

CUSTOMS IMPORT EXPORT PROCEDURES



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INTRODUCTION:

Central Board of Indirect Taxes and Customs (CBIC or the Board), Department of Revenue, Ministry of Finance, Government of India deals with the formulation of policy concerning levy and collection of Customs, Goods and Service Tax (GST) and Central Excise duties, prevention of smuggling and administration of matters relating to Customs, Goods and Service Tax (GST), Central Excise, and Narcotics to the extent under CBIC's purview. The Board is the administrative authority for its subordinate organizations, including Custom Houses, Customs Preventive Commissionerates, Central Goods and Service Tax (CGST) Commissionerates and the Central Revenues Control Laboratory.

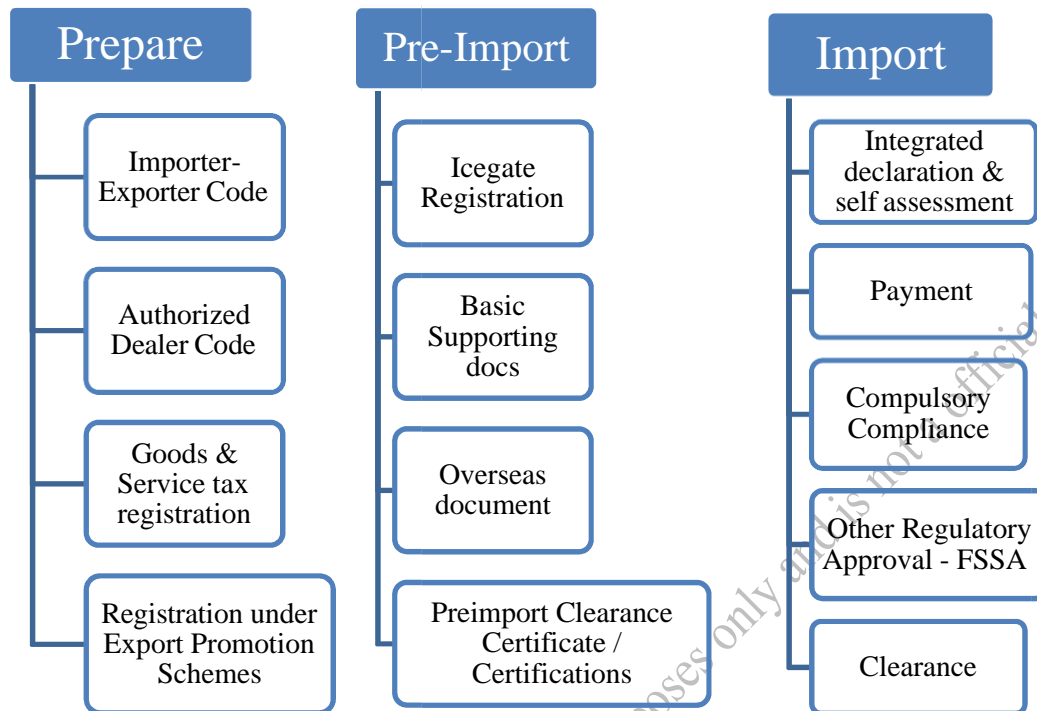
The important Customs related functions include the following:

- (a) Collection of Customs duties on imports and exports as per the Customs Act, 1962 and the Customs Tariff Act, 1975;
- (b) Enforcement of various provisions of the Customs Act, 1962 governing imports and exports of cargo, baggage, postal articles and arrival and departure of vessels, aircrafts etc.;
- (c) Discharge of agency functions and enforcing prohibitions and restrictions on imports and exports under various legal enactments;
- (d) Prevention of smuggling including interdiction of narcotics drug trafficking; and
- (e) International passenger clearance.

Customs functions cover substantial areas of activities involving international passengers, general public, importers, exporters, traders, custodians, manufacturers, carriers, port and airport authorities, postal authorities and various other government and semi-government agencies, banks etc.

In India, the imports and exports are regulated by the Foreign Trade (Development and Regulation) Act, 1992, which empowers the central government to make provisions for development and regulation of foreign trade. The current provisions relating to exports and imports in India are available under the Foreign Trade Policy, 2015-20.

CUSTOMS IMPORT PROCEDURES:



1. Obtain IEC

Prior to importing from India, every business must first obtain an Import Export Code (IEC) number from the regional joint DGFT. IEC or Importer Exporter Code is a unique 10-digit alpha numeric code issued on the basis of PAN of an entity with lifetime validity and is required for clearing customs, sending shipments, as well as for sending or receiving money in foreign currency. The process to obtain the IEC registration is completely online.

An application for IEC is filed online at www.dgft.gov.in as per ANF 2A, online payment of application fee of Rs. 500/- through net Banking or credit/debit card is made along with requisite documents as mentioned in the application form.

2. Ensure legal compliance under different trade laws

Once an IEC is allotted, businesses may import goods that are compliant with Section 11 of the Customs Act (1962), Foreign Trade (Development & Regulation) Act (1992), and the Foreign Trade Policy, 2015-20. However, certain items – restricted, canalized, or prohibited, as declared

and notified by the government – require additional permission and licenses from the DGFT and the central government.

3. Procure import licenses

To determine whether a license is needed to import a particular commercial product or service, an importer must first classify the item by identifying its Indian Trading Clarification based on a Harmonized System of Coding or ITC (HS) classification.

ITC (HS) is India’s chief method of classifying items for trade and import-export operations. The ITC-HS code, issued by the DGFT, is an 8-digit code representing a certain class or category of goods, which allows the importer to follow regulations concerned with those goods.

For Example:

SECTION-XII		584	CHAPTER-64		
(1)	(2)	(3)	(4)	(5)	
6403	FOOTWEAR WITH OUTER SOLES OF RUBBER, PLASTICS, LEATHER OR COMPOSITION LEATHER AND UPPERS OF LEATHER				
	- <i>Sports footwear :</i>				
6403 12 00	-- Ski-boots, cross-country ski footwear and snowboard boots	pa	35%	-	
6403 19	-- <i>Other :</i>				
6403 19 10	--- With outer soles of leather	pa	35%	-	
6403 19 20	--- With outer soles of rubber	pa	35%	-	
6403 19 90	--- Other	pa	35%	-	
6403 20	- <i>Footwear with outer soles of leather, and uppers which consist of leather straps across the instep and around the big toe :</i>				

An import license may be either a general license or specific license. Under a general license, goods can be imported from any country, whereas a specific or individual license authorizes import only from specific countries. Import licenses are used in import clearance, renewable, and typically valid for 24 months for capital goods or 12 months for raw materials components, consumables, and spare parts.

4. File Bill of Entry and other documents to complete customs clearing formalities

After obtaining import licenses, importers are required to furnish import declaration in the prescribed Bill of Entry along with permanent account number (PAN) based Business Identification Number (BIN), as per Section 46 of the Customs Act (1962).

A Bill of Entry gives information on the exact nature, precise quantity, and value of goods that have landed or entered inwards in the country.

If the goods are cleared through the Electronic Data Interchange (EDI) system, no formal Bill of Entry is filed as it is generated in the computer system. However, the importer must file a cargo declaration after prescribing particulars required for processing of the entry for customs clearance.

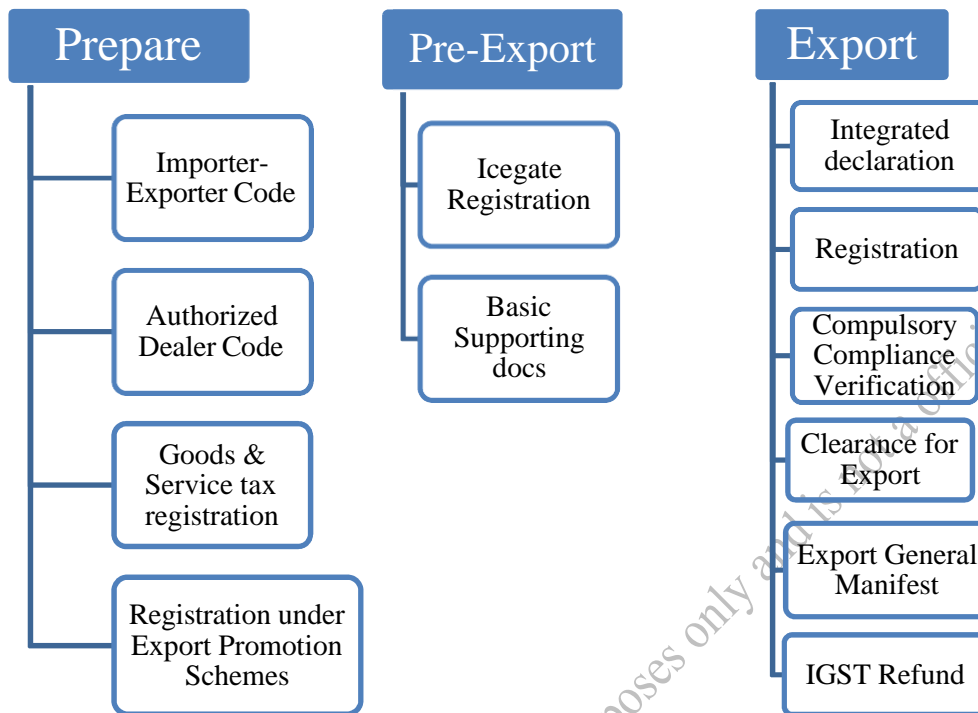
If the Bill of Entry is filed without using the EDI system, the importer is required to submit supporting documents that include certificate of origin, certificate of inspection, bill of exchange, commercial invoice cum packing list, among others.

Once the goods are shipped, the customs officials examine and assess the information furnished in the bill of entry and match it with the imported items. If there are no irregularities, the officials issue a 'pass out order' that allows the imported goods to be released from the customs.

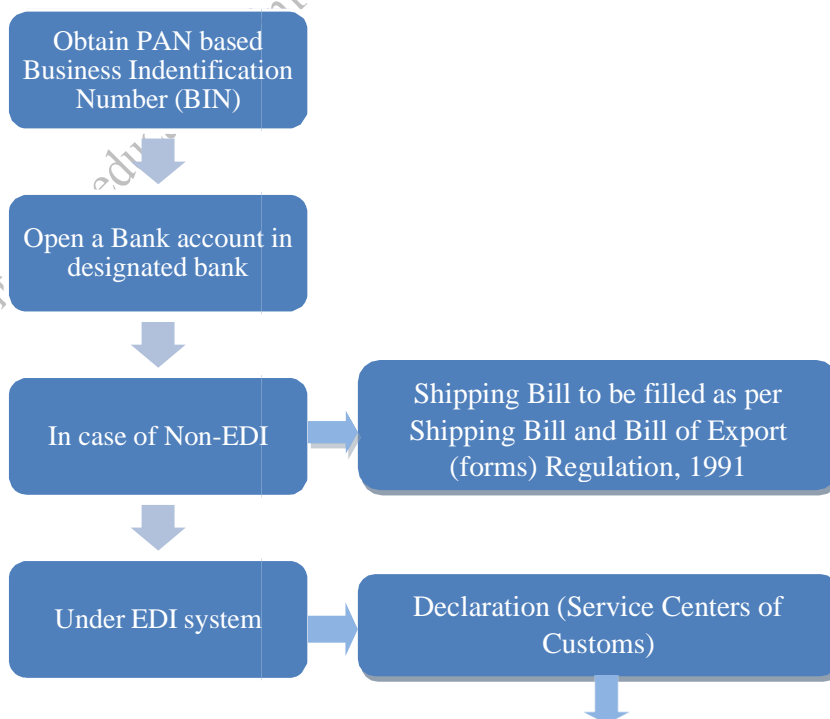
5. Determine import duty rate for clearance of goods

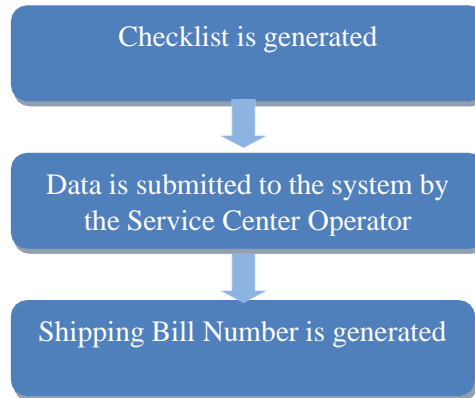
India levies basic customs duty on imported goods, as specified in the first schedule of the Customs tariff Act, 1975, along with goods-specific duties such as anti-dumping duty, safeguard duty, and social welfare surcharge. In addition to these, the government levies an integrated goods and services tax (IGST) under the new GST system. The IGST rates depend on the classification of imported goods as specified in Schedules notified under Section 5 of the IGST Act (2017).

CUSTOMS EXPORT PROCEDURES:



Process for generating Shipping Bill :





It is necessary to obtain PAN based Business Identification Number (BIN) from the Customs prior to filing of shipping bill for clearance of export good and open a current account in the designated bank for crediting of any drawback amount and the same has to be registered on the system.

In case of Non-EDI, the shipping bills or bills of export are required to be filled in the format as prescribed in the Shipping Bill and Bill of Export (Form) regulations, 1991. An exporter need to apply different forms of shipping bill/ bill of export for export of duty free goods, export of dutiable goods and export under drawback etc.

Under EDI System, declarations in prescribed format are to be filed through the Service Centers of Customs. A checklist is generated for verification of data by the exporter/CHA. After verification, the data is submitted to the System by the Service Center operator and the System generates a Shipping Bill Number, which is endorsed on the printed checklist and returned to the exporter/CHA. In most of the cases, a Shipping Bill is processed by the system on the basis of declarations made by the exporters without any human intervention. Where the Appraiser Dock (export) orders for samples to be drawn and tested, the Customs Officer may proceed to draw two samples from the consignment and enter the particulars thereof along with details of the testing agency in the ICES/E system.

Any correction/amendments in the check list generated after filing of declaration can be made at the service center, if the documents have not yet been submitted in the system and the shipping bill number has not been generated. In situations, where corrections are required to be made after the generation of the shipping bill number or after the goods have been brought into the Export Dock, amendments is carried out in the following manners.

1. The goods have not yet been allowed "let export" amendments may be permitted by the Assistant Commissioner (Exports).

2. Where the "Let Export" order has already been given, amendments may be permitted only by the Additional/Joint Commissioner, Custom House, in charge of export section.

In both the cases, after the permission for amendments has been granted, the Assistant Commissioner / Deputy Commissioner (Export) may approve the amendments on the system on behalf of the Additional /Joint Commissioner. Where the print out of the Shipping Bill has already been generated, the exporter may first surrender all copies of the shipping bill to the Dock Appraiser for cancellation before amendment is approved on the system.

- **Customs House Agents**

Exporters may avail services of Customs House Agents licensed by the Commissioner of Customs. They are professionals and facilitate work connected with clearance of cargo from Customs.

- **Documentation**

FTP 2015-2020 describe the following mandatory documents for import and export.

- Bill of Lading/ Airway bill
- Commercial invoice cum packing list
- shipping bill/ bill of export/ bill of entry (for imports)

(Other documents like certificate of origin, inspection certificate etc may be required as per the case.)

- **Submission of documents to Bank**

After shipment, it is obligatory to present the documents to the Bank within 21 days for onward dispatch to the foreign Bank for arranging payment. Documents should be drawn under Collection/Purchase/Negotiation under L/C as the case may be, along with the following documents

- Bill of Exchange
- Letter of Credit (if shipment is under L/C)
- Invoice
- Packing List
- Airway Bill/Bill of Lading
- Declaration under Foreign Exchange

- Certificate of Origin/GSP
- Inspection Certificate, wherever necessary
- Any other document as required in the L/C or by the buyer or statutorily.

- **Realization of Export Proceeds**

As per FTP 2015-2020, all export contracts and invoices shall be denominated either in freely convertible currency of Indian rupees, but export proceeds should be realized in freely convertible currency except for export to Iran.

Export proceeds should be realized within stipulated time.

PROCEDURE FOR OBTAINING PERMISSION FROM CUSTOMS TO THE EXPORTER

The exporter shall inform the jurisdictional Custom Officer of the rank of Superintendent or Appraiser of Customs, at least 15 days before the first planned movement of a consignment from his factory/premises, about the intention to follow self-sealing procedure to export goods from the factory premises or warehouse. The jurisdictional Superintendent or an Appraiser or an Inspector of Customs shall visit the premises from where the export goods will be stuffed and sealed for export. The jurisdictional Superintendent or Inspector of Customs shall inspect the premises with regard to viability of stuffing of container in the premises and submit a report to the jurisdictional Deputy Commissioner of Customs or as the case may be the Assistant Commissioner of Customs within 48 hours. The jurisdictional Deputy Commissioner of Customs or as the case may be the Assistant Commissioner of Customs shall forward the proposal, in this regard to the Principal Commissioner/Commissioner of Customs who would grant permission for self-sealing at the approved premises. Once the permission is granted, the exporter shall furnish only intimation to the jurisdictional Superintendent or Customs each time self-sealing is carried out at approved premises. The intimation, in this regard shall clearly mention the place and address of the approved premises, description of export goods and whether or not any incentive is being claimed.

SINGLE WINDOW INTERFACE FOR FACILITATING TRADE

As part of the “Ease of Doing Business” initiatives, the Central Board of Excise & Customs, Government of India has taken up implementation of the Single Window Project to facilitate the Trading Across Borders in India. The '**India Customs Single Window**' would allow importers and exporters, the facility to lodge their clearance documents online at a single point only. Required permissions, if any, from other regulatory agencies would be obtained online without the trader having to approach these agencies. The Single Window Interface for Trade (SWIFT), would reduce interface with Governmental agencies, dwell time and the cost of doing business. CBEC had already executed major projects to automate Customs clearance processes and provide electronic data interchange (EDI) with all agencies. SWIFT was the natural next step. The objectives of SWIFT are in line with key programs of Government namely ‘Make in India’ and ‘Digital India’.

LAUNCH OF THE INDIAN CUSTOMS COMPLIANCE INFORMATION PORTAL

The Central Board for Indirect Taxes and Customs (CBIC) launched the Indian Customs Compliance Information Portal (CIP) in 2021 at <https://cip.icegate.gov.in/CIP/#/home> to provide free access to information on all Customs procedures and regulatory compliance for nearly 12,000 Customs Tariff Items.

The CIP is a facilitation tool that allows interested persons to stay up-to-date with information on the legal and procedural requirements of India’s customs authorities and regulatory government agencies (FSSAI, AQIS, PQIS, Drug Controller etc.) for carrying out imports and exports. The portal will provide complete knowledge of all import and export related requirements for all items covered under the Customs Tariff thereby improving the ease of doing cross border trade.

When using the CIP portal, one can simply enter either the Customs Tariff Heading (CTH) or the description of the goods in question to get information on step-by-step procedures, regulatory compliances requirements like license, certificates, etc., for imports as well as exports. This includes import and export through posts and courier, import of samples, reimport and reexport of goods, self-sealing facility for exporters and project imports.

Another important feature of the CIP is a pan India map showing all the Customs seaports, airports, and land customs stations etc. It also contains addresses of the regulatory agencies and their websites.

SOURCES / FURTHER READING:

<https://www.dgft.gov.in/CP/>

https://icegate.gov.in/Download/CIP_Tutorial_Video.mp4

<https://cip.icegate.gov.in/CIP/static/images/doc/CIP-Tutorial.pdf>

Indian Trade Portal

<https://www.rbi.org.in/>

DISCLAIMER:

The information provided is for basic reference only. Please consult relevant publication / website of concerned authorities for factual correctness.