

# Customs Act: Import & Export

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# Plan of Study

- Definitions
- Procedures of Export
- Procedures of Importation
- Demand of Customs Duty
- Recovery and refund of Customs Duty

# Definition

- Goods [Section 2(22)]:
  - (a) Vessel, Vehicle, Aircraft
  - (b) Stores
  - (c) Baggage
  - (d) Currency and Negotiable instrument
  - (e) Any other kind of movable property

# Definitions

- Bill of Entry [Section 2(4)]:
  - Filled up by importer when imported via sea/air
- Bill of Export [Section 2(5)]:
  - Filled up by exporter when exported via land route
- Shipping Bill:
  - Filled up when exported via air/ship
- Bill of Lading :
  - Receipt issued by carrier to consigner

# Definitions

- Customs Area [Section 2 (11)]
  - Customs Station+ Warehouse + Place of goods kept before clearance
- Customs Station [Section 2(13)]:
  - Customs Airport+ Customs Port+ Land Customs Station
- Customs Airport [Section 2 (10)]
- Customs Port [Section 2 (12)]

# Methods of Export/import

- Goods can be imported in 5 ways:
  - Importation by Air
  - Importation by Sea
  - Importation by Road/Land
  - Importation by Post
  - Importation as baggage

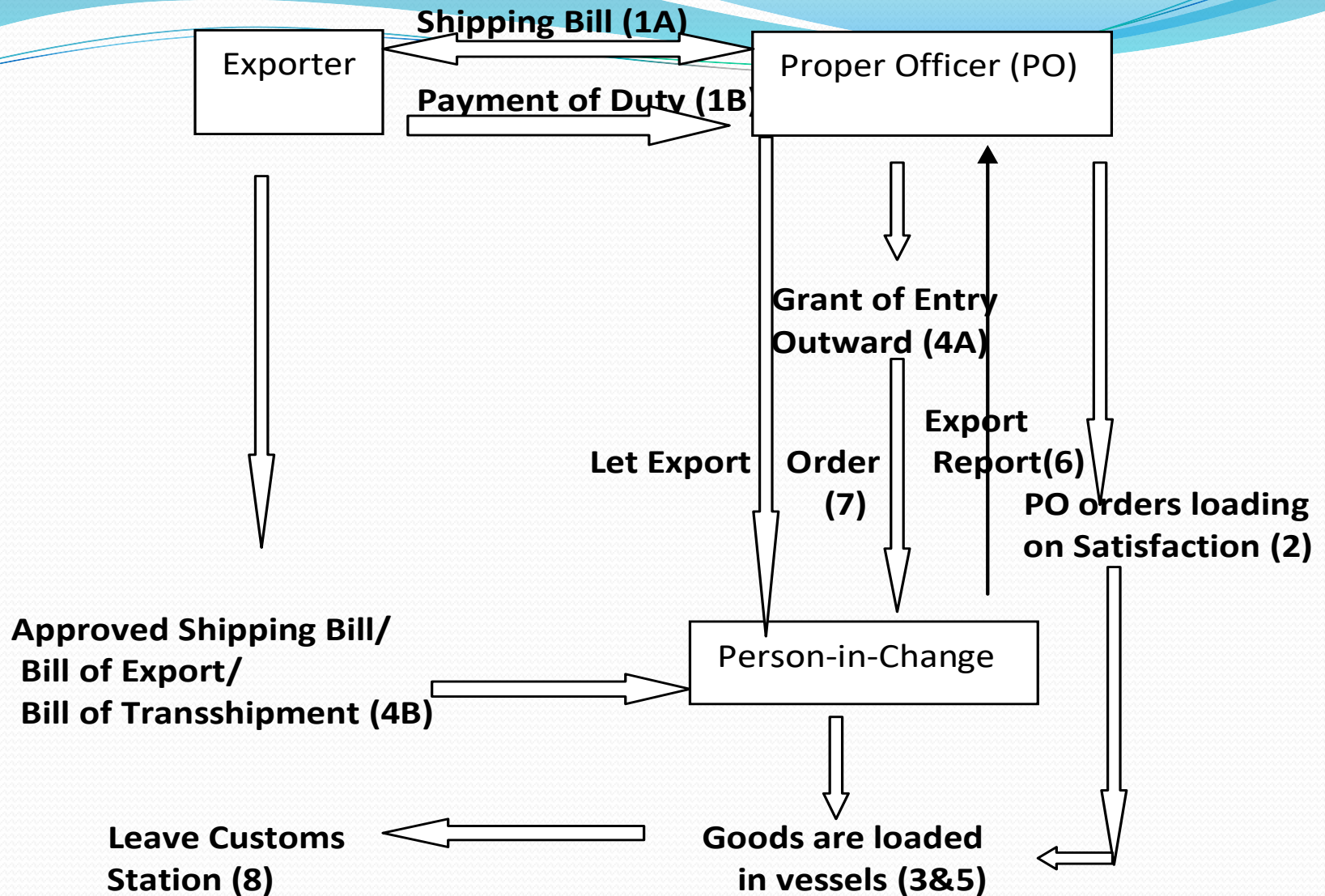
# What is Export?

- According to Section 2(18) Customs Act, 1962:  
Taking goods out of India to a place outside India is called export
- **Exporter** [Section 2(20)]: A person or organisation who is the owner or beneficial owner to any goods which is to be exported between their entry for export and the time when they are exported is called an exporter. The exporter includes any person holding himself out to be the exporter.

# Some Responsible Persons in Act

- Person-in-charge: e.g. Captain of Ship
- Master of the vessel:
- Proper officer: Customs authority
- Custodian: Approved by customs authority





**EXPORT PROCEDURE IN DIGRAM**

# Steps of Export Procedures

- 1. Filling of Documents: Exporter to submit (a) shipping bill electronically (bill of export for vehicle) to Proper officer (b) Proof to self assess and pay duty, if any
- 2. Intimates concerned authority about loading : PO allows loading on satisfaction of (a) Non-prohibited goods (b) Payment of duty, if any
- 3. Grant of Entry Outwards: Person-in-charge can start loading with 'Entry Outward' approval by proper officer
- 4. Loading of goods: After permission from Proper Officer, the exporter submits above approved documents to Person-in-charge

# Steps of Export Procedures

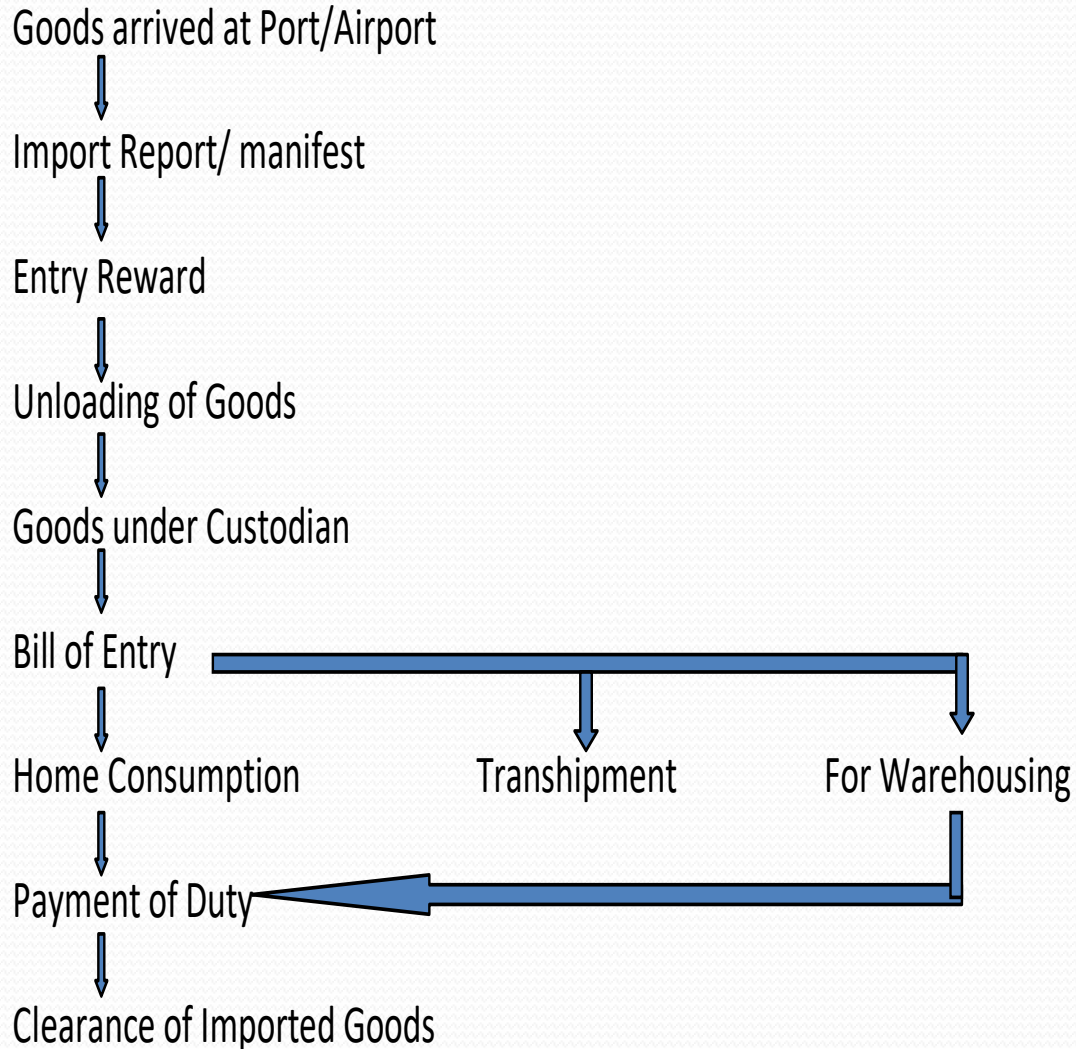
- 5. The exporter will submit copy of shipping bill (/bill of export) as approved by proper officer and bill of transshipment
- 6. Delivery of Export Report: The Person-in-charge with loaded export goods shall submit an export report for vehicle (export manifest for vessels/aircraft)
- 7. Proper officer issues 'Let Export' order
- 8. The ship loaded with export goods leaves customs station i.e. the port/ airport.

# What is Import? When?

- Import is defined under section [2(23)]. Any goods brought into India from outside India is called import. Import includes commercial import and non-commercial import.
  - When import takes place?
    - When goods cross territorial water of India?
- Or
- When cargo touches land mass of India?

Case: Garden Silk Mills Vs. UOI 1999

## Import Procedure



# Import Procedures

The procedures for importation of goods by air, by sea or by land has been briefed up here:

1. Landing of aircraft/ arrival of vehicles: The person-in-charge of vehicle or aircraft shall allow landing/anchoring of ship only at customs station
2. Delivery of Import report: The person-in-charge shall deliver the import report to proper officer
3. Granting Entry Inward: The proper officer would grant entry inward order
4. Unloading of goods: The imported goods shall be unloaded in customs station under supervision of proper officer

# Import Procedure

- 5. Custody of Unloaded goods: A person approved by the Customs authority shall be the custodian of the unloaded goods.
- 6. Filling of Bill of Entry: The importer of any goods shall file a Bill of Entry electronically
- 7. Assessment of Duty: The importer would self assess the duty. The proper officer would verify and may reassess, if required.

# Import Procedures

- 8. Payment of Duty: Customs duty has to be paid for home consumption
- 9. Clearance of Goods: The goods lying under the supervision of custodian have to be cleared within 30 days.



# Baggage: Customs Duty

Baggage: u/s 2(3) of Customs Act

- Bags, Trunks of Passengers
- Excluded articles: Annexure-I
- Accompanied or Unaccompanied
- No motor vehicle
- Person-in-charge: to declare 'baggage goods' in separate sheet
  - Import General Manifest
  - Export General Manifest
- Rate of Duty: 35% ad valorem

# Annexure-I

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

# Duty Free Baggage Allowance

<b>Class of Passengers</b>	<b>Free of Duty</b>
All Passengers	Used Personal Effect
Resident of India/India Origin	Articles upto value of Rs. 50,000
Foreigner	Articles upto value of Rs. 15,000

# Jewellery Allowance [Rule 5]

Class of Passengers	Limit
Gentleman: Passengers Residing Abroad for more than a year	Upto a weight of 20 gm [max. value Rs. 50,000]
Ladies: Passengers residing abroad more than a	Upto a weight of 40 gm [max. value Rs. 1,00,000]

# Two Sums:

Mr. Tapas Dutta a software engineer went to New York, USA for serving in a company on 15.07.2017. His wife also joined him in New York three months before they returned to India finally. The following details are submitted by them with the Customs authorities on their return to India on 15.04.2019:

- used personal effects worth Rs. 75,000
- 1 dish washer systems each worth Rs. 40,000,
- Mr. Tapas Dutta bought jewellery worth Rs 48,000 [16 grams] and the jewellery brought by his wife worth ` rs. 1,05,000 [36 grams].

With reference to Baggage Rules, 2016, determine whether Mr. and Mrs. Dutta will be required to pay any customs duty?

## Sum No.2

Mrs. and Mr. X, while staying at Japan bought and brought to India a laptop valued at Rs. 70,000, used personal effects valued at Rs. 95,000 and a personal computer for Rs. 54,000. What is the customs duty payable?

# Questions for Preparation

- Define as per Customs Act: (1) Goods (2) Bill of Entry (3) Bill of Lading (4) Bill of Export
- What is the significance of Customs Station?
- What is difference between Customs Station & Customs Area?
- What is import? What is the point of importation?
- What are the procedures for importing goods through Sea?
- What are the procedures for exporting goods through air?

# References:

- Customs Act with Rules & Regulations, Taxmann
- Study Material of Institute of Company Secretary of India
- Study Material of Institute of Chartered Accountants of India
- Study Material of Institute of Cost and Management Accountants of India





Thank You for your patient hearing