

Date of determining the duty rate for imported goods

Introduction

The date of determining the duty rate and tariff valuation of imported goods is enumerated in section 15 of the Customs act, 1962. When the goods enter the territorial waters of India, they are under the control of the customs authorities, but for fiscal purposes, this date is irrelevant for determining the rate of customs duty. The rate of duty, rate of exchange and valuation applicable to any imported goods shall be the rate and the valuation in force. Section 15 deals with only the rate of duty and tariff valuation and not the valuation which is covered under section 14.

Determination of Date – Section 15

- If the goods are cleared for home consumption, the rate of duty and tariff valuation prevailing on the date on which the Bill of Entry in respect of such clearance is presented will be applicable. However, if the Bill of Entry is presented before the entry inwards of the vessel or arrival of aircraft, then the rate of duty and tariff valuation prevailing on the date on which entry inwards is granted or as the case may be, the date on which the arrival of aircraft takes place, will be applicable.
- For instance, Bill of entry is presented on 1.1.2013, the vessel or aircraft arrived on 3.1.2013. In this situation, relevant date for determination of the rate is 3.1.2013. Though for procedural purposes, the Bill of Entry was filed on 01.01.2013, for the purpose of determining the rate of duty and tariff valuation of such goods, Bill of entry will be deemed to have been filed on 03.01.2013.
- If the goods are deposited into warehouse from the customs clearance and cleared for home consumption there from, then the rate of duty and tariff valuation prevailing on the date on which the bill of entry for home consumption is presented, will be applicable.
- In any other case, the rate of duty and tariff valuation prevailing on the date of payment of duty will be applicable.
- In respect of baggage and goods imported by post, the provisions of section 15 will not be applicable as they are independently covered by other sections.

Flow of Assessment and Clearance Procedure

- The master of the vessel carrying the goods calls on the port, files the arrival report and the import general manifest [IGM] with the customs authorities. Import manifest in respect of vessel or aircraft is required to be filed prior to the arrival of a vessel or aircraft. Import report for vehicle is required to be submitted within 12 hours of arrival at the Customs Station.
- Customs authorities check the documents, grant entry inwards to the vessel, assign an IGM number to the manifest and permit the master of the vessel to land and unload the cargo.
- The vessel discharges the cargo into the custody of the port trust authorities.
- The importer of the goods delivers the negotiable bill of lading received from the supplier of the goods to the master of the vessel and obtains the delivery order.
- It is the right and responsibility of the importer to file an application for clearance of goods and this application is called the bill of entry.

Shikha Singhania

- The customs authorities check the bill of entry with the IGM and note the bill of entry in the IGM.
- The bill of entry is then processed by the appraising Department to decide upon the tariff classification and valuation.
- The customs authorities may physically examine the goods for the above purpose of classification and valuation.
- If the bill of entry for home consumption is presented, then the customs duty is collected and “pass out of customs charge” is issued.
- If the bill of entry for warehousing is presented, then the importer executes a warehousing bond equal to twice the amount of duty assessed and then the goods are deposited into the warehouse.
- The importer on showing the “pass out of customs charge” to the port trust authorities takes delivery of the goods.
- In case the goods are warehoused, the importer files a bill of entry for ex-bond clearance for home consumption at the time of clearance of goods from such warehouse.
- The customs duty is then collected and the goods are allowed to be taken from the port.