Decide whether the contention of the department is correct. You may refer to decided case law, if any, for your decision.

Decision:

Commissioner of Cus., Vishakhapatnam v Aggarwal Industries Ltd. 2011 ELT 641 (SC):

Decision: No. Department view is not correct.

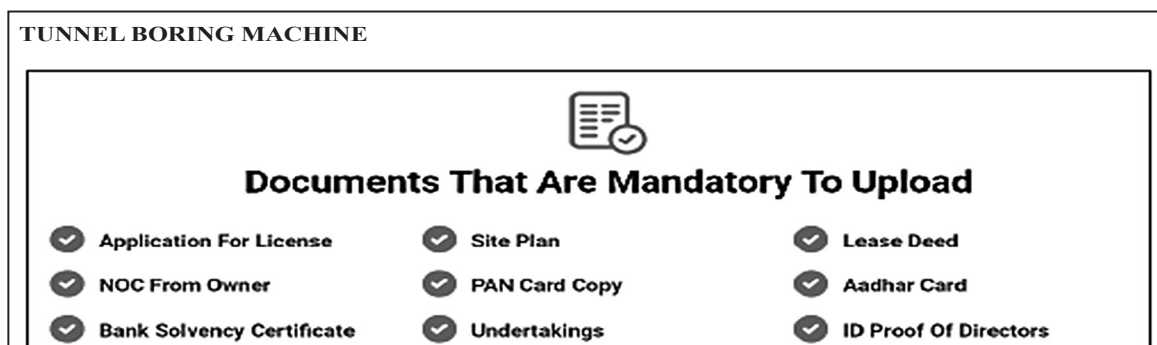
It is true that the commodity involved had volatile fluctuations in its price in the international market, but having delayed the shipment; the supplier did not increase the price of the commodity even after the increase in its price in the international market. There was no allegation of the supplier and importer being in collusion.

Thus, the appeal was allowed in the favour of the respondent-assessee.

Case 5:

Facts of the case:

The petitioners imported tunnel boring machines which were otherwise fully exempt from customs duty. However, owing to erroneous classification of such machines, they paid large amount of customs duty.



After expiry of more than 3 years, the petitioners filed a writ petition claiming the refund of the amount so paid. The said refund claim was rejected on the ground that the petitioners failed to make a proper application of refund under section 27 of the Customs Act, 1962 within the stipulated period of 1 year of payment of duty.

Decision: The High Court held that law of limitation under section 27 of the Customs Act, 1962 is applicable to duty or interest paid under the Act. However, any sum paid into the exchequer by the assessee is not duty or excess duty but is simply money paid into the account of Government. Therefore, the assessee is entitled to refund of the sum paid by it to the customs authorities [Parimal Ray v CCus. 2015 (318) ELT 379 (Cal)].

Trade Facilitation Measures

25

This Module Includes

25.1 Introduction

25.2 Indian Customs Trade Facilitation Measures

Trade Facilitation Measures

SLOB Mapped against the Module

1. To acquire adequate knowledge relating to valuation and duty calculation, remission and refund under Customs Act and Rules.
2. To facilitate strategic decision making by appropriate management of various indirect tax issues.

Module Learning Objectives

After studying this module, the students will be able to:

- ⦿ Understand need of Trade Facilitation
- ⦿ Explain Trade Facilitation Measures

In a globalized world where goods often cross borders many times as both intermediate and final products, trade facilitation helps lower overall trade costs and increase economic welfare, for developing and emerging economies. Trade facilitation efforts, such as simplifying required paperwork, modernizing procedures, and harmonizing customs requirements, can slash the costs and time needed to export and import goods. Reductions in time and costs to trade can thus make the difference between a country seamlessly linking up to an integrated global production chain or being left on the margins of a big part of world trade. Moreover, amid a global slowdown in trade, easing trade processes can provide a critical boost to international trade and the global economy.

In 2013, members of the World Trade Organization (WTO) finalised negotiations of the WTO Trade Facilitation Agreement (TFA), which set multilateral rules that seek to address specific procedural hurdles in order to facilitate trade procedures. The TFA entered into force in 2017, and represents a significant opportunity for countries to reap the economic benefits from improving the speed and efficiency of border procedures.

Accordingly, National Committee on Trade Facilitation (NCTF) has been constituted for implementation of WTO Trade Facilitation agreement. As a result steps taken by Indian Customs for ensuring “Ease of Doing Business”. Various trade facilitation measures have been taken by Indian Customs in recent times.

Indian Customs Trade Facilitation Measures

25.2

Various trade facilitation measures have been taken by Indian Customs in recent times. Some of the major initiatives include:

1. Facility of deferred payment
2. Introduction of Revised Authorised Economic Programme(AEO)
3. Relaxation in Insurance cover/Bond/BG
4. Setting Up of Customs Clearance Facilitation Committee (CCFC)
5. Amendments in Warehousing provisions for introducing record based controls
6. Indian Customs Single Window Project –Online message exchange
7. Reduction in mandatory documents for imports and exports
8. Adoption of Digital Signature:
9. 24×7 Customs Clearance
10. Abolition of Mate Receipt
11. Reducing/eliminating printouts in Customs Clearance
12. The Courier Imports and Exports (Clearance) Amendment Regulations,2016
13. Import Data Processing and Management System (IDPMS)
14. Email notification
15. Single Window Interface for Facilitation of Trade has now been extended to Export
16. Roll Out of Express Cargo Clearance System (ECCS) at Courier Terminal, Sahar Mumbai
17. Ease of doing business
18. Streamlining of process of Arrival Manifest or Import Manifest amendment for import through sea.

Trade Facilitation Measures are elaborated here under:

1. Facility of deferred payment:

Customs, Deferred Payment of Import Duty Rules, 2016 have been notified to come into effect from 16.11.2016. Further, importers certified under Authorised Economic Operator (AEO) Programme (Tier-Two) and (Tier-Three) respectively have been notified for availing the benefit of these Rules.

It is based on the principle 'Clear first-Pay later'. As a part of the ease of doing business focus of the Government of India, the Central Board of Indirect Taxes and Customs (CBIC) has rolled out the AEO (AUTHORIZED ECONOMIC OPERATOR) programme. This scheme is in force w.e.f. 16 Nov 2016. AEO means Authorised Economic Operator certified by the Directorate General of Performance Management under CBIC.

Eligible importers:

This benefit is currently being extended to importers holding AEO T-2 or T-3 status.

AEO-T2 CERTIFICATE: This certificate may be granted only to an importer or to an exporter. For the purpose of this certificate, the economic operator should fulfil the criteria set out by the Board.

AEO-T3 CERTIFICATE: This certificate may be granted only to an importer or to an exporter. For the purpose of this certificate, the economic operator must have continuously enjoyed the status of AEO-T2 for at-least a period of two years preceding the date of application for grant of AEO-T3 status or the economic operator must be an AEO-T2 certificate holder, and its other business partners namely importers or exporters, Logistics service providers, Custodians/Terminal operators, Customs Brokers and Warehouse operators are holders of AEO-T2 or AEO-LO certificate or any other equivalent AEO certificate granted by a foreign Customs.

Note: For the economic operators other than importers and the exporters, the new programme offers only one tier of certification (i.e. AEO-LO) whereas for the importers and the exporters, there will be three tiers of certification (i.e. AEO-T1, AEO-T2 and AEO-T3).

Intimation about intent to avail benefit of notification:

An eligible importer who intends to avail the benefit of deferred payment shall intimate to the Principal Commissioner of Customs or the Commissioner of Customs, as the case may be, having jurisdiction over the port of clearance, his intention to avail the said benefit.

Once, Customs Authority satisfied with the eligibility of the importer allow him to pay the duty by due dates.

Registration to pay duty under deferred payment scheme:

Every importer certified as AEO-T2/AEO-T3 shall obtain ICE GATE (Indian Customs Electronic Commerce/ Electronic Data interchange (EC/EDI) Gateway) Login which is essential to avail benefits envisaged in the Duty Deferment Scheme.

Electronic payment of duty:

The eligible importer shall pay the duty electronically: However, the Assistant/Deputy Commissioner of Customs may for reasons to be recorded in writing, allow payment of duty by any mode other than electronic payment.

Deferred payment not to apply in certain cases:

If there in default in payment of duty by due date more than once in three consecutive months, this facility of deferred payment will not be allowed unless the duty with interest has been paid in full.

The benefit of deferred payment of duty will not be available in respect of the goods which have not been assessed or not declared by the importer in the bill of entry.

The same has been amended to further provide that the eligible importer shall be permitted to make the deferred payment if he has—

- (i) paid the duty for a bill of entry within due date and
- (ii) paid the differential duty for the same bill of entry along with the interest on account of reassessment within one day (excluding holidays).

[Notification No.58/2023-Cus (N.T.) dated 03.08.2023]

Due dates for payment of duty:

The eligible importer has to pay the duty by the dates mentioned below inclusive of the period (excluding holidays) as mentioned in section 47(1):—

1st to 15th day of any month	16th day of that month
16th day till the last day of any month other than March	1st day of the following month
16th day till the 31st day of March	31st March

The said rules have been amended to further provide that where the Central Government considers it necessary and expedient, it may, under exceptional circumstances, and for reasons to be recorded in writing, allow payment to be made on a different due date (vide Notification No. 58/2023-Cus Dt.03.08.2023)

Section 51A of the Customs Act, 1962, Payment of duty, interest, penalty, etc.—

- (1) Every deposit made towards duty, interest, penalty, fee or any other sum payable by a person under the provisions of this Act or under the Customs Tariff Act, 1975 (51 of 1975) or under any other law for the time being in force or the rules and regulations made thereunder, using authorised mode of payment shall, subject to such conditions and restrictions, be credited to the electronic cash ledger of such person, to be maintained in such manner, as may be prescribed.
- (2) The amount available in the electronic cash ledger may be used for making any payment towards duty, interest, penalty, fees or any other sum payable under the provisions of this Act or under the Customs Tariff Act, 1975 (51 of 1975) or under any other law for the time being in force or the rules and regulations made thereunder in such manner and subject to such conditions and within such time as may be prescribed.
- (3) The balance in the electronic cash ledger, after payment of duty, interest, penalty, fee or any other amount payable, may be refunded in such manner as may be prescribed.
- (4) Notwithstanding anything contained in this section, if the Board is satisfied that it is necessary or expedient so to do, it may, by notification, exempt the deposits made by such class of persons or with respect to such categories of goods, as may be specified in the notification, from all or any of the provisions of this section.]

Phased implementation of Electronic Cash Ledger (ECL) w.e.f. 1-4-2023 section 51A of Customs Act, 1962:-

Section 51A(4) provides that CBIC may by notification exempt certain deposits to which provisions of Electronic Cash Ledger will not be applicable. Accordingly, in the first phase from 01.04.2023 till 30.04.2023, CBIC has exempted following deposits from the payment of electronic cash ledger under section 51A of the Customs Act, 1962.

Exemption of deposits under Section 51A of Customs Act, 1962 till 30.11.2023:-

- (i) with respect to goods imported or exported in customs stations where customs automated system is not in place;
- (ii) with respect to accompanied baggage;
- (iii) with respect to goods imported or exported at international courier terminals;
- (iv) other than those used for making electronic payment of:
 - (a) any duty of customs, including cesses and surcharges levied as duties of customs;
 - (b) integrated tax;
 - (c) Goods and Service Tax Compensation Cess;
 - (d) interest, penalty, fees or any other amount payable under the said Act, or the Customs Tariff Act, 1975.

In the second phase, from 01.05.2023, the exemptions cited above would continue, except for the deposits with respect to goods imported or exported at international courier terminals (Notification No. 18/2023 and 19/2023 Cus dated 30.03.2023 and Notification No, 69/2023 Cus. Dated 27.09.2023)

Phased implementation of Electronic Cash Ledger (ECL) in Customs - Section 51A of the Customs Act, 1962 [vide Notification No 05-06/2024 Cus (NT) both dated 19.01.2024]:

The Electronic Cash Ledger (ECL) functionality is covered in section 51A of the Customs Act, 1962. It provides enabling provision whereby the importer, exporter or any person liable to pay duty, fees etc., under the Customs Act, 1962 has to make a non-interest-bearing deposit with the Government for the purpose of payment. Section 51A(4) provides that CBIC may by notification exempt certain deposits to which provisions of the Electronic Cash Ledger will not be applicable. Accordingly, CBIC has exempted following deposits from all of the provisions of section 51A of the Customs Act till 29.02.2024-

- (i) with respect to goods imported or exported in customs stations where customs automated system is not in place;
- (ii) with respect to goods imported or exported at international courier terminals (In next phase, from 01.03.2024, the exemptions cited above would continue, except for the deposits with respect to goods imported or exported at International Courier Terminals. In other words, payments relating to Courier shipments would be required to be done through ECL from 01.03.2024 onwards.);
- (iii) with respect to accompanied baggage;
- (iv) other than those used for making electronic payment of:
 - a. any duty of customs, including cesses and surcharges levied as duties of customs;
 - b. Integrated Goods and Services Tax (IGST);
 - c. GST Compensation Cess;
 - d. interest, penalty, fees or any other amount payable under the Act, or Customs Tariff Act, 1975.

The phased introduction of ECL is aimed at leveraging technology and reforming the payment process, inter-alia related to clearance of goods as the deposit may be held in ECL by the trade for making subsequent transaction-wise payments of various types. This has potential to easing compliance in numerous ways.

2. Introduction of Revised Authorised Economic Programme(AEO):

As a further step towards trust based compliance, Indian Customs has introduced the new Authorised Economic Operator(AEO) Programme wherein extensive benefits, including greater facilitation and self certification, have been provided to those entities who have demonstrated strong internal control system and compliance with CBIC.

3. Relaxation in Insurance cover/Bond/BG:

Requirement of Insurance cover to be taken by Customs Cargo Service Providers (CCSP) in respect of goods stored in Customs Areas has been brought down from 30 days to 10 days. Similarly, requirement of submitting a Bond equal to the value of imported goods stored in a Customs Area for a period of 30days has been brought down to 10 days. Due to this measure, the Bank Guarantee (BG) amount to be tendered was linked to duty of goods likely to be stored for 30 days. By reducing the period to 10 days, the BG amount would also come down thereby, reducing the transaction cost.

4. Setting Up of Customs Clearance Facilitation Committee (CCFC):

High level administrative Committee i.e. 'Customs Clearance Facilitation Committee' (CCFC) has been set-up at every major Customs seaport and airport under the chairmanship of Chief Commissioner of Customs/

Commissioner of Customs. Its membership includes the senior-most functionary of all the departments/agencies/ stakeholder at the particular seaport/airport. CCFCs have now been ordered to be set up for ICDs and Land Customs Stations.

5. Amendments in Warehousing provisions for introducing record based controls:

The department has made significant amendments in warehousing provisions to leverage the benefits of automation for facilitating trade and to enable the department to monitor the permitted period for which goods remain in the warehouse. The amended provisions provide a single point for the importer or owner to seek extension of the warehousing period and pay duties online.

6. Indian Customs Single Window Project – Online message exchange:

Indian Customs has introduced SWIFT (Single Window Interface for Facilitating Trade) for ensuring ease of doing business. Under Indian Customs Single Window Project, the importers electronically lodge their Customs clearance documents at a single point only with the Customs. The required permission, if any, from other regulatory agencies (such as Animal Quarantine, Plant Quarantine, Drug Controller, Textile Committee etc.) is obtained online without the importer/exporter having to separately approach these agencies. Benefits of Single Window Scheme include:

- (a) Reduced cost of doing business;
- (b) Enhances transparency;
- (c) Integration of regulatory requirements at one common platform reduces duplicity and cost of compliance;
- (d) Optimal utilization of man power;

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- (i) CBIC has taken-up the task of implementing ‘Indian Customs Single Window Project’ to facilitate trade. This project envisages that the importers and exporters would electronically lodge their Customs clearance documents at a single point only with the Customs.
- (ii) The required permission, if any, from Partner Government Agencies (PGAs) such as Animal Quarantine, Plant Quarantine, Drug Controller, Food Safety and Standards Authority of India, Textile Committee etc. would be obtained online without the importer/exporter having to separately approach these agencies.
- (iii) This would be possible through a common, seamlessly integrated IT systems utilized by all regulatory agencies, logistics service providers and the importers/exporters. The Single Window would thus provide the importers/exporters a single point interface for clearance of import and export goods thereby reducing dwell time and cost of doing business.
- (iv) This online clearance under Single Window Project has been rolled out at main ports and airports in Delhi, Mumbai, Kolkata and Chennai so far. It will be gradually extended across the country.
- (v) CBIC has since developed the ‘Integrated Declaration’, under which all information required for import clearance by the concerned government agencies has been incorporated into the electronic format of the Bill of Entry.
- (vi) The Customs Broker or Importer shall submit the “Integrated Declaration” electronically to a single-entry point, i.e. the Customs Gateway (ICEGATE). Separate application forms required by different PGAs would be dispensed with.
- (vii) The Integrated Declaration will be applicable for consignments to be cleared under the Indian Customs

EDI Systems. For the clearance of imported goods in the manual mode, separate documents prescribed by the respective agencies will continue to apply.

- (viii) Apart from incorporating such forms, the Integrated Declaration will also include different types of undertakings, declarations, and letters of guarantee that are presently required to be submitted on company letter heads.
- (ix) Upon filing of the Integrated Declaration, the bill of entry will automatically be referred to concerned agency, if required, based on risk. The system has been modified to enable simultaneous processing of bill of entry by PGA and Customs. The Integrated Declaration has become effective from 1st April, 2016. [Circular No. 10/2016-Cus., dated 15.03.2016].

Consequently, w.e.f. 01.04.2016, in the Bill of Entry (Electronic Declaration) Regulations, 2011, the term Electronic Declaration has been substituted with the term, Electronic Integrated Declaration vide **Notification No. 45/2016 Cus (NT) dated 01.04.2016**.

Overall view:

Integrated Declaration under Indian Customs Single Window Project w.e.f. 1-4-2016



7. Reduction in mandatory documents for imports and exports:

In order to simplify procedures to facilitate genuine trade, CBIC has reduced the number of mandatory documents and prescribed only three mandatory documents for general import/export. Packing list and commercial invoice has been merged into a single document for Customs purposes. Also Self Declaration Form (SDF) required to be submitted along with shipping bill (export declaration) is no longer required. However, for import and export of special nature under preferential agreements etc, other documents may be required to be submitted by the importer/exports.

8. Adoption of Digital Signature:

In order to encourage paper less working and dispense with the requirement of physical submission of documents 'Digital Signature' has been introduced for importers, exporters, airlines, shipping lines etc

9. 24x7 Customs Clearance:

CBIC introduced the facility of 24x7 Customs clearance in the year 2012 for 'facilitated' Bills of Entry and factory stuffed containers and goods exported under free Shipping Bills at 19 sea ports and 17 air cargo complexes. The 24X7 Customs clearances have now been extended to all Bills of Entry (and not just facilitated Bills of Entry) at 19 seaports and 17 Air Cargo Complexes. Further, no Merchant Overtime

(MOT) charges are required to be collected in respect of the services provided by the Customs officers at 24×7 Customs Ports and Airports.

10. Abolition of Mate Receipt:

With the automation of Customs procedures, manual issuance of mate receipt for containerized cargo has become redundant and therefore dispensed with.

11. Reducing/eliminating printouts in Customs Clearance:

With the aim of ease of doing business and promoting paperless clearance, Board has decided to do away with routine printouts of several documents including GAR 7 Forms/ TR 6 Challans, TP copy, Exchange Control Copy of Bill of Entry and Shipping Bill, and Export Promotion copy of Shipping Bill.

12. The Courier Imports and Exports (Clearance) Amendment Regulations, 2016:

Several reforms have been initiated in Courier regulations including liberalization of norms for outsourcing and Courier Shipping Bill (CSB) form.

13. Import Data Processing and Management System (IDPMS):

IDPMS has been jointly launched with RBI to facilitate efficient data processing for payment of imports and effective monitoring.

14. Email notification service:

Email facilitation services to importers for all important stages related to import clearances has been initiated.

15. Roll Out of Express Cargo Clearance System (ECCS):

Express Cargo Clearance System (ECCS), an automation programme, doing away the manual filing of documents for clearance of Courier parcels, gifts and documents has been made on pilot basis. The ECCS would carry out automated assessment and clearance under Courier Imports and Exports (Electronic Declaration & Processing) Regulations, 2010.

16. Ease of doing business:

As per Finance Act, 2021, Section 46(3), The importer shall have to present the bill of entry u/s 46(1) of the Customs Act, 1962 before the end of the day (including holidays) preceding the day on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or for warehousing.

Time limit for submission of Bill of Entry (B.E.): It may be noted that, the existing provision that a BE may be presented upto 30 days prior to the expected arrival of the aircraft or vessel or vehicle carrying the imported goods continues. Thus, with certain exceptions, as notified, the BE can now be filed anytime from 30 days prior to the expected arrival of the aircraft or vessel or vehicle upto the end of day preceding the day of such arrival.

17. Streamlining of process of Arrival Manifest or Import Manifest amendment for import through sea:

For streamlining and simplifying the process of Arrival Manifest or Import Manifest amendment in case of goods imported through sea route, Board has issued fresh guidelines for arrival manifest amendment in order to ensure that all requests for amendment in arrival manifest are disposed off within prescribed time limits. Further, all requests for minor amendments shall be decided administratively without recourse to adjudication or levy of penalty.

Provided further that where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for the late presentation of the bill of entry as may be prescribed.