CBEC notifies guidelines and procedure for deferred payment of customs duty

Background
As a trade facilitation measure, the facility of deferred payment of customs duty was notified in the Finance Act, 2016. Consequently, the Central Board of Excise and Customs (CBEC) has notified Deferred Payment of Import Duty Rules, 2016 laying down the guidelines and procedures for deferred payment of customs duty by issuing Notification No. 134/2016-Customs (NT) and 135/2016-Customs (NT) dated 2 November 2016.

The facility of deferred customs duty payment will come into effect from 16 November 2016.

Key highlights
- The benefit is extended currently to importers who are holding an Authorised Economic Operator (AEO) Tier 2 or 3 status.
- An intimation needs to be filed with the Principal Commissioner, Customs or Commissioner, Customs (the concerned authority) who has jurisdiction over the port of import.
- The concerned authority after verifying the eligibility will permit the facility of deferred payment of customs duty in the following manner.
- Upon permission, the importer will pay the customs duty on imports in the manner outlined in the table.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Date of duty payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Goods corresponding to Bill of Entry returned(^1) for payment from 1st day to 15th day of any month</td>
<td>17th day of that month</td>
</tr>
<tr>
<td>2</td>
<td>Goods corresponding to Bill of Entry returned for payment from 16th day till the last day of any month other than March</td>
<td>2nd day of the following month</td>
</tr>
<tr>
<td>3</td>
<td>Goods corresponding to Bill of Entry returned for payment from 16th day till the 29th day of March</td>
<td>31st March</td>
</tr>
<tr>
<td>4</td>
<td>Goods corresponding to Bill of Entry returned for payment from 30th day of March to 31st day of March</td>
<td>2nd April</td>
</tr>
</tbody>
</table>

- The customs duty needs to be paid electronically unless specifically permitted otherwise in writing.

\(^1\) After assessment Bill of Entry is sent back online to the importer/Custom House Agent by the Customs authorities for payment of customs duty
In the event of failure of customs duty by due date more than once in three consecutive months shall not be permitted the facility. The facility will be restored on the basis of the importer paying the full customs duty along with interest.

Our comments

The notification of deferred customs duty payment could be seen as a major procedural and compliance relief to trade and is in line with the principle adopted for service tax and excise duty. Further, this is expected to dispense with the need to pay customs duty at the time of clearance of imported goods, on a presumption; basis the approval of the concerned authorities, goods will be allowed clearance with the deferred payment facility.

However, it would have been better if the facility is suo motto extended to the specified AEO status holders after seeking verification from AEO Programme Manager through ICEGATE instead of the requirement to seek permission from the concerned authorities at each port.

Overall, it is a positive step of the government towards trade facilitation and improving the ease of doing business in India.
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