TAXATION LAW

UNIT – V
Customs Law

Expanded 20+ Slides Edition

ROADMAP

UNIT-V Full Coverage

1. Legislative Background
2. Taxable Event
3. Types of Customs Duties
4. Valuation
5. Classification (HSN)
6. Import Procedure
7. Export Procedure
8. Bill of Entry & Shipping Bill
9. Assessment
10. Warehousing
11. Baggage Rules
12. Post & Stores
13. Duty Drawback
14. SEZ Units
15. Prohibitions & Restrictions
16. Confiscation & Penalties
17. Authorities & Appeals
18. Key Takeaways

01 • LEGISLATIVE BACKGROUND

Customs Act & Tariff Act

Customs duty is a tax on goods imported into or exported from India. The Customs Act, 1962 provides the machinery for levy, collection and enforcement. The Customs Tariff Act, 1975 provides the rates. Constitutional basis is Entry 83 of List I.

Customs Act 1962

Levy, assessment, clearance, warehousing, confiscation, appeals, offences.

Customs Tariff Act 1975

Classification and rates of duty. Aligns with HSN.

Entry 83 List I

Duties of customs including export duties – Union subject.

IGST on Import

In addition to basic customs duty, IGST is levied on imported goods.

02 • TAXABLE EVENT & TYPES OF DUTY

When and What is Charged

Taxable Event

Import into India or export from India. Import is complete when goods cross the customs barrier.

Basic Customs Duty

Main duty under the Tariff Act. Rates prescribed in the Schedule.

Additional Duties

Earlier CVD / SAD; now largely replaced by IGST on import.

IGST on Import

Levied under IGST Act on imported goods. Credit available to registered persons.

Protective Duties

Safeguard duty, anti-dumping duty, countervailing duty – trade remedy measures.

Export Duty

Rarely used. Levied on certain goods to conserve resources or regulate exports.

Determining Duty Amount

Transaction Value

Primary basis – price actually paid or payable for the goods when sold for export to India (WTO Valuation).

Adjustments

Commissions, royalties, proceeds of subsequent resale, assists, etc. may be added.

Related Party

Special scrutiny. Value must be acceptable under the Valuation Rules.

Classification

HSN (Harmonised System of Nomenclature). Correct 8-digit classification determines rate.

General Rules of Interpretation

GRI help resolve classification disputes when goods can fit in more than one heading.

Exam Focus

Valuation principles and classification disputes are common theory questions.

Clearance Steps

Import – Bill of Entry

Document filed by importer. Types: home consumption, warehousing, ex-bond.

Import Stages

Filing BoE → Assessment → Payment of duty → Examination → Out of Charge → Clearance.

Export – Shipping Bill

Document filed by exporter. Assessment → Examination → Let Export Order → Loading.

Self Assessment

Norm under the Act. Proper officer can reassess.

Provisional Assessment

When final value / classification cannot be determined immediately. Bond required.

Exam Tip

Remember the sequence of documents and stages for both import and export.

Duty-Deferred Storage

Imported goods can be warehoused without immediate payment of duty under a bond. Duty is paid when goods are cleared for home consumption. This facilitates trade, deferred payment and re-export.

Public Warehouse

Appointed by Government. Available to any importer.

Private Warehouse

Licensed to a specific person for his goods.

Period

Goods can remain for a prescribed period; extension possible; interest may apply.

Bond

Importer executes bond (usually for twice the duty amount) as security.

Special Procedures

Baggage

Personal baggage of passengers – duty-free allowances + simplified clearance. Excess is dutiable.

Post Parcels

Goods imported by post have special clearance procedures and sometimes concessions.

Duty Drawback

Refund of duty paid on inputs used in exported goods. Encourages exports. All Industry Rate / Brand Rate.

Conditions for Drawback

Export must be realised; goods must not be prohibited; prescribed procedures followed.

SEZ

Special Economic Zones – treated as outside customs territory for many purposes. Duty-free import for authorised operations.

SEZ Benefits

Exemption from customs duty, zero-rating of supplies to SEZ, simplified procedures under SEZ Act.

Enforcement

Prohibited Goods

Import/export prohibited under Customs Act or any other law (FT policy, wildlife, etc.).

Restricted Goods

Require licence / authorisation. Clearance only against valid document.

Confiscation

Goods can be confiscated for improper importation/exportation, misdeclaration, etc.

Redemption Fine

In lieu of confiscation, option to pay fine and redeem goods (in appropriate cases).

Penalties

Monetary penalties for contraventions. Quantum depends on nature of offence.

Prosecution

Serious offences (smuggling, commercial fraud) attract criminal prosecution.

Administration

CBIC

Central Board of Indirect Taxes and Customs – apex body.

Field Formations

Principal Chief Commissioners, Commissioners, Deputy/Assistant Commissioners, Superintendents, Inspectors.

Adjudication

Demand of duty, confiscation and penalties adjudicated by officers of specified ranks.

Appeals

Commissioner (Appeals) → CESTAT → High Court / Supreme Court (substantial question of law).

Advance Ruling

Authority for Advance Rulings – certainty on classification, valuation, exemption.

Exam Tip

Hierarchy and appeal route are standard short-note questions.

KEY TAKEAWAYS

UNIT-V Customs

01 **Taxable Event**
Import into or export from India. Duty on goods crossing customs frontier.

02 **Main Statutes**
Customs Act 1962 (machinery) + Customs Tariff Act 1975 (rates).

03 **Clearance Stages**
BoE / Shipping Bill → Assessment → Duty → Examination → Clearance.

04 **Warehousing**
Duty-deferred storage under bond – facilitates trade and re-export.

05 **Drawback & SEZ**
Export promotion – refund of input duty and duty-free zones.

06 **Enforcement**
Prohibitions, confiscation, penalties, prosecution – and appeal hierarchy.

End of UNIT – V

Customs Law • Import • Export • Warehousing • Drawback

Taxation Law Series – All Units Completed