

TPP-X -CUSTOMS DUTY

UNIT-IV

IMPORT PROCEDURE UNDER CUSTOMS

The broad procedures to be followed for assessment and clearance of imported goods are as follows:

- 1) Importer to submit Bill of Entry giving details of goods to be cleared from customs.
- 2) Bill of Entry can be for home consumption (i.e. clearance after payment of duty) or warehousing (keeping in warehouse without payment of duty and later clearing on payment of duty when required).
- 3) Noting of bill of entry by customs officer.
- 4) Importer to execute bond if clearance at concessional rate of duty subject to some conditions or clearance is under provisional assessment.
- 5) Self-assessment of customs duty.
- 6) Verification of self-assessment on selective basis by customs officer.
- 7) Importer to submit other documents like invoices, contracts, product literature, packing list, import license etc., if asked at the time of verification. Otherwise, submit these at the time of audit, if asked.
- 8) Importer to pay duty, if clearance is for home consumption or execute bond, if clearance is for warehousing.
- 9) Out of customs charge order by customs officer.
- 10) Pay dues of port trust, pay demurrage (if applicable), pay other dues.
- 11) Transport the goods from customs.

These procedures are for import by ship/air/road.

1) **Submission of Bill of Entry**: - Bill of Entry is a very important document which every importer has to submit to customs officer in respect of imported goods. It can be either for home consumption or warehousing. It should include all goods mentioned in bill of lading. Importer has to declare that contents of bill of entry are true. Electronic submission of bill of entry is mandatory. Manual submission is possible only with permission of principal commissioner / commission of customs. Normally, Bill of entry is filed by customs house agent on behalf of the importer.

Types of Bills of Entry: -

Bill of entry for Home consumption- This form, called 'Bill of Entry for home consumption, is used when the imported goods are to be cleared on payment of duty. Home consumption means use within India.

Bill of Entry for warehousing- If the imported goods are not required immediately, importer may like to store the goods in a warehouse without payment of duty under a bond and then clear from warehouse when required on payment of duty. This will enable him to defer payment of customs duty till goods are actually required by him. In such cases, he will have to submit 'Bill of Entry for Warehousing'. It is also called 'In bond Bill of Entry' as bond is executed for transfer of goods in warehouse without payment of duty.

Bill of Entry for Ex-bond clearance- The third type is Ex-Bond clearance. This is used for clearance from the warehouse on payment of duty. The goods are classified and value is assessed at the time of clearance from customs port. Thus, value and classification are not required to be determined in this Bill of Entry.

2) **Noting of Bill of Entry**: - Bill of entry submitted by importer or customs house agent is cross – checked with 'Import manifest' submitted by person in charge of vessel/carrier. It is noted if the description tallies. 'Noting' really means taking on record by customs officer. This date is relevant for determining rate of customs duty.

3) **Prior submission of Bill of Entry**: - After the goods are unloaded, these have to be cleared within stipulated time- usually three working days. If these are not so removed, demurrage is charged by port trust/ airport authorities, which is very high. Hence, importer wants to complete as many formalities as possible before ship arrives. Customs Act allows importer to present bill of entry upto 30 days before expected date of arrival of vessel. In such cases, duty will be payable at the rate applicable on the date on which 'Entry Inward' is granted to vessel and not the date of presentation of bill of Entry, but rate of exchange will be as relevant on date of submission of bill of Entry.

4) **Self-Assessment of Customs Duty**: - Self assessment of customs duty has been introduced in customs w.e.f . 08-04-2011. The procedure is same for Import and Exports.

Importer importing goods is required to submit bill of entry under section 46 of customs act. exporter is required to submit shipping bill at the time of export under section 50 of customs Act.

The importer or exporter shall then self-assess the duty leviable on such goods.

The self-assessment may be verified by 'proper officer' by examining or testing the goods.

For verification of self-assessment, 'proper officer' may ask importer, exporter or any other person to produce any contract, broker note, insurance policy, catalogue or other documents where by duty payable can be ascertained and to furnish further information for ascertainment. He can ask for only those documents which is in the powers of importer or exporter or other person to furnish. 'Any other person' should normally mean customs house agent or person who has purchased goods on high sea sale basis.

5) **Provisional Assessment:** - Provisional assessment is assessment pending final assessment.

Provisional assessment can be done in following cases-

- a) Where importer is unable to make self -assessment under section 17(1) and makes request in writing to customs officer for assessment or
- b) Where proper officer deems it necessary to carryout chemical or other tests of imported goods.
- c) When importer/ exporter has produced all documents, but proper officer deems it necessary to make further enquiry or
- d) Where necessary documents have not been produced or information has not been supplied, and proper officer deems it necessary to make further enquiry.

In such cases, proper officer can direct that the duty may be assessed provisionally, if the importer/exporter agrees to furnish security as the proper officer deems fit. The security should be sufficient for payment of the deficiency, if any between duty as may be finally assessed or reassessed and duty provisionally assessed.

Goods can be cleared after payment of duty provisionally assessed after providing the security.

After final assessment or re-assessment, difference is paid by importer or exporter or refunded to him as the case may be, if the goods were cleared for home consumption or exportation.

6) **Duty payment:** - The customs duty should be paid within 02 working days after the bill of entry is returned to the importer for payment of duty. Where deferred payment of import duty and charges are allowed, the duty and charges should be paid within due date as may be specified. If not so paid, interest should be payable.

7) **Out of Customs charge order**: - After goods are examined, it is verified that import is not prohibited and after customs duty is paid, customs officer will issue 'Out of customs charge' order under Customs Act. Goods can be cleared from customs area only on receipt of such order.

8) **Demurrage if goods not cleared from Customs with in time**: -

Demurrage is payable if goods are not cleared from port with in three working days.

9) **Disposal if goods not cleared within 30 days**: -

As per section 48 of Customs Act, goods must be cleared within 30 days after unloading, customs officer can grant extension. Otherwise, goods can be sold after giving notice to importer.

Export Procedure under Customs: -

The broad procedure to be followed for exports are as follows-

- 1) Submit shipping bill electronically for export to customs authorities.
- 2) Noting of shipping bill by customs officer.
- 3) Self-assessment of customs duty.
- 4) Verification of self-assessment on selective basis by customs officer. submit invoice, packing list, contracts, export authorization (if applicable) and other related documents. Otherwise, submit later at the time of audit, if asked.
- 5) Pay export duty, if applicable.
- 6) Submit necessary declaration for export. Submit GR/SDF/SOFTEX/EDF form as required under FEMA excise ARE-1 form.
- 7) 'Let export' order by customs officer.
- 8) Obtain ARE-1 form duly signed by customs officer. Obtain bill of lading from shipping company. Submit proof of export to excise authorities.
- 9) Complete formalities relating to claim of duty drawback.
Initial steps by exporter- Every exporter should take following initial steps-
 - a) Obtain registration number from DGFT. it is a PAN based number.
 - b) Open current account with designated bank for credit of duty drawback claims.

c) Register licenses / advance authorization / DEPB etc. at the customs station, if exports are under export promotion schemes.

1) **Shipping bill to be submitted by exporter: -** Every exporter has to submit 'shipping bill' for export by sea or air and 'Bill of export' for export by road. Goods have to be assessed for duty, even if no duty is payable for most of exports, as 'Nil Duty' assessment is also an assessment. The shipping bill is required to be filed electronically. serial number of shipping bill is generated by computer.

The shipping bill form requires details like name of exporter, consignee, invoice number, details of packing, description of goods, quantity, FOB Value etc. appropriate form of shipping bill should be used.

2) **Noting of shipping bill by customs officer: -**

Shipping bill submitted by exporter is cross checked with export document submitted by person in charge of vessel. Noting means taking on record by customs officer it is noted if the description tally.

3) Self-Assessment of Customs Duty: - Self assessment of customs duty has been introduced in customs i.e. . 08-04-2011. The procedure is same for Import and Exports.

Importer importing goods is required to submit bill of entry under section 46 of customs act. exporter is required to submit shipping bill at the time of export under section 50 of customs Act.

The importer or exporter shall then self-assess the duty leviable on such goods.

The self-assessment may be verified by 'proper officer' by examining or testing the goods.

For verification of self-assessment, 'proper officer' may ask importer, exporter or any other person to produce any contract, broker note, insurance policy, catalogue or other documents where by duty payable can be ascertained and to furnish further information for ascertainment. He can ask for only those documents which is in the powers of importer or exporter or another person to furnish. 'Any other person' should normally mean customs house agent or person who has purchased goods on high sea sale basis.

4.Submission of necessary declaration under Export: -

RBI has prescribed EDF form under FEMA. In case of EDI ports, it is not necessary to issue SDF form as information is captured in shipping bill itself.

In case of exports from non -EDI ports, EDF (Export declaration form) is required to be used.

In case of exports from EDI ports, no form is required to be submitted.

Purpose of EDF Form is to enable RBI to ensure that export proceeds from the export are received in India through proper banking channels only.

In case of exports of software in non-physical form i.e. by direct data transmission/ satellite links, 'SOFTEX' form has to be used. Value of exports declared on 'SOFTEX' form should be certified by designated official of STP/SEZ. The designated officials of ministry of information technology in STP or SEZ unit can also certify SOFTEX form in respect of EOU software exporters registered with them.

EDF form is not required for 1) goods sent outside for testing and re-import in India. 2) repair abroad and re-import.

5.Permission to export by customs: -

Documents submitted is processed by customs authorities, and following are checked-

- Value and classification of goods under drawback schedule in case of drawback shipping bills.
- Export duty/cess if applicable.
- Advance authorization shipping bills are checked to ensure that description in invoice and final product specified in advance authorization matches. If necessary, samples may be drawn and assessment may be done after visual inspection or testing.
- Exportability of goods under foreign trade policy and other laws- some exports are totally prohibited under various Acts. E.g., items restricted or prohibited under foreign trade Act.

6.Let export order by customs authorities: -

Customs officer will verify the contents and after he is satisfied that goods are not prohibited for exports and that export duty, if applicable and other charges are paid, will permit clearance. In some specified cases, payment of export duty and charges can be made after commencement of loading under deferred payment provisions.

IMPORT AND EXPORT BY POST

Entry for purpose of post article: - Entry means an entry made in 'Bill of entry' in case of import and shipping bill in case of export. In case of post parcels, label/declaration accompanying goods which contain description, quantity and value of the goods will be deemed to be an 'Entry' for purpose of customs act, thus, filing of separate bill of entry or shipping bill is not necessary for import/ export through post.

Rate of duty and tariff valuation: - As per section 83 of customs act, the rate of duty and valuation as on date on which postal authorities submit the list to customs officer will be considered for rate of duty and tariff valuation. However, if such list is presented before arrival of vessel, the date will be deemed to be date of arrival of the vessel. Similarly, in case of exports, rate and tariff valuation as applicable on date on which goods are handed over to postal authorities will be considered for valuation and rate of duty.

Post parcels to post office: - post parcels will be allowed to pass from port/airport to foreign parcel department of government post office without payment of customs duty. Postmaster will handover to principal appraiser, customs following a) memo showing total number of parcels for each country-of-origin b) parcel bills of sender's declaration c) customs declaration and dispatch notes, if any d) other information that may be required.

Inspection of mail: - the mail bag will be opened and scrutinized by post master under supervision of principal postal appraiser of customs. Packets suspected of containing dutiable goods will be separated and presented to customs appraiser with letter mail bill and assessment memos.

Examination and assessment: - customs appraiser will mark the parcels which are required to be detained as a) necessary particulars are not available. B) mis declaration or under valuation is suspected. C) goods are prohibited for import. other parcel will be assessed without opening, on the basis of details given in parcel bill or dispatch notes. The duty will be assessed and will be

entered on parcel bill. These will be audited and returned to post master. post master will handover parcel to addressee only after collecting the customs duty.

Opening of parcel: - parcels selected by appraiser for examination will be opened and examined. If required, details will be called from addressee. after inspection, the parcels will be sealed with a distinctive seal. If misdeclaration or under valuation is noted or goods are prohibited goods for imports, these will be detained and reported to customs commissioner. After assessment, these will be handed over to post master, who will hand over to addressee on receipt of payment of customs duty.

IMPORT AND EXPORT THROUGH COURIER

Imports and export through couriers are treated as imports or exports as any other mode. It is not treated as 'baggage' there is no restriction on value of goods that can be brought through courier. The duty payable is normal duty as applicable to all other goods normally imported by ship or air transport. duty concessions, if any, are also permissible.

In case of import of goods through courier, the courier files a consolidated 'courier bill of entry' this contains goods imported by more than one importer.

In such case, the registered courier can issue certificate in respect CVD and special CVD paid on goods imported by courier for an assessee on basis of such certificate, the assessee can avail the input tax credit.

Gift through courier – Gift from abroad upto ₹ 10,000 of goods which are not prohibited goods for import are duty free, if sent by post or through courier.

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