CHAPTER 5

IMPORTATION AND EXPORTATION OF GOODS



LEARNING OUTCOMES

After studying this chapter, you would be able to:

- comprehend the statutory provisions pertaining to importation and exportation.
- comprehend the duties and obligations of a person-in-charge of a conveyance bringing goods into or taking goods out of India.
- understand and apply the procedure for clearance of imported goods and export goods.
- understand the provisions relating to postal articles and stores.
- Understand and apply the procedures relating to clearance of baggage.
- analyse the statutory provisions pertaining to transit and transhipment and appreciate the difference between the two.

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CHAPTER OVERVIEW

Importation	**Statutory Provisions**	**Procedure for clearance of imported goods**
Exportation	**Procedure for clearance of export goods**	**Procedure for postal articles**
Special provisions relating to stores	**Special procedures relating to clearance of baggage**	**Transit and Transhipment**

1. INTRODUCTION

The principles governing levy and exemption from customs duties have already been discussed in the previous chapters. There are various procedures under the Customs Act which govern assessment, collection, transportation and other important aspects. The procedures relating to assessment and collection of customs duty are discussed in this chapter.



The provisions relating to transportation are well understood when studied with the importation and exportation procedures since both chapters are governed by the same legal provisions. Hence the procedures relating to transportation have been covered in the current chapter under the relevant headings.

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2. IMPORTATION

In this chapter, we will consider the procedure for assessment and collection of customs duty in respect of the following six situations of imports:



1. Goods imported by Sea
2. Goods imported by Air
3. Goods imported by Land
4. Goods imported by Post ***or courier***
5. Goods imported by passengers as their baggage
6. Ship stores considered to be imported and charged to customs duty

Special provisions have been made in respect of the latter three kinds of imports though they will necessarily be covered in one of the three earlier categories.

3. DEFINITIONS OF IMPORTANT TERMS

Adjudicating authority [Section 2(1)]:means any authority competent to pass any order or decision under this Act, but does not include the Board, Commissioner (Appeals) or Appellate Tribunal. The adjudicating authority can adjudicate demand of customs duty, confiscation and penalties under Customs Act.

Assessment [Section 2(2)]:"Assessment"means determination of the dutiability of any goods and the amount of duty, tax, cess or any other sum so payable, if any, under this Act or under the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act) or under any other law for the time being in force, with reference to —

(a) the tariff classification of such goods as determined in accordance with the provisions of the Customs Tariff Act;

(b) the value of such goods as determined in accordance with the provisions of this Act and the Customs Tariff Act;

(c) exemption or concession of duty, tax, cess or any other sum, consequent upon any notification issued therefor under this Act or

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under the Customs Tariff Act or under any other law for the time being in force;

(d) the quantity, weight, volume, measurement or other specifics where such duty, tax, cess or any other sum is leviable on the basis of the quantity, weight, volume, measurement or other specifics of such goods;

(e) the origin of such goods determined in accordance with the provisions of the Customs Tariff Act or the rules made thereunder, if the amount of duty, tax, cess or any other sum is affected by the origin of such goods;

(f) any other specific factor which affects the duty, tax, cess or any other sum payable on such goods,

and includes provisional assessment, self-assessment, reassessment and any assessment in which the duty assessed is nil.

- **Baggage [Section 2(3)]:** includes unaccompanied baggage but does not include motor vehicles.
- **Beneficial owner[Section 2(3A)]:**"Beneficial owner" means any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported.
- **Bill of entry [Section 2(4)]:**means a bill of entry referred to in section 46.
- **Bill of export [Section 2(5)]:** means a bill of export referred to in section 50to be filed when goods are exported *via*land route.
- **Coastal goods [Section 2(7)]:**means goods, other than imported goods, transported in a vessel from one port in India to another.
- **Conveyance [Section 2(9)]:** includes a vessel, an aircraft and a vehicle.
- **Customs airport [Section 2(10)]:** "customs airport" means any airport appointed under clause (a) of Section 7 to be a customs airport and includes a place appointed under clause (aa) of that section to be an air freight station.

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- **Customs area [Section 2(11)]:**"customs area" means the area of a customs station or a warehouse and includes any area in which imported goods or export goods are ordinarily kept before clearance by customs authorities.
- **Customs port [Section 2(12)]:** means any port appointed under clause (a) of section 7 to be a customs port and includes a place appointed under clause (aa) of that section to be an inland container depot.
- **Customs Station [Section 2(13)]:** means any customs port, customs airport, international courier terminal, foreign post office or land customs station.
- **Dutiable goods: [Section 2(14)]** means any goods:-

  (a) which are chargeable to duty and

  (b) on which duty has not been paid.
- **Entry [Section 2(16)]:**in relation to goods means an entry made in a bill of entry, shipping bill or bill of export and includes the entry made under the regulations made under section 84.
- **Exporter [Section 2(20)]: "**Exporter", in relation to any goods at any time between their entry for export and the time when they are exported, includes any owner, beneficial owner or any person holding himself out to be the exporter.
- **Foreign Post Office [Section 2(20A)]:** means any post office appointed under clause (e) of sub-section (1) of section 7 to be a foreign post office.
- **Foreign going vessel or aircraft: [Section 2(21)]** means any vessel or aircraft for the time being engaged in the carriage of goods or passengers between any port or airport in India and any port or airport outside India, whether touching any intermediate port or airport in India or not

  includes-

  - any naval vessel of any foreign Government taking part in any naval exercise;
  - any vessel engaged in fishing or any other operations outside the territorial waters of India;

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- any vessel or aircraft proceeding to a place outside India for any purpose whatsoever.

Hence, the definition consists of two limbs:-

(a) The first limb applies to the vessel/aircraft for the time being engaged in the carriage of passengers/goods between any port/airport in India and any port/airport outside India.

(b) The second limb covers other vessels which are which are proceeding to a place outside India or engaged in activities outside the territorial waters of India or which are foreign naval vessels taking part in a naval exercise.

Goods: [Section 2(22)] "Goods" includes

(a) vessels, aircrafts and vehicles

(b) stores

(c) baggage

(d) currency and negotiable instruments and

(e) any other kind of movable property.

Import: [Section 2(23)] with its grammatical variations and cognate expressions, means bringing into India from a place outside India.

The definition of imports is not restricted only to commercial imports. It only means bringing of goods from any place outside India into India.

The meaning of import has been one of the most contentious issues in Customs. There are two school of thoughts. One school of thought is that import gets completed when the vessel carrying goods crosses the territorial waters of India. The other school of thought is that the import is complete only when the goods mingle with the landmass of India. Now the settled law is in favour of second school of thought. It has been held in *Garden Silk Mills v. UOI 1999 (113) ELT 358 (SC)*that import of goods into India commences when the goods enter the territorial waters of India, but continue and complete only when the goods become part of mass of goods within the country.

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Arrival manifest or Import manifest or Import report [Section 2(24)]: means the report required to be delivered under section 30. It may be noted that import report is required only when goods are imported *via* land route.

Imported Goods: [Section 2(25)] means any goods brought into India from a place outside India but does not include goods, which have been cleared for home consumption.

Importer: [Section 2(26)]:-"Importer", in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes any owner, beneficial owner or any person holding himself out to be the importer.

The definition of importer includes not only the owner but also any other person holding out to be an importer. Owner is a person who is holding the documents of title to the goods. This will include a high sea buyer.



However, importer also includes any person holding himself to be the importer for purpose of clearance of goods. This is the person who files the import documents.

India: [Section 2(27)] includes the territorial waters of India.

The definition of India is an inclusive definition and includes not only the land mass of India but also the territorial waters of India. The territorial waters extend to 12 nautical miles into the sea from the appropriate base line.

International Courier Terminal [Section 2(28A)]:means any place appointed under clause (f) of sub-section (1) of section 7 to be an international courier terminal.

Person-in-charge: [Section 2(31)]

S.No.	In relation to	Person-in-charge means
1.	vessel	the master of the vessel
2.	aircraft	the commander or the pilot-in-charge of the aircraft

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3.	railway train	the conductor, guard or other person having the chief direction of the train
4.	any other conveyance	the driver or other person-in-charge of the conveyance

- **Prohibited goods [Section 2(33)]:** means any goods the import or export of which is subject to any prohibition under the Customs Act or any other law for the time being in force but does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with.

- **Stores [Section 2(38)]:** means goods for use in a vessel or aircraft and includes fuel and spare parts and other articles of equipment, whether or not for immediate fitting.

  The definition does not cover goods for use in a vehicle.

- **Vehicle [Section 2(42)]:** means conveyance of any kind used on land and includes a railway vehicle.

4. STATUTORY PROVISIONS

From the above, it is seen that import is an act of bringing anything into India from a place outside India and it gets completed once the goods culminate with the land mass of India. Also, goods include Vessels, Aircrafts, Vehicles, Stores, Baggage, Currency, and other movable property. The provisions of procedure for importation of goods are given in section 29 to 38 and 45 to 49 of Customs Act, 1962. The same has been discussed in detail in the subsequent paragraphs.

ARRIVAL OF VESSELS AND AIRCRAFTS IN INDIA [SECTION 29]

This section provides that the person-in-charge of a vessel or an aircraft entering India from any place outside India shall not cause or permit the vessel or aircraft to call or land -

(a) for the first time after arrival in India; or

(b) at any time while it is carrying passengers or cargo brought in that vessel or aircraft;

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at any place other than a customs port or a customs airport, as the case may be, unless permitted by the Board.

In other words, vessels or aircrafts entering India from outside India can only call or land at a customs port or a customs airport. However, the Central Board of Indirect taxes and Customs can permit calling/landing of vessels and aircrafts at any place other than customs port or customs airport. Any contravention of this provision will operate as a presumption against the person-in-charge of conveyance or beneficial owner to have an intention to illegally import goods into India. So, entry of (or attempt to enter) any goods originating from outside India into any place other than customs airport or customs seaport, is barred.

Exception: The above provision is not applicable in relation to any vessel or aircraft, which is compelled by accident, stress of weather or other unavoidable cause to call or land at a place other than a customs port or customs airport. However, the person-in-charge of the vessel has the following obligation cast on him:

1. He will have to report the arrival of the vessel or the landing of the aircraft to the nearest customs officer or officer in charge of police station and produce the log book if demanded.
2. He should not allow any unloading of goods without permission and should not allow any passengers or crews to leave the immediate vicinity of the vessel or aircraft. However, the goods can be removed, or the passengers and crews can be allowed to depart if the same is necessary for reason of health, safety or preservation of life or property.
3. He should comply with all the directions given by such officers with respect to any such goods.

DELIVERY OF ARRIVAL MANIFEST OR IMPORT MANIFEST OR IMPORT REPORT [SECTION 30]

After ensuring that the vessels or aircraft are landed only in approved customs port or airport, further duty is cast upon the person in charge of the vessel to deliver the arrival manifest or import manifest.

Arrival manifest or import manifest or import report is a detailed information to customs about goods in the vessels/aircrafts which have been brought in at any port/airport for unloading at that particular port/international



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airport as also that which would be carried further for other ports/airports. Declarations of such cargo has to be made in a prescribed form (which is termed 'Import General Manifest' or IGM*)* and in prescribed manner. Imports via land route require filing of declaration (called 'Import Report').

Goods involved in an export may also be carried in the import conveyance (vessel or other), without such goods being delivered in India. The IM/IR must also contain details of goods meant for export and carried by the conveyance. Similar provision for including details of 'imported goods' is required by section 41 in export manifest to be filed by person-in-charge of a conveyance carrying export goods before departure of conveyance.

Time limit for delivery of IGM/IR: The person-in-charge of a vessel, or an aircraft, or a vehicle, carrying imported goods or any other person as may be specified by the Central Government, by notification in the Official Gazette, in this behalf shall, in the case of a vessel or an aircraft, deliver to the proper officer an arrival manifest or import manifest by presenting electronically prior to the arrival of the vessel or the aircraft, as the case may be, and in the case of a vehicle, an import report within twelve hours after its arrival in the customs station, in the prescribed form.

Particulars	Import Document	Time limit for presentation of IM/IR	Mode of presentation
Where the imported goods are brought in a **vessel**	Arrival manifest or import manifest	Any time prior to the arrival of the vessel/aircraft	Electronic filing*
Where the imported goods are brought in an **aircraft**			Electronic filing*
Where the imported goods are brought in a **vehicle**	Import Report	Within twelve hours after its arrival in the customs station	Prescribed manner

*Note: In cases where it is not feasible to deliver arrival manifest or import manifest by presenting them electronically, the Principal Commissioner/ Commissioner of

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Customs may, allow the same to be delivered in any other manner.

If the arrival manifest or import manifest or the import report or any part thereof, is not delivered to the proper officer within the specified time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge would be **liable to a penalty up to ₹ 50,000**. The person delivering the arrival manifest or import manifest or import report shall make and subscribe a declaration as to the truth of its contents as a footnote thereof.

Belated filing of IGM: Arrival manifest or import manifest or import report filed belatedly may also be accepted by the proper officer on valid justified grounds.

Amendment to IGM: If the proper officer is satisfied that the arrival manifest or import manifest or import report is in any way incorrect or incomplete and there is no fraudulent intention, he may permit it to be amended or supplemented [Section 30(3)].

PASSENGER AND CREW ARRIVAL MANIFEST AND PASSENGER NAME RECORD INFORMATION [SECTION 30A]

The person-in-charge of a conveyance that enters India from any place outside India or any other person as may be specified, shall deliver to the proper officer—

(i) the passenger and crew arrival manifest before arrival in the case of an aircraft or a vessel and upon arrival in the case of a vehicle; and

(ii) the passenger name record information* of arriving passengers, in such form, containing such particulars, in such manner and within such time, as may be prescribed.

Where the passenger and crew arrival manifest or the passenger name record information or any part thereof is not delivered to the proper officer within the prescribed time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge or the other specified person shall be liable to such penalty, not exceeding ₹ 50,000, as may be prescribed.

***Passenger name record information [Section 2(30B)]:** means the records prepared by an operator of any aircraft or vessel or vehicle or his authorized agent for each journey booked by or on behalf of any passenger.

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IMPORTED GOODS NOT TO BE UNLOADED FROM VESSEL UNTIL ENTRY INWARDS GRANTED [SECTION 31]

This section provides that the master of a vessel shall not permit the unloading of any goods until an order has been given by the proper officer granting ENTRY INWARDS to such vessels. This is specified only for vessels and not for aircrafts or vehicles. Application for entry inward has to be submitted along with the import manifest in the prescribed form and will be allowed by the proper officer of customs upon verification. The date of entry inward is entered in the customs record maintained for the purpose.



Section 31(2) provides that Entry Inwards shall not be given until the arrival manifest or import manifest has been delivered or the proper officer is satisfied that a valid reason is given for not delivering it within prescribed time. Grant of Entry Inwards is an acknowledgement of the fact that Customs Department is ready to supervise the unloading of the cargo, and is prepared to assess the goods to duty.

Entry inwards date is crucial for the calculation of applicable rate of duty whenever bill of entry has been filed in advance. In case Bill of entry is filed before arrival of aircraft or vehicle or before entry inward for vessel, the relevant date of determination of rate of duty and tariff valuation shall be date of arrival or entry inward as the case may be. (Refer Section 15 of the Customs Act).

Section 31(3) excludes certain items from the scope of the section. It provides that the provisions of the section will not apply to the unloading of baggage accompanying a passenger or a member of the crew, mail bags, animals, perishable goods and hazardous goods.

IMPORTED GOODS NOT TO BE UNLOADED UNLESS MENTIONED IN ARRIVAL MANIFEST OR IMPORT MANIFEST OR IMPORT REPORT [SECTION 32]

Without the permission of the proper officer, the imported goods cannot be unloaded, unless they are mentioned in the Import General Manifest for being unloaded in that customs station.

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LOADING AND UNLOADING OF GOODS AT APPROVED PLACES ONLY [SECTION 33]

Section 33 provides that loading and unloading of goods are to be undertaken only at places approved under section 8(a) of the Customs Act, 1962. Section 8(a) provides proper places in any customs port, customs airport, or coastal port for loading and unloading of goods.

GOODS NOT TO BE LOADED OR UNLOADED EXCEPT UNDER THE SUPERVISION OF CUSTOMS OFFICER [SECTION 34]

Section 34 provides that loading and unloading of goods should be done under the supervision of the proper officer.

However, the Board may, by notification in the Official Gazette, give general permission and the proper officer may in any particular case, give special permission for any goods or class of goods to be unloaded or loaded without the supervision of the proper officer.

In almost all major ports, customs officers are deployed at the wharfs and berths where the goods are imported or exported. These officers supervise all loading and unloading, and shipping operations.

RESTRICTIONS ON GOODS BEING WATER-BORNE [SECTION 35]

In certain circumstances (like size of vessel, hazardous nature of cargo, etc.) the vessel cannot be berthed at the port. The cargo is ferried from or to the ships anchored at mid-sea to the port in boats, otherwise known as lighters.

Section 35 of the Customs Act stipulates that no imported goods shall be water borne for being loaded in any vessel, and no export goods which are not accompanied by a shipping bill, shall be water borne for being shipped unless the goods are accompanied by a boat note in the prescribed form. The Boat Notes Regulations 1976 prescribe the form and manner of issue of boat notes.

However, the board may, by notification give general permission and the proper officer may in any particular case, give special permission, for any goods or any class of goods to be water borne without being accompanied by a boat-note.

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Other Controls

The following are further controls exercised on the conveyances and the loading/unloading of goods.

1. The goods cannot be loaded and unloaded on Sundays or other holidays observed by the Customs Department, or on any other day after the working hours unless the prescribed notice and the prescribed fee are paid. [Section 36]
2. The proper officer may, at any time, board any conveyance carrying imported goods or export goods and may remain on such conveyance for such period, as he considers necessary. [Section 37]
3. The proper officer may require the person in charge of any conveyance to produce any document or answer any questions and such person shall be bound to comply with the same. [Section 38]

5. PROCEDURE FOR CLEARANCE OF IMPORTED GOODS

The procedures for clearance of imported goods are contained in Section 45 to Section 49 of the Customs Act. These procedures are not applicable to baggage and goods imported or to be exported by post.

RESTRICTIONS ON CUSTODY AND REMOVAL OF IMPORTED GOODS [SECTION 45]

Once the imported goods have entered the Customs area, there arises the question of who is responsible for the safe custody of goods.

This section requires that until the imported goods are cleared for home consumption or are warehoused or are exported for transhipment, they shall remain in the custody of such person as may be approved by the Principal Commissioner/Commissioner of Customs [Section 45(1)]. This person is called the custodian. The responsibility of the custodian commences in respect of imported goods the moment the ship is berthed in the harbour or the goods are ready for unloading from the aircraft. In major ports, the Port Trust is the custodian. In Inland Container



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Depots, the Container Corporation of India, which operates the Container Freight Station (CFS) is the custodian of the imported cargo. In case of air cargo, the Airport Authority of India is the custodian in most airports. For goods brought by rail, the custodian is the Station Master.

Responsibility of Custodian of goods: During the time the goods are in the custody of the custodians, they have the following responsibilities [Section 45(2)].

1. Maintain a proper record of goods received from the carriers and send a copy of the record to the proper officer.
2. Not to permit such goods to be removed from the customs area or allow them to be dealt with otherwise except under the specific permission in writing of the proper officer or in accordance with a general procedure that may be prescribed that avoid subjectivity of the officer as to the manner of removal of such goods.

In pursuance to this responsibility, the custodian is required to tally the particulars of the goods landed by a vessel, and send a report known as **out turn statement** to the customs authorities. This enables the customs authorities to check whether all goods manifested in the import general manifest for landing in a particular place have actually been landed. In case the goods are not so landed, action is taken against the carriers.

Liability of the Custodians [Section 45(3)]

This provision provides that notwithstanding anything contained in any law for the time being in force, if any imported goods are pilfered after unloading in any customs area, while in the custody of the custodian, such custodian shall be liable to pay duty on such goods. Therefore, in respect of pilfered goods covered by section 13, the loss of revenue is compensated by the custodian. The duty shall be paid at the rate prevailing on the day of delivery of the arrival manifest or import manifest or as the case may be, an import report to the proper officer under section 30 for the arrival of the conveyance in which such goods were carried.

This provision is intended to make the custodian of the imported goods lying in customs area liable for duty even if they are pilfered when they were in their custody. Earlier, in the matter of pilfered goods, the government has been losing the revenue, while the importer's interest was protected.

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Illustration 1

M/s Pipli Imports Ltd. imported certain goods, which were unloaded in the customs area on 1st October. When order for clearance was passed by proper officer on 5th October, it was found that there was some pilferage of such goods. As the imported goods were in the custody of Port Trust, the Department demanded duty from the custodian under section 45(3) of the Customs Act, 1962, on such pilferage. The Port Trust denied such demand contending that it was not an approved custodian falling under section 45 and possession of goods by it was by virtue of powers conferred under the Major Port Authorities Act, 2021. Hence, it is not liable for customs duty on pilfered goods.

M/s Pipli Imports Ltd. has also asked the Port Trust to make good the loss of goods. Examine, whether the demands made by the Department and M/s Pipli Imports Ltd. are justified in law, referring to decided case law.

Answer

The facts of the case are similar to the case of *Board of Trustees v. UOI (2009) 241 ELT 513 (Bom HC DB)*, wherein the High Court held that considering the language of section 45(3), the liability to pay duty is of the person, in whose custody the goods remain as an approved person under section 45 of the Act. Therefore, section 45(3) applies only to the private custodians who are required to be approved by Principal Commissioner/ Commissioner of Customs under section 45(1). Accordingly, the major ports and airports covered under Major Port Authorities Act, 2021 who do not require any approval under section 45(1), are not covered by section 45(3). Thus, the Department cannot demand duty from Port Trust on the pilferage under section 45(3) of the Customs Act, 1962.

Section 45(3) of the Customs Act, 1962 holds the custodian responsible only in respect of the customs duty in respect of pilfered goods. It does not extend to the value of goods lost. However, the Port Trust, as bailee of the goods, is liable for value of the goods to the importer.

FILING OF IMPORT BILL OF ENTRY [SECTION 46]

Filing of Import Bill of Entry is not required for goods intended for transit or transhipment.

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It is the duty of the importer of any goods to make an application electronically on the customs automated system to the proper officer for clearance of the goods. The importer is required to make an electronic integrated declaration to the Customs Computer Systems through netw ork facility. The Bill of Entry (Electronic Integrated Declaration and Paperless Processing) Regulations, 2018 provides the detailed provisions in this regard.

Integrated Declaration exists in Customs law under 'Indian Customs Single Window Project'. Under this system, a common, seamlessly integrated IT systems is there which is utilized by all regulatory agencies, logistics service providers and the importers/exporters. The 'Single Window' provides the importers/exporters a single point interface for clearance of import and export goods. The Customs broker/importer shall submit the "Integrated Declaration" electronically to a single entry point, i.e. the Customs Gateway (ICEGATE).

SECTION 46

CBIC has introduced 'eSanchit' for paperless transaction. The importers are required to upload the required documents online through www.icegate.gov.in while filling the Bill of Entry instead of submitting the physical papers. Reply to queries raised by Customs Officers can be submitted online by uploading the documents.

Bill of Entry is a document of assessment and when assessed becomes an assessment order.

The Principal Commissioner/Commissioner of Customs may, in cases where it is not feasible to make entry by presenting electronically on the customs automated system, allow an entry to be presented in the prescribed manner and form.

The goods may be cleared for home consumption or for deposit in a warehouse. Therefore, there are three types of Bills of Entries prescribed for these three different purposes.

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- Bill of Entry for home consumption.
- Bill of Entry for warehousing (into bond).
- Bill of Entry for clearance of warehoused goods for home consumption (ex-bond).



The importer is required to declare in the Bill of Entry amongst other things the particulars of packages, the descriptions of the goods, in terms of the description given in the Customs Tariff to enable proper classification of the goods and the correct value of the goods for the determining the amount of duty.

The Bill of Entry shall be supported with invoice and such other documents as may be prescribed.

The importer who presents a bill of entry shall ensure the following, namely:—

(a) the accuracy and completeness of the information given therein;

(b) the authenticity and validity of any document supporting it; and

(c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

Importer unable to furnish details: If for any reason the importer is unable to furnish these details, he may request the customs officials to examine the goods in his presence to enable him to ascertain the necessary details for making a proper declaration in the bill of entry. Alternatively, he can seek permission to deposit the goods in a public bonded warehouse appointed under section 57 pending receipt of the necessary information and the supporting documents under section 49. This is also called **warehousing without warehousing**.

Such goods shall not be deemed to be warehoused goods for the purpose of the Act and accordingly warehousing provisions shall not apply to such goods. A bill of entry shall include all the goods mentioned in the bill of lading or other receipt given by the carrier to the consignor.

Time limit for filing: According to section 46(3), the importer shall present the bill of entry before the end of the day (including holidays) preceding the day on which the aircraft/vessel/vehicle carrying the goods arrives at a customs station at which

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such goods are to be cleared for home consumption or warehousing. The proviso to section 46(3) provides that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival.

Further, a bill of entry may be presented at any time not exceeding thirty days prior to the expected arrival of the aircraft/vessel/vehicle by which the goods have been shipped for importation into India.

However, 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 prescribed charges for late presentation of the bill of entry.

ASSESSMENT OF GOODS [SECTION 17]

(a) Duty to be self-assessed by the importer/exporter: An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85 (i.e. stores allowed to be warehoused without assessment of duty), self-assess the duty, if any, leviable on such goods.



(b) Verification by proper officer: The proper officer may verify the entries made under section 46 or section 50 and the self-assessment of goods and for this purpose, examine or test any imported goods or export goods or such part thereof as may be necessary.

Further, the selection of cases for verification shall primarily be on the basis of risk evaluation through appropriate selection criteria.

For the purposes of verification, the proper officer may require the importer, exporter or any other person to produce any document or information, whereby the duty leviable on the imported goods or export goods, as the case may be, can be ascertained and thereupon, the importer, exporter or such other person shall produce such document or furnish such information.



Some major importers have been given the green channel clearance facility. It means clearance of goods is done without routine examination of the goods. They have to make a declaration in the declaration form at the time of filing of bill of entry. The appraisement

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is done as per normal procedure except that there would be no physical examination of the goods. Only marks and number are to be checked in such cases. However, in rare cases, if there are specific doubts regarding description or quantity of the goods, physical examination may be ordered by the senior officers/investigation wing like Special Intelligence and Investigation Branch (SIIB).

(c) Reassessment of duty by the proper officer if self-assessment not done correctly: Where it is found on verification, examination or testing of the goods or otherwise that the self-assessment is not done correctly, the proper officer may, without prejudice to any other action which may be taken under this Act, re-assess the duty leviable on such goods.

(d) Speaking order for re-assessment to be passed unless the importer agrees with the reassessment: Where any re-assessment done is contrary to the self-assessment done by the importer or exporter and in cases other than those where the importer or exporter, as the case may be, confirms his acceptance of the said re-assessment in writing, the proper officer shall pass a speaking order on the re-assessment, within 15 days from the date of re-assessment of the bill of entry or the shipping bill, as the case may be.

PROVISIONAL ASSESSMENT OF DUTY [SECTION 18]

Provisional assessment can be resorted to in the following circumstances:

(a) where the importer or exporter is unable to make self-assessment under sub-section (1) of section 17 and makes a request in writing to the proper officer for assessment; or

(b) where the proper officer deems it necessary to subject any imported goods or export goods to any chemical or other test; or



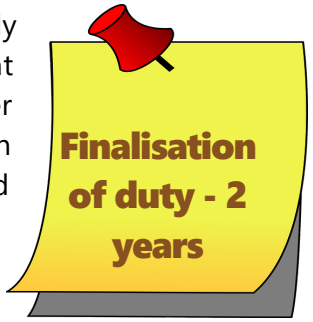
(c) where the importer or exporter has produced all the necessary documents and furnished full information, but the proper officer deems it necessary to make further enquiry; or

(d) where necessary documents have not been produced or information has not been furnished and the proper officer deems it necessary to make further enquiry.

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In any of the above cases, the proper officer may assess the duty leviable on such goods, provisionally if the importer or the exporter, as the case may be, furnishes such security as the proper officer deems fit for the payment of the deficiency, if any, between the duty as may be finally assessed or re-assessed as the case may be, and the duty provisionally assessed[Sub-section(1)].

Where, pursuant to the provisional assessment under sub-section (1), if any document or information is required by the proper officer for final assessment, the importer or exporter, as the case may be, shall submit such document or information within prescribed time, and the proper officer shall finalise the provisional assessment in such manner as may be prescribed. [Sub-section (1A)].



The proper officer shall finalise the duty provisionally assessed, within 2 years from the date of such assessment under sub-section (1). However, the Principal Commissioner of Customs or the Commissioner of Customs may, on sufficient cause being shown and for reasons to be recorded in writing, extend the said period to a further period of 1 year. [Sub-section (1B)].

Where the proper officer is unable to assess the duty finally within the specified time for the reason that—

(a) an information is being sought from an authority outside India through a legal process; or

(b) an appeal in a similar matter of the same person or any other person is pending before the Appellate Tribunal or the High Court or the Supreme Court; or

(c) an interim order of stay has been issued by the Appellate Tribunal or the High Court or the Supreme Court; or

(d) the Board has, in a similar matter, issued specific direction or order to keep such matter pending; or

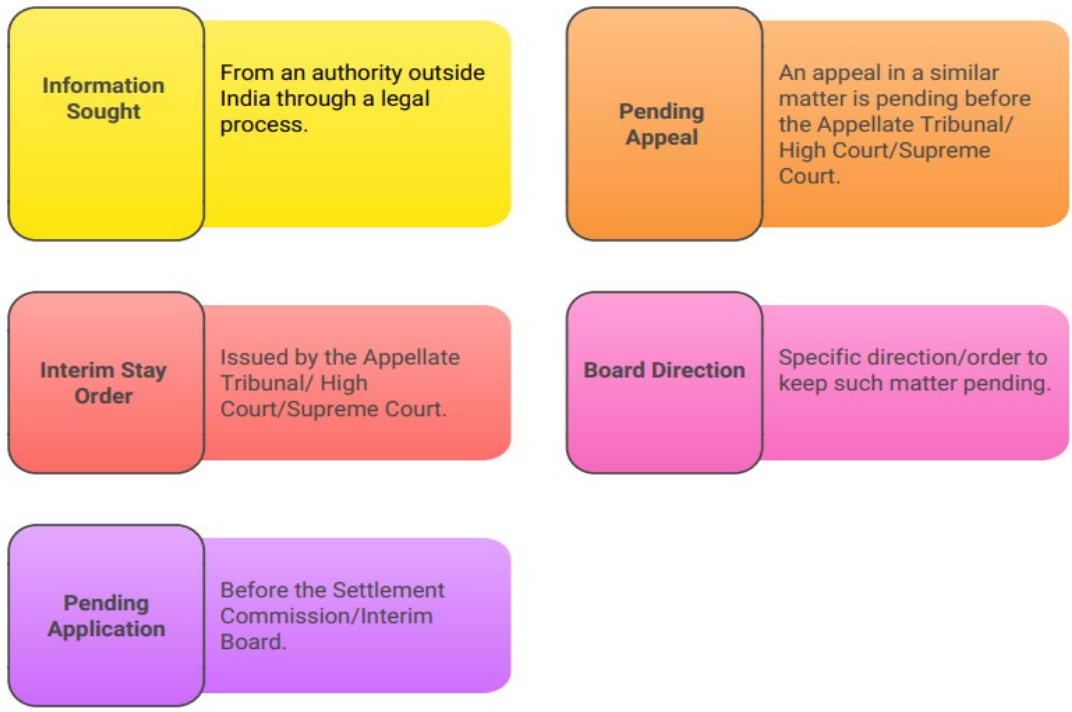
(e) the importer or exporter has a pending application before the Settlement Commission or the Interim Board[1], the proper officer shall inform the

[1] *Settlement Commission/ Interim Board provides the taxpayers a one-time opportunity to settle pending disputes related to customs duties in a speedy manner and avoid prolonged litigation. Said provisions are outside the scope of syllabus of Paper 5 -Indirect Tax Laws.*

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importer or exporter concerned, the reason for non-finalisation of the provisional assessment and in such case, the time specified in sub-section (1B) shall apply not from the date of the provisional assessment but from the date when such reason ceases to exist. [Sub-section (1C)].

Reasons for Non-Finalisation



Provisional assessment is allowed both in respect of imports as well as exports.

When the duty leviable on such goods is assessed finally or re-assessed by the proper officer in accordance with the provisions of this Act, then, -

(i) in the case of goods cleared for home consumption or exportation, the amount paid shall be adjusted against the duty finally assessed or re-assessed, as the case may be, and if the amount so paid falls short of, or is in excess of the duty finally assessed or re-assessed, as the case may be, the importer or the exporter of the goods shall pay the deficiency or be entitled to a refund, as the case may be;

(ii) in the case of warehoused goods, the proper officer may, where the duty finally assessed or re-assessed, as the case may be, is in excess of the duty

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provisionally assessed, require the importer to execute a bond, binding himself in a sum equal to twice the amount of the excess duty [Sub-section (2)].

The importer or exporter shall be liable to pay interest, on any amount payable to the Central Government, consequent to the final assessment order or re-assessment order. The interest shall be payable at the rate fixed by the Central Government under section 28AA[2]. This interest shall be payable from the first day of the month in which the duty is provisionally assessed till the date of payment thereof [Sub-section 3].

Subject to sub-section (5), if any refundable amount referred to in clause (a) of sub-section (2) is not refunded under that sub-section within three months from the date of assessment of duty finally or re-assessment of duty, as the case may be, there shall be paid an interest on such unrefunded amount at such rate fixed by the Central Government under section 27A[3] till the date of refund of such amount[Sub-section 4].

The refund of duty and interest thereon is subject to the principle of unjust enrichment. *(Refer Chapter 7: Refund of Customs Duty for detailed provisions in this regard)* and shall be paid to the importer or the exporter, as the case may be, only if such amount is relatable to:

(a) the duty and interest, if any, paid on such duty paid by the importer, or the exporter, as the case may be, if he had not passed on the incidence of such duty and interest, if any, paid on such duty to any other person;

(b) the duty and interest, if any, paid on such duty on imports made by an individual for his personal use;

(c) the duty and interest, if any, paid on such duty borne by the buyer, if he had not passed on the incidence of such duty and interest, if any, paid on such duty to any other person;

(d) the export duty as specified in section 26;

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[2] *Interest is to be computed at the rate fixed by notification issued under section 28AA. However, provisions of section 28AA relating to Interest on delayed payment of duty are outside the purview of the syllabus of Paper 5 – Indirect Tax Laws.*

[3] *The detailed provisions pertaining to section 27A have been discussed in detail in Chapter-7 of this module of the Study material.*

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(e) drawback of duty payable under sections 74 and 75.

In all other cases, the amount of such refund and interest shall be credited to the Consumer Welfare Fund [Sub-section 5].

Further, CBIC has issued following guidelines for provisional assessment vide *Circular No. 38/2016 Cus. dated 22.08.2016*:

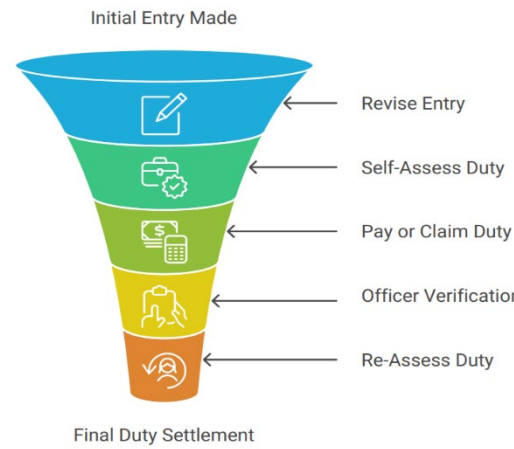
Wherever duty is to be assessed provisionally, the importer shall:

(a) execute a bond in the prescribed form, for the purposes of undertaking to pay on demand the deficiency, if any, between the duty as may be finally assessed and the duty provisionally assessed; and

(b) furnish prescribed amount of security for the payment of the duty deficiency. No sureties shall be obtained. The security to be obtained shall be in the form of a bank guarantee or a cash deposit, as convenient to the importer.

VOLUNTARY REVISION OF ENTRY POST CLEARANCE [SECTION 18A]

(a) Option to Revise: After goods have been cleared, an importer or exporter can change (revise) the details they had already filed (called "entry") about those goods. This revision must be done in the prescribed form, manner, and time, and subject to certain conditions.



(b) Self-Assessment: When revising the entry, the importer or exporter must recalculate (self-assess) the duty payable on the goods.

(c) Impact of Revision: If the revised entry shows that less duty was paid earlier (short-paid, underpaid, or not paid at all), the importer or exporter can pay the difference voluntarily along with interest as per Section 28AA[4].

[4] *Interest is to be computed at the rate fixed by notification issued under section 28AA. However, provisions of section 28AA relating to Interest on delayed payment of duty are outside the purview of the syllabus of Paper 5 – Indirect Tax Laws.*

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If the revised entry shows that excess duty was paid (or the whole duty was wrongly paid), the revised entry itself will be treated as a refund claim under Section 27.

(d) Verification and Re-assessment by Proper Officer: The proper officer may

- verify the revised entry and self-assessment in cases selected primarily based on risk evaluation through appropriate selection criteria.
- re-assess the duty if the self-assessment is found incorrect.

(e) Cases where Revision is not allowed: Revision of entry is not allowed in the following cases:-

- An audit, or search/seizure/summons action has already been initiated and the importer or exporter has been intimated.
- Cases requiring refund where proper officer has re-assessed the duty under section 17 or assessed the duty under section 18 (Provisional assessment of duty) or under section 84 (goods imported/exported by post or courier).
- Any other situations notified by the Board (CBIC).

CUSTOMS (FINALISATION OF PROVISIONAL ASSESSMENT) REGULATIONS, 2025

1. Time-limit and manner of submission of documents or information for the purpose of finalization of provisional assessment [Regulation 4]

Where duty leviable on imported/export goods is assessed provisionally by the proper officer for the reason that necessary documents/information has not been produced/furnished by importer/exporter at the time of provisional assessment:

Necessary documents/ information NOT produced/ furnished

- ***proper officer must within 15 days from date of such assessment inform the importer/ exporter in writing the specific details of documents/information to be produced/furnished.***
- ***importer/ exporter must make available those documents/ information within 2 months from date of above requisition by proper officer.***

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Extension allowed for submission of documents/information:

- ***The proper officer may, for reasons to be recorded in writing, allow a further period not exceeding 2 months, on his own or at the request of the importer or the exporter.***
- ***An officer to whom the proper officer is subordinate may allow additional time period as deemed fit (for reasons to be recorded in writing) on request of the importer or the exporter but no extension under this regulation may be allowed beyond 14 months from date of provisional assessment.***

Where the documents/information are not made available within the time allowed as per above provisions, the proper officer shall proceed to finalise the provisional assessment based on available record.

On submission of all the documents/information, the importer/exporter shall inform the proper officer in writing that he has submitted all the documents/information to be furnished/requisitioned.

2. Time-limit to conclude enquiry for the purpose of finalisation of provisional assessment [Regulation 5]

Where duty leviable on the imported/export goods is assessed provisionally by the proper officer for the reason that the proper officer deems it necessary to make further enquiry:



- ***officer of customs shall complete the enquiry and transfer the relevant documents along with the report in writing to the proper officer for finalization of assessment***
- ***within 14 months from the date of provisional assessment.***

During such enquiry, if any document/information is required, the proper officer may seek such details within the prescribed time limit.

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3. *Payment of duty of own ascertainment before finalisation of provisional assessment [Regulation 7]*

Importer/ exporter, may pay any amount electronically against the bill of entry/shipping bill, on his own ascertainment, during the pendency of the provisional assessment.

This amount shall be adjusted against the duty finally assessed/ re-assessed.

However, importer/ exporter is also liable to pay interest, on the above amount so paid voluntarily, consequent to the final assessment order or re-assessment order.

4. *Time-limit for finalization of provisional assessment [Regulation 8]*

(A) Time period for finalization of provisional assessment

The proper officer shall finalise the duty provisionally assessed, where it is possible to do so, within 3 months of:

(a) receipt of documents/information from the importer/exporter or on the expiry of the time for submission in accordance with regulation 4 above; or



(b) conclusion of enquiry in accordance with regulation 5 above, where the duty leviable was assessed provisionally for that reason.

Extension allowed for finalization of provisional assessment:

An officer to whom the proper officer is subordinate may allow additional time period of 2 months at a time (for reasons to be recorded in writing).

However, the assessment shall be finalised within 2 years from the date of the provisional assessment.



(B) Proper officer unable to finally assess duty within the specified time

Where the proper officer is unable to assess the duty finally within the time specified above, for the reason that:

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(a) an information is being sought from an authority outside India through a legal process; or

(b) an appeal in a similar matter of the same person or any other person is pending before the Appellate Tribunal/High Court/Supreme Court; or

(c) an interim order of stay has been issued by the Appellate Tribunal/High Court/Supreme Court; or

(d) the Board has, in a similar matter, issued specific direction or order to keep such matter pending; or

(e) the importer/exporter has a pending application before the Settlement Commission/Interim Board,

the proper officer shall inform the importer/exporter concerned, the reason for non-finalisation of the provisional assessment and in such case, time of 2 years for finalisation of assessment done provisionally, specified in point (A), shall apply not from the date of provisional assessment but from the date when such reason ceases to exist.

5. Manner of finalisation of provisional assessment [Regulation 9]

The provisional assessment shall be finalised as provided under of section 18 of the Customs Act, 1962.

Where the final assessment is contrary to the provisional assessment, the proper officer shall pass a speaking order following principles of natural justice.

Where the final assessment confirms the provisional assessment, the proper officer shall finalise the same after ascertaining the acceptance of such finalisation from the importer or the exporter on record and inform the importer or exporter in writing of the date of such finalisation.

Where the importer or exporter is to pay the deficiency of the amount finally assessed or re-assessed, as the case may be, after adjustment of the amount already paid, the bill of entry or the shipping bill may be returned for payment of the amount:

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However, importer or exporter is also liable to pay interest, on the above amount so paid, consequent to the final assessment order or re-assessment order as provided under section 18(2) of the Customs Act, 1962.

6. Manner of closure subsequent to the finalisation of provisional assessment [Regulation 10]

On finalisation of provisional assessment, where:

(a) the final assessment has confirmed the provisional assessment; or

(b) the duty along with the interest has been paid in full, in case of home consumption or exportation, where the bill of entry or shipping bill has been returned for payment; or

(c) the importer has executed appropriate bond binding himself in relation to the excess duty, in case of warehoused goods,

the Bond executed at the time of provisional assessment with security, if any, shall be cancelled or recredited, as the case may be, and the security shall also be returned, if there are no pending dues.

Where the duty, interest, fine, penalty or any other sum due has not been paid for more than 90 days, which is due to be paid after the finalisation of the assessment under section 18(2) of the Customs Act, 1962 and the sum due has attained finality for recovery, then the sum due which remains unpaid shall be adjusted from the security, if any, obtained at the time of provisional assessment, or shall be recovered as the sum due, including the amount of interest to the Central Government by the proper officer in accordance with the provisions of section 142 of the Customs Act, 1962, under intimation to the importer or the exporter.

Where the importer or exporter is entitled to a refund, after the finalisation of provisional assessment, the refund shall be processed in terms of sub-sections (4) and (5) of section 18 of the Customs Act, 1962.

7. Extension of time-limit for provisional assessment [Regulation 11]

Notwithstanding the time-limit provided in other regulations, the Commissioner of Customs may, on sufficient cause being shown and reasons to be recorded in writing, extend the period of 2 years for

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finalisation of provisional assessment by an additional time of one year in terms of the first proviso to sub-section (1B) of section 18 of the Customs Act, 1962.

8. Penalty [Regulation 12]

The importer/exporter or his authorised representative or Customs Broker who contravenes any of the provisions of these regulations or abets such contravention, or fails to comply with any provisions of these regulations, shall be liable to a penalty to an extent of the amount provided under section 158(2)(ii) of the Customs Act, 1962, without prejudice to any other action which may be taken under the Act, rules or regulations made thereunder or under any other law for the time being in force.

Illustration 2

Mr. Krishna Bhansali, has imported some garments from Paris. He is unable to make self-assessment under section 17(1) of the Customs Act, 1962 because of differential rates for different kinds of material and hence has made a request in writing to the proper officer for provisional assessment pending technical testing. Is he eligible to apply for provisional assessment? Discuss.

Answer

Yes, Mr. Krishna Bhansali can apply for provisional assessment under section 18 of the Customs Act, 1962. Section 18(1) provides that provisional assessment can be resorted to, *inter alia,* where the importer or exporter is unable to make self-assessment under sub-section (1) of section 17 and makes a request in writing to the proper officer for assessment. While 'unable' is not about willingness but deficiency of information to make an accurate determination of the liability, in this case Mr. Bhansali satisfies the criterion because he lacks the information necessary to classify the goods pending technical testing.

Illustration 3

Moris Lal has imported goods from Germany and is finally re-assessed u/s 18(2) of the Customs Act, 1962 for two such consignments. Particulars are as follows:

Date of provisional assessment	*12th December, 2026*
Date of final re-assessment	*2nd February, 2027*

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Duty demand for 1st consignment	*₹ 1,80,000*
Refund for the 2nd consignment	*₹ 4,20,000*
Date of refund made by the department	*28th April, 2027*
Date of payment of duty demanded	*5th February, 2027*

Determine the interest payable and receivable, if any, by Moris Lal on the final re-assessment of the two consignments, with suitable notes thereon.

Answer

As per section 18(3) of the Customs Act, 1962, an importer is liable to pay interest at the rate of 15% p.a. *(Notification No. 33/2016 Cus. (NT) dated 01.03.2016),* on any amount payable consequent to the re-assessment order from the first day of the month in which the duty is provisionally assessed till the date of payment.

Therefore, in the given case, Moris Lal is liable to pay following interest in respect of 1st consignment:

= ₹ 1,80,000 × 15% × 67/365

= ₹ 4,956 (rounded off)

If any amount refundable consequent to the re-assessment order is not refunded within 3 months from date of re-assessment of duty, interest is payable to importer on unrefunded amount at the specified rate till the date of refund of such amount in terms of section 18(4) of the Customs Act, 1962.

Since in the given case, refund has been made (28.04.2027) within 3 months from the date of re-assessment of duty (02.02.2027), interest is not payable to Moris Lal on duty refunded in respect of 2nd consignment.

CUSTOMS AUDIT [SECTION 99A]

Section 99A authorises the proper officer to audit the assessment that has already been conducted at the time of customs clearance. Such audit is permitted to the carried out swiftly either at the premises of the auditee or at the office of the proper officer.



'Auditee' is defined in this section to include not only the principal (importer or exporter) but also persons concerning themselves dealing with goods attracting section 12 of the Customs Act.

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The procedure for such audit is laid down in the Customs Audit Regulations, 2018. In these regulations, 'auditee' is defined in regulation 2(c) to mean a person who is subject to an audit under section 99A of the Act and includes an importer or exporter or custodian approved under section 45 or licensee of a warehouse and any other person concerned directly or indirectly in clearing, forwarding, stocking, carrying, selling or purchasing of imported goods or export goods or dutiable goods.

Salient feature of this audit procedure are as follows:

(i) Auditee is to preserve records for conduct of this audit for a period of 5 years.

(ii) Risk based assessment will identify persons to be audited.

(iii) Audit will be conducted at the premises of the auditee by the authorized officers who will intimate 15 days in advance of their schedule visit.

(iv) Based on the findings, auditee may accept the liabilities and voluntarily discharge the duty, interest and penalty, as applicable.

(v) Assistance of experts can be availed for conducting this audit such as CA, CWA or IT professionals with permission of Principal Commissioner/ Commissioner of Customs.

Contravention of these Regulations attracts penalty of ` 50,000.

TYPES OF AUDIT-TRANSACTION BASED AUDIT (TBA) AND PREMISE BASED AUDIT (PBA)

Under this scheme, Transaction based audit (TBA) and Premises based audit (PBA) have been prescribed.

- **TBA (audit of transactions):** Under TBA, transactions are audited. It may be noted that a TBA may subsequently be converted into a Premises based Audit (PBA).
- **PBA (audit at the premises):** The provision on Customs Audit under section 99A of the Customs Act, 1962 has extended the scope of Premises Based Audit by including other entities who are concerned with imports or exports. In PBA, customs would review the import and export over a given period and check all relevant commercial records, including financial statements and contracts to verify the particulars given in a goods declaration. PBA would

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enable the department to bridge the communication divide and usher in a new era of partnership with trade. Further, Board may also select any criteria or theme for the audit.

Selection criteria for audit:

Directorate General of Analysis and Risk Management has been entrusted the responsibility of identifying the potential focus areas and entities for various types of audit.

Executive Commissionerates to assist Audit Commissionerates

The executive Customs Commissionerates shall also assist Audit Commissionerates in the conduct of Transaction Based Audit and Premises Based Audit.

The Chief Commissioners shall put in place a suitable monitoring arrangement to review the progress and performance of audit. Apart from overall supervision, Chief Commissioner shall examine on a selective basis, 5% of the Audit reports, selected randomly based on the quarterly reports submitted by Audit Commissionerate to ensure that audit has been conducted as per prescribed procedures.

[Circular No. 02/2019 Cus dated 08.01.2019]

CLEARANCE OF GOODS [SECTION 47]

Once the customs check and payment of duty is completed, the customs officers allow clearance of the goods. Section 47 provides that where the proper officer is satisfied that the goods entered for home consumption are not prohibited and the appropriate import duty and any charges payable thereon has been paid, he can make an order permitting clearance of the goods for home consumption**.** Such order may also be made electronically through the customs automated system on the basis of risk evaluation through appropriate selection criteria. However, Central Government may permit certain class of importers to make deferred payment of said duty or any charges in such manner as may be provided by rules.



In this respect, Central Government has permitted the following class of importers to make deferred payment of import duty:-

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(i) Importers certified under Authorized Economic Operator programme as AEO (Tier-Two) and AEO (Tier-Three)

(ii) Authorised Public Undertaking

(iii) Eligible Manufacturer Importer:

However, the class of Eligible Manufacturer Importer shall be permitted to make deferred payment of import duty up to 31st March, 2028.

For the purpose of this notification:-

(i) AEO means Authorised Economic Operator ;

(ii) Authorised Public Undertaking means Authorised Public Undertaking,

(iii) Eligible Manufacturer Importer means Manufacturer Importer,

approved by the Directorate of International Customs under the Central Board of Indirect Taxes and Customs.

The facility of deferred payment of customs import duty shall be available to Eligible Manufacturer Importers provided he:

- ***is a importer and a manufacturer (or, if not a manufacturer itself, sends its inputs/machinery to a job-worker without paying tax on it)***
- ***has a valid Import-Export Code (IEC)***
- ***has filed at least 25 import/export documents in the previous financial year preceding the date of application (relaxed to 10 for MSMEs)***
- ***has at least one active GST registration, showing "factory/manufacturing" as the nature of business***
- ***has a combined annual turnover (across all GST registrations under the same PAN) of more than ₹5 crore in the last financial year***
- ***has been in business for at least 2 financial years preceding the date of application.***
- ***has filed all pending GST returns due for filing as on the date of submission of the application.***
- ***has a clean record — no GST/Excise/Service Tax collected but not***

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deposited with the Government, no arrests or convictions and no pending prosecution against the applicant/its proprietor (in case of the proprietorship firms) or any of its partners (in case of the partnership firms) or any of its Board of Directors/Directors, under indirect tax laws, and no history of a rejected/suspended EMI application due to false/forged documents

- ***has submitted a Chartered Accountant's certificate proving it is financially solvent (not insolvent or bankrupt) during the 2 financial years preceding the date of application.***

Existing AEO-T1 entities (including MSMEs) who meet the above eligibility criteria shall also be eligible to apply under this scheme.

AEO means **Authorised Economic Operator** approved by the Directorate of International Customs under the CBIC. Authorised Public Undertaking means Authorised Public Undertaking approved by the Directorate of International Customs under the CBIC.

On making clearance order, which is popularly known as **"pass out of customs charge order"** the bill of entry (duplicate) copy is produced to the custodian who delivers the goods to the importer. These orders will be passed on the CAS (customs automated system) on the basis of risk evaluation through appropriate selection criteria as a trade facilitation measure to improve efficiency in custom clearance.

Time limit for payment of import duty: The importer shall pay the import duty—

(a) on the date of presentation of the bill of entry in the case of self-assessment; or

(b) within one day (excluding holidays) from the date on which the bill of entry is returned to him by the proper officer for payment of duty in the case of assessment, reassessment or provisional assessment; or



(c) in the case of deferred payment, from such due date as may be specified by rules made in this behalf, and if he fails to pay the duty either in full or in part within the time so specified, he shall pay interest on the duty not paid or short-paid till the date of its payment.

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The rate of interest shall be not below 10% and not exceeding 36% per annum and shall be fixed by the central government. However, the interest may be waived by the CBIC in public interest. [Section 47(2)]

Deferred Payment of Import Duty Rules, 2016

- **Information about intent to avail benefit of notification**: An eligible importer intending to avail the benefit of deferred payment shall intimate to the Principal Commissioner/Commissioner of Customs, having jurisdiction over the port of clearance, his intention to avail the said benefit who on being satisfied with the eligibility of the importer allow him to pay the duty by due dates as given below.

- ***Due dates for deferred payment of import duty—***

S. No.	*Goods corresponding to Bill of Entry returned for payment from*	*Due date of payment of duty, inclusive of the period (excluding holidays) as mentioned in section 47(2)*
1.	*1st day till last day of any month other than March*	*1st day of the following month*
2.	*1st day till the last day of March*	*31st March*

Further, 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.

- **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 is 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.

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Further, 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).

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 entry.

MANDATORY ELECTRONIC PAYMENT OF DUTY

The Central Government has notified the following classes of importers who have to pay customs duty electronically, namely:-

(i) Importers registered under Authorized Economic Operator;

(ii) Importers paying customs duty of ₹10,000 or more per bill of entry

The Board has set up a dedicated payment gateway called, 'ICEGATE' through which the payments are to be made.

The importer need not produce any proof of payment for the clearance of goods in case of e-payment.

FACELESS ASSESSMENT

Trade facilitation is a key enabler for simplification of procedures and reduction of barriers to the trade. In India, CBIC has been at the forefront of taking initiatives aimed at catalysing economic development through transparency, harmonization, predictability and automation in trade. The aim has been to reduce time and cost for the EXIM community. This would help them become more competitive in the international arena.

In line with this momentum, CBIC has implemented next generation reforms through Turant Customs, strongly enabled by technology. Turant Customs is a mega reform for the ease of doing business.

This flagship initiative stands on the pillars of – Faceless, Contactless and Paperless Customs. This reform will help India take a substantial leap forward towards faster and cheaper Customs clearance of imported goods.

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A key enabler in Turant Customs is Faceless Assessment. It has been rolled out in phases and covered the entire country. This would enable uniform, anonymous Customs assessments and reduce interface between the Trade and Customs officers.

Faceless Assessment, a component of the Turant Customs programme, is a path breaking initiative aimed at introducing anonymity and uniformity in Customs assessments pan India.

JOURNEY TOWARDS FACELESS ASSESSMENT

Decades ago, goods imported into India were assessed for Customs duty at the border by jurisdictional Customs officers on the basis of physical documents. Subsequent introduction of computers led to automation of assessment. This was followed by a robust digital risk management system (RMS) for Customs clearance with minimal checks, while interdicting risk-prone cargo for assessment and examination. In 2012, the Customs Act 1962, was amended to introduce self-assessment by importers/exporters themselves. While digitisation helped in streamlining of procedures, yet disparities in assessment prevailed due to interpretation issues. Customs officials recognised a dire need to provide uniformity and certainty in assessment practices. It was also clear that anonymity in assessment and load balancing of import documents that are required to be assessed would bring about more efficiency and help improve the speed of Customs clearances across India. This was the trigger for the conceptualization and development of Faceless Assessment.

WHAT IS FACELESS ASSESSMENT?

Faceless Assessment is a major Customs Reforms where a Bill of Entry that is identified for scrutiny (non-facilitated Bill of Entry) is assigned to an assessing officer who is physically located at a Customs station, which is not the Port of Import in the Customs Automated System. It separates the assessment process from the physical location of Port of Import, using a technology platform.

Faceless Assessment (also referred to as virtual assessment or anonymised assessment) uses a technology platform to separate the Customs assessment process from the physical location of a Customs officer at the port of arrival. This measure will bolster efforts to ensure an objective, free, fair and just assessment.

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From an importer's perspective, there will be no changes to the process of filing a Bill of entry. He will continue to file his documentation including bill of entry and supporting documents on the ICEGATE portal.

KEY OBJECTIVES OF FACELESS ASSESSMENT :

i. Anonymity in assessment for reduced physical interface between trade and Customs

ii. Speedier Customs clearances through efficient utilisation of manpower

iii. Greater uniformity of assessment across locations

iv. Promoting sector specific and functional specialisation in assessment

PAYMENT THROUGH ELECTRONIC CASH LEDGER AND ELECTRONIC DUTY CREDIT LEDGER

LEDGER FOR PAYMENT OF DUTY, INTEREST, PENALTY, ETC. [SECTION 51A]

Section 51A provides for advance deposit so that duties, taxes, fees, interest and penalties in Customs clearance (imports or exports) can be paid through an electronic cash ledger (ECL). This avoids delays in payment of duty or amounts being transferred to CHA towards payment of duty. With this ECL, money can be transferred in advance and appropriated in respect of each demand. The ECL is maintained under the Customs (Electronic Cash Ledger) Regulations, 2022.

A person who wants to use the electronic cash ledger (ECL) first generates a deposit challan on the ICEGATE portal and pays the amount through an authorised mode such as internet banking, NEFT/RTGS or ***a payment aggregator (credit card, debit card or UPI)***. The amount is credited to the person's ECL, which is maintained in and no interest is paid on the balance. Duty, interest, penalty, fees or any other sum payable under customs law can then be paid from this balance, either by automatic debit from the customs system or by the person selecting the ECL as the mode of payment. The amounts paid out are shown separately in a duty payment ledger and any unused balance can be refunded in the prescribed manner.

(1) Every deposit made towards duty, interest, penalty, fee or any other sum

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payable by a person under the provisions of this Act or under the Customs Tariff Act, 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 prescribed conditions and restrictions, be credited to the electronic cash ledger of such person, to be maintained in the prescribed manner.

(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 or under any other law for the time being in force or the rules and regulations made thereunder in the prescribed manner and conditions and prescribed time limit.

(3) The balance in the electronic cash ledger, after payment of duty, interest, penalty, fee or any other amount payable, may be refunded in the prescribed manner.

(4) Board is empowered to exempt the deposits made by specified class of persons or with respect to specified categories of goods, from all or any of the provisions of this section if it is necessary or expedient so to do.

CBIC has exempted following deposits from the provisions of section 51A of the Customs Act -

(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) other than those used for making electronic payment of:

(a) any duty of customs, including cesses and surcharges levied as duties of customs;

(b) IGST;

(c) GST Compensation Cess;

(d) interest, penalty, fees or any other amount payable under the Act, or Customs Tariff Act, 1975.

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LEDGER FOR DUTY CREDIT [SECTION 51B]

The Central Government may specify the manner in which it shall issue duty credit vide notification in the official gazette —

(a) in lieu of remission of any duty/tax/levy, chargeable on any material used in the manufacture/processing of goods or for carrying out any operation on such goods in India that are exported; or

(b) in lieu of such other financial benefit subject to specified conditions and restrictions.

The duty credit shall be maintained in the customs automated system in the form of an electronic duty credit ledger of the person who is the recipient of such duty credit, in the prescribed manner.

The duty credit available in the electronic duty credit ledger may be used by the person to whom it is issued or the person to whom it is transferred, towards making payment of duties payable under the Customs Act or under the Customs Tariff Act, 1975 in the prescribed manner and time.

Duty Credit Ledger will enable credit in lieu of duty remission to be given in respect of exports or other such benefit in electronic form for its usage, transfer, etc.

Duty Credit Ledger is a step in the right direction to streamline the processes of availment of export benefits by removing the physical interface and also usher transparency by avoiding fraudulent claims.

PROCEDURE FOR DISPOSAL OF GOODS NOT CLEARED [SECTION 48]

If there are any goods imported from a place outside India, which are not cleared either for home consumption or for warehouse within 30 days or within such further time as the proper officer may allow or if the title to any imported goods is relinquished (Section 23), the custodian of the goods is permitted, with the approval of the customs department and after giving notice to the importer, to sell the goods by auction.

CBIC has clarified vide *Circular No. 49/2018 Cus dated 03.12.2018* that after the successful bidder has been informed about the result of the auction, a consolidated bill of entry, buyer-wise will be filed with the Customs in the prescribed format by the concerned custodian for clearance of the goods as per section 46 of the

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customs Act, 1962 read with Un-Cleared Goods (Bill of Entry) Regulations, 1972 (Regulation 2 & 3).

(a) The proper officer of Customs shall assess the goods to duty in accordance with the extant law within 15 days of filing of Bill of Entry and after assessment inform the amount of duty payable to the concerned custodian.

(b) The auctioned goods shall be handed over to the successful bidder after assessment and out-of-charge orders given by the proper officer, on payment of dues.

In the case of sensitive goods like animals, foodstuffs and hazardous goods etc. the custodian with the approval of the proper officer can sell the goods even before the expiry of the 30 days limit. Similarly, in the case of arms or ammunition, which cannot be sold in public auction, the disposal is regulated by the rules made in this regard.

STORAGE OF IMPORTED GOODS IN WAREHOUSE PENDING CLEARANCE OR REMOVAL [SECTION 49]

Where the Assistant Commissioner/Deputy Commissioner of Customs is satisfied on the application of the importer that—

(a) the goods cannot be cleared within a reasonable time in the case of imported goods, whether dutiable or not, entered for home consumption.

(b) the goods cannot be removed for deposit in a warehouse within a reasonable time in the case of any imported dutiable goods, entered for warehousing.

then in such cases, goods can be stored in a public warehouse for a period not exceeding 30 days.

Such goods deposited under public warehouse will not be covered under Chapter IX (Warehousing) of the Act. However, the Principal Commissioner/Commissioner of Customs may extend such period of storage for further 30 days at a time.

For instance, when Single Window NAC Module was launched at major customs station, there were delays obtaining NOC from various Government agencies before clearance of goods. The CBIC clarified that Section 49 warehousing facility may be resorted to.

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6. EXPORTATION

IMPORTANT DEFINITIONS

(a) **Export** [Section 2(18)] with its grammatical variations and cognate expressions, means taking out of India to a place outside India.

(b) **Export goods** [Section 2(19)] means any goods, which are to be taken out of India to a place outside India.

(c) **Exporter** [Section 2(20)] in relation to any goods at any time between their entry for export and the time when they are exported, includes any owner, beneficial owner or any person holding himself out to be the exporter.

CONTROL OVER EXPORT GOODS

It would be convenient at this juncture to discuss the provision relating to the export of the goods in so far as it applies to the master of the vessel or his agent. The steamer agent comes into the picture only after the customs have permitted the export goods to be shipped.

EXPORT GOODS NOT TO BE LOADED ON VESSEL UNTIL ENTRY-OUTWARDS GRANTED [SECTION 39]

Section 39 stipulates that export goods are not to be loaded on vessel until entry outwards is granted. The master of the vessel shall not begin the loading of any export goods, other than baggage and mail bags, until an order has been given by the proper officer granting entry-outwards to such vessel. This restriction is for vessels and not for aircraft and vehicles.

In sum, for loading of goods for export, the following requirements are to be fulfilled:

(i) 'Entry outwards' to be granted under section 39 (in case of vessel).

(ii) 'Shipping bill/Bill of export/Bill of Transhipment' under section 50.

(iii) 'Let-export' order under section 51.

(iv) 'Boat note' under section 35 in case the vessel is anchored away from the wharf and the goods are carried in a boat to the vessel.

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EXPORT GOODS NOT TO BE LOADED UNLESS DULY PASSED BY PROPER OFFICER [SECTION 40]

The first and foremost duty cast on the person-in-charge of conveyance under section 40 is that export goods are not to be loaded unless duly passed by Proper Officer.

The person-in-charge of a conveyance shall not permit the loading at a customs station

(a) of export goods, other than baggage and mail bags, unless a shipping bill or bill of export or a bill of transshipment, as the case may be, duly passed by the proper officer, has been handed over to him by the exporter;

(b) of baggage and mail bags, unless their export has been duly permitted by the proper officer.

This section applies to all types of conveyances. The goods can be taken on board only if they are accompanied by the following documents:

(i) **In case of export goods other than baggage and mail bags** – the goods shall be accompanied by

- Shipping Bill (at seaports/airports), or
- Bill of Export (at Land Customs Station), or
- Bill of Transshipment (for transshipment goods),

all duly passed by the proper officer.

(ii) **In case of baggage and mail bags** – they should be permitted by Customs for export.

DELIVERY OF DEPARTURE MANIFEST/ EXPORT MANIFEST/ EXPORT REPORT [SECTION 41]

Section 41 has been amended so as to provide a facility, that the departure manifest/export manifest/ export report can also be furnished by a person notified by the Central Government, in addition to the person-in -charge of the conveyance.

It consists of a general declaration of particulars of the vessel, its crew and passengers, its date and port of departure; a list of ship's stores; a list of crew's personal effects; and a cargo declaration which is a complete list of the goods

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shipped from the port, goods transshipped at the port, goods lying in the vessel but not landed or transshipped ("same bottom cargo"), and dutiable goods, including arms and ammunition, forming part of the equipment of the vessel.

Section 41(1) of the Customs Act, 1962 provides that the person-in-charge of a conveyance carrying export goods or imported goods or any other person as may be specified by the Central Government, by notification, shall, before departure of the conveyance from a Customs station, deliver to the proper officer in the case of a vessel or aircraft, a departure manifest or an export manifest by presenting electronically, and in the case of a vehicle, an export report, in such form and manner as may be prescribed and in case, such person-in-charge or other person fails to deliver the departure manifest or export manifest or the export report or any part thereof within such time, and the proper officer is satisfied that there is no sufficient cause for such delay, such person-in-charge or other person shall be liable to pay penalty not exceeding fifty thousand rupees.

However, in cases where it is not feasible to deliver departure manifest or export manifest by presenting them electronically, the Principal Commissioner/ Commissioner of Customs may, allow the same to be delivered in any other manner. [Section 41(1)]

The person delivering the departure manifest or export manifest or export report shall make and subscribe a declaration as to the truth of its contents as a footnote thereof. [Section 41(2)]

Amendment to EGM: If the proper officer is satisfied that the departure manifest or export manifest or the export report is in any way incorrect and there was no fraudulent intention, he may permit such manifest or report to be amended or supplemented. [Section 41(3)]

Preparation of Export General Manifest: The procedure for preparation of cargo manifest is as follows:

(i) In the case of shipment by sea, the ship's officer gives a receipt after he has received the consignment on board the ship. This receipt is called mate receipt. It is surrendered to the steamer agent or the agent who issues the bill of lading.

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(ii) In the case of shipment by air, after the cargo is delivered to the airways for loading, the airways issues an air consignment note.

(iii) In the case of train and lorry, a railway receipt or a lorry receipt as the case may be, is issued as soon as the consignment is received by the carrier.

The export general manifest or report is the consolidated report of all such Bills of Lading/Air Consignment Notes/Railway Receipts/Lorry Receipts issued.

PASSENGER AND CREW DEPARTURE MANIFEST AND PASSENGER NAME RECORD INFORMATION [SECTION 41A]

The person-in-charge of a conveyance that departs from India to a place outside India or any other person as may be specified by the Central Government, shall deliver to the proper officer:

(i) the passenger and crew departure manifest; and

(ii) the passenger name record information of departing passengers, in such form, containing such particulars, in such manner and within such time, as may be prescribed.

Where the passenger and crew departure manifest or the passenger name record information or any part thereof is not delivered to the proper officer within the prescribed time and if the proper officer is satisfied that there was no sufficient cause for such delay, the person-in-charge or the other specified person shall be liable to such penalty, not exceeding ₹ 50,000, as may be prescribed.

NO CONVEYANCE TO LEAVE WITHOUT WRITTEN ORDER [SECTION 42]

The person-in-charge of the conveyance which has brought any imported goods or has loaded any export goods at a customs station shall not cause or permit the conveyance to depart from that customs station until a written order to that effect has been given by the proper officer.

Subsection (2) of section 42 stipulates that no such order shall be given until

(a) The person-in-charge of a conveyance has answered the questions put to him under Section 38;

(b) The provisions of section 41 have been complied with;

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(c) The shipping bills or bills of export, the bills of transshipment, if any and such other documents, as the proper officer may require, have been delivered to him;

(d) All duties leviable on any stores consumed in such conveyance and all charges and penalties due in respect of such conveyance or from the person-in-charge thereof have been paid or the payment secured by such guarantee or deposit of such amount as the proper officer may direct;

(e) The person-in-charge of the conveyance has satisfied the proper officer that no penalty is leviable on him under section 116 or the payment of any penalty that may be levied upon him under that section has been secured by such guarantee or deposit of such amount as the proper officer may direct;

(f) In any case where any export goods have been loaded without payment of export duty or in contravention of any provision of this Act or any other law for the time being in force in relation to export of goods-

(i) Such goods have been unloaded, or

(ii) Where the Assistant Commissioner is satisfied that it is not practicable to unload such goods, the person-in-charge of the conveyance has given an undertaking, secured by such guarantee or deposit of such amount as the proper officer may direct, for bringing back the goods to India.

7. PROCEDURE FOR THE CLEARANCE OF EXPORT GOODS

ENTRY OF GOODS FOR EXPORTATION [SECTION 50]

The exporter is, under section 50 of the Customs Act, required to present electronically on the customs automated system to a proper officer of customs a shipping bill in case of export by a vessel or by air and a bill of export, in case of export by a vehicle. With this extent of automation, Customs expects that filing of shipping bill and payment of duty is on the automated system of customs department or CAS.

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However, the Principal Commissioner/Commissioner of Customs may, in cases where it is not feasible to make entry by presenting electronically, allow an entry to be presented in any other manner. Hence, manual submission of shipping bill/bill of export is allowable in cases where electronic submission is not feasible.

The form of the shipping bill is prescribed under the Shipping Bill and Bill of Export (Forms) Regulations, 2017.

Normally a shipping bill is permitted to be filed only after an entry outward has been granted for the particular vessel or aircraft by which the goods are to be exported. However, under special circumstances the Principal Commissioner/ Commissioner of Customs may permit advance shipping bill to be filed. The exporter of any goods, while presenting a shipping bill or bill of export, shall make and subscribe to a declaration as to the truth of its contents.

The exporter who presents a shipping bill or bill of export under this section shall ensure the following, namely :—

(a) the accuracy and completeness of the information given therein;

(b) the authenticity and validity of any document supporting it; and

(c) compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.

CLEARANCE OF GOODS FOR EXPORTATION [SECTION 51]

After the shipping bill is filed, they are presented for the customs appraisal. The officer of customs checks that the goods are not prohibited for export and whether they are liable to any export duty. Physical check is carried out in terms of prevailing instructions. After the customs officer is satisfied that the goods are not prohibited, and the exporter has paid the duty and other charges payable in respect of same, he makes the order for shipment on the duplicate copy of the shipping bill. This is known as "Let Export" order**.** However, Central Government may permit certain class of exporters to make deferred payment of said duty or any charges in such manner as may be provided by rules, in which case 'let export' can be ordered before duty is paid.

Further, in case of deferred payment of duty, where the exporter fails to pay the export duty, either in full or in part, by such due date as may be specified by rules, he will have to pay interest on said duty not paid or short-paid till the date of its payment. The Central Government will notify the rate of interest within a range of 5% p.a. to 36% p.a.

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NOTICE OF SHORT-EXPORT OF GOODS

According to the Notice of Short Export Rules, 1963, if any goods mentioned in a shipping bill or bill of export and cleared for exportation are not exported, the exporter shall, within seven days, from the date of departure of the conveyance by which such goods were exported, furnish the prescribed information to the proper officer in respect of such goods.

8. PROCEDURE FOR POSTAL ARTICLES

IMPORT / EXPORT OF GOODS BY POST OR COURIER

Sections 83 and 84 of the Customs Act contain the substantive provisions relating to goods imported or exported by post or through authorized courier.

Relevant date for Rate of duty and tariff valuation in respect of goods imported or exported by post or courier[Section 83]

(1) The rate of duty and tariff value, if any, applicable to any goods imported by post or courier shall be the rate and valuation in force on the date on which postal authorities or the authorized courier present to the proper officer a list containing the particulars of such goods for the purposes of assessing the duty thereon.



However, where the postal goods arrive on a vessel, and the list containing the particulars is available and is filed by the Post Master, before the arrival of the vessel, the list shall be deemed to have been filed on the date of arrival of the vessel.

The effect of this proviso is that the relevant date for imports by post is the date of submission of the list by the Post-Master or the date of arrival of the vessel, whichever is later.

(2) The rate of duty and tariff value applicable to any goods exported by post or courier shall be the rate and valuation in force on the date on which the exporter delivers such goods to the postal authorities or the authorized courier for exportation.

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Procedure for goods imported or to be exported by postor or courier [Section 84]

This section empowers the Board to make regulations providing

(a) the form and manner in which an entry may be made in respect of goods imported or to be exported by ***post or courier***.

(b) the ***custody, examination***, assessment to duty, and clearance of goods imported or to be exported by ***post or courier***

(c) the transhipment or transit or goods imported by ***post or courier*** from one Customs station to another or to a place outside India.

PROCEDURE FOR IMPORT AND EXPORT OF GOODS BY POST

In the case of goods imported by post the agency for the carriage of goods is the Government of India be it through sea, air or land. The control of the Customs Department is only on goods, whether imported or exported

(i) on which there is a duty; and

(ii) which are subject to prohibition or restriction under the Customs Act or any other law for the time being in force.

The customs have no concern over other goods or other mail.

9. SPECIAL PROVISIONS RELATING TO STORES

The term "stores" has been defined under section2(38) of the Customs Act to mean "goods for use in a vessel or aircraft and includes fuel and spare parts and other articles of equipment, whether or not for immediate fitting". It covers items like food, drink, medicines, life-saving equipment like oxygen and life boats, articles or equipment used for entertainment, in addition to fuel, spare parts and other equipment.



These items are not imported into or exported out of India in the course of international trade, but by the very fact of their being brought into India from a place outside India, and *vice versa*, they attract the rigors of the controls on import and export of goods. This has necessitated special provisions to deal with such stores. Sections 85 to 90 of the Customs Act contain detailed provisions relating to treatment of Stores under the Act.

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"Store list" in the prescribed format is required to be filed as part of the import manifest as well as export manifest / import report or export report.

WAREHOUSING OF STORES [SECTION 85]

It has been found convenient to allow imported ships stores to be kept in a bonded warehouse and thereafter supply it to vessels/aircraft as and when required. Section 85 provides that "where any imported goods are entered for warehousing and the importer makes and subscribes to a declaration that the goods are to be supplied as stores to vessels or aircraft without payment of import duty under this chapter the proper officer may permit the goods to be warehoused without the goods being assessed to duty."

This is a deviation from the general provision of warehousing the goods, where the goods are assessed to duty at the time of warehousing. Though such duty is not payable at the time of warehousing.

TRANSIT AND TRANSHIPMENT OF STORES [SECTION 86 AND 87]

Section 86 of the Customs Act provides that:

1. Any stores imported in a vessel or aircraft, may remain on board such vessel or aircraft, without payment of duty, while it is in India. (Transit)
2. Any stores imported in a vessel or aircraft may, with the permission of the proper officer be transferred to any vessel or aircraft as stores for consumption therein. (Transhipment)

Section 87 of the Customs Act provides that any imported stores on board a vessel or aircraft (other than stores to which section 90 applies) may, without payment of duty, be consumed during the period such vessel or aircraft is a foreign going vessel or aircraft.

This covers the situation between the first Indian port/airport of arrival to the final Indian port/airport of departure to a destination outside India.

In other words, no duty is leviable as long as the vessel/aircraft is a foreign going vessel/ aircraft. However, if the vessel/aircraft ceases to be so and converts to a total run/local flight, duty will be chargeable on the stores on board.

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As a result of these two specific provisions of law, it follows that in other cases normal law of levy and assessment to import duty would apply. Thus, in the case of:

(i) vessels/aircraft arriving in India and terminating their voyage at the port of arrival;

(ii) vessel/aircraft arriving in India and subsequently converting into coastal voyage/run or domestic flight, import duty would be chargeable on the unconsumed stores brought by the vessel/aircraft/conveyance at the point of its entry into India. The stores list in the arrival manifest or import manifest forms the basic document for determination of duty liability.

APPLICATION OF SECTION 69 AND CHAPTER X TO STORES [SECTION 88]

This section provides that the provisions of section 69 and chapter X (which contains the provisions for drawback of duty) shall apply to stores other than those covered by section 90. Thus, it follows that,

(i) Section 69 allows warehoused goods to be exported on payment of export duty (if any) from the warehouse (thus no import duty is paid on such goods). By virtue of section 88, this benefit is available to warehoused goods if they are taken on board any foreign going vessel or aircraft as stores.

(ii) Further, as per section 74, where duty paid imported goods are exported within two years then subject to certain conditions, such duty shall be repaid as drawback. By virtue of section 88, this benefit has been made available to imported stores.

In case of imported stores, which have been re-exported after the import duties for the same have been paid, the original import duty paid is eligible as drawback. For stores like fuel and lubricants oil taken on board any foreign going aircraft the whole of the import duty paid is eligible as drawback as against 98% eligible for other imported goods.

Imported goods can be exported without clearing it for home consumption on payment of export duty (if any) from the warehouse under Section 69.

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SUPPLY OF STORES [SECTION 89]

Section 89 of the Customs Act covers the case of indigenous goods, which are supplied to a vessel as ship stores. It states that goods produced or manufactured in India and required as stores on any foreign going vessel or aircraft may be exported free of export duty in such quantities as the proper officer may determine having regard to the size of the vessel or aircraft, the number of passengers and the crew and the length of the voyage or journey on which the vessel or aircraft is about to depart. In a nutshell, the duty-free supply of stores should be as per estimated requirement.

SPECIAL PROVISIONS REGARDING SHIPSTORES SUPPLIED TO INDIAN NAVAL VESSELS [SECTION 90]

Following are the special provisions in relation to supply of stores to Naval vessels:

(i) Imported Stores for the use in a ship of the Indian Navy may without payment of duty be consumed on board the ship of Indian Navy ;

(ii) Imported stores supplied free by the Government for the use of the crew of a ship of the Indian Navy, in accordance with their conditions of service, may be supplied without payment of duty to be consumed on board the ship of Indian Navy.

(iii) The provisions of section 69 (duty-free export from a warehouse) and Chapter X (drawback) shall apply as they apply to other goods. However, they will be entitled to drawback of the whole of the duty of customs if any paid therein, instead of 98% alone otherwise applicable.

10. SPECIAL PROCEDURES RELATING TO CLEARANCE OF BAGGAGE

BAGGAGE

The term "baggage" has been defined under section 2(3) of the Customs Act in an inclusive manner, to include unaccompanied baggage as well but does not include motor vehicles. In common parlance, the term means luggage of a passenger comprising trunks or bags and personal belongings of the passenger.

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The term "goods" has been defined under section 2(22) of the Customs Act, to include *inter alia,* baggage also. Therefore, the restrictions and regulations governing the import and export of goods will apply *mutatis mutandis* to baggage also.

ISSUES RELEVANT TO BAGGAGE



The person-in-charge of the conveyance is to file an Import General Manifest in the case of imported goods and an Export General Manifest in the case of export goods. In both the cases, "baggage goods" are required to be declared in separate sheets.

STATUTORY PROVISIONS

The statutory provisions relating to Baggage are covered by sections 77 to 81 of the Customs Act.

ENTRY OF BAGGAGE BY OWNER [SECTION 77]

Under this section, the owner of the baggage has to make a declaration of its contents to the proper officer of customs, for the purpose of clearing it. This is known as **Baggage Declaration Form.**

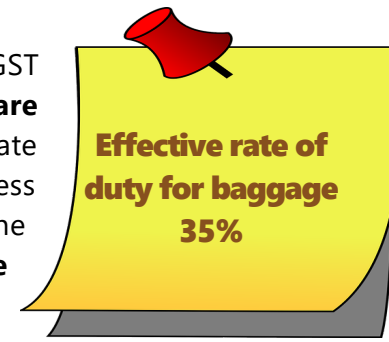
Declaring packing list is sufficient declaration.

RATE OF DUTY AND TARIFF VALUATION APPLICABLE TO BAGGAGE [SECTION 78]

Section 78 of the Customs Act stipulates that the rate of the duty and tariff valuation, if any applicable to baggage shall be the rate of and valuation in force on the date on which a declaration is made in respect of such baggage under section 77. Therefore, the relevant date for determining rate of duty is the date of filing baggage declaration under section 77.

Rate of duty on baggage.

Passenger baggage is exempted from IGST, GST Compensation Cess and **social welfare surcharge**. The basic customs duty at the rate of 35% is leviable on the value which is in excess of the duty-free allowances provided under the Baggage Rules, 2026. Thus, the **effective rate of duty for baggage is 35%**.



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This rate of duty is not applicable to fire-arms, cartridges of fire arms exceeding 50, cigarettes, cigars or tobacco in excess of the quantity prescribed for importation free of duty under the relevant baggage rules (discussed subsequently in this chapter) and goods imported through a courier service *[Notification No. 26/2016 Cus. dated 31.03.2016 as amended]*.

Thus, firearms and cartridges of fire arms exceeding 50 are not chargeable to the above concessional rate of 35% applicable to baggage. These items are charged @ **70% applicable to baggage under Heading 9803 of the Customs Tariff**. However, it is important to note that this heading 9803 shall not to apply to:

(a) motor vehicles;

(b) alcoholic beverages; and

(c) tobacco and manufactured products thereof.

A co-joint reading of Baggage Rules and this exception to heading 9803 provides that alcoholic liquors or wines upto 2 litre, cigarettes upto 100 sticks or cigars upto 25 or tobacco upto 125 gms shall be included while computing duty-free allowances provided under the Baggage Rules, 2026 (Baggage Rules have been discussed subsequently in this chapter). These products over and above the aforesaid free allowance shall be subject to the rates prescribed under the respective headings under the Customs Tariff.

Valuation rules apply to valuation of baggage also.

DUTY EXEMPTION TO BAGGAGE [SECTION 79]

Section 79(1) of the Customs Act refers to the duty relief available in respect of baggage. It stipulates that the proper officer, may subject to any rules made under sub-section (2), pass free of duty

(a) any article in the baggage, of a passenger or a member of the crew, in respect of which the said officer is satisfied that it has been in his use for such minimum period as may be specified in the rules;

(b) any article in the baggage of a passenger in respect of which the officer is satisfied that it is for the use of the passenger or his family or is a bonafide gift or souvenir, provided that the value of each such article

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and the total value of all such articles does not exceed such limits as may be specified in the rule.

The law thus envisages two categories of baggage, namely those belonging to (a) passengers; and (b) members of the crew.

Similarly, it envisages three classes of goods, namely (a) personal effects, which have been in the use of the person for a minimum period; (b) household effects, which is used by the family including the person; and (c) gifts and souvenirs.



Sub-section (2) of section 79 enables the Central Government to make rules for the purposes of carrying out the provisions of section 79(1). It also stipulates that such rules may specify

(a) the minimum period for which any article has been used by a passenger or a member of the crew for the purposes of [clause (a) of sub-section(1)] determining personal effects;

(b) The maximum value of any individual article and the maximum total value of all the articles which may be passed free of duty [under clause (b) of sub-section (1)] i.e., household effects, gifts, souvenirs etc.;

(c) the conditions to be fulfilled before or after clearance subject to which the baggage may be passed free of duty. Sub-section (3) of section 79 provides that different rules may be made for different classes of persons.

PASSENGER BAGGAGE RULES

Baggage Rules, 2026, are issued with the objective of simplifying procedures, enhancing passenger facilitation, ensuring transparency, enabling electronic and advance declarations and smooth clearance of passenger baggage.

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Moreover, Master Circular No. 4/2026 Cus dated 01.02.2026 has been issued consolidating the statutory provisions with the applicable instructions contained in earlier circulars titled "Guidelines for Uniform Implementation of Baggage Rules, 2026.

The provisions of this Circular apply to all passengers arriving in or departing from India, including residents, tourists, non-resident Indians, OCI (Overseas Citizen of India) cardholders, foreigners with valid visas, crew members and diplomatic personnel. It is pertinent to note that a new class of passenger i.e. foreigner with a valid visa, other than tourist visa has been created to provide specific treatment to such foreigners who are residing in India on long term basis. These instructions cover both accompanied and unaccompanied baggage handled at airports, seaports, land customs stations and other notified customs stations.

The substituted rules along with Master Circular have been discussed as follows:

1. Duty free imports of personal effects [Rule 3]

A passenger, including an infant arriving in India, shall be allowed clearance of used personal effects required for satisfying daily necessities of life and travel souvenirs, carried on the person or in his bona fide baggage, free of duty, other than those articles mentioned in Annexure-I.

Only used personal effects required for satisfying daily necessities of life are allowed duty free without limit. Officers are not required to verify the newness of every article unless the articles are prima facie new and which may establish original packaging.

Personal effects mean all articles (new or used) which a passenger may reasonably require for his personal use during the journey, taking into account all the circumstances of the journey, but excluding any goods imported or exported for commercial purposes.

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Thus, definition of personal effects has been expanded in line with Revised Kyoto Convention to include all articles, whether new or used, which a passenger may reasonably require for personal use during the journey, taking into account the circumstances of travel, but excluding goods imported or exported for commercial purposes.

Infant means a child not more than 2 years of age.



2. Provisions for re-import and temporary import [Rule 4]

(1) Any article of personal effects other than used personal effects required for satisfying daily necessities of life, taken out earlier by the resident or tourist of Indian origin or foreigner with a valid visa, other than tourist visa, or member of his family, from India shall be allowed free of duty, on submission of declaration made at the time of his departure from India electronically or otherwise, subject to the satisfaction of the same by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be.

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(2) Any article of personal effects other than used personal effects required for satisfying daily necessities of life, carried by a tourist, required for his stay in India, may be allowed to be imported temporarily free of duty, on submission of a declaration made electronically or otherwise, and subject to their re-export at the time of leaving India for a foreign destination.

(3) The passengers availing the facility under this rule, may be subject to risk based verification.

Resident means a person ordinarily residing in India and holding a valid passport issued under the Passports Act, 1967.

Tourist means a person not ordinarily resident in India and who enters India for a stay of not more than six months in the course of any 12 months period for legitimate non-immigrant purposes.

Foreigner with a valid visa, other than tourist visa means a foreigner possessing a valid visa, other than a tourist visa and staying in India for more than 6 months.



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3. General Free Allowance (GFA) [Rule 5]

GFA for Resident/Indian-Origin Tourist/Foreigner with Non-Tourist Visa (arriving other than by land)

A resident or a tourist of Indian origin or foreigner with a valid visa other than tourist visa, not being an infant, arriving in India other than by land, shall be allowed clearance free of duty articles other than those mentioned in Annexure-I, up to the value of ₹ 75,000, if such articles are carried on the person or in the bona fide accompanied baggage of the passenger:

GFA for tourist of foreign origin

A tourist of foreign origin, not being an infant, arriving in India other than by land, shall be allowed clearance free of duty of articles other than those mentioned in Annexure-I, up to the value of ₹ 25,000, if these are carried on the person or in the bona fide accompanied baggage of the passenger.

Passenger arriving by land allowed only used personal effects

Where the passenger arriving in India by land, only used personal effects required for satisfying daily necessities of life, shall be allowed duty free. Thus, passengers arriving in India by land shall be allowed duty free clearance only of used personal effects required for daily necessities of life. The general duty-free allowance applicable to passengers arriving by air or sea shall not apply to land border arrivals, irrespective of the category of passenger.

Additional Allowance for Laptop/Notepad

A passenger of the 18 years of age or above, other than a crew member, shall be allowed clearance of one new laptop including notepad free of duty in bona fide baggage.

No pooling of allowance

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For the purposes of this rule, the free allowance of a passenger shall not be allowed to pool with the free allowance of any other passenger.



4. *Special allowance for jewellery [Rule 6]*

Duty free allowance

A resident or tourist of Indian origin residing abroad for more than 1 year, on return to India shall be allowed duty free clearance of jewellery upto a weight of:

(i) 40 grams, if brought by a female passenger or

(ii) 20 grams, if brought by a passenger other than a female passenger in bona fide baggage.

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Definition of "Jewellery"

Jewellery means articles of adornment ordinarily worn by a person, made of gold, silver, platinum or such other precious metals, whether studded or not.

Thus, Baggage Rules, 2026 provide a distinct treatment for jewellery by defining the term and prescribing a special duty-free allowance for eligible residents and tourists of Indian origin residing abroad for more than 1 year. Under these Rules, valuables (including jewellery) carried by passengers are dealt with as follows:

Treatment of Jewellery and Valuables

(a) Used personal jewellery and valuables as used personal effects

Used personal effects, including personal jewellery and valuables required for daily necessities of life, carried on the person or in bona fide baggage, shall be allowed duty free clearance subject to risk-based verification.

(b) Jewellery and valuables not forming part of used personal effect

(i) Jewellery and valuable, other than those required for daily necessities of life, brought by a passenger in bona fide baggage, shall not be allowed duty free, however, the same may be allowed on payment of applicable duty.

(ii) Jewellery and valuable, other than those required for daily necessities of life, brought by a resident, tourist of Indian origin or a foreigner with a valid visa other than tourist visa, in bona fide baggage may be allowed duty free clearance at the time of its re-import, on the basis of an export certificate where such articles had been taken out earlier from India.

(iii) Jewellery and valuable, other than those required for daily necessities of life, brought by tourists in bona fide baggage for use during their stay in India, may be allowed subject to declaration at the time of arrival, issuance of temporary baggage import certificate and mandatory re-export at the time of departure.

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(iv) Non- bona fide jewellery or valuables or such articles, not declared or not complying with the prescribed conditions, shall attract duty as per the Baggage Rules, 2026 and shall be dealt with strictly under the Customs Act, 1962.

(c) Special allowance for jewellery

Eligible residents and tourists of Indian origin residing abroad for more than 1 year shall be allowed a special duty-free jewellery allowance as provided above. Jewellery within the prescribed allowance shall be cleared duty free, while jewellery in excess of such allowance shall be assessed to applicable customs duty.



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5. *Transfer of Residence [Rule 7]*

(1) *TR Allowance for Resident/Indian-Origin Tourist returning to India [Appendix-I]*

A resident or tourist of Indian origin, engaged in a profession abroad or transfers his residence to India, on return, shall be allowed clearance free of duty, in addition to what he is allowed under rule 3 or, as the case may be, under rule 5, articles in bona fide baggage to the extent mentioned in column (2), subject to the conditions, if any, mentioned in the corresponding entry in column (3) and relaxed to such extent by the authority mentioned in column (4), of Appendix-I.



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(2) TR Allowance for Foreigner with a valid visa other than tourist visa relocating to India [Appendix-II]

A foreigner with a valid visa other than tourist visa, engaged in any profession in India or transferring his residence to India, on arrival, shall be allowed clearance free of duty, in addition to what he is allowed under rule 3 or, as the case may be, under rule 5, articles in bona fide baggage to the extent mentioned in column (2), subject to the conditions, if any, mentioned in the corresponding entry in column (3) and relaxed to such extent by the authority mentioned in column (4), of Appendix- II.



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(3) Value Ceiling for Personal & Household Articles[Annexure-II]

The personal and household articles specified in Annexure-II may be brought on transfer of residence upto the value mentioned in Appendix-I and II.

(4) Consequence of shortfall in stay duration

Where there is a shortfall in the prescribed duration of stay in India, the passenger shall, without delay, inform the Principal Commissioner/Commissioner of Customs, having jurisdiction over the customs station where the duty free clearance was allowed and shall pay the applicable duty, if any, alongwith interest.



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6. *Currency [Rule 8]*

The import and export of currency under these rules shall be governed in accordance with the provisions of the Foreign Exchange Management (Export and Import of Currency) Regulations, 2015, and the notifications issued thereunder.



7. *Pets [Rule 9]*

The import of pets by a passenger shall be regulated by rules notified by any Ministry or Department or any authority of Central Government.



8. *Provisions regarding unaccompanied baggage [Rule 10]*

(1) These rules shall apply to all unaccompanied baggage unless otherwise excluded under these rules:

However, the Deputy Commissioner/ Assistant Commissioner of Customs, may allow the unaccompanied baggage if it is in the possession of the passenger abroad and dispatched within 1 month of his arrival in India or within such period.

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Further, the Deputy/Assistant Commissioner of Customs, may allow unaccompanied baggage to land in India upto 2 months before the arrival of the passenger or within such period, not exceeding 1 year, for reasons to be recorded in writing, if he is satisfied that the passenger was prevented from arriving in India within the period of 2 months due to circumstances beyond his control, such as sudden illness of the passenger or a member of his family, or natural calamities or disturbed conditions or disruption of the transport or travel arrangements in the country or countries concerned or any other reasons, which necessitated a change in the travel schedule of the passenger.

All provisions applicable to accompanied baggage apply equally to unaccompanied baggage, except the general free allowance. The bona fide nature of unaccompanied baggage must be established prior to clearance. All the required customs procedures shall be completed carefully in a time-bound manner, by the proper officer under a proper supervisory mechanism, to ensure expeditious clearance. Any misuse of the unaccompanied baggage facility to circumvent import regulations shall be dealt with strictly and non-bona fide cases shall be adjudicated in accordance with law. The declaration for the unaccompanied baggage may be filed by any person, so authorised by the passenger for clearance, in his absence.



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9. *Application of these rules to crew members [Rule 11]*

(1) These rules shall also apply to the crew members engaged in a foreign going conveyance for importation of their baggage at the time of final pay off on termination of their engagement.

(2) Notwithstanding anything contained in sub-rule (1), a crew member of a vessel or an aircraft other than those referred to in sub-rule (1), shall be allowed to bring articles like chocolates, cheese, cosmetics and other gift articles for their personal or family use which shall not exceed the value of ₹ 2,500.

(a) DUTY–FREE ALLOWANCE FOR *BONA FIDE* BAGGAGE

S. No.	CLASS OF PASSENGERS	DUTY FREE ALLOWANCE (IN RUPEES)	MODE OF TRAVEL
1.	RESIDENT	75,000/-	 ARRIVING THROUGH ANY MODE OTHER THAN LAND
2.	TOURIST OF INDIAN ORIGIN	75,000/-	
3.	FOREIGNER WITH A VALID VISA, OTHER THAN TOURIST VISA	75,000/-	
4.	TOURIST OF FOREIGN ORIGIN	25,000/-	
5.	CREW MEMBERS	2,500/-	

Following has also been clarified by the master circular:

A. Goods in commercial quantity as baggage

(a) Passengers carrying goods in commercial quantity or prohibited goods shall not be entitled to clearance of such goods as bona fide baggage. Such goods shall be dealt with in accordance with the provisions of the Customs Act, 1962, including adjudication with imposition of appropriate redemption fine and penalty and, where warranted, prosecution may also be considered.

(b) If a passenger is carrying a marginal excess of goods which are freely importable as normal cargo in the bona fide baggage, it shall not be treated as prohibited merely because they are brought as baggage, consumer goods imported in commercial quantity are not eligible for clearance as bona

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fide baggage. As a facilitation measure, where a passenger carries a marginal excess of otherwise bona fide baggage, such excess may be allowed clearance on payment of applicable customs duty. The presence of some commercial goods does not render the entire baggage non-bona fide, and the remaining bona fide baggage may be extended admissible concessions. In such cases, the remaining bona fide baggage shall be eligible for admissible concessions, and duty-free allowances, as applicable under the Baggage Rules, shall be extended to the passenger.

B. Temporary detention for release or re-export

Where a passenger requests detention of dutiable or restricted or prohibited articles, after completing the due procedures of Customs Act 1962, if any, for the purpose of subsequently release or re-export or otherwise, the proper officer may detain such articles and issue a detention receipt containing complete particulars of the passenger, the detained articles andthe details of the detaining officer.

The process of detention, appraisement and re-export shall be clearly explained to the passenger and the detained articles shall be subsequently released or returned at the time of departure for re-export or otherwise, subject to verification and compliance with prescribed conditions. The procedure of article detention should be carefully followed when passenger is not able to pay duty or goods are prohibited or restricted in nature.

A temporary baggage import certificate may be issued to tourists to allow temporary import of personal effects for bona fide use, subject to re-export at the time of first departure from India or within 6 months, whichever is earlier. A Detention receipt is issued in those cases where goods are restricted or prohibited or where the passenger cannot pay duty; in cases, the proper officer may detain the articles and issue a detention receipt, with the articles subsequently released or returned to the passenger on departure.

Both the temporary baggage import certificate and detention receipts are facilitative measures and shall be applied appropriately to ensure passenger convenience while safeguarding revenue and ensuring regulatory compliance.

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ANNEXURE-I

(Refer rules 3, 5 and 7)

1. ***Fire arms.***
2. ***Cartridges of fire arms exceeding 50.***
3. ***Cigarettes exceeding 100 sticks or cigars exceeding 25 or tobacco exceeding 125gms.***
4. ***Alcoholic liquor or wines in excess of two litres.***
5. ***Gold or silver in any form other than ornaments.***
6. ***Television.***



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ANNEXURE-II

(Refer rule 7)

1. ***Home Theatre System.***
2. ***Air-Conditioner.***
3. ***Microwave Oven.***
4. ***Washing Machine.***
5. ***Gas Cooking Range.***
6. ***Personal Computer (Desktop Computer).***
7. ***Laptop or Notepad.***
8. ***Domestic Refrigerator.***
9. ***Television.***
10. ***Dish Washer.***
11. ***Deep Freezer.***
12. ***Video camera or the combination of any such Video camera with one or more of the following goods, namely: -***
    - ***(a) television receiver;***
    - ***(b) sound recording or reproducing apparatus;***
    - ***(c) video reproducing apparatus.***
13. ***Vacuum Cleaner.***
14. ***Air Fryer.***
15. ***Dryer machine.***
16. ***Air cooler.***
17. ***Play station or any other gaming console.***
18. ***Water Dispenser.***
19. ***Oil heater.***
20. ***Electric Oven.***

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21. ***Musical Instrument (Piano or Guitar, etc.).***
22. ***Tablet (e.g. iPad).***
23. ***Small Bluetooth Speakers.***
24. ***Air Purifier.***
25 ***Dehumidifier.***
26. ***Multifunction Printer.***
27. ***Robotic Vacuum Cleaner.***
28. ***Massage Chair.***
29. ***Projector.***
30. ***Amplifier***



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APPENDIX- I

(Refer rule 7)

(Allowances available to resident and tourist of Indian origin)

Duration of stay abroad	*Articles allowed free of duty*	*Conditions*	*Relaxation*
(1)	*(2)*	*(3)*	*(4)*
From 3 months upto 12 months	*Personal and household articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of ₹ 1,50,000.*	*-*	*-*
Minimum stay of one year during the preceding 2 years.	*Personal and household articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of ₹ 3,00,000.*	*The passenger should not have availed this concession in the preceding three years.*	*-*

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Minimum stay of 2 years or more.	***Personal and household articles, other than those listed at Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of ₹ 7,50,000.***	***(i) Minimum stay of 2 years abroad, immediately preceding the date of his or her arrival on transfer of residence;*** ***(ii) Total stay in India on short visit during the 2 preceding years should not exceed 6 months; and*** ***(iii) The passenger has not availed this concession in the preceding three years***	***(a) For condition (i), shortfall of upto 2 months in stay abroad can be condoned by Deputy/Assistant Commissioner of Customs, if the early return is on account of:—*** ***(i) terminal leave or vacation being availed of by the passenger; or*** ***(ii) any other special circumstances for reasons to be recorded in writing.*** ***(b) For condition (ii), the Principal Commissioner/ Commissioner of Customs may condone short visits in excess of 6 months in special circumstances for reasons to be recorded in writing.*** ***(c) For condition (iii), No relaxation.***

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APPENDIX- II

(Refer rule 7)

(Allowances available to foreigner with valid visa other than tourist visa)

Duration of stay in India	*Articles allowed free of duty*	*Conditions*	*Relaxation*
(1)	*(2)*	*(3)*	*(4)*
From 6 months up to 12	*Personal and household*	*(i) Minimum stay of 6*	*For condition (i), shortfall of upto 3*

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months in India.	*articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of ₹ 1,50,000.*	*months in India;* *(ii) The passenger, should not have availed this concession in the preceding 1 year.*	*months in stay in India can be condoned by Principal Commissioner/ Commissioner of Customs, if the early departure is on account of: —* *(i) terminal leave being availed of by the passenger; or* *(ii) any other special circumstances for reasons to be recorded in writing.* *(b) No relaxation for condition (ii)*
Minimum stay of 1 year during the succeeding 2 years from the date of arrival in India.	*Personal and household articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of ₹ 3,00,000.*	*(i) Minimum stay of one year during the succeeding two years from the date of arrival in India.;* *(ii) The passenger, should not have availed this concession in the*	*For condition (i), shortfall of upto three months in stay in India can be condoned by Principal Commissioner of Customs or Commissioner of Customs if the early departure is on account of:—* *(i) terminal leave being availed of by the passenger; or*

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		preceding three year.	*(ii) any other special circumstances for reasons to be recorded in writing.* *(b) No relaxation for condition (ii)*
Minimum stay of 2 years or more in India.	*Personal and household articles, other than those listed at Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of ₹ 7,50,000.*	*(i) Minimum stay of 2 years in India, immediately during the succeeding the date of his or her arrival on transfer of residence;* *(ii) The passenger has not availed this concession in the preceding 3 years.*	*(a) For condition (i), shortfall of upto two months for stay in India can be condoned by Deputy Commissioner /Assistant Commissioner of Customs, if the early return is on account of:—* *(i) terminal of professional contract* *(ii) any other special circumstances for reasons to be recorded in writing.* *(b)For condition (i), the Principal Commissioner/ Commissioner of Customs may condone short visits upto 6 months in special circumstances for*

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			reasons to be recorded in writing. ***(c) No relaxation for condition (ii).***
returning after stay abroad of 2 years or more.	***Personal and household articles, other than those listed at Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of ₹ 7,50,000.***	***(i) Minimum stay of 2 years abroad, immediately preceding the date of his or her arrival on transfer of residence;*** ***(ii) Total stay in India on short visit during the 2 preceding years should not exceed 6 months; and*** ***(iii) The passenger has not availed this concession in the preceding 3 years.***	***(a) For condition (i), shortfall of upto two months in stay abroad can be condoned by Deputy / Assistant Commissioner of Customs if the early return is on account of:—*** ***(i) terminal leave or vacation being availed of by the passenger; or*** ***(ii) any other special circumstances for reasons to be recorded in writing.*** ***(b) For condition (ii), the Principal Commissioner / Commissioner of Customs may condone short visits in excess of six months in special circumstances for reasons to be recorded in writing.*** ***(c) For condition (iii), No relaxation.***

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Customs Baggage (Declaration and Processing) Regulations, 2026

Customs Baggage Declaration Regulations, 2013 have also been substituted with the Customs Baggage (Declaration and Processing) Regulations, 2026. All passengers who are (i) not required to declare anything on which payment of duty is involved or (ii) not required to make declaration regarding currency or pet, can straight away use Green Channel for exit.

Passengers arriving in India who are carrying dutiable or prohibited goods are required to declare their accompanied baggage electronically in the prescribed Customs Declaration Form, prior to entering the Green Channel. Declarations may be filed on arrival or up to 3 days in advance of arrival through the designated automated system.

In this connection, DG System has developed the web application or mobile application namely, Atithi. Unaccompanied baggage containing dutiable personal effects shall be declared electronically in the prescribed form and processed in accordance with the Regulations.

Where baggage contains prohibited or dutiable goods, the proper officer may, either at the request of the passenger or otherwise, detain such goods for the purpose of being returned to the passenger on his leaving India or otherwise dealt with as per rules. Details of the baggage detained are recorded in Detention Receipt. Detained baggage is sealed and kept in customs custody.

Illustration 4

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 details are submitted by them with the Customs authorities on their return to India on 15.04.2026:

(i) used personal effects worth ₹ 80,000 by each of them,

(ii) 2 music systems each worth ₹ 50,000 (1 music system brought by each of them),

(iii) the jewellery brought by Mr. Sujoy worth ₹ 2,80,000 [20 grams] and the jewellery brought by his wife worth ₹ 5,60,000 [40 grams].

With reference to the Baggage Rules, 2026, determine whether Mr. and Mrs. Sujoy will be required to pay any customs duty? If yes, determine the amount of duty payable.

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Answer

As per rule 3 of the Baggage Rules, 2026, a passenger, including an infant arriving in India, shall be allowed clearance of used personal effects required for satisfying daily necessities of life and travel souvenirs, carried on the person or in his bona fide baggage, free of duty

Further, rule 5 of the Baggage Rules, 2026 provides that a resident or a tourist of Indian origin or foreigner with a valid visa other than tourist visa, not being an infant, arriving in India other than by land, shall be allowed clearance free of duty articles up to the value of ₹ 75,000, if such articles are carried on the person or in the bona fide accompanied baggage of the passenger. For the purposes of this rule, the free allowance of a passenger shall not be allowed to pool with the free allowance of any other passenger.

As per rule 6 of the Baggage Rules, a resident or tourist of Indian origin residing abroad for more than 1 year, on return to India shall be allowed duty free clearance of jewellery upto a weight of:

(i) 40 grams, if brought by a female passenger or

(ii) 20 grams, if brought by a passenger other than a female passenger

in bona fide baggage.

Accordingly, the concessional baggage duty payable by Mr. and Mrs. Sujoy will be computed as under:

Computation of customs duty payable	**Mr. Sujoy (₹)**	**Mrs. Sujoy (₹)**
Used personal effects [Allowed duty free.]	Nil	Nil
Music system [Accommodated in General Free Allowance (GFA).]	50,000	50,000

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Jewellery [Jewellery allowance (Rule 6) is applicable for only Mr. Sujoy and not for Mrs. Sujoy as she did not stay for more than 1 year abroad.]	Nil	5,60,000
Less: GFA	75,000	75,000
Baggage on which duty is payable	Nil	5,35,000
Duty payable @ 35% (Social welfare surcharge is exempt.)	Nil	1,87,250

Illustration 5

After visiting USA for a month, Mrs. and Mr. X (Indian residents aged 40 and 45 years respectively) brought to India used personal effects valued at ₹ 90,000 each. Further, Mrs. X brought a laptop computer valued at ₹ 80,000 and Mr. X brought a personal computer for ₹ 52,000. What is the customs duty payable? Ignore Agriculture infrastructure and development cess.

Answer

(1) As per rule 3 of the Baggage Rules, 2026, a passenger, including an infant arriving in India, shall be allowed clearance of used personal effects required for satisfying daily necessities of life and travel souvenirs, carried on the person or in his bona fide baggage, free of duty

(2) Rule 5 of the Baggage Rules, 2026 provides that a resident or a tourist of Indian origin or foreigner with a valid visa other than tourist visa, not being an infant, arriving in India other than by land, shall be allowed clearance free of duty articles up to the value of ` 75,000, if such articles are carried on the person or in the bona fide accompanied baggage of the passenger. For the purposes of this rule, the free allowance of a passenger shall not be allowed to pool with the free allowance of any other passenger.

(2) A passenger of the 18 years of age or above, other than a crew member, shall be allowed clearance of one new laptop including notepad free of duty in bona fide baggage.

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(3) Accordingly, there will be no customs duty on used personal effects (worth ₹ 90,000) of Mrs. and Mr. X and laptop computer brought by Mrs. X will be exempt from duty.

Duty payable on personal computer after exhausting the duty free baggage allowance of Mr. X will also be Nil (₹ 52,000 – ₹ 75,000).

Illustration 6

What is the relevant date for determination of rate of duty under the Customs Act, 1962 in the case of clearance of baggage?

Answer

As per section 78 of the Customs Act, 1962, the relevant date for determination of rate of duty in case of clearance of baggage is the date on which a declaration is made in respect of such baggage under section 77.

TEMPORARY DETENTION OF BAGGAGE [SECTION 80]

It may so happen that a passenger has brought with him an article, which is prohibited. The passenger may not insist on taking it into the Indian Territory. On the contrary, he may opt to re-export it or take it with him when he leaves the country.

Similarly, a passenger may not unnecessarily pay duty on an article, which he can conveniently avoid taking into the town, if the duty is heavy. In such case also, he may opt to take the article with him when he leaves the country.

In both the cases, he will have to deposit the article with the customs authorities and take it back at the port of his departure.



"Where the baggage of a passenger contains any article which is dutiable or the import of which is prohibited and in respect of which a true declaration has been made under section 77, the proper officer may, at the request of the passenger, detain such article for the purpose of being returned to him on his leaving India and if for any reason, the passenger is not able to collect the article at the time of his leaving India the article may be returned to him through any other passenger authorised by him and leaving India or as cargo consigned in his name".

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Declaration – the essence: Declaration of baggage is mandatory. Under section 77, the owner of baggage must declare its contents to the proper officer for the purpose of clearing it. Goods that are dutiable, or that exceed the free allowance, must be declared.

REGULATIONS IN RESPECT OF BAGGAGE [SECTION 81]

Since the provisions in respect of baggage are a complete code by themselves, it is desirable to supplement detailed procedures wherever necessary with the rule making powers. Section 81 therefore provides that the Board may make regulations in the following matters:

(a) providing for the manner of declaring the contents of any baggage;

(b) providing for the custody, examination, assessment to duty and clearance of baggage;

(c) providing for transit or transhipment of baggage from one customs station to another or to a place outside India.

11. TRANSIT AND TRANSHIPMENT

TRANSIT AND TRANSHIPMENT OF IMPORT CARGO – AN INTRODUCTION:

A conveyance may not carry goods intended for a particular customs station only. It may carry goods intended for other Indian ports and other foreign ports. There are two distinct possibilities:

(a) The conveyance may not call at all other Indian ports/customs stations and foreign ports for which it carries goods.

(b) The conveyance may call at all other Indian ports/customs stations and foreign ports for which it carries goods.



In the case of the former, the goods will have to be transferred to any other conveyance onward carriage to the destination. This is called transhipment. This will cover both goods intended for Indian ports and foreign ports.

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In the latter situation, the goods will continue to be carried by the same conveyance. This is called transit of goods.

In both the situations, import duty is not collected on the goods even though the liability has already accrued by the fact of import into India (which includes the territorial waters of India). It would be necessary to ensure that



(a) in the case of goods intended for Indian ports, the goods have actually to be conveyed to the Indian port of destination and appropriate duty of customs is collected thereupon;

(b) in the case of goods intended for foreign ports, the goods are actually conveyed out of India and are not landed in any Indian customs station.

DIFFERENCE BETWEEN TRANSIT AND TRANSHIPMENT

The essential difference between transit and transhipment lies in the continuity of records and documentation.

(a) In the case of transit of goods by the same conveyance, the record already made in the ship's/aircraft's manifest will continue. The goods would have to be shown in the manifest as same bottom cargo. The destination of the cargo consignment wise has to be shown in the same bottom cargo manifest. These entries have necessarily to figure in the departure manifest or export manifest of the conveyance. Thereafter when the conveyance calls at the next Indian customs port or airport the goods have to figure in the Import General Manifest filed there as landing cargo or same bottom cargo as the case may be. Thus, there is continuity in the record and there is no chance of the control over such transit goods being lost.



(b) The position of the transhipment is entirely different. In the first instance, such transhipment goods are landed in the particular Indian customs station. Thereafter, they have to be shipped by a conveyance to the



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destination to be transhipped. These are the following stages where care and caution have to be exercised to ensure that the goods are not illicitly landed and smuggled into India.

(i) during the period when the transhipment goods lie in the Indian customs station;

(ii) when the goods are transhipped by another conveyance to their final destination;

(iii) where the transhipped goods are destined to another Indian customs station, care has to be taken at that station for actual landing and proper clearance.

STATUTORY PROVISIONS

The statutory provisions relating to Transit and Transhipment of goods are covered in sections 52 to 56A of the Customs Act.

EXCEPTIONS TO THIS CHAPTER [SECTION 52]

The provisions of this chapter shall not apply to

(a) Baggage

(b) Goods imported by post and

(c) Stores

TRANSIT OF GOODS IN THE SAME VESSEL OR AIR [SECTION 53]

Subject to the provisions of section 11 (power to prohibit import or export of goods), where any goods imported in a conveyance and mentioned in the arrival manifest or import manifest or the import report, as the case may be, as for transit in the same conveyance to any place outside India or to any customs station, the proper officer may allow the goods and the conveyance to transit without payment of duty, subject to such conditions, as may be prescribed.

TRANSHIPMENT OF GOODS WITHOUT PAYMENT OF DUTY [SECTION 54]

(1) Where any goods imported into a customs station are intended for transhipment, a bill of transhipment shall be presented to the proper

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officer in the prescribed form. Where the goods are being transferred under an international treaty or bilateral agreement between the Government of India and Government of a foreign country, a declaration for transhipment instead of a bill of transhipment shall be presented to the proper officer in the prescribed form.

(2) Subject to the provisions of sections 11 (power to prohibit import or export of goods), where any goods imported into a customs station are mentioned in the arrival manifest or import manifest or the import report, as the case may be, as for transhipment to anyplace outside India, such goods may be allowed to be so transhipped without payment of duty.



(3) Where any goods imported into a customs station are mentioned in the arrival manifest or import manifest or the import report, as the case may be, as for transhipment:-

(a) to any major port as defined in the Indian Ports Act, 1908 (15 of 1908), or the customs airport at Mumbai, Calcutta, Delhi, or Chennai or any other custom port or customs airport which the board may, by notification in the Official Gazette, specify in this behalf, or

(b) to any other customs station and the proper officer is satisfied that the goods bonafide intended for transhipment to such customs station, the proper officer may allow the goods to be transhipped without payment of duty, subject to such conditions as may be prescribed for the due arrival of such goods at the customs station to which transshipment is allowed.

Illustration 7

State the difference between transit and transhipment of goods under the provisions of the Customs Act.

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Answer

Transit	Transshipment
(i) Section 53 of the Customs Act, 1962 provides for transit of goods.	(i) Section 54 of the Customs Act, 1962 provides for transshipment of goods.
(ii) In case of transit of goods, goods are allowed to remain on the same conveyance.	(ii) In case of transshipment of goods, the conveyance changes i.e., the goods are unloaded from one conveyance and loaded in another conveyance.
(iii) In case of transit of goods, there is continuity of records.	(iii) In transshipment of goods, continuity in the records is not maintained as the goods are transferred to another conveyance.

LIABILITY OF DUTY ON GOODS TRANSITED UNDER SECTION 53 OR TRANSHIPPED UNDER SECTION 54 [SECTION 55]

Where any goods are allowed to be transited under section 53 or transhipped under section 54(3) (transhipment within India) to any customs station, they shall, on their arrival at such station, be liable to duty and shall be entered in like manner as goods are entered on the first importation thereof and the provisions of this Act and any rules and regulations shall, so far as may be, apply in relation to such goods.

TRANSPORT OF CERTAIN CLASSES OF GOODS SUBJECT TO PRESCRIBED CONDITIONS [SECTION 56]

The provisions of sections 53 and 54 apply only to goods imported at an Indian customs port/airport and transmitted or transshipped to another Indian customs port/airport. They do not cover transport by land from one Indian land custom station to another Indian land customs station.

In the case of goods destined to foreign ports/airports/custom station, the problem had been specifically faced in the case where imported goods meant for Nepal landed at any Indian customs port/airport or land customs station.

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Such goods had to be transported by road or rail to Indian land customs station along the Indo Nepal Border and thereafter crossed over to the corresponding Nepalese customs station. Similarly, there was rail traffic between West and East Pakistan before the latter was liberated and named Bangladesh. The movement across the Indian territory was found to be faster and cheaper compared to movement by sea around the Indian subcontinent. Such a situation is dealt with by section 56 of the Customs Act.

Section 56 specifically provides that imported goods may be transported without payment of duty from one land customs station to another, and any goods may be transported from one part of India to another part through any foreign territory, subject to such conditions as may be prescribed for the due arrival of such goods at the place of destination.

In the first part, movement within Indian Territory is allowed without payment of customs duty, for goods imported from outside India for ultimate destination outside India.

In the second part, movement through foreign territory is allowed without payment of customs duty, for goods starting from one part of India to another part of India.

SPECIAL PROVISION FOR FISHING AND FISHING RELATED ACTIVITES [SECTION 56A]

Notwithstanding anything contained in this Act or in any other law for the time being in force, fish harvested by and Indian-flagged fishing vessel beyond territorial waters of India:

(a) may be brought into India free of duty;

(b) that has landed at foreign port may be treated as export of goods,

in such manner and subject to such conditions as may be provided by rules.

The Board may make regulation providing for the form and manner of making an entry in respect of fish harvested including its declaration, custody, examination, assessment of duty, clearance, transit or transshipment.

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IMPORT AND EXPORT PROCEDURES

The brief description of Import and Export Procedures is given as under:

IMPORT PROCEDURES

The procedure for importation of goods by air, by sea, or by land has been outlined below:-

(1) Landing/calling of aircraft/vessel: In case goods are imported by sea/air, the goods shall be loaded in the vessel/aircraft in the exporting country and sent to India. In case of import by land, the goods shall be sent in a vehicle (rail or road vehicle).

When the vessel/aircraft carrying imported goods arrives in India, the **person-in-charge of such vessel/aircraft** *[master/pilot of the vessel/aircraft respectively]* entering into India from outside India shall allow calling/landing of the vessel/aircraft only at the customs port/customs airport unless otherwise permitted by CBIC.

(2) Delivery of import manifest/report: The person-in-charge of a vessel/aircraft shall deliver to the proper officer an **import manifest** *[detailed information about goods in vessel/aircraft]* by presenting the same electronically before the arrival of the vessel/aircraft at the customs port/customs airport. In case of import by land, the person-in-charge of the vehicle shall deliver to the proper officer an **import report** *[detailed information about goods in vehicle]* within 12 hours of the arrival of vehicle at the customs station.

(3) Grant of Entry Inwards to the master of the vessel/permission to unload the goods: On receiving import manifest from the master of a vessel, the proper officer shall grant Entry Inwards to the master. The master of the vessel shall not permit the goods to be unloaded until the order of Entry Inwards has been granted by the proper officer to such vessel. Date of Entry Inwards is the date on which the customs department is ready to supervise the unloading of cargo.

(4) Unloading of goods: Imported goods shall be unloaded:-

(a) only if mentioned in the import manifest/import report.

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(b) only at the approved places in any customs port/customs airport.

(c) under the supervision of the proper officer.

(d) during working hours and shall not be unloaded on Sunday/on any holiday.

(5) Unloaded goods to be in the custody of the Custodian until their clearance: Once the imported goods have entered the customs area, they shall remain in the custody of the **Custodian** *[a person approved by the Commissioner of Customs for this purpose]*. If the imported goods are pilfered after unloading in a customs area, while in the custody of the Custodian, then the Custodian shall be liable to pay duty on such goods.

(6) Filing of entry for import i.e. Bill of Entry: The importer of any goods, other than goods intended for transit or transhipment *[provisions of goods in transit/transhipment are discussed below in point (11)],* shall file a Bill of Entry electronically for clearance of goods from the custom station port/airport.

In case the goods are to be cleared for home consumption, importer would file Bill of Entry for home consumption. However, if the importer does not need the goods immediately, he may request the goods to be warehoused. In that case, an Into-Bond Bill of Entry (for warehousing) would be filed. When subsequently, the goods are to be cleared from warehouse for home consumption, an Ex-Bond Bill of Entry is required to be filed.

(7) Timing of filing of Bill of Entry: Bill of entry may be presented before the end of the day (including holidays) preceding the day on which the aircraft/vessel/vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing. However, Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival.

Further, a bill of entry may be presented at any time not exceeding 30 days prior to the expected arrival of the aircraft/vessel/vehicle by which the goods have been shipped for importation into India.

(8) Assessment of duty on the imported goods: Assessment is the procedure of quantifying the amount of liability. The importer will self-assess the duty considering the applicable rate of exchange and rate of import duty. This self-assessment is subject to verification by the proper officer of the Customs and

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may lead to reassessment by such officer if the assessment made by the importer is found to be incorrect. The proper officer shall return the Bill of Entry to the importer after determination of the duty amount.

(9) **Payment of duty:** If the goods are cleared to be stored in a warehouse, payment of duty is deferred till the time of clearance from such warehouse. However, in case the goods are cleared for home consumption, customs duty has to be paid. The benefit of deferred payment of duty has also been permitted in respect of certain class of importers (discussed in preceding paragraphs).

The importer has to pay the duty within the prescribed time-limit as discussed under section 47. In case he fails to do so, he is required to pay interest on the duty till the time he actually pays the duty and clears the goods.

(10) **Maximum Time for clearance of imported goods from the custom station:** The goods lying under the custody of the custodian have to be cleared either for home consumption or for warehousing or for transhipment within 30 days (or such extended time as the proper officer may allow) from the date of unloading of goods at the customs station. Otherwise, the goods would be subject to auction by the person having custody thereof as per section 48 of the Customs Act. 1962

(11) **Mandatory documents for imports:** The following documents are mandatory-

1. Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/Postal Receipt
2. Commercial Invoice cum Packing List (or separate invoice and packing list)
3. Bill of Entry

For import of specific goods or in specific cases of import, additional documents may be notified/sought.

Note: *There are separate import procedures for import of baggage and import by post.*

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EXPORT PROCEDURES

The procedure for exportation of goods by air, by sea or by land has been outlined below:

(1) Filing of shipping bill/ bill of export: The exporter is required to present electronicallyto a proper officer of customs a **shipping bill** *[in case of export by a vessel or by air]* and a **bill of export** *[in case of export by a vehicle]*.

An exporter entering any export goods self-assesses and pays the duty, if any, leviable on such goods subject to verification by the proper officer.

(2) Order permitting clearance and loading of goods for exportation: Where the proper officer is satisfied that:

- goods entered for export are **NOT prohibited goods and**
- exporter has **paid duty, if any,** on them,

he passes order permitting clearance and loading of goods for exportation called '**Let Export Order**'.

(3) Grant of Entry Outwards: A vessel intending to start loading of export goods must be first granted an 'Entry Outwards' by the proper officer. The master of a vessel shall not permit the loading of any export goods, until the proper officer grants entry-outwards to such vessel.

Note: *Entry outwards is the permission granted by the Customs authorities to a vessel to go on a foreign voyage to the port of consignment.*

(4) Loading of goods on conveyance for exportation: The export goods shall be loaded on the conveyance for exportation with the permission of person-in-charge. He shall not permit the loading at a customs station unless a shipping bill/bill of export/bill of transhipment, as the case may be, duly passed by the proper officer, has been handed over to him by the exporter.

Note: *In case of goods exported in a vessel, grant of entry outwards is also mandatory requirement before loading of goods.*

(5) Delivery of export manifest/report: The person-in-charge of a conveyance carrying export goods shall, before departure of the conveyance from a customs station, deliver to the proper officer in the case of a vessel or aircraft, an export manifest electronically, and in the case of a vehicle, an export report.

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(6) No conveyance to leave without written order: The person-in-charge of a conveyance which has loaded any export goods at a customs station shall not cause or permit the conveyance to depart from that customs station until a written order to that effect has been given by the proper officer.

(7) Mandatory documents for exports: The following documents are mandatory-

1 Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/Postal Receipt

2 Commercial Invoice cum Packing List (or separate invoice and packing list)

3 Shipping Bill/Bill of Export/ Postal Bill of Export

For export of specific goods or in specific cases of export, additional documents may be notified/sought.

Note: *There are separate export procedures prescribed for export of baggage and export by post.*

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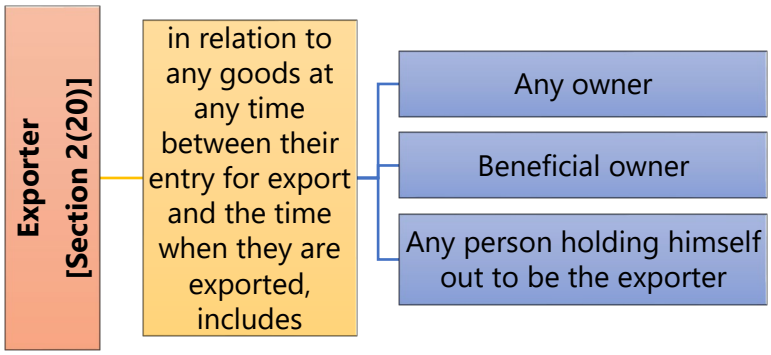
LET US RECAPITULATE

Important Definitions

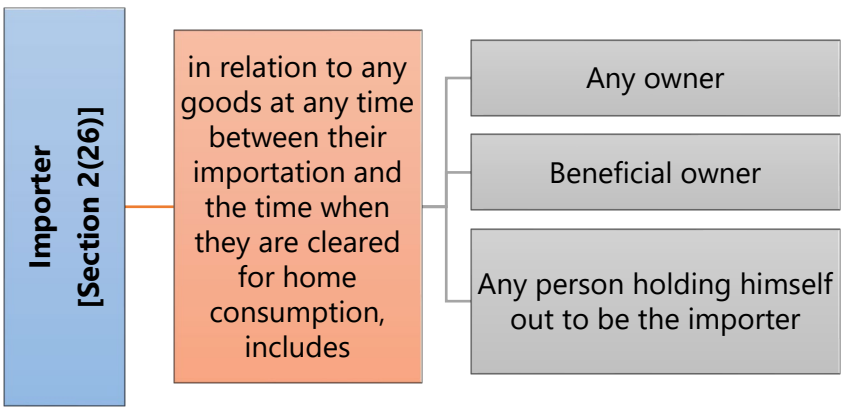
Conveyance



Exporter

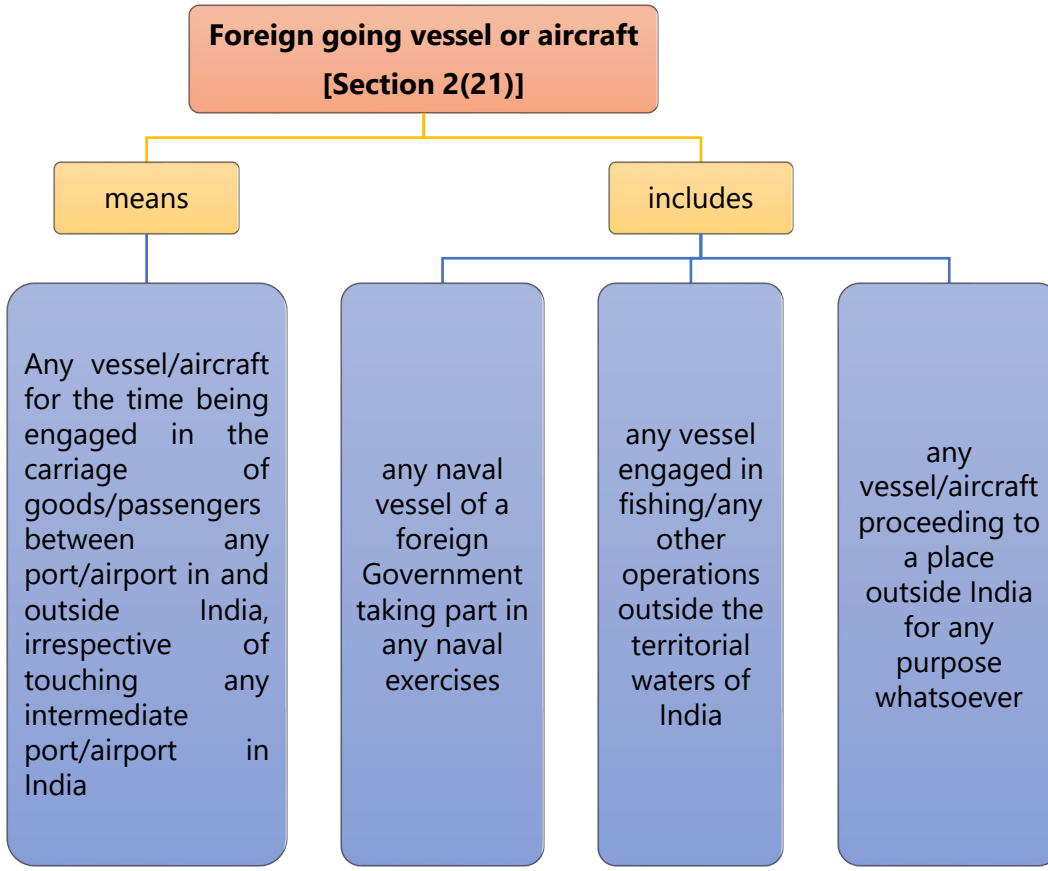


Importer

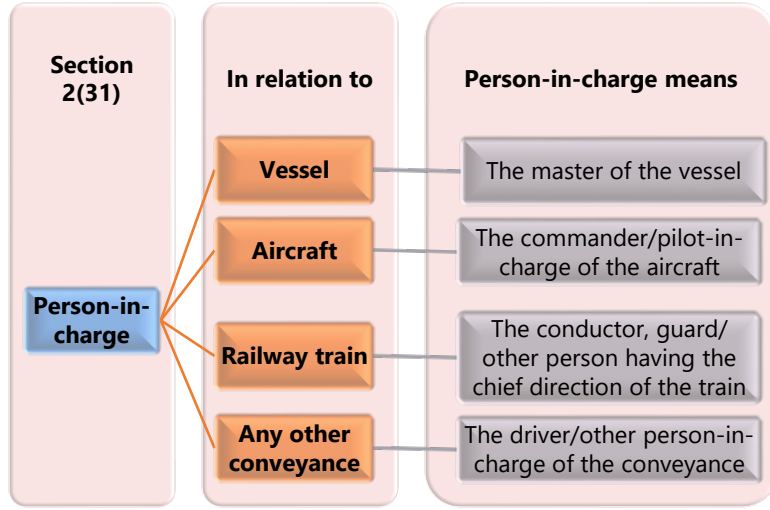


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Foreign going vessel or aircraft

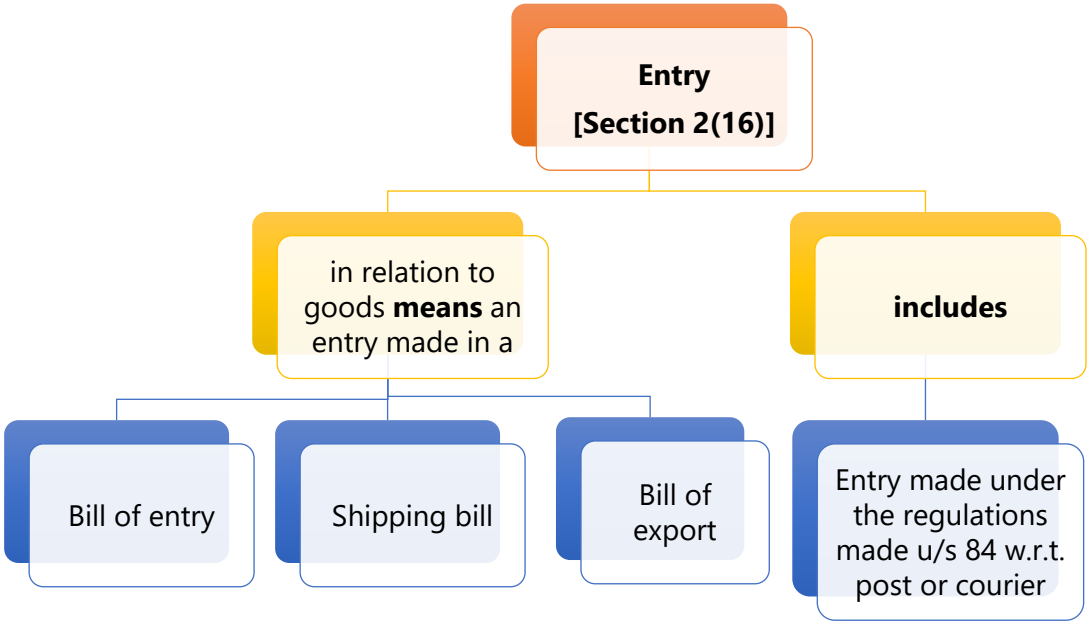


Person in Charge



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Entry



Arrival of vessels and aircrafts in India [Section 29]

Person-in-charge of vessel/aircraft entering India not to permit the vessel/aircraft to call/land at any place other than customs port/customs airport

for the first time after arrival in India or

at any time while carrying passengers/cargo unless permitted by the Board

Allowed to call/land at other place if compelled by accident, stress of weather/other unavoidable cause

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Obligations of Person in charge

Obligations of person-in-charge of such vessel/aircraft:-

(i) To report arrival of vessel/landing of aircraft to the nearest customs officer/officer in charge of police station & produce log book if demanded

(ii) W/o consent of such officer - not permit unloading of goods & any passengers/crew to leave the vicinity of vessel/aircraft

(iii) Comply with all the directions given by such officer

Exception:- Goods can be unloaded or passengers/crews can leave w/o consent due to health, safety/preservation of life or property

Delivery of Arrival manifest/ Import manifest/Import report [Section 30]

Imported goods brought in	Import Document to be presented by person-in-charge	Time limit for presentation of IM/IR	Mode of presentation
Vessel/Aircraft	Arrival manifest (AM)/import manifest (IM)	Any time prior to its arrival	Electronic filing
Vehicle	Import Report (IR)	Within 12 hours after its arrival	Prescribed manner

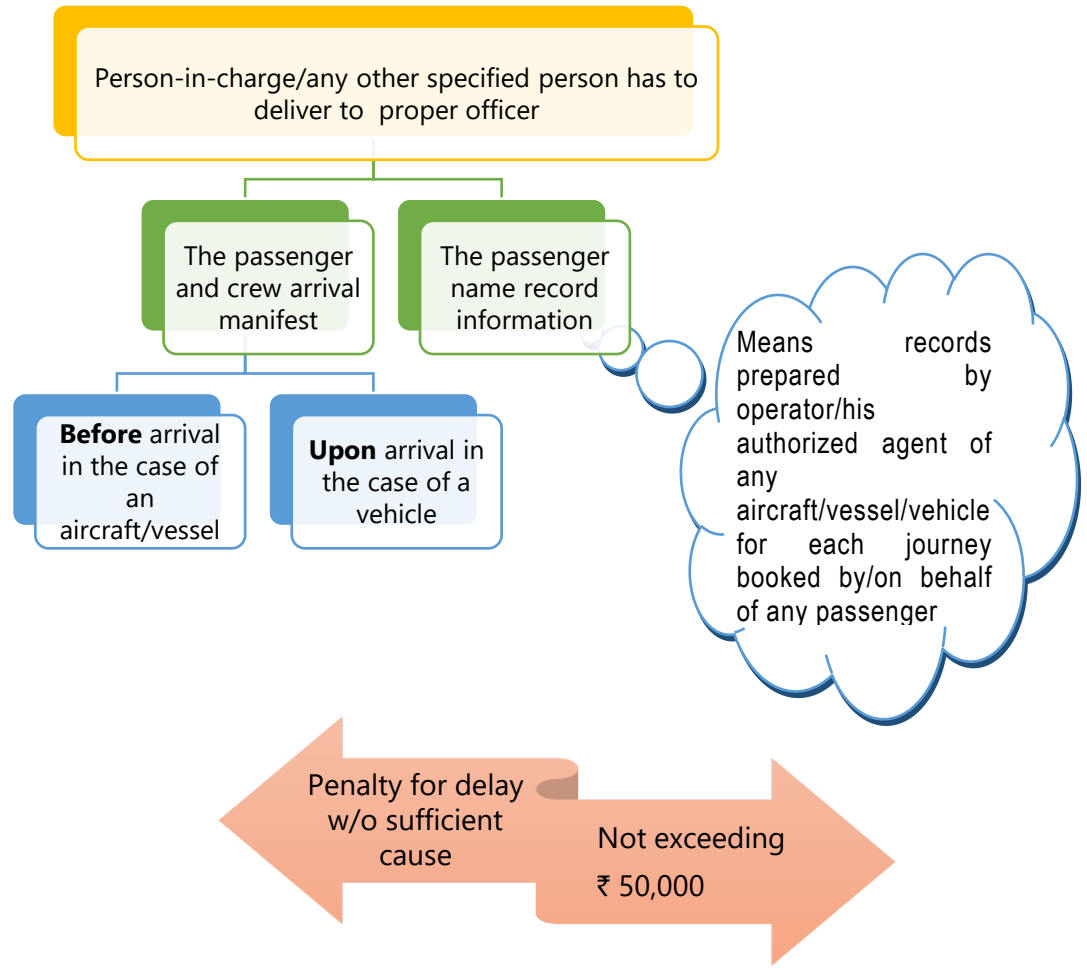
Principal Commissioner/ Commissioner of Customs may allow AM/IM to be delivered in any other manner, if not feasible to present electronically.

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Penalty

Penalty for delay w/o sufficient cause	•Not exceeding ₹ 50,000
Proper officer satisfied that AM/IM/IR is in any way incorrect/incomplete & no fraudulent intention	•May permit it to be amended or supplemented.

Passenger and crew arrival manifest and passenger name record information [Section 30A]



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Imported goods not to be unloaded from vessel until entry inwards granted [Section 31]

Master of vessel not permitted for unloading of any imported goods until order granting entry inwards given by proper officer

Order to be given only if arrival manifest/ import manifest delivered or proper officer satisfied of valid reason for non-delivery.

Exception:-

Unloading of baggage accompanying passenger/member of the crew,

mail bags,

animals,

perishable goods & hazardous goods

Imported goods not to be unloaded unless mentioned in arrival manifest or import manifest or import report [Section 32]

W/o permission of proper officer

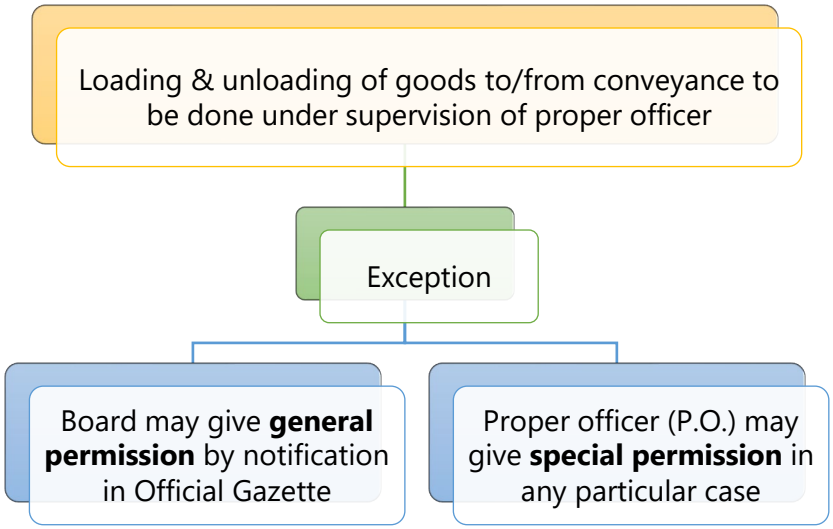
- Imported goods not to be unloaded
- Unless mentioned in arrival manifest, import manifest/import report for being unloaded in that customs station

Loading and unloading of goods at approved places only [Section 33]

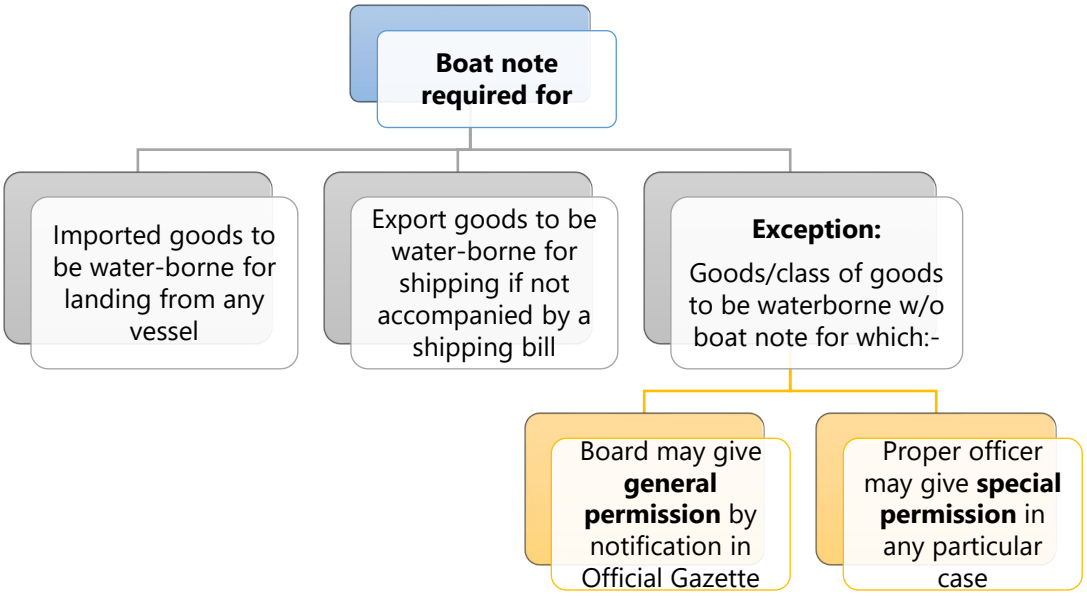
Loading & Unloading of goods to be undertaken → Only at approved places

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Goods not to be loaded or unloaded except under the supervision of Customs Officer [Section34]



Restrictions on goods being water-borne [Section 35]



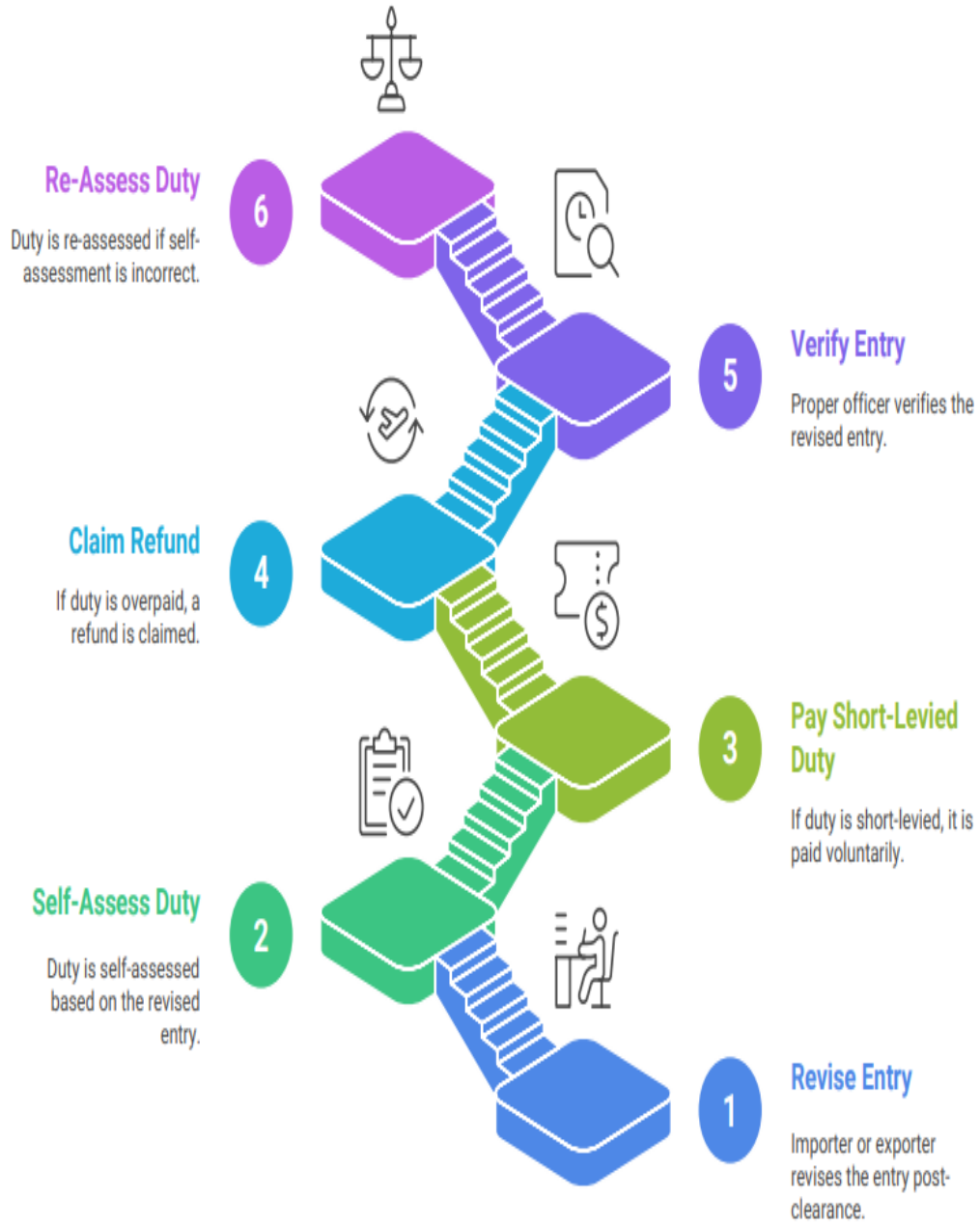
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Provisional assessment of duty [Section 18]



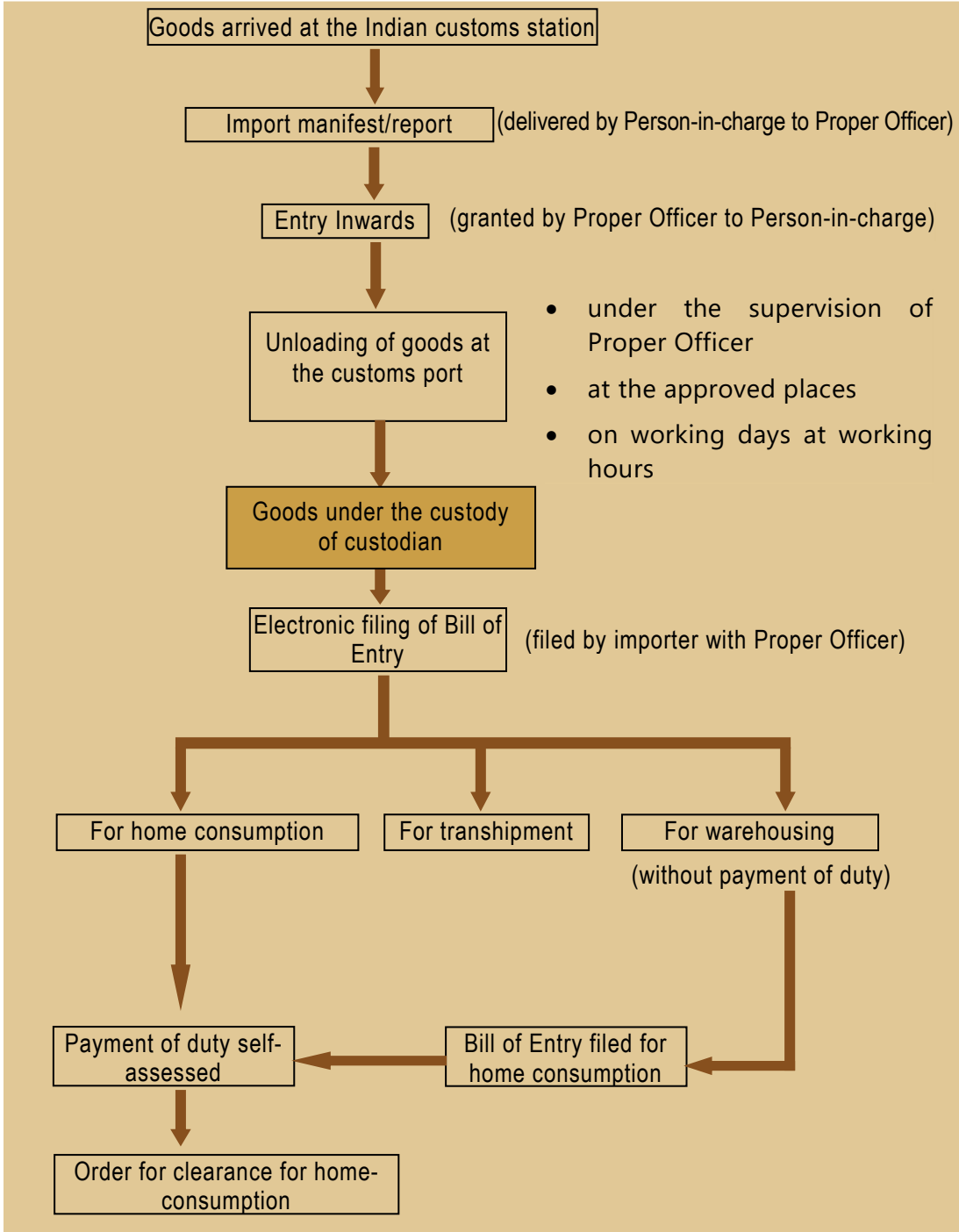
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Voluntary revision of entry post clearance [Section 18A]



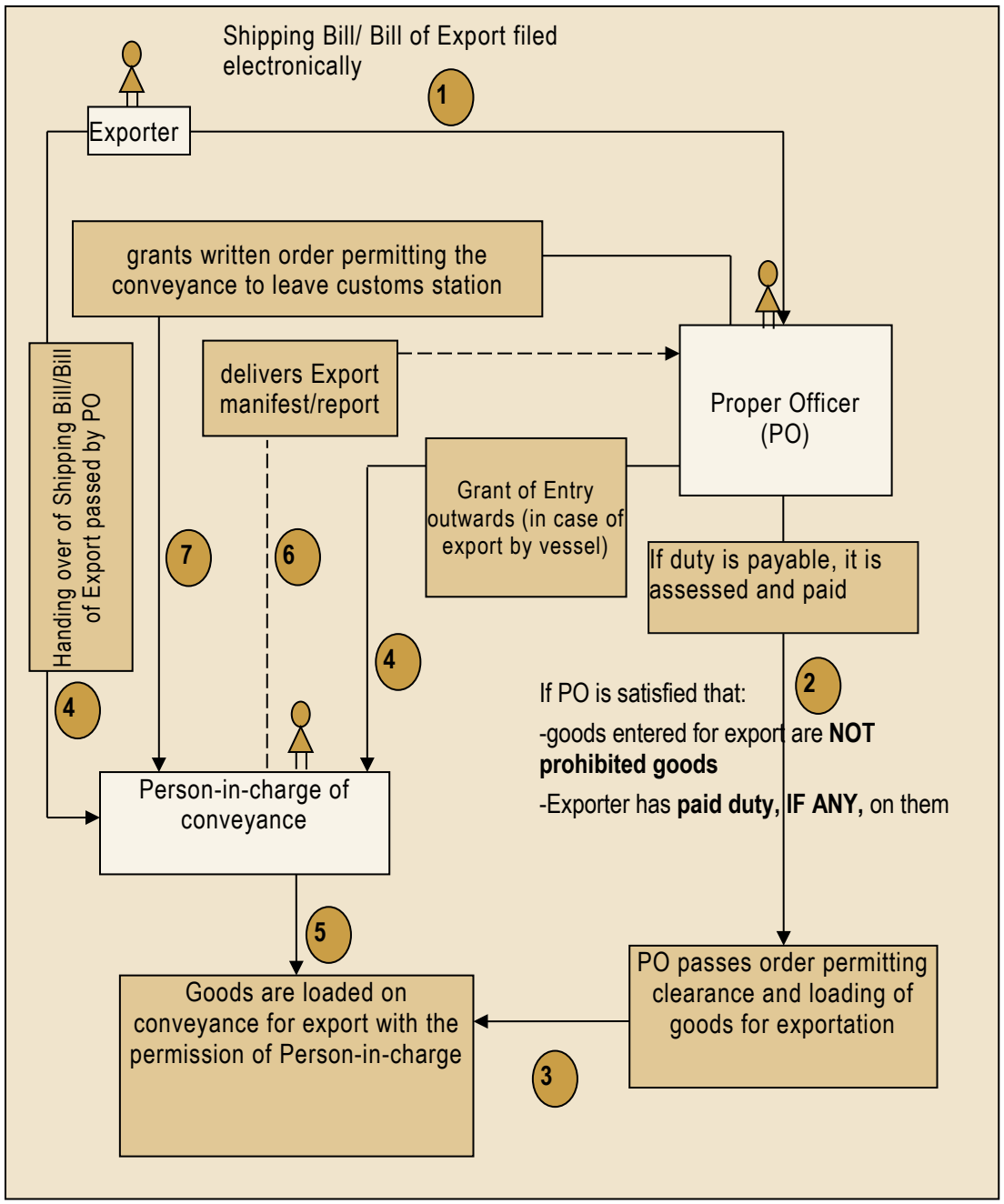
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Import Procedure



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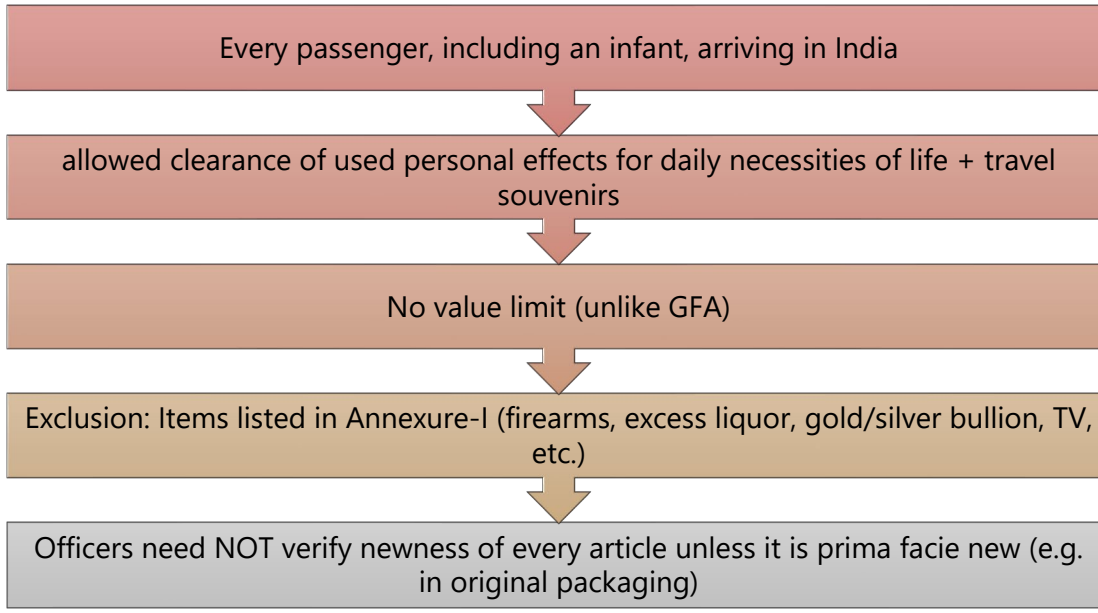
Export Procedure



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BAGGAGE RULES, 2026

Rule 3: Duty free imports of personal effects



Personal effects: *All articles (new or used) reasonably required for personal use during the journey; excludes goods for commercial purposes.*

Infant: *A child not more than 2 years of age*

Rule 4: Provisions for re-import and temporary import

Any article of personal effects **other than used personal effects** required for satisfying daily necessities of life shall be allowed free of duty in following cases:

Situation	By	Key conditions	Outcome
Re-import of personal effects (taken outside India earlier)	Resident or tourist of Indian origin or foreigner with a valid visa, other than tourist visa, or member of his family	Declaration made electronically or otherwise at time of departure; verified by AC/DC of Customs	Duty-free clearance on return
Temporary import by	Tourist	Declaration on arrival; article	Duty-free import,

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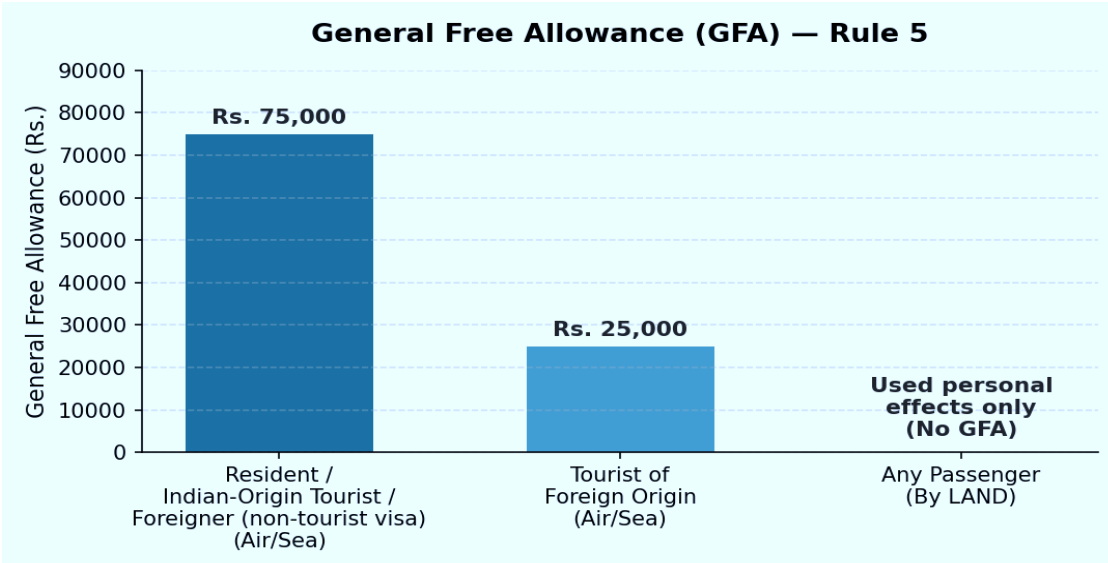
tourist, subject to mandatory re-export on leaving India		required for stay in India	
Risk-based checks		Applicable to passengers availing this facility	May be subject to risk-based verification

Key definitions:

- **Resident:** A person ordinarily residing in India, holding a valid Indian passport.
- **Tourist:** A non-resident entering India for up to 6 months in any 12-month period, for legitimate non-immigrant purposes.
- **Foreigner with non-tourist visa:** Holds a visa other than tourist visa and stays in India for more than 6 months.

Rule 5: General Free Allowance (GFA)

GFA is the value-based duty-free allowance (over and above used personal effects) for articles other than those in Annexure-I, applicable only when passengers arrive by air or sea.

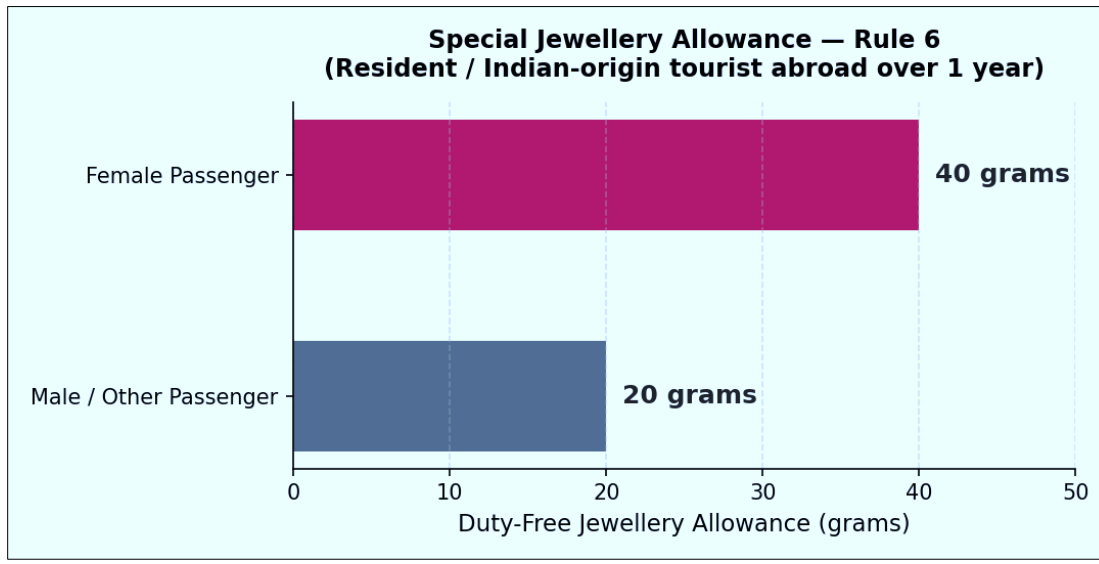


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Additional points:

- **Laptop/Notepad:** One new laptop/notepad is allowed duty-free (in addition to GFA) for passengers aged 18+, other than crew members.
- **No pooling:** GFA of one passenger cannot be pooled/clubbed with another passenger's GFA.

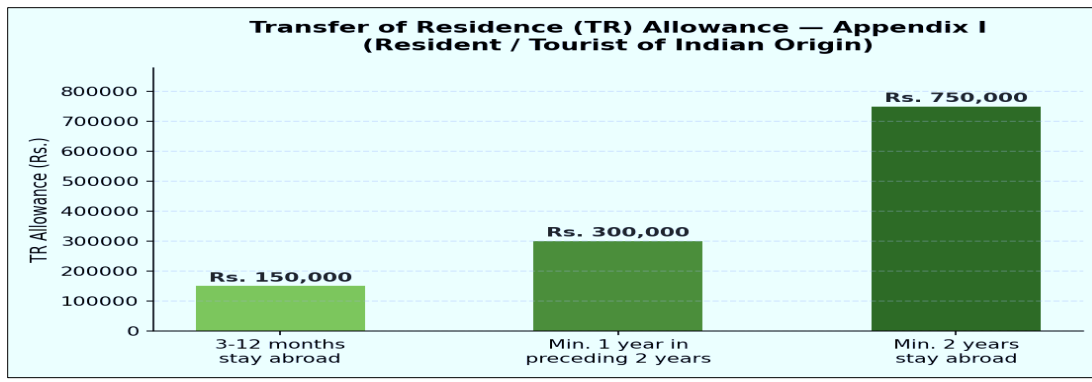
Rule 6: Special allowance for jewellery



"Jewellery" means articles of adornment ordinarily worn by a person, made of gold, silver, platinum or other precious metals, whether studded or not.

Rule 7: Transfer of residence (TR)

TR allowance is available **IN ADDITION** to the GFA under rule 3/5, for passengers relocating to India after a qualifying period of stay abroad (or in India, for foreigners).



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Rule 8: Currency

Import/export of currency is governed by the Foreign Exchange Management (Export and Import of Currency) Regulations, 2015, and notifications issued under it.

Rule 9: Pets

Import of pets is regulated by rules notified by the concerned Ministry/ Department/ Authority of the Central Government.

Rule 10: Unaccompanied Baggage

Aspect	Provision
General free allowance	NOT available for unaccompanied baggage (all other provisions apply equally)
Dispatch before arrival	Allowed if in passenger's possession abroad and dispatched within 1 month of arrival (or such extended period as allowed)
Landing before arrival	May land up to 2 months before passenger's arrival; extendable up to 1 year for reasons beyond passenger's control (illness, natural calamity, disrupted travel, etc.), recorded in writing
Declaration	May be filed by an authorised person on passenger's behalf, in the passenger's absence
Misuse	Strictly dealt with; non-bona fide cases adjudicated under law

Owner of the baggage is required to make a declaration [**Baggage Declaration Form**] of its contents to PO of customs, for clearing it. Duty is payable on such baggage **at the rate in force on the date of such declaration.** **Rate of duty on baggage is 35% ad valorem**.

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TEST YOUR KNOWLEDGE

Note: *The rates of duties, wherever mentioned in the illustrations/questions/examples may not always be the actual rate prevalent during the period in question. They may be hypothetical rates assumed to explain the provisions of law with more clarity.*

1. *'Queen Marry', is a vessel containing the goods imported by XML Ltd. The events relating to its entry into India and the discharge and onward movement and storage of the goods are as follows.*

24th May	*Vessel entered the Indian territorial waters.*
25th May	*Import manifest was delivered to the customs authorities*
27th May	*XML Ltd filed bill of entry for the goods*
29th May	*Entry inwards granted to the vessel*

   The rate of customs duty on the goods was increased from 8% to 10% on 28th May.

   At what rate should XML Ltd. pay the customs duty on the goods imported by it?

2. *Write a brief note on self-assessment in customs under the Customs Act, 1962.*
3. *State briefly the provisions of the Customs Act, 1962 relating to payment of interest in case of provisional assessment.*
4 *What is meant by 'boat notes'?*
5. *Discuss the provisions regarding transit of goods and transhipment of goods without payment of duty under the Customs Act.*
6. *Explain in brief the duty exemption to baggage under section 79(1) of the Customs Act, 1962.*
7. *What is the relevant date for determining the rate of duty and tariff valuation in respect of goods imported/exported by post?*
8. *Explain the obligation cast on person-in-charge on arrival of vessels or aircrafts in India under section 29 of the Customs Act, 1962.*

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9. *Explain briefly the meaning of entry inwards and entry outwards with reference to the customs law.*

10. *Which class of importers is required to pay customs duty electronically? Name the dedicated payment gateway set up by the Board (CBIC) to use e-payment facility easily by an importer.*

11. *Mr. Anil and his wife (non-tourist Indian passengers) are returning from Dubai to India after staying there for a period of two years. They wish to bring gold jewellery purchased from Dubai. Please enumerate provisions of customs laws for jewellery allowance in their case.*

12. *Can the customs audit cover a person who is not an exporter or importer?*

13. *A fishing trawler is operating 10 nautical miles from the baseline. Is it entitled to duty-free stores?*

14. *What are the circumstances under which assessment is done provisionally under section 18?*

15. *State the provisions of transhipment of goods without payment of duty under section 54 of the Customs Act, 1962.*

16. *Explain the procedure prescribed in Customs Act, 1962 in case of goods not cleared, warehoused or transhipped within 30 days after unloading.*

17. *Write short notes on:*

    (a) Export general manifest

    (b) Boat note (or restriction on goods being water borne)

18. *Discuss briefly:*

    (a) Temporary detention of baggage

    (b) Relevant date for rate of duty and tariff valuation in respect of goods imported and exported by post

19. *What is the permissible time limit with respect to the following- :*

    (i) for filing a bill of entry

    (ii) for paying the assessed duty

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(iii) *for delivery of arrival manifest or import manifest/report and departure manifest or export manifest/report*

20. *State in brief the provisions of the Customs Act, 1962 relating to filing of "Arrival manifest or import manifest/ Report".*

21. *Write a brief note on the declaration made by the owner of baggage.*

22. *State and summarise the provisions and procedure in the Customs Act, 1962 governing preparation and filing of a bill of entry.*

23. *Under what situations the amount of duty and interest refundable under section 18 of the Customs Act, 1962 shall be paid to the importer/exporter instead of being credited to the Consumer Welfare Fund?*

24. *State the procedure for clearance of goods imported by post.*

25. *Briefly explain the following with reference to the provisions of the Customs Act, 1962:*

(i) *Bill of export*

(ii) *Import report*

(iii) *Imported goods*

(iv) *Entry*

(v) *Prohibited goods*

(vi) *Customs port*

(vii) *Goods*

(viii) *Stores*

(ix) *Conveyance*

(x) *Dutiable goods*

(xi) *Customs area*

(xii) *Adjudicating Authority*

(xiii) *Foreign going vessel or aircraft*

(xiv) *Assessment*

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26. *With reference to the facility, 'Clear first-Pay later' extended to importers under the customs law, answer the following questions:*

(i) What is the objective of the facility?

(ii) Who is eligible to avail this scheme?

(iii) What are the due dates for payment of duty under this facility?

(iv) What are the circumstances when the deferred payment facility will not be available?

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

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

Determine customs duty payable, if the concessional rate of customs duty on baggage is 35%, with short explanations where required. Ignore Agriculture infrastructure and development cess.

28 *An importer filed a bill of entry after 60 days of filing Import General Manifest. The Deputy Commissioner of Customs imposed a penalty of ₹ 10,000 for late filing of the bill of entry. Since, importer wanted to clear the goods urgently, he paid the penalty. Can penalty be imposed for late filing of the bill of entry? Can bill of entry be filed in advance? Examine the issue regarding period available for filing bill of entry in the light of relevant statutory provisions?*

29. *Laxmi Company imported goods valued at ₹ 10,00,000 vide a Bill of Entry presented before the proper officer on 15thDecember, 2024, on which date the rate of customs duty was 20%. The proper officer decided that the goods should be subject to chemical or other test and therefore, the same were provisionally assessed at a value of ₹ 10,00,000 and Laxmi company paid provisional duty of*

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₹ 2,00,000 on the same date. Laxmi Company wants to voluntarily pay duty of ₹ 1,50,000 on 20th January, 2025.

(1) Can Laxmi Company provisionally pay the duty and what are the conditions which are to be complied before such payment is made?

(2) Determine the amount of interest payable, if any, under section 18 of the Customs Act, 1962 assuming that the payment of ₹ 1,50,000 as stated above is made on 20th January, 2025 and that the final duty is assessed on 31st January, 2025 at ₹ 4,00,000 and the balance duty is paid on the same day.

30. *After visiting USA for a month, Mrs. and Mr. Iyer (Indian residents aged 35 and 40 years respectively) brought to India used personal effects valued ₹ 1,40,000 each. Aprt from this, Mrs. Inyer brought a laptop computer valued at ₹ 70,000, and Mr. Iyer brought a personal computer for ₹ 58,000.*

Calculate the custom duty payable by Mrs. & Mr. Iyer, if any. Ignore Agriculture infrastructure and development cess.

31. *Mrs. X, an Indian resident (36 years old) who was on a visit to China, returned after 6 months. She was carrying with her the following items:*

(i)	*Used 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 the Baggage Rules, 2026. Ignore Agriculture infrastructure and development cess.

ANSWERS/HINTS

1. Rate of duty will be 10%, because the bill of entry is deemed to have been filed on the date of entry inward though it was actually filed before the rate of duty increased.

2. Refer section 17.

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3. Interest is payable from the first day of the month in which the provisional assessment began. Refer section 18.

4. Boat notes are issued to cover transport of cargo to or from vessels that cannot come into the port. Refer 'Restrictions on goods being water-borne'. (section 35)

5. Refer sections 53 and 54.

6. Refer section 79 and Baggage Rules.

7. Refer Section 83.

8. Vessel / aircraft must call or land only at a notified customs port or airport, unless otherwise permitted, and except in an emergency. Refer section 29 of the Customs Act.

9. Entry inwards is permission to begin unloading of the imported goods, and entry outwards is permission to begin loading of export goods. Refer section 31 and section 39.

10. Authorised economic operators and those importers who are paying ₹ 10,000 or more per bill of entry. They will pay through ICEGATE. Refer para "Mandatory E-payment of duty".

11. As per rule 6 of the Baggage Rules, 2026, a resident or tourist of Indian origin residing abroad for more than 1 year, on return to India shall be allowed duty free clearance of jewellery upto a weight of:

(i) 40 grams, if brought by a female passenger or

(ii) 20 grams, if brought by a passenger other than a female passenger

in bona fide baggage.

Jewellery means articles of adornment ordinarily worn by a person, made of gold, silver, platinum or such other precious metals, whether studded or not.

Thus, in the given case, Mr. Anil would be allowed duty free jewellery upto a weight of 20 grams and his wife would be allowed duty free jewellery upto a weight of 40 grams.

Further, in addition to the jewellery allowance, Mr. Anil and his wife would also be allowed duty free clearance of jewellery worth ₹ 1,50,000 (₹ 75,000 per person) as part of free baggage allowance.

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12. Yes, persons dealing with the goods can also be audited. Refer section 99A and related regulations.

13. No. Refer definitions of Foreign going vessel and 'India'.

14. Refer provisional assessment of duty under para 5.

15. Refer transit and transhipment of goods under para 11.

16. Refer section 48: The goods can be auctioned.

17. (a) EGM: Refer section 41;(b) boat note: Refer section 35

18. (a) Refer section 80 (b) Refer section 83

19. (i) Refer section 46: 30 days prior to arrival, & not later than the end of the day of arrival.

(ii) Refer section 47: day of filing bill of entry (self-assessment) or within a day of receiving re-assessed bill of entry.

(iii) Refer section 30: import manifest: before arrival; import report: within 12 hours of arrival of conveyance at customs station; section 41: departure or export manifest / report: before departure of conveyance.

20. Refer section 30

21. Refer section 77 read with Customs Baggage (Declaration and Processing) Regulations, 2026

22. Refer section 46

23. Refer section 18

24. Refer section 84

25. Refer para 3

26 **(i)** 'Clear first-Pay later' i.e., deferred duty payment is a mechanism for delinking duty payment and customs clearance. The aim is to have a seamless wharf to warehouse transit in order to facilitate just-in-time manufacturing.

(ii) Central Government has permitted importers certified under Authorized Economic Operator programme as AEO (Tier-Two) and AEO (Tier-Three) to make deferred payment of import duty (eligible importers).

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As a part of the ease of doing business focus of the Government of India, the CBIC has rolled out the AEO (Authorized Economic Operator) programme.

It is a trade facilitation move wherein benefits are extended to the entities who have demonstrated strong internal control systems and willingness to comply with the laws administered by the CBIC.

(iii) The due dates for payment of deferred duty are -

S. No.	Goods corresponding to bill of entry returned for payment from	Due date of payment of duty, inclusive of the period (excluding holidays) as mentioned in section 47(2)
1.	1st day till last day of any month other than March	1st day of the following month
2.	1st day till the 31st day of March	31st March

Further, 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.

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

Further, 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).

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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.

27. As per rule 3 of the Baggage Rules, 2026, a passenger, including an infant arriving in India, shall be allowed clearance of used personal effects required for satisfying daily necessities of life and travel souvenirs, carried on the person or in his bona fide baggage, free of duty.

A tourist of foreign origin, not being an infant, arriving in India other than by land, shall be allowed clearance free of duty of articles up to the value of ₹ 25,000 (excluding *inter alia* fire arms, cartridges of fire arms exceeding 50 and cigarettes exceeding 100 sticks), if these are carried on the person or in the *bona fide* accompanied baggage of the passenger.

Accordingly, customs duty payable by Gregory Peg is as follows:

Computation of customs duty payable	₹
Travel souvenir	Nil
Articles carried on in person	1,50,000
Cigarettes [100 sticks can be accommodated in General Free Allowance (GFA)]	10,000
Fire arms cartridge (50 cartridges can be accommodated in GFA)	25,000
Baggage that can be accommodated in GFA	1,85,000
Less: GFA	25,000
Baggage on which duty is payable	1,60,000
Duty payable @ 35% on baggage	56,000

Note: Fire arms, cartridges of firearms exceeding 50 and cigarettes exceeding 100 sticks are not chargeable to rate of duty applicable to baggage *[Notification No. 26/2016 Cus. dated 31.03.2016]*. Fire arms and cartridges of firearms exceeding 50 are chargeable to duty @ 70% while cigarettes

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exceeding 100 sticks are chargeable to duty at the rates applicable on cigarettes.

28. Yes, charges are payable for late filing of bill of entry if an importer fails to present the bill of entry before the end of the day (including holidays) preceding the day on which the aircraft/vessel/vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing, and the proper officer is satisfied that there was no sufficient cause for such delay [Section 46(3) of the Customs Act, 1962]. However, the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival.

Yes, a bill of entry can be filed in advance. It can be presented within 30 days of the expected arrival of the aircraft/vessel/vehicle by which the goods have been shipped for importation into India vide proviso to section 46(3) of the Customs Act, 1962.

In the given case also, the time period as described above will be available - with reference to the date of arrival of vessel/aircraft - for filing the bill of entry.

29. **(1)** Provisional assessment of duty is permitted in case where the proper officer deems it necessary to subject any imported goods or export goods to any chemical or other test [Section 18 of the Customs Act, 1962]. Thus, Laxmi Company can pay the duty on provisional basis.

Before, the provisional assessment of duty, the importer must furnish such security as the proper officer deems fit for the payment of the deficiency, if any, between the duty finally assessed/re-assessed and the duty provisionally assessed.

(2) Section 18 of the Customs Act, 1962 further stipulates that the importer is liable to pay interest, on any amount payable consequent to the final assessment order @ 15% p.a. from the first day of the month in which the duty is provisionally assessed till the date of payment thereof.

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Accordingly, amount of interest payable will be

= [₹ 1,50,000 x 15% x 51/365] + [₹ 50,000 x 15% x 62/365]

= ₹ 3,144 + ₹ 1,274 = ₹ 4,418

30. (1) As per rule 3 of the Baggage Rules, 2026, a passenger, including an infant arriving in India, shall be allowed clearance of used personal effects required for satisfying daily necessities of life and travel souvenirs, carried on the person or in his bona fide baggage, free of duty

(2) Rule 5 of the Baggage Rules, 2026 provides that a resident or a tourist of Indian origin or foreigner with a valid visa other than tourist visa, not being an infant, arriving in India other than by land, shall be allowed clearance free of duty articles up to the value of ` 75,000, if such articles are carried on the person or in the bona fide accompanied baggage of the passenger. For the purposes of this rule, the free allowance of a passenger shall not be allowed to pool with the free allowance of any other passenger.

(3) A passenger of the 18 years of age or above, other than a crew member, shall be allowed clearance of one new laptop including notepad free of duty in bona fide baggage.

(4) Accordingly, there will be no customs duty on used personal effects (worth ₹ 1,40,000) of Mrs. and Mr. Iyer and laptop computer brought by Mrs. Iyer will be exempt from duty.

Duty payable on personal computer after exhausting the duty free baggage allowance of Mr. Iyer will also be Nil (₹ 58,000 – ₹ 75,000).

31. Computation of customs duty payable by Mrs. X

Particulars	₹
Used personal effects [Duty free clearance is allowed]	Nil
Laptop computer [One laptop computer is exempt when imported into India by a passenger ≥ 18 years of age]	Nil

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Jewellery [Duty free jewellery allowance is not available to Mrs. X since she did not reside abroad for more than 1 year]	75,000
Music system	50,000
Total value	1,25,000
Less: General duty free baggage allowance of ₹ 75,000	75,000
Value of baggage liable to customs duty	50,000
Rate of duty	35%
Customs duty @ 35%	**17,500**

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