

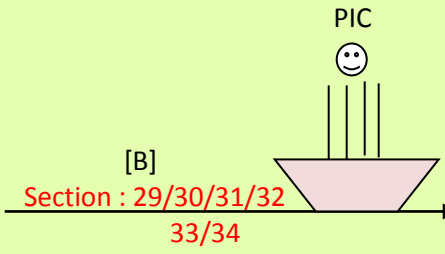
PART 2

Custom Laws

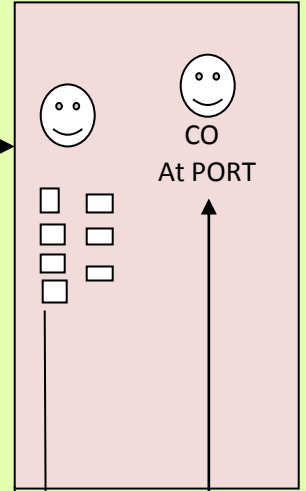
Chapter 4

CUSTOMS (IGCRD or for specified end use) Rules, 2022





Mumbai Custom PORT



NOTE:1 There is an Exemption issued by Govt., if any person use VITAMINS for manufacturing of animal feeds – RATE of IMPORT DUTY will be 4% Instead of 16% SUBJECT TO PRESCRIBED PROCEDURE : Such EXEMPTION is: Conditional ie condition of END USE & issued u/s 25.

AV of Vitamins = 1,00,000
 STANDRD ID = 16,000
 Concessional ID = 4000 concession / exemption /benefit = 12,000

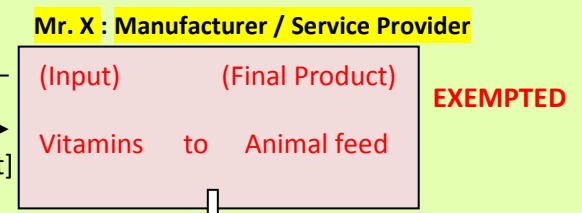
NOTE :2. If VITAMINS are NOT USED (any reason) in manufacturing of Animal Feed or MISUSED then Prop. ID.- to be paid with interest@15%PA from the date of import till the date of payment.

NOTE:3 -Where importer (Mr. X) Returns Imported material (fully/partially) then he need not to Pay diff. amount with interest rather he can claim refund of import duty paid earlier of [Rs. 4000] @ 100% under Section 26A Or @ 98% under section : 74(1).

Provided that the value of such goods for re-export shall not be less than the value of the said goods at the time of import.

File Bill of entry + INN+BOND DETAILS [Bond will be debited] Along with all other Documents
 I.D. = 100000*4% = 4000/-

D Clearance order U/S : 47(1)[which is called date of import] and now take **Delivery of goods**



Common Portal
 (www.icegate.gov.in)

[A] One time info. **[IGCR- 1]** to Portal after acceptance INN generated
 Name, address, Description , value etc. of Goods , E/N Particulars : Bond Execution, Origin Port, Destination Port MCP (INDIA)
 End USE = Animal feed.
 Quantity = 100 Unit,
 Goods to be used **at his/JW Premises**
 - **Details of End use Recipient [If any]**
 [Above info may be amended at later also]

Now the Question is this : How to check for END USE ?
 *In case of non/short receipts of goods – intimate immediately on portal **[IGCR-2]**
 *Records @ Bill of Entry wise: IMPORT – USE – DESTROY – MISUSE = CLOSING STOCK, And Transfer to JOB work, local clearance, export etc.
 * File monthly statement by 10th of next month on common portal with Above records details. **[IGCR-3]**

IMPORTED GOODS CAN BE TRANSFERRED TO JOB WORKER [EXCEPT GEMS AND JEWELLERY SECTOR] AND SUBJECT TO SPECIFIED PROCEDURE WHICH IS AS FOLLOWS...

- 1. IMPORTER SEND GOODS TO JOB WORKER UNDER AN INVOICE, E WAY BILL.**
- 2. IMPORTER SHALL MAINTAIN THE RECORDS OF GOODS SENT TO JOB WORKER DURING THE MONTH AND SHOW IT IN MONTHLY STATEMENT.**
- 3. JOB WORKER SHALL MAINTAIN RECORD AS FOLLOWS..**
 - RECEIVED, PRODUCED/ CONSUMED / AND WASTE QUANTITY OF GOODS.**
 - ON DEMAND PRODUCE THE RECORDS BEFORE JURISDICTIONAL OFFICER.**
- 4. MAXIMUM PERIOD OF JOB WORK WILL BE 6 MONTHS FROM THE DATE OF INVOICE.**
- 5. AFTER THE JOB WORK- JOB WORKER WILL TRANSFER THE GOODS TO IMPORTER OR ANOTHER JOB WORKER AS PER THE INSTRUCTION GIVEN BY IMPORTER UNDER COVER OF INVOICE, E WAY BILL.**
- 6. IN CASE OF CHEATING PROVISION OF RULE 11 AND 12 SHALL APPLY ON IMPORTER.**

NOTE: ABOVE PROCEDURE SHALL APPLY MUTATIS MUTANDIS-

- IN CASE UNIT TRANSFER OF IMPORTED GOODS.**
- IN CASE RECIPIENT**

An Analysis

Definitions:

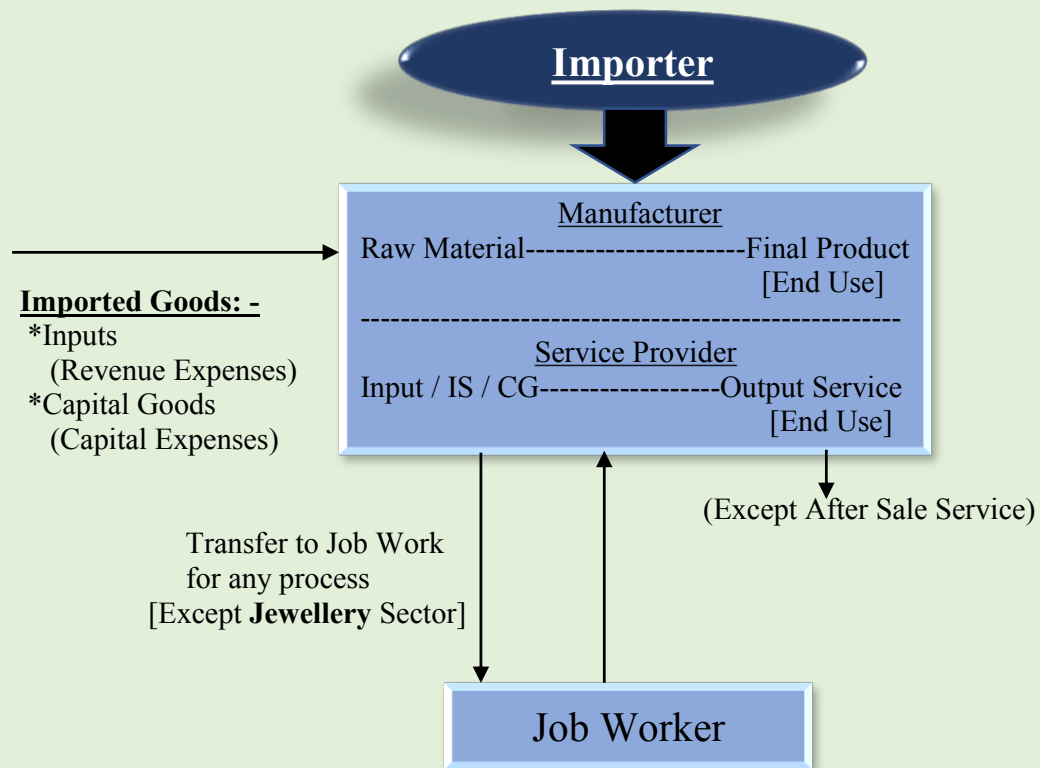
*Act = Custom Act, 1962

*Capital Goods = Capital Expenditure (for goods) i.e., which is capitalised in the books of account

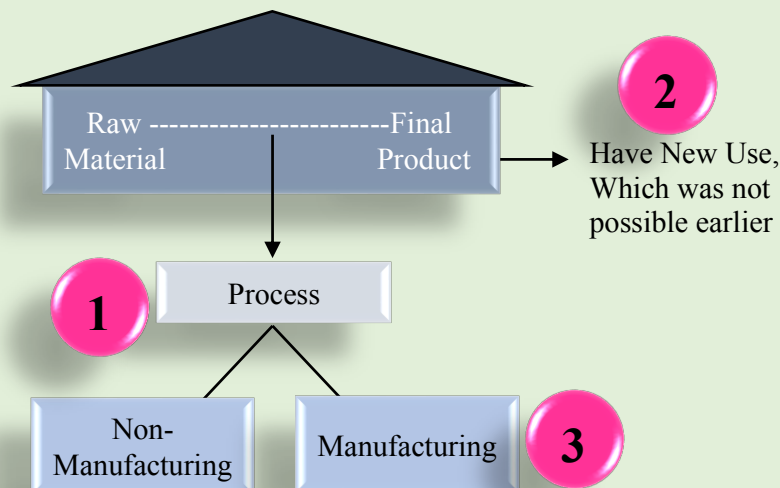
*Exemption Notification = “End Used” based E/N issued u/s 25

*Information = An information Given by the importer to avail such exemption.

***Specified End Use** means dealing with the goods imported in a manner specified in the notification and includes supply to the intended person and the term “end use recipient” shall be construed accordingly.



Manufacture: -



Question / Answer: -

Vitamins Import

(100Units)

Used for Intended purpose with in the specified time
i.e., use in manufacturing of Animal Feed



OK
(Exemption remain allowed)

Otherwise/Unutilised, Defective
i.e., Vitamins are not used for Intended Purpose

* Max. time = 6+3 months
* Permission of C.O.

Misuse (or)
Destroyed etc.

Vitamins sold
in India

Vitamins
Export

Mr. X – Liable to pay Differential amount of `12,000 with Interest from the Date of Import till the date of payment

i.e., consumption place of goods is not in India
So no Import duty at all

- 1- Import Vitamins
- 2- Import duty = 4,000
- 3- Export (Defective / Surplus)

In this case, no need to pay Difference amount of `12,000 with interest.

Rather he is eligible to claim refund of Import Duty which was already paid

* U/S 26A = 100% = `4,000
* U/S 74(1) = 98% = `3,920 (DBK)

Question / Answer: -

Proportionate
Input in the
ratio of
Quantity

- 1) 1,000 kg Material Import: 1/1/20
- 2) Import Duty : 16% - After Exemption : 4%
- 3) Assessable Value = `1,00,000
- 4) Treatment of 1000 kg Raw Material-

90%	—	900kg- Use for Intended Purpose
5%	—	50kg- Re Export
3%	—	30kg- Local Sale
2%	—	20kg- Destroy

Ans: - 900kg – Use for Intended purpose

Exemptions remain allowed

-50kg (5%) Re – Export

Claim Refund

-U/S 26A = `4,000 x 5% = `200 (100%) (OR)

-U/S 74(1) = `4,000 x 5% = `200 (98%)= `196

5% - Balance 50kg (30kg + 20kg): Need to pay differential amount

$$= (12,000 \times 5\%) = `600$$

$$= \left[\frac{`600 \times 15}{100} \times \frac{1/1/20 \text{ to } 10/4/20}{365} \right]$$

$$= \left[\frac{`600 \times 15}{100} \times \frac{100}{366} = 24.66 \right]$$

$$= \text{i.e., } 600 + 25 = `625$$

Capital Goods

Life = 10years

For Capital Goods
Make it
proportionally
@ Life-wise

The date on which
capital goods come
into use [1/1/2022]
i.e., Put to use

In 8 Qtrs.

The date of
clearance of Capital
Goods [20/12/2023]

Value = ` 1,00,000
Standard Rate = 16%
Concessional Rate = 4%

Year No.	Depreciation for each quarter or part thereof	Annual Rate
Year 1	4%	16%
Year 2	3%	12%
Year 3	3%	12%
Year 4	2.5%	10%
Year 5	2.5%	10%
Year 6	2%	8%
Year 7	2%	8%
Year 8	2%	8%
Year 9	2%	8%
Year 10	2%	8%
		100%

4% - 3% - 2.5% - 2%

Total Concession / Exemption = `12,000

For Usage period amount =

Year 1 = (4x4) = 16%

Year 2 = (3x4) = 12%

28%

= `3,360

To be paid along with interest =

= `8,640

(From Date of import
till Date of Payment)

<p>Rule 1: Short title and commencement</p>	<p>(1) These rules may be called the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022.</p> <p>(2) They shall come into force on the date of their publication in the Official Gazette.</p>
<p>Rule 2: Application</p>	<p>(1) These rules shall apply where—</p> <p>(a) A notification provides for the observance of these rules;</p> <p>(b) An importer intends to avail the benefit of any notification and Such benefit is dependent upon the use of the goods imported being covered by that notification</p> <ul style="list-style-type: none"> - for the manufacture of any commodity or - provision of output service or - being put to a specified end use.
<p>Rule 3: Definition</p>	<p>(1) In these rules, unless the context otherwise requires, -</p> <p>(a) “Act” means the Customs Act, 1962 ;</p> <p>(b) “Capital Goods” means goods, the value of which is capitalized in the books of account of the importer;</p> <p>(c) “Customs Automated System” means the Indian Customs Electronic Data Interchange System;</p> <p>(d) “Date of import” means the date of the order made by the proper officer under section 47, permitting clearance of the goods.</p> <p>(f) “Information” means the information provided by the importer who intends to avail the benefit of a notification;</p> <p>(g) “Job Work” means any treatment, process or manufacture, consistent with the notification undertaken by a person on goods belonging to the importer <i>except gold, jewellery and articles thereof</i>, and other precious metals or stones and the term “job worker” shall be construed accordingly;</p> <p>(h) “Jurisdictional Custom Officer” means an officer of Customs of a rank equivalent to the rank of Superintendent or Appraiser exercising jurisdiction over –</p> <ul style="list-style-type: none"> – The premises where either the goods imported shall be put to use for manufacture or for rendering output services; – The primary address specified in the Importer Exporter Code in other cases; <p>(i) “Manufacture” means the processing of raw materials or inputs by the importer in any manner that results in emergence of a new product having a distinct nature or character or use or name; and the term “manufacturer” shall be construed accordingly;</p>

	<p>(k) “Output service” means supply of service excluding after-sales service, utilising imported goods.</p> <p>(m) “Specified End Use” means dealing with the goods imported</p> <ul style="list-style-type: none"> - in a manner specified in the notification and - includes supply to the intended person and - the term “end use recipient” shall be construed accordingly.
<p>Rule 4: Importer to give one-time prior information</p>	<p>(1) Information: The importer shall provide one-time prior information on the common portal, in Form IGCR-1 containing the following particulars, namely: -</p> <ul style="list-style-type: none"> (i) The name and address of the importer and his job worker, if any; (ii) The goods produced or process undertaken at the manufacturing facility of the importer or his job worker, if any, or both; (iii) The nature and description of goods imported used in the manufacture of goods at the premises of the importer or the job worker, if any; (iv) Particulars of the notification applicable on such import ; (v) Nature of output service rendered utilising the goods imported; (vi) Particulars of premises intended to be used in case of unit transfer; (vii) Details of the end use recipient in cases where goods imported are supplied for specified end use; and (viii) The intended ports of import. <p>(2) IIN: On acceptance of the information, an <u>Import of Goods at Concessional Rate of Duty(IGCR) Identification Number (IIN)</u> shall be generated against such information :</p> <p>Provided that such information may be updated on the common portal in case of a change in the details furnished in Form IGCR-1.</p> <p>(3) Bond: The importer who intends to avail the benefit of a notification shall submit a continuity bond with such surety or security as deemed appropriate by the AC/DC of Customs having jurisdiction over the premises, with an undertaking to pay -</p> <ul style="list-style-type: none"> (a) In case of a notification that provides a duty exemption, the amount equal to the difference between the duty leviable on inputs but for the exemption and that already paid, if any, at the time of import, along with interest, at the rate of 15% PA, for the period starting from the date of import of the goods on which the exemption was availed and ending with the date of actual payment of the entire amount of the difference of duty that he is liable to pay ; (b) In all cases where the notification is other than one that provides an exemption benefit, the amount equal to the assessable value of the goods being imported.

<p>Rule 5: Procedure to be followed</p>	<p>(1) Bill of entry Contain Relevant Details: The importer who intends to avail the benefit of a notification shall be required to mention the IIN and continuity bond number and details while filing the Bill of Entry.</p> <p>(2) Benefit Allowed: The AC/DC of Customs at the custom station of importation shall allow the benefit of the notification to the importer.</p> <p>(3) Where a Bill of Entry is cleared for home consumption, the bond submitted by the importer gets debited automatically in the customs automated system and the details shall be made available electronically to the jurisdictional Customs Officer.</p>
<p>Rule 6: Importer to maintain records</p>	<p>(1) The importer shall maintain an account so as to clearly indicate -</p> <ul style="list-style-type: none"> (i) Quantity and value of goods imported; (ii) Quantity and date of receipt of the goods imported in the relevant premises; (iii) Quantity of such goods consumed including the quantity used domestically for manufacture, quantity exported, if any, to fulfil the intended purpose and quantity of goods sent to an end use recipient; (iv) Quantity of goods sent for job work and the nature of job work carried out; (v) Quantity of goods received after job work; (vi) Quantity of goods re-exported, if any, under rule 10; and (vii) Quantity remaining in stock, according to bills of entry, <p>and shall produce the said account as and when required by the AC/DC of Customs having jurisdiction over the premises or where the goods imported shall be put to use for manufacture of goods or for rendering output service:</p> <p>Provided that in case of non-receipt or short receipt of goods imported in the relevant premises, the importer shall intimate such non-receipt or short receipt immediately on the common portal in the Form IGCR-2.</p> <p>(2) Monthly Statement: The importer shall submit a monthly statement on the common portal in the Form IGCR-3 by the 10th day of the following month;</p> <p>Provided that the importer may submit details of goods consumed in the Form IGCR-3A at any point of time, for immediate re-credit of the bond which shall become a part of the monthly statement of the subsequent month.</p>
<p>Rule 7: Procedure for allowing imported goods for job work</p>	<p>(1) Maintain Records: The importer shall maintain a record of the goods sent for job work during the month and mention the same in the monthly statement.</p> <p>(2) Send Goods with E way Bill: The importer shall send the goods to the premises of the job worker under an invoice or wherever applicable, through an electronic-way bill.</p> <p>(3) Maximum Period of Job Work: The maximum period for which the goods can be sent to the job worker shall be six months from the date of invoice or electronic way bill.</p>

	<p>(4) Not Used as Specified: In case the importer is unable to establish that the goods sent for job work have been used as per the particulars mentioned under rule 4, the jurisdictional Customs Officer shall take necessary action against the importer under rule 11 and 12.</p> <p>(5) The job worker shall,-</p> <ul style="list-style-type: none"> (i) Maintain an account of receipt of goods, manufacturing process undertaken thereon and the waste generated, if any, during such process; (ii) Produce the account details before the jurisdictional Customs Officer as and when required by the said officer; (iii) After completion of the job work send the processed goods to the importer or to another job worker as directed by the importer for carrying out the remaining processes, if any, under the cover of an invoice or electronic way bill.
<p>Rule 8: Procedure for allowing imported goods for unit transfer</p>	<p>(1) Maintain Records: The importer shall maintain a record of the goods sent for unit transfer during the month and mention the same in the monthly statement.</p> <p>(2) Send the Goods: The importer shall send the goods under an invoice or wherever applicable, through an electronic-way bill.</p> <p>(3) The importer shall in relation to transfer of goods to another unit,-</p> <ul style="list-style-type: none"> (i) Maintain an account of receipt of goods, manufacturing process undertaken thereon and the waste generated, if any, during such process; (ii) Produce the account details before the jurisdictional Customs Officer as and when required by the said officer; (iii) After completion of the said process, send the processed goods back to the premises of the importer from where the goods were received or to a job worker for carrying out the remaining processes, if any, under the cover of an invoice or electronic way bill.
<p>Rule 9: Procedure for supplying imported goods to the end use recipient</p>	<p>(1) Maintain Records: The importer shall maintain a record of the goods supplied to the end use recipient during the month and mention the same in the monthly statement.</p> <p>(2) Send the Goods: The importer shall send the goods under an invoice or wherever applicable, through an electronic way bill,</p> <p>(3) In case of supply for replenishment or Export against supply, the end use recipient shall,-</p> <ul style="list-style-type: none"> (i) Maintain an account of receipt of goods, manufacturing process undertaken thereon and the waste generated, if any, during such process; (ii) Produce the account details before the jurisdictional Customs Officer as and when required by the said officer; (iii) Produce the relevant details to the importer for fulfilment of the benefit under the notification;

Rule:10 Re-export or clearance of unutilised or defective goods

(1) Un-utilised /Defective Goods: The importer who has availed the benefit of a notification shall use the goods imported in accordance with the conditions mentioned in the concerned notification within the period and with respect to unutilised or defective goods, so imported, the importer shall have an option to either re-export or clear the same for home consumption, within the said period, namely –

- (i) Within the period specified in the notification;
- (ii) Within 6 months from the date of import, where the time period is not specified in the notification:

Provided that, the said period of 6 months can be further extended by the **Jurisdictional Commissioner** for a period not exceeding 3 months, if sufficient reason is shown that the causes for not conforming to the time period were beyond the importer's control.

(2) Re- Export: Any re-export of the unutilised or defective goods referred to in sub rule (1) shall be recorded by the importer in the monthly statement by providing the details of necessary export documents:

Note: The value of such goods for re-export shall not be less than the value of the said goods at the time of import.

(3) Clear for Home Consumption: The importer who intends to clear unutilised or defective goods for home consumption shall have an option of voluntary payment of applicable duty along with interest on the common portal and the particulars of such clearance and the duty payment shall be recorded by the importer in the monthly statement.

(4) Clear of CAPITAL GOODS: The importer shall have an option to clear the capital goods imported, after having been used for the specified purpose, on payment of duty equal to the difference between the duty leviable on such goods but for the exemption availed and that already paid, if any, at the time of importation, along with interest, at the rate fixed by the notification issued under section 28AA, on the depreciated value allowed in straight line method as under -

- (i) For every quarter in the first year @ 4%;
- (ii) For every quarter in the second year @ 3%;
- (iii) For every quarter in the third year @ 3%;
- (iv) For every quarter in the fourth and fifth year @ 2.5%;
- (v) and thereafter for every quarter @ 2%.

Explanation. - (1) Part Quarter = Full Quarter: For the purpose of computing rate of depreciation under this rule for any **part of a quarter, a full quarter** shall be taken into account.

(2) Usage Period: The depreciation shall be allowed from the date when the capital goods imported have come into use for the purpose as laid down in the notification, upto the date of its clearance.

(5) The importer shall have the option of voluntary payment of the duty along with interest, through the common portal and the particulars of such clearance and the duty payment shall be recorded by the importer in the monthly statement.

<p>Rule 11: Recovery of duty in certain case</p>	<p>(1) In the event of any failure on the part of the importer to comply with the conditions mentioned in Rule 10(1) or where the payment referred in Rule 10(3)(4) is not paid or short paid, the AC/DC of Customs having jurisdiction over the premises, shall take action by invoking the Bond to initiate the recovery proceedings of an amount as under -</p> <p>(a) In case of a notification that provides a duty exemption, equal to the difference between the duty leviable on such goods but for the exemption and that already paid, if any, at the time of importation, along with interest, at the rate of 15% PA. for the period starting from the date of import of the goods on which the exemption was availed and ending with the date of actual payment of the entire amount of the difference of duty that he is liable to pay;</p> <p>(b) In cases where the notification is other than one that provides an exemption benefit, an amount equal to the assessable value of the goods being imported.</p> <p>(2) Notwithstanding anything contained in these rules in relation to removal and processing of imported goods for jobwork, the importer shall be responsible for ensuring that the said goods are used in accordance with the purposes provided in the notification and in the event of failure to do so, the AC/DC having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for specified end use or for rendering output service shall take action in accordance with these rules.</p>
<p>Rule 12: Penalty</p>	<p>The importer or a job worker who contravenes any of the provisions of these rules or abets such contravention shall be liable to a penalty to an extent of the amount specified under section 158(2)(ii).</p>
<p>Rule 13: Reference of Earlier Rules</p>	<p>References in any rule, notification, circular, instruction, standing order, trade notice or other order pursuant to the</p> <ul style="list-style-type: none"> - Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996 and - Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 and - Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 and - shall be construed as reference to the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022.