



**Ministry of Finance**  
Government of India

# Frequently Asked Questions (FAQs) on newly introduced Customs Reforms

February 2026





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# Citizen Friendly Customs Measures

## Baggage Rules, 2026

The earlier Baggage Rules, 2016 provided for duty-free clearance of bona fide passenger baggage, including personal effects, travel souvenirs, and specified allowances such as general free allowance, jewellery allowance, and transfer of residence benefits, subject to prescribed limits and conditions. However, since these rules were last notified in 2016, significant changes have taken place in economic conditions, market prices of precious metals and travelers' expectation. Further, as one of the largest economies, it is natural that India is more connected to the world. Professional and business people travel overseas & visit from abroad. A growing number of foreign professionals, entrepreneurs, and skilled personnel are visiting India for employment, business, and investment opportunities. This two-way movement of talent and capital reflects India's emergence as an important global destination for business, innovation and professional collaboration. Further, there is a greater inflow of tourists from abroad.

Accordingly, Baggage Rules are being rationalised to address genuine concerns faced by passengers at airports. The revised rules will enhance duty-free allowances in line with present-day travel realities, provide clarity in temporarily carriage of goods brought in or taken out and avoid unnecessary detention of goods. These changes will ensure that travellers experience a smoother, fast and hassle-free arrival process at international airports. The Baggage Rules, 2026 provides clarity and passenger facilitation by rationalising key definitions, including personal effects, jewellery, and long-term foreign professionals. Personal jewellery is explicitly included within personal effects, and a separate class is introduced for foreigner with a valid visa, other than tourist visa for extended stays. Duty-free allowances are being revised to reflect current

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travel realities, with continued exemption for used personal effects and travel souvenirs, revised general free allowances for different passenger categories, and restricted benefits for land border arrivals. Provisions are also being introduced for temporary import and re-import of valuable goods with digital monitoring, along with simplified procedures. Further, special jewellery allowances are proposed to be based only on weight limits, removing outdated value caps.

The Baggage Rules, 2026 also focus on simplifying and modernising the transfer of residence framework by merging Annexures II and III into a single rationalised list of duty-free items, with an overall value cap and by updating and removing obsolete items. Transfer of residence benefits are being extended and structured for foreign professionals based on their duration of stay in India, while enhancing allowances for Indian residents based on stay abroad. Safeguards relating to frequency of claims and condonation of shortfalls in stay are also being introduced. In addition, concessions relating to laptops and import of pets are proposed to be incorporated within the Baggage Rules, ensuring a unified, transparent, and passenger-friendly regime that reduces disputes, improves compliance, and facilitates smoother clearance at ports of entry.

New measures are being implemented:-

- By issuance of Notification No. 14/2026-Customs (N.T.) dated 01.02.2026 for notifying the Baggage Rules, 2026.
- By issuance of Notification No. 15/2026-Customs (N.T.) dated 01.02.2026 for notifying the Customs Baggage (Declaration and Processing) Regulations, 2026.
- By issuance of Notification No. 04/2026-Customs dated 01.02.2026 for amending the baggage rate duty notification No. No. 26 /2016-Customs, dated 31.03.2016.
- By issuance of Notification No. 05/2026-Customs dated 01.02.2026 for rescinding Notifications No. 11/2004-Customs, dated 08.01.2004 and No. 27/2016-Customs, dated 31.03.2016.
- By issuance of Master Circular No. 04/2026–Customs dated 01.02.2026.

### Frequently Asked Questions (FAQs)

(For details please visit: <https://www.cbic.gov.in/>)

Every passenger entering India has to pass through a Customs check after first being cleared by an immigration Officer and taking delivery of his/her baggage, if any, from the conveyer belts. The passenger has the option of seeking Customs clearance through either of the two channels:

- a) Green Channel
- b) Red Channel

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### A. General Questions

#### Q1. Who can avail the benefits of Baggage?

The benefits of baggage under the Customs Baggage Rules, 2026 may be availed by the following categories of passengers arriving in India:

1. Resident;
2. Tourist of Indian origin;
3. Foreigner with a valid visa, other than tourist visa;
4. Tourist of foreign origin;
5. Crew members.

#### Q2. What are the duty-free entitlements available for passengers?

Any passenger arriving in India, including an infant, is allowed duty-free clearance of used personal effects. In addition, passengers, excluding an infant are allowed duty free clearance of articles, excluding the articles of Annexure-I up to the value prescribed as below:

S. No.	Class of passengers	Duty free allowance (in rupees)	Mode of Travel
1.	Resident	75,000/-	Arriving through any mode other than land
2.	Tourist of Indian origin	75,000/-	
3.	Foreigner with a valid visa, other than tourist visa	75,000/-	
4.	Tourist of foreign origin	25,000/-	
5.	Crew Members	2,500/-	

#### Q3. What is contained in Annexure-I to the Baggage Rules, 2026?

The articles of Annexure- I are not permitted duty free. These articles are subjected to certain restrictions when brought in India. The List of such articles is as follows:

- a) Fire arms.
- b) Cartridges of fire arms exceeding 50.
- c) Cigarettes exceeding 100 sticks or cigars exceeding 25 or tobacco exceeding 125gms.
- d) Alcoholic liquor or wines in excess of two litres.
- e) Gold or silver in any form other than ornaments.
- f) Television.

### **Q4. Are any benefits available to passengers shifting their residence to India?**

Yes. Transfer of residence allowances is available to eligible persons to carry their personal and household articles, according to the duration of their stay abroad and the period of stay in India. The allowances are applicable only to bona fide household effects and personal articles, and are subject to specified conditions and exclusions.

### **Q5. Is the concession available all personal effects?**

Only used personal effects required for satisfying daily necessities of life of the passenger are allowed duty free clearance.

### **Q6. Can I bring large quantities of goods in my baggage?**

No. Only used personal effects required for satisfying daily necessities of life are allowed duty free clearance. Goods in commercial quantities are not permitted to be cleared as *bona fide* passenger baggage, even on payment of duty. Such imports shall be treated as non-*bona fide* baggage and action shall be taken under the Customs Act, 1962.

### **Q7. Can I bring my jewellery without any conditions while travelling to India?**

- a) Used personal jewellery that a passenger may reasonably require for personal use during the journey satisfying the daily necessities of life, is allowed duty free clearance.
- b) Bonafide personal jewellery beyond (a), is allowed on payment of duty.
- c) A resident or tourist of Indian origin who has been residing abroad for more than one year can carry jewelry duty free as follows,-
  - (i) Female passenger is allowed up to 40 grams duty-free.
  - (ii) Other than female passenger is allowed up to 20 grams duty-free.

It may be noted that import of gold or silver in any form is subjected to the import policy issued by DGFT from time to time. Any articles which are not declared shall be dealt in accordance with the provisions of the Customs Act, 1962.

### **Q8. If I bring jewellery in large quantity for a wedding while travelling to India, will it permitted?**

Jewellery being carried temporarily for attending any event and to be taken back may be permitted on the basis of temporary baggage import certificate. The certificate may be obtained from Customs on arrival.



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### **Q9. Can I bring gold in any form?**

An eligible passenger of Indian Origin or a passenger holding a valid Indian passport may bring gold and ornaments, in terms of the conditions specified under notification No. 45/2025-Customs dated 24.10.2025, which *inter- alia* provides that eligible passenger is returning to India after a period of not less than six months of stay abroad, the duty is paid in convertible foreign currency and the quantity of import does not exceed one kilogram of gold per eligible passenger. The link of the notification is as follows:

<https://taxinformation.cbic.gov.in/view-pdf/1010489/ENG/Notifications>.

### **Q10. Can I bring Silver in any form?**

An eligible passenger of Indian Origin or a passenger holding a valid Indian passport may bring gold and ornaments, in terms of the conditions specified under notification No. 45/2025-Customs dated 24.10.2025, which *inter- alia* provides that eligible passenger is returning to India after a period of not less than six months of stay abroad, the duty is paid in convertible foreign currency and the quantity of import does not exceed one kilogram of gold per eligible passenger. The link of the notification is as follows:

<https://taxinformation.cbic.gov.in/view-pdf/1010489/ENG/Notifications>.

### **Q11. What types of allowances are available to passengers under the Baggage Rules, 2026?**

The following types of allowances are available to eligible passengers, subject to prescribed conditions and limits: (a) Personal effects allowances; (b) General free allowances; (c) Special allowance for jewellery; (d) Transfer of residence allowance.

### **Q12. Is General free allowance available to passengers coming through land border?**

No General free allowance is available, only used personal effects are allowed duty free clearance.

### **Q13. What allowances are available for professionals who are residents or tourists of Indian origin under transfer of residence?**

The following allowances are available to eligible passengers under transfer of residence, according to the duration of their stay abroad:

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(in Rupees)

Stay duration abroad	Residents/ Tourists of Indian Origin
3-12 months	1,50,000
1-2 years	3,00,000
More than 2 yrs	7,50,000

**Q14. What allowances was earlier available for Indian passenger under transfer of residence?**

The following allowances was available to eligible passengers under transfer of residence, according to the duration of their stay abroad:

(in Rupees)

Stay duration abroad	Indian passenger
3-6 months	60,000
6-12 months	1,00,000
1-2 years	2,00,000
More than 2 yrs	5,00,000

**Q15. What allowances are available for foreign professionals under transfer of residence?**

The allowances allowed to eligible passengers shifting their residence, based on the duration of stay abroad and the intended period of stay in India are as follows:

(in Rupees)

Stay duration in India	Foreigner with a valid visa, other than tourist visa
6-12 months	1,50,000
1-2 years	3,00,000
More than 2 yrs	7,50,000
<b>Stay duration abroad</b>	
More than 2 yrs	7,50,000

### **Q16. What happens if a foreign professional under transfer of residence does not fulfil the prescribed intended period of stay in India?**

If a foreign professional who has availed transfer of residence benefits shifts their residence abroad without fulfilling the prescribed intended duration of stay in India, the following procedure shall follow:

- a) In case of any shortfall in the prescribed intended period of stay, the passenger shall intimate, without delay, the Principal Commissioner of Customs or Commissioner of Customs, as applicable, having jurisdiction over the customs station where duty-free clearance was allowed.
- b) The passenger shall also pay the applicable customs duty, if any, along with applicable interest, on the goods exceeding the permissible duty-free allowance.

Such cases are dealt with in accordance with the Baggage Rules, 2026 and the relevant provisions of the Customs Act, 1962.

### **Q17. Is transfer of residence duty free benefits available as standalone basis?**

The transfer of residence benefits are over and above the duty free benefits for used personal effects and general duty free allowances.

### **Q18. What will happen if I bring high valuable like new camera, wrist watch, etc. to India?**

Any new articles up to the value of seventy-five thousand rupees or twenty-five thousand rupees are allowed duty free for a resident or a tourist of Indian origin or foreigner with a valid visa, other than tourist visa or a tourist of foreign origin, as the case may be, by giving the benefits of general free allowance. Any tourist can bring articles which he intends to take back and for this purpose, a temporary import certificate may be obtained from customs.

### **Q19. Can my goods be detained by customs?**

If the passenger is bringing baggage containing any prohibited good; or dutiable goods wherein he fails to pay the applicable duty; or the goods are not found bona fide baggage or goods were mis-declared/ undeclared, then Customs on the request of the passenger or otherwise may intervene and detain goods. Tourist always has an option to declare and request a temporary baggage import certificate if the goods are in the nature of personal effects.

**Q20. While traveling abroad, If I intend to carry valuable articles like jewellery, electronics, etc., do I need to declare them before customs?**

It is advisable to take export certificate for these valuable articles while travelling to foreign destination for hassle free entry while arriving in India. Customs may intervene at the time of arrival to verify the claim of having taken the valuable item abroad.

**Q21. What is the validity of export certificate?**

The export certificate will remain valid till the time of first return of the passenger in India or within six months, whichever is earlier.

**Q22. What is the validity of temporary baggage import certificate?**

The validity of temporary baggage import certificate upto the time of first departure of the tourists from India or within six months, whichever is earlier.

**Q23. Is there any provision for extension of temporary baggage import certificate and export certificate, beyond six months?**

There is no provision to extend the validity of these certificates. These certificates are intended solely to provide hassle free clearance for temporary carriage in and out of the valuable.

**Q24. Is it mandatory to produce the temporary baggage import certificate along with valuable articles before the Customs at the time of departure?**

Yes. The temporary baggage import certificate alongwith valuable articles shall be produced before Customs at the time of first departure from India.

**Q25. When do the new Baggage Rules and Regulations come into force?**

The Customs Baggage (Declaration and Processing) Regulations, 2026, and the Baggage Rules, 2026, come into force from 02.02.2026.

**Q26. To whom do Baggage regulations apply?**

They apply to the baggage and unaccompanied/ mishandled baggage, including every package within it, of all passengers coming to India or going abroad.

**Q27. Who is defined as a "resident" for Customs purposes?**

A resident is a person holding a valid passport issued under the Passport Act, 1967, who normally resides in India.

### **Q28. How is a "tourist" defined under the Baggage Rules, 2026?**

A tourist is a person not normally resident in India who enters India for a stay of not more than six months within any twelve-month period for legitimate non-immigrant purposes.

### **Q29. Who is considered a "tourist of Indian origin"?**

This includes Non-Resident Indians (NRIs) and Overseas Citizen of India (OCI) cardholders.

### **Q30. Who is a "foreigner with a valid visa, other than tourist visa"?**

A person not a citizen of India, possessing a valid visa, excluding tourist visa and staying for more than six months in India.

### **Q31. What is the definition of "jewellery" under these rules?**

Jewellery refers to articles of adornment ordinarily worn by a person, made of gold, silver, platinum, or other such precious metals, whether studded or not.

### **Q32. What are "personal effects"?**

Personal effects include all articles (new or used) that a passenger may reasonably require for personal use during the journey, taking into account all the circumstances of the travel, but excluding goods imported or exported for commercial purposes.

### **Q33. Are goods for commercial purposes covered under personal effects?**

No, any goods imported or exported for commercial purposes are specifically excluded from the definition of personal effects.

### **Q34. What is the "automated system" for baggage declaration?**

It is the portal accessible through the URL <https://www.icegate.gov.in> or the Atithi mobile/web application.

### **Q35. Who must file a baggage declaration?**

All passengers arriving in India carrying dutiable or prohibited goods must declare their accompanied baggage electronically in Form CBD-I.

### **Q36. Who can file the Customs declaration on behalf of a minor?**

If a passenger has not attained the age of eighteen years, the Customs baggage declaration may be filed only by a family member or a legal guardian on behalf of the minor.

### **Q37. When should the electronic declaration be filed?**

It can be presented electronically up to three days before the arrival of the passenger.

### **Q38. Can I update my declaration after filing it?**

Yes, passengers carrying dutiable or prohibited goods can update their electronic declaration details until the actual date and time of their arrival in India.

### **Q39. What if I am unable to file the declaration electronically if I am carrying dutiable goods or prohibited goods?**

The Assistant or Deputy Commissioner of Customs may allow the declaration to be presented in another manner on arrival if an electronic declaration was not made.

### **Q40. Can a representative file the declaration for me?**

Yes, any declaration required under these regulations may be filed by any other person authorized by the passenger in case of unaccompanied baggage.

### **Q41. Do I need to report to the "Green Channel"?**

The Green Channel is a walk-through channel for passengers who are not required to report to the Red Channel. The Red Channel is a dedicated channel for passengers who must make a declaration for payment of duty (unless duty was paid in advance) or who are carrying goods subject to import prohibitions listed in Form CBD-I.

### **Q42. When must I report to the Red Channel?**

You must report to the Red Channel if you answer "Yes" to carrying any articles listed in serial numbers 16 to 18 of Form CBD-I, such as pets, prohibited articles, gold bullion, drones, or currency exceeding thresholds.

### **Q43. Can two passengers pool their GFAs to clear one expensive articles?**

No, the free allowance of a passenger shall not be allowed to pool with the free allowance of any other passenger.

### **Q44. Is there a duty-free allowance for laptops?**

A passenger aged eighteen years or above (other than crew member) is allowed only one new laptop including notepad duty-free.

### **Q45. Is a television included in the General Free Allowance?**

No, television are listed in Annexure-I and are excluded from the **General Free Allowance**.

**Q46. Are firearms allowed duty-free?**

No, firearms are listed in Annexure-I and are excluded from duty-free allowances.

**Q47. What are the duty-free limits for firearm cartridges, cigarettes, cigars, tobacco, and alcoholic liquor or wine?**

A passenger may bring up to 50 firearm cartridges, 100 cigarettes, 25 cigars, or 125 grams of tobacco, and two litres of alcoholic liquor or wine duty-free. Quantities exceeding these limits are listed in Annexure-I. The articles of Annexure-I are subjected to certain restrictions when brought in India.

**Q48. Who is eligible for the special jewellery allowance?**

A resident or tourist of Indian origin who has been residing abroad for more than one year.

**Q49. What is the jewellery weight limit for a female passenger?**

An eligible female passenger is allowed up to 40 grams duty-free.

**Q50. What is the jewellery weight limit for a passenger other than female passenger?**

An eligible passenger other than female passenger, is allowed up to 20 grams duty-free.

**Q51. Does this weight-based allowance apply to gold bullion?**

No, gold or silver in any form other than ornaments is excluded from free allowances and must be declared.

**Q52. What is the TR benefit for a stay abroad of 3 to 12 months?**

Residents, tourists of Indian origin including NRI and OCI cardholders and foreigners with a valid visa, other than tourist visa can import personal and household articles (excluding Annexure-I) up to an aggregate value of ₹1,50,000.

**Q53. Are Annexure-II articles allowed in the 3–12 month TR category?**

Yes, but limited to not more than one unit each.

**Q54. What is the TR benefit for a stay abroad of at least one year in the last two years?**

The aggregate value limit for personal and household articles is ₹3,00,000. The passenger must not have availed of this specific concession in the preceding three years.

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### **Q55. What is the TR benefit for a stay abroad of two years or more?**

The aggregate value limit for duty free imports of personal and household articles is ₹7,50,000.

### **Q56. What are the "short visit" conditions for the ₹7,50,000 TR benefit?**

The total stay in India on short visits during the two preceding years should not exceed six months.

### **Q57. Can the two-year stay abroad requirement be condoned?**

A shortfall of up to two months may be condoned by the Deputy/Assistant Commissioner of Customs concerned if the return is due to terminal leave, vacation, or special circumstances.

### **Q58. Who can condone excess short visits to India for TR?**

The Principal Commissioner or Commissioner of Customs may condone short visits exceeding six months in special circumstances.

### **Q59. What types of articles are allowed when I am transferring my transfer of residence?**

Under the transfer of residence facility, one unit each of following articles is allowed duty free subject to conditions prescribed and overall value cap under rule 7 of the Baggage Rules, 2025 :

1. Home Theatre System.
2. Air-Conditioner.
3. Microwave Oven.
4. Washing Machine.
5. Gas Cooking Range.
6. Personal Computer (Desktop Computer).
7. Laptop or Notepad.
8. Domestic Refrigerator.
9. Television.
10. Dish Washer.
11. Deep Freezer.
12. Video camera or the combination of any such Video camera with one or more of the following goods, namely: -
  - (a) television receiver;
  - (b) sound recording or reproducing apparatus;
  - (c) video reproducing apparatus.
13. Vacuum Cleaner.
14. Air Fryer.



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15. Dryer machine.
16. Air cooler.
17. Play station or any other gaming console.
18. Water Dispenser.
19. Oil heater.
20. Electric Oven.
21. Musical Instrument (Piano or Guitar, etc.).
22. Tablet (e.g. iPad).
23. Small Bluetooth Speakers.
24. Air Purifier.
25. Dehumidifier.
26. Multifunction Printer.
27. Robotic Vacuum Cleaner.
28. Massage Chair.
29. Projector.
30. Amplifier.

### **Q60. What TR benefit is available for a foreigner staying 6 to 12 months in India?**

The aggregate value limit for duty free entitlement is ₹1,50,000 for personal/household articles (one unit each of Annexure-II articles).

### **Q61. What is the restriction for the 6–12 month foreigner TR?**

The passenger must not have availed of this concession in the preceding one year.

### **Q62. What is the TR benefit for a foreigner staying 1 to 2 years in India?**

The aggregate value limit for duty free entitlement is ₹3,00,000.

### **Q63. What is the TR benefit for a foreigner staying 2 years or more in India?**

The aggregate value limit for duty free entitlement is ₹7,50,000.

### **Q64. Can a foreigner's shortfall in Indian stay be condoned?**

For stays of 6–12 months or 1–2 years, a shortfall of up to three months may be condoned by the Principal Commissioner or Commissioner for terminal leave or special circumstances.

### **Q65. Is there a benefit for a foreigner returning to India after being abroad for 2+ years?**

Yes, they are entitled to an aggregate value of ₹7,50,000, subject to stay and short-visit conditions similar to residents.

### **Q66. Can I send my unaccompanied baggage?**

Yes, you can send your unaccompanied baggage.

### **Q67. What are the prescribed time limits and conditions for the dispatch and arrival of unaccompanied baggage in India?**

Unaccompanied baggage shall have been in the possession of the passenger, abroad and shall be dispatched to India within one month of his arrival. The said period of one month may be extended by the Deputy Commissioner or Assistant Commissioner of Customs. Where unaccompanied baggage arrives prior to the passenger's arrival, it may do so up to two months in advance. This period may be further extended up to a maximum of one year in cases where the passenger is prevented from arriving within the prescribed time due to circumstances beyond his control like sudden illness, natural calamities, disturbed conditions or disruption of transport services, or travel arrangements.

### **Q68. How is unaccompanied baggage declared?**

The contents must be declared electronically in Form CBD-II.

### **Q69. Can unaccompanied baggage be cleared at a different Customs station?**

Yes, transshipment may be permitted to another Customs station by air, rail, or road at the passenger's request.

### **Q70. How do I ensure duty-free re-import of valuables I take abroad?**

You may declare articles (other than used daily necessities) before departure to obtain an Export Certificate (Form CBD-III) electronically or otherwise, for hassle free clearance at the time of arrival.

### **Q71. Is the Export Certificate valid for all passengers?**

It is available to residents, tourists of Indian origin, and foreigners with a valid visa, other than tourist visa.

### **Q72. Can a tourist import personal effects temporarily without duty?**

Yes, a tourist may temporarily import personal effects (other than used daily necessities, which are already duty free) in their bona fide baggage for their stay, subject to re-export within six months.

### **Q73. What document is issued for temporary tourist imports?**

A Temporary Baggage Import Certificate (Form CBD-IV) is issued through electronically or otherwise.

### **Q74. When must I file a Currency Declaration Form (CDF)?**

When foreign exchange in the form of currency notes, bank notes, or travellers cheques exceeds US \$10,000 or its equivalent, and/or the aggregate value of foreign currency notes exceed US \$5,000 or equivalent, you have to make a declaration to the Customs authority in CDF in terms of the Foreign Exchange Management (Export and Import of Currency) Regulations, 2015.

### **Q75. Can I carry Indian currency abroad?**

Any person resident in India may take outside India Indian currency notes not exceeding ₹25,000 in terms of the Foreign Exchange Management (Export and Import of Currency) Regulations, 2015.

### **Q76. What are the requirements for bringing a pet under Baggage Rules, 2026?**

Resident, tourist of Indian origin, foreigner with a valid visa, other than tourist visa are allowed to import two pets (cat and Dog) under Transfer of residence in the case of two years stay abroad or more subject to declaration an advance No Objection Certificate (NOC) from Animal Quarantine and Certification Services or a DGFT import authorization.

### **Q77. What articles are strictly prohibited for import?**

Prohibitions include narcotic drugs, wildlife products, counterfeit currency, and maps/literature showing incorrect Indian boundaries.

### **Q78. Do I have to pay a charge for detained baggage?**

No charge is levied if the baggage is found to be bona fide and released to the passenger. However, the facility charges, if any, will be paid by the passenger in respect of detained baggage to the person having custody thereof at the time of clearance or re-export.

### **Q79. Can I clear my dutiable detained baggage?**

Yes, it can be cleared on payment of duty along with applicable interest, if any and charges for storage, etc., as applicable.

### **Q80. What is the time limit for clearing detained baggage?**

It must be cleared or re-exported within six months, extendable by another six months by the Commissioner of Customs.

### **Q81. What are the entitlements for crew members?**

The rules apply to crew at the time of final pay-off. Otherwise, they may bring gifts (chocolates, cosmetics) not exceeding ₹2,500.



# E-Commerce Measures

## **Removal of Value Cap for Courier Exports**

The reform proposes removing the ₹10 lakh value cap on commercial exports through courier mode. Once implemented, exporters will be able to ship goods of any value through courier channels, eliminating the need to divert such shipments to conventional air or sea cargo solely due to value restrictions. This will allow exporters to ship consignments of any value via courier services, reducing dependence on traditional cargo channels and significantly benefiting MSMEs, artisans, and e-commerce exporters by enabling faster, simpler, and more efficient access to global markets while supporting overall export growth and ease of doing business.

## **Return to Origin (RTO) for Courier Shipments**

Many international courier shipments get stuck in warehouses because they are unclaimed or uncleared. This leads to congestion at courier terminals, repeated auctions, and higher logistics costs. The proposed Return to Origin (RTO) reform seeks to introduce a clear legal and procedural framework for returning unclaimed or uncleared international courier shipments to the foreign sender. The reform empowers Customs to frame regulations on custody of courier shipments and enables RTO. This will allow unclaimed or uncleared international courier parcels to be sent back to the foreign sender after a particular time period, instead of being forced into auction or destruction. This will result in decongestion of warehouses, quicker handling of uncleared parcels, and reduced administrative burden.

### Returns and Rejects in E-Commerce Exports

Returns and rejected orders are a normal and unavoidable part of online shopping, especially in direct-to-consumer international sales. While traditional exports see very few returns (below 5%), e-commerce exports face much higher return rates of 20–25% due to customer choices, ease of return online and changing customer preferences. The reform proposes a simplified, risk-based customs framework for handling returns and rejected e-commerce export orders, recognising that high return rates are a normal feature of global online trade. The reform introduces a dedicated digital return facility that automatically links returned goods with their original export records, allowing routine parcels to be cleared quickly while only high-risk cases are examined. This will streamline reverse logistics, reduce compliance burdens, prevent returned goods from being treated as fresh imports for duty purposes, and give MSMEs and exporters the confidence to scale global e-commerce sales by offering reliable return options to international customers

#### Expected Impact

The combined implementation of core and supplementary reforms is expected to give:

##### **1. Promote 'Make in India' objective**

Enable Indian-made products, including MSME and artisan goods, to reach global markets directly through e-commerce. Will enable faster exports from India and enable Indian manufacturers to scale production, access global e-commerce markets seamlessly, and strengthen the Make in India ecosystem.

##### **2. Ease of Doing Business**

Simplify export procedures and remove restrictions in courier-based international trade. Will lead to faster clearances, lower compliance and logistics costs, increased export competitiveness and predictable Customs processes.

##### **3. Clear policy for unclaimed parcels**

Unclaimed courier shipments can be sent back to the sender instead of piling up in warehouses, reducing congestion and waste.

##### **4. Easy and duty-free return of rejected goods**

Returned e-commerce parcels can come back without paying import duty, helping exporters manage returns without financial loss.

### 5. Higher sales through customer confidence

Foreign buyers are more willing to purchase Indian products when a simple and reliable return option is available.

The information provided in these FAQs is for general information & guidance purpose. For exact legal position, reference may be made to the relevant Act, Rules, and notification)

### Frequently Asked Questions (FAQs)

#### A. General

#### Q1. What is E Commerce?

E-commerce means buying and selling of goods through the internet on an E-commerce platform, the payment for which shall be done through international credit or debit cards and as specified by the Reserve Bank of India from time to time.

#### Q2. What are the E-Commerce Customs reforms introduced by the Government?

The Government has undertaken a set of Customs reforms to facilitate cross-border e-commerce by simplifying procedures, reducing compliance burden, enabling faster clearances, and aligning Customs processes with digital trade practices, while maintaining robust risk management.

#### Q3. Who will benefit from these reforms?

These reforms will benefit:

- a) MSME exporters and start-ups
- b) E-commerce sellers and D2C brands
- c) Express courier operators
- d) Individual exporters and importers
- e) Logistics providers

#### Q4. Do these reforms apply to both exports and imports?

Yes. Certain reforms apply to exports (such as removal of value cap), while others apply to both imports and exports (such as Return to Origin and Returns and Rejects).

#### Q5. Do these reforms apply to both E-Commerce and non E-Commerce exports?

Yes, these reforms are for both e-commerce and non e-commerce exports exported through courier mode.



### **Q6. What is the most prominent mode of E-Commerce exports & imports**

Courier mode is the most prominent mode for physical e-commerce exports due to speed, door to door delivery, and suitability for small consignment

### **Q7. Who is an Authorised Courier?**

Authorised Courier, in relation to imported or export goods, means a person engaged in the international transportation of time-sensitive documents or goods on door-to-door delivery basis and is registered in this behalf by Customs.

### **Q8. Who can use Courier mode for imports and exports?**

Under the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010, any individual or business entity in India may import or export goods through courier mode, provided the goods are sent through a courier company approved by Indian Customs as an “Authorized Courier.” The goods should not be restricted or prohibited. Basically, the importer or exporter does not deal directly with Customs. All customs documentation, declaration, and clearance are carried out by the Authorized Courier on their behalf, subject to the conditions, value limits, and restrictions prescribed under the regulations

### **Q9. Where does the processing of documents happen?**

Courier clearances take place on Express Cargo Clearance System (ECCS) of Indian Customs which is an electronic platform designed to streamline the Customs clearance process for courier consignments at International Courier Terminals (ICTs). It's completely online and paperless system which provides a single and common web based digital workplace for all stakeholders; authorized couriers, customs and custodian.

### **Q10. How many International Courier Terminals in India?**

There are 14 customs notified ICTs with 9 ICTs having courier trade i.e Bangalore, Mumbai, Delhi. Chennai, Cochin, Ahmedabad, Jaipur, Kolkata and Hyderabad. ICTs are CBIC-notified customs facilities for clearance of courier import and export consignments under the Courier Regulations, 2010. Though located at international airports, these are separate dedicated facilities distinct from air cargo.

### **Q11. What documents are required for Courier exports-personal & commercial both?**

For Commercial Exports (1) Commercial Invoice (2) Airway Bill (3) Import Export Code (4) Authorization to Authorized courier (5) KYC(Know Your Customer) Documents (6)

## E-Commerce Measures

Authorized Dealer Code registered in ICEGATE (7) GSTIN. Depending on the product, INCOTERMS, HS code, Policy, etc. additional documents will be required.

For personal Export (1). Invoice (2) Airway Bill (3) KYC documents (4) Authorization to Authorized Courier. Depending on the product, INCOTERMS, HS code, Policy, etc. additional documents will be required.

### **Q12. What are the fees/charges for clearance of courier shipments?**

The charges include payment of applicable duty payable to customs department, applicable handling fees and service charges payable to the courier. The demurrage charges, if any, are payable to the custodian of the goods. The handling fees/service charges/demurrage charges may vary depending upon the Courier agencies/custodian.

## **B. Removal of Value Cap for Courier Exports**

### **Q13. What is the current value cap for courier exports?**

Currently, exports through courier mode under commercial Courier Shipping Bill (CSB-V) is subject to a value cap of ₹10 lakh per consignment.

### **Q14. What are “commercial’ courier exports?**

Commercial exports refer to exports of goods undertaken on a commercial basis that result in an inflow of foreign exchange to India (exporting country).

### **Q15. What change has been proposed regarding the value cap?**

It has been proposed to remove the value cap of ₹10 lakh for courier exports under CSB-V (commercial exports), thereby permitting commercial exports of any value through courier mode, subject to applicable laws, RBI guidelines and safeguards.

### **Q16. What is the date when the value cap is being removed?**

Value Cap for Courier exports will be removed with effect from 1st April 2026. Relevant provisions of the Foreign Trade Policy will be accordingly aligned.

### **Q17. Will removal of the value cap apply to all courier shipments?**

No. The removal of value cap applies to commercial exports under CSB-V, which require:

- a) Importer Exporter Code (IEC)
- b) GSTIN, where applicable



### **Q18. Is there any duty on Courier exports?**

Generally, there is no duty on exports. Certain goods may have specific export duties and such goods are not permitted for export through courier channels.

### **Q19. How can I track my courier shipments?**

To know the status of your courier shipment, you can track the status of your parcel using the tracking facility provided by the Authorized Courier on their website or mobile app. For courier shipments, the shipments can be tracked by visiting the concerned courier website and entering the tracking ID/House Airway Bill Number. Further, it can also be tracked by visiting the [www.eccsmobility.cbic.gov.in](http://www.eccsmobility.cbic.gov.in) website and entering the House Airway Bill No. (HAWB) and the name of the courier agency which allows you to check the current status of your shipment in real time, including whether it is under customs scrutiny. A 24x7 integrated help desk for importers and exporters to address their grievances and to resolve application related issues of end users of ECCS application is available at : -

Email- [eccs.tradehelpdesk@icegate.gov.in](mailto:eccs.tradehelpdesk@icegate.gov.in) and [eccs.helpdesk@icegate.gov.in](mailto:eccs.helpdesk@icegate.gov.in).

Toll- Free Phone No : 1800-2666-882.

Further, a separate website for ECCS providing legal instructions, List of authorized couriers etc is also available at -<https://courier.cbic.gov.in>.

### **Q20. Whether export benefits are available in exports through courier mode?**

Yes. Commercial shipment booked via Courier are eligible for IGST refund in ECCS. However if exporter wants to claim Drawback, RoDTEP, RoSCTL. Shipping Bill must be filed electronically on the ICEGATE platform (via Indian Customs EDI System – ICES)

## **C. Return to Origin (RTO) for Courier Shipments**

### **Q21. What is Return to Origin (RTO)?**

RTO refers to permitting uncleared or unclaimed courier consignments to be returned to the country of origin instead of being auctioned or detained.

### **Q22. What is the present legal framework?**

Currently, misrouted shipments are allowed to be routed to the originally intended destination using the legal provisions. However, there is no policy for Return to origin /sender.

### **Q23. What is being enabled through RTO reform?**

Legal enablements are being done to allow re-export of an international consignment that remains under Customs control and has not entered home consumption in India within a stipulated time frame.

### **Q24. When will RTO reform will be enabled?**

Once the Finance Bill 2026 has been given assent to by the Parliament, necessary modifications in Regulations and circular for allowing RTO will be done.

### **Q25. Where to file the RTO application for courier?**

The RTO application for courier can be filed on the ECCS portal in RTO module.

### **Q26. Who can file the RTO application?**

Authorised Courier can file the RTO application.

### **Q27. What are the basics details needed to file RTO application?**

HAWB & ECM (Express Cargo Manifest) details are mandatory to file RTO application.

### **Q28. When can RTO application be filed?**

- a) When goods have arrived but not customs cleared (no out of charge (OOC) is given).
- b) The shipment has remained uncleared for more than the prescribed time.

Exact timelines & processes will be provided by way of Circular/advisory.

### **Q29. Whether RTO is mandatory? Does the custodian/courier will still have the option to dispose of the goods?**

RTO is not mandatory rather it is an enabling option given to Authorised Couriers/Custodians. All the other options to dispose of goods under the Customs Act 1962 and Courier Regulations will remain in force.

### **Q30. In which circumstances RTO application cannot be filed?**

RTO application cannot be filed when the shipment has been held by enforcement/statutory agency or goods have been Customs cleared (out of charge given by customs).

### **Q31. Can RTO application be filed on those cases wherein CBE (Courier Bill of Entry) is filed but OOC (out of charge) not received?**

Yes, in above scenario, RTO application can be filed.

**Q32. Can RTO application be filed on those cases wherein CBE is filed & OOC has been received?**

No, in above scenario, RTO application cannot be filed.

**Q33. Who can request RTO?**

The request for RTO can be made by the authorised courier, following prescribed procedures, in the Express Cargo Clearance System (ECCS) used for courier exports.

**Q34. Can the goods under RTO be sent to a country different from the country of origin?**

The goods under RTO can only be sent back to the original shippers location or the country of dispatch.

### **D. Returns and Rejects in E-Commerce Exports**

**Q35. Why are special provisions needed for returns in e-commerce exports?**

Special provisions are needed for returns in e-commerce exports because return rates are much higher (20–25%) compared to conventional exports (<5%). In B2C e-commerce, goods are often returned due to size, damage, quality, or customer preference. Existing procedures requiring 100% examination are not practical for such high volumes, are operationally challenging and increase cost and delays.

**Q36. How are returned e-commerce goods currently handled?**

Returned goods are treated as re-imports under Notification No. 45/2017-Customs (wherein no import duty is levied on re-imports subject to verification of identity of the goods imported back) which requires 100% verification and neutralisation of export benefits.

**Q37. What changes are proposed for handling returns and rejects?**

A technology and risk-based return system will be introduced with effect from 1<sup>st</sup> April 2026. When goods are returned back to India, the Customs system will automatically verify them with earlier export data, and only suspicious cases will be subjected to inspection. Further Notification 45/2017-Customs dated 30.06.2017 will be suitably amended for ease of returns in express/courier shipments. Further Courier Regulations will be accordingly amended.

**Q38. Will export incentives need to be reversed for returned goods?**

Yes. Where export benefits have been availed, appropriate neutralisation will continue to apply as per law.

## E-Commerce Measures

**Q39. Whether new system will apply to non E-commerce exports rejects/returns also?**

Yes, new system will apply to non E-commerce Re-imports as well made through Courier mode except Jewellery.

**Q40. Whether changes will be applicable to Jewellery re- imports/rejects/returns as well?**

No. Conditions & restrictions governing jewellery reimports will continue to be governed by Rule 6 A of Courier regulations 2010 and relevant Circular.



# Measures for Fisheries Sector

## Fisheries in the EEZ of India and the High Seas

Fishing activities under the Customs Act, 1962 are presently confined to territorial waters. As a result, fish caught by Indian-flagged vessels in the Exclusive Economic Zone (EEZ) or the High Seas, when landed at Indian ports, is treated as imports and attracts duty. This position has led to procedural and operational difficulties for the fisheries sector, despite the substantial potential of marine resources beyond territorial waters. The lack of a clear legal framework has restricted effective utilization of these resources for food security, employment, and economic growth.

It is proposed to amend the Customs Act, 1962 to extend its jurisdiction beyond territorial waters for fishing activities by Indian-flagged vessels. The amendment will provide for duty-free import of fish caught in the EEZ and High Seas and will allow export treatment when such catch is landed at foreign ports. This measure will facilitate sustainable harnessing of marine resources, improve livelihoods of fishermen, strengthen the seafood industry, and diversify the export base, thereby contributing to national economic growth and trade facilitation.

New measures are being implemented:-

By amendment of Customs Act, 1962 by Finance Bill, 2026 –

- a) Sub-section (2) of section 1 of the Act is being amended for extending the jurisdiction of the said Act beyond the territorial waters of India, for the purpose of fishing and fishing related activities.

## Measures for Fisheries Sector

- b) In section 2, a new clause is being inserted to define the expression 'Indian-flagged fishing vessel'.
- c) A new section 56A is being inserted to provide special provisions for fishing and fishing related activities by an Indian-flagged fishing vessel beyond territorial waters of India.

### Frequently Asked Questions (FAQs)

#### **Q1. Is there duty liability on fish caught by Indian Fisherman beyond territorial waters?**

Fish caught by Indian-flagged vessels beyond territorial waters (extending up to 12 nautical miles from India's coastline), when landed at Indian ports, is treated as imported goods and attracts Customs duty.

#### **Q2. Are there any constraints in fishing by Indian Fisherman?**

Treating such fish catch (beyond territorial water of India) as imports leads to additional costs, procedural difficulties, and uncertainty, discouraging fishing activity beyond territorial waters.

#### **Q3. What change is proposed for fisheries sector?**

The Customs Act will be amended to:

- a) Allow duty-free treatment of fish caught by Indian-flagged vessels beyond territorial waters when landed in India
- b) Treat such fish as exports when landed directly at foreign ports

#### **Q4. What is the main objective of the proposed amendment for introducing new Section 56A?**

The amendment seeks to establish a clear legal and procedural framework for fish caught by Indian-flagged vessels in the Exclusive Economic Zone (EEZ) and the High Seas. Its purpose is twofold:

- a) To ensure that no import duty is levied on such fish when landed at Indian ports, since they are caught by Indian vessels beyond territorial waters.
- b) To provide appropriate export treatment for such fish when landed directly at foreign ports.

#### **Q5. Why is an amendment needed for fisheries beyond territorial waters?**

Under the existing law, fish caught beyond territorial waters by Indian vessels is treated as an import when landed in India, leading to duty and procedural burdens that may discourage deep-sea fishing.

### **Q6. Does this apply to foreign vessels?**

The benefit is strictly limited to Indian-flagged fishing vessels.

### **Q7. Why is Customs jurisdiction being extended beyond territorial waters?**

Solely to regulate fishing and fishing-related activities by Indian-flagged vessels and ensure legal clarity.

### **Q8. Who will benefit from this amendment?**

Indian fishermen, fishing vessel operators, seafood exporters, fisheries cooperatives, and coastal communities dependent on fisheries will be benefitted from this amendment. The Indian Exclusive Economic Zone (EEZ) and the High Seas have substantial potential for sustainable fisheries and effective use of marine resources. Indian-flagged fishing vessels has the opportunity to tap the fishery resources beyond territorial water, that may contribute significantly to food security, employment, and economic growth in the country.

### **Q9. How will it be ensured that only Indian Fisherman use this beneficial facility?**

Safeguards will be developed by framing suitable rules and regulations. Customs authorities will implement the prescribed procedures and ensure compliance with rules and regulations such as documentation requirements. Verification/surveillance mechanisms will be built to implement the framework. Rules to be framed in this regard shall provide for fishing vessels to have NavIC or other satellite based navigation system for monitoring.

### **Q10. How will misuse be prevented?**

Safeguards will include:

- a) Mandatory vessel identification
- b) Satellite-based tracking systems such as NavIC
- c) Verification and monitoring through prescribed rules

### **Q11. Will fish caught beyond territorial waters be treated as imports?**

The proposed amendment aims to allow duty-free treatment of fish harvested by Indian-flagged vessels beyond territorial waters when brought to India.

### **Q12. What happens if the fish is landed at a foreign port?**

Fish harvested by Indian-flagged vessels beyond territorial waters and landed at foreign ports will be given export treatment.

## Measures for Fisheries Sector

### **Q13. Can imported fish be falsely shown as Indian catch?**

Detailed verification mechanisms will be prescribed to prevent misuse.

### **Q14. Will this affect food security?**

It encourages sustainable exploitation of marine resources and improves domestic availability, thus affecting food security positively.

### **Q15. Is the Government encouraging deep-sea fishing?**

The proposed amendment seeks to encourage deep-sea fishing in a sustainable and regulated manner.

### **Q16. Will exporters get export benefits?**

Export treatment will apply as per applicable export policy.

### **Q17. How does this help the seafood industry?**

It increases raw material availability, strengthens exports, and improves value addition.

### **Q18. Will trans-shipment at sea be allowed?**

This will be regulated under the rules to be framed.

### **Q19. Does this encourage overfishing in the High Seas?**

Fishing remains subject to sustainability norms and international obligations.

### **Q20. Will this harm traditional coastal fishermen?**

The reform expands opportunities without restricting existing fishing rights.





# Trust Based Facilitation in Imports

## Deferred Payment of Import Duty

Deferred payment of Customs duty under section 47 of the Customs Act, 1962 is a trade facilitation measure that allows specified categories of importers to clear goods without immediate duty payment. Presently, the facility is available to Authorised Economic Operators (AEOs) Tier-Two and Tier-Three and Authorised Public Undertakings, with a deferred period of 15 days. While this framework reduces procedural delays and supports faster cargo clearance, its limited coverage and shorter payment cycle restrict wider benefits to manufacturing units and other importers. This creates challenges in working capital management and limits the scope of facilitation for domestic manufacturing.

It is proposed to amend the Deferred Payment of Import Duty Rules, 2016 to extend the deferred payment period from 15 days to 30 days and to notify a new class of “Eligible Manufacturer Importers” under section 47 of the Customs Act, 1962. This reform will provide greater operational flexibility, reduce transaction costs, and align duty payments with business cycles. The expected outcomes include improved ease of doing business, better working capital management, increased participation in the AEO programme, strengthening of compliance culture, and a boost to domestic manufacturing, thereby supporting national trade facilitation and industrial growth.

New measures are being implemented:-

- a) By issuance of Notification No. 12/2026-Customs (N.T.) dated 01.02.2026 for addition of new class of “Eligible Manufacturer Importers” under section 47 of the Customs Act, 1962 for duty deferral facility.

## Trust Based Facilitation for Imports

- b) By issuance of Notification No. 13/2026-Customs (N.T.) dated 01.02.2026 for amending the Deferred Payment of Import Duty Rules, 2016 to extend the deferred payment period from 15 days to 30 days.
- c) By issuance of Circular No. 03/2026-Customs dated 01.02.2026 for implementation of aforesaid amendments to the duty deferral facility.

### Frequently Asked Questions (FAQs)

#### **Q1. What is the Deferred Payment of Import Duty facility?**

The Deferred Payment of Import Duty facility enables eligible importers to clear imported goods without making immediate payment of applicable Customs duties at the time of clearance. Instead, such duties may be paid on a deferred basis within the timelines prescribed under the Deferred Payment of Import Duty Rules, 2016.

#### **Q2. Under which legal provisions is this facility extended?**

The facility is extended under the proviso to sub-section (1) of section 47 of the Customs Act, 1962, read with the Deferred Payment of Import Duty Rules, 2016.

#### **Q3. Who are eligible under the scheme of Deferred Payment of Import Duty?**

Under the Deferred Payment of Import Duty scheme, the following categories of importers are eligible to avail the facility, as notified under section 47 of the Customs Act, 1962 and the Deferred Payment of Import Duty Rules, 2016:

- a) Authorised Economic Operators (AEOs): Trusted entities, who are AEO Tier-Two (AEO-T2) or AEO Tier-Three (AEO-T3), are eligible to avail the deferred payment facility on a continuous basis.
- b) Authorised Public Undertakings: Public sector undertakings, as approved by the Directorate of International Customs are eligible to avail the facility of deferred payment of import duty.
- c) Eligible Manufacturer Importers: A separate class of importers has been notified as Eligible Manufacturer Importers, as approved by the Directorate of International Customs, who are also permitted to avail the deferred payment facility for a limited period.

#### **Q4. What is the key change proposed in the Deferred Payment of Import Duty Rules, 2016?**

The key changes proposed are extension of the deferred payment period from 15 days to 30 days and inclusion of 'Eligible Manufacturer Importer' as an additional class of importers eligible to avail the facility of deferred payment of import duty. Notification Nos. 13/2026-Customs (N.T.) dated 01.02.2026 and 12/2026-Customs (N.T.) respectively, have been issued in this connection.

### **Q5. Why is the Government extending the deferred payment period from 15 days to 30 days?**

The extension provides additional working capital flexibility to importers, especially manufacturers. It aligns duty payment with monthly accounting cycles, reduces financial pressure at the time of clearance, and promotes ease of doing business without compromising revenue.

### **Q6. Was the 15-day period insufficient?**

While the 15-day period was useful, feedback from industry indicated that a 30-day cycle would be more practical and better aligned with standard business and banking practices.

### **Q7. Why was 30 days chosen instead of a longer period?**

Thirty days strikes a balance between trade facilitation and revenue protection, while aligning with monthly accounting cycles.

### **Q8. When will this proposed extension of the deferred payment period from 15 days to 30 days be effective?**

The proposed extension of the deferred payment period from 15 days to 30 days will be effective from 01.03.2026.

### **Q9. For what period is the facility available to beneficiaries under the scheme of Deferred Payment of Import Duty?**

The period for which the Deferred Payment of Import Duty facility is available depends on the category of beneficiary:

- a) Authorised Economic Operators (AEO Tier-Two and Tier-Three) and Authorised Public Undertakings are eligible to avail the deferred payment facility on a continuous basis, subject to ongoing compliance.
- b) Eligible Manufacturer Importers are permitted to avail the facility for a limited period up to 31st March, 2028.

### **Q10. What is meant by “Eligible Manufacturer Importer”?**

It refers to manufacturers notified as a separate class of importers, approved by the Directorate of International Customs, who are allowed deferred payment for a limited period to support manufacturing and encourage transition to AEO status. A Notification No. 12/2026-Customs (N.T.) has been issued in this connection.

### **Q11. Is the deferred payment facility permanent for ‘Eligible Manufacturer Importer’?**

The facility for ‘Eligible Manufacturer Importers’ is available for a limited period up to 31st March, 2028. Such importers are encouraged to obtain Authorised Economic Operator (AEO) certification in order to avail the deferred payment facility on a continuous basis.

### **Q12. Why introduce “Eligible Manufacturer Importers” separately?**

Many domestic manufacturers are not yet AEO certified. This reform supports them during the transition and encourages them to move towards AEO certification.

### **Q13. Why is the facility for Eligible Manufacturer Importers limited up to 31 March 2028?**

The limited period acts as a transition window to encourage manufacturers to adopt higher compliance standards and obtain AEO certification for continued benefits.

### **Q14. Is this reform only for large importers?**

The reform is available to all manufacturer importers. While AEO Tier-Two and Tier-Three importers continue to benefit, a new category of Eligible Manufacturer Importers has been introduced to extend the benefit to manufacturers who are not yet AEO certified.

### **Q15. How can a manufacturer importer get itself approved by the Directorate of International Customs to avail the deferred payment facility?**

A circular/guidelines laying down criteria for eligibility and manner & format of application by ‘Eligible Manufacturer Importer’ for availing the facility of deferred payment of import duty will be issued.

### **Q16. When can an interested eligible importer file application for availing the facility of deferred payment of import duty?**

Interested eligible importers may file applications with effect from 01.03.2026.

### **Q17. Is separate approval required for each Customs station?**

Once an importer is approved for the Deferred Payment of Import Duty facility and the approval is enabled in the Customs Automated System, the facility can be availed at all Customs locations across India, including ports, airports, and ICDs. The approval is importer-specific and is valid nationwide.

### **Q18. Is any further action required after approval?**

No further action is required from the importer once the approval is granted and the facility is enabled in the Customs Automated System.

### **Q19. How can an eligible importer avail the facility of deferred payment of duty in Customs Automated System?**

For this purpose, the importer needs to authorise a nodal person. The nodal person is an individual authorised by the importer to carry out authentication and other Customs-related electronic transactions on behalf of the importer. The authorised nodal person of the importer must obtain valid ICEGATE login credentials to access the Customs electronic systems and to avail the deferred payment facility. ICEGATE login credentials are also necessary for other importers also who do not avail the deferred payment facility and pay the duty on transactional basis before release of the goods.

### **Q20. How should an importer indicate intention to avail deferred payment in the Bill of Entry?**

An importer intending to avail the Deferred Payment of Import Duty facility shall indicate such intention at the time of filing the Bill of Entry by selecting the payment method flag “D” (Deferred Payment), instead of flag “T” (Transactional Payment), in the Payment Method column of the Bill of Entry in the Customs Automated System.

### **Q21. What are the due dates for payment of deferred Customs duty?**

As per amendment in the Deferred Payment of Import Duty Rules, 2016, the due dates for payment of deferred Customs duty are as under:

- a) for goods corresponding to Bills of Entry returned for payment from the 1st day to the last day of any month other than March, the duty shall be paid by the 1st day of the following month.

Example:

If Bills of Entry are returned for payment on 4th, 10th and 14th of April, the Customs duty in respect of such Bills of Entry shall be paid by 1st May.; and

- b) for goods corresponding to Bills of Entry returned for payment from the 1st day to the 31st day of March, the duty shall be paid by the 31st day of March.

Example:

If Bills of Entry are returned for payment on 5th, 8th and 13th of March, the Customs duty in respect of such Bills of Entry shall be paid by 31st March.

**Q22. If an 'Eligible Manufacturer Importer' is approved by the Directorate of International Customs to avail the deferred payment facility in the middle of month (e.g. on 20th March), what will be the due date of payment of deferred duty in such case?**

As clarified in the preceding question, the due date of payment of deferred duty is dependent upon the date of return of bills of entry for payment and not upon the date of approval by the Directorate of International Customs. Hence, in case an 'Eligible Manufacturer Importer' is approved in the middle of month e.g. on 20th March, the due date for payment of duty for goods corresponding to Bills of Entry returned for payment from the 20th day to the 31st day of March, shall be the 31st day of March. Similarly, in case such approval is granted on 10th April, the due date for payment of duty for goods corresponding to Bills of Entry returned for payment from the 10th day to the 30th day of April, shall be the 1st day of May.

**Q23. Can deferred Customs duty be paid before the due date?**

The importer may choose to pay the deferred Customs duty at any time prior to the prescribed due date.

**Q24. Is interest applicable on deferred payment?**

No interest is leviable on the deferred Customs duty, provided the duty is paid within the prescribed due date. However, if the importer fails to pay the duty within the due date, the interest is payable on the unpaid duty till the date of its payment.

**Q25. What happens to the facility of deferred payment of duty if duty is not paid within the due date?**

An eligible importer who fails to pay duty in full by due date more than once in a period of three consecutive months is not permitted to make deferred payment. However, such facility is restored if the importer has paid the duty in full along with interest.

**Q26. Can importers use deferred payment selectively for some consignments and not others?**

Importers may choose deferred or transactional payment on a Bill of Entry as per his requirement.

**Q27. Will MSMEs benefit from this reform?**

MSME manufacturers qualifying as Eligible Manufacturer Importers will benefit directly.

### Auto goods registration and Auto Out of Charge in Import

Several Measures have now been taken by the government for improved anonymity, Digital monitoring, supervision, access control and greater transparency. With the aim of further optimization and contactless processing for making import process efficient, Auto goods registration and Auto Out of Charge in Import has been introduced.

New measures are being implemented:-

- a) By issuance of Circular No. 06/2026-Customs dated 01.02.2026 for implementation of Auto Goods Registration and Auto Out of Charge in import.

### Frequently Asked Questions (FAQs)

#### **Q1. What is meant by “Auto Goods Registration” in imports?**

Auto Goods Registration refers to system-driven automated registration of imported goods immediately on arrival, without requiring importers to submit a separate web-based request.

#### **Q2. What changes have been implemented for goods registration on import?**

Goods registration for imports was done through a web-based process whereby registration was done online. However, goods registration on import will now be automated for eligible entities and will be carried out by the system upon arrival of goods, without any intervention by importers or officers.

#### **Q3. Which importers are eligible for Auto Goods Registration?**

The facility of Auto Goods Registration is available to AEO T2 and AEO T3 entities, Approved Eligible Manufacturer Importers, importers having longstanding supply chain, importers availing facility of Direct Port delivery.

#### **Q4. What is “Auto Out of Charge (Auto OOC)” in imports?**

Auto OOC is a facility where the Out of Charge for imported goods is granted in an automated manner by the system without any manual intervention by Customs officers, provided there are no compliance requirements.

#### **Q5. What changes have been implemented for Auto Out of Charge?**

Auto OOC without manual intervention was available only for AEO T2 and T3 importers, subject to compliance and risk parameters. Auto OOC is now extended to all eligible importers subject to payment of duty and where there is no compliance requirement.



## Trust Based Facilitation for Imports

### **Q6. What is the basis on which Auto OOC will be granted?**

Auto OOC will now be granted on risk based evaluation. However, Customs officers can place a HOLD in the system to override it based on intelligence.

### **Q7. Which importers are covered under the expanded Auto OOC facility?**

The Auto OOC facility is extended to all importers subject to payment of duty and where no compliance requirement exists, and it will continue for AEO T2 and T3 entities, as already implemented earlier vide Circular 01/2025-customs dated 01.01.2025.

### **Q8. Are there any situations where Auto OOC will not be granted?**

Auto OOC will not be granted in cases involving Compliance requirements or if officer has invoked “HOLD” in customs system based on intelligence



### Leveraging AEO Programme for Preferential Treatment

The Indian AEO Programme is implemented vide CBIC Circular 33/2016–Customs dated 22.07.2016, as amended & Circular 26/2018-Cus dated 10.08.2018, which provides the statutory framework for the AEO programme. The circular is in line with the WCO's SAFE Framework. The circular provides for a three-tier AEO Status for Exporters and Importers, where voluntary participation of importers, exporters and logistics operators is encouraged through range of benefits. The three tiers are AEO T1, AEO T2, AEO T3, where AEO T3 is the highest level of accreditation. All three tiers provide for varying and incrementally increasing level of facilitation to the status holder. The NTRS has evidenced that BoE's of AEO entities take ~50% less average release time (ART) as compared to ART of all BoE's at customs ports.

As part of whole of government approach to AEO program under the NTFAP 2024-27, PGAs have also been requested to recognize AEO status for facilitation with aim of reducing ART further and provide enhanced benefits to AEO entities to make program more attractive to the trade.

FSSAI and WCCB recognize AEO entities which is reflected in higher facilitation levels for these agencies.

CDSCO has recognized AEO T3 entities which has resulted in improvement in facilitation from 3% to 18%. NCTF secretariat is engaging with PQ, and AQ to recognize AEOs and encouraging other PGAs to improve the facilitation provided to AEO entities by integrating them in their risk criteria.

### Frequently Asked Questions (FAQs)

#### **Q1. What is the Authorized Economic Operator (AEO) Programme?**

The Authorized Economic Operator (AEO) Programme is a voluntary compliance and facilitation scheme implemented by Indian Customs. It recognizes entities that demonstrate strong compliance, security standards, and reliability in the international supply chain. The AEO status enables preferential treatment across customs procedures, reducing delays and enhancing trade efficiency.

#### **Q2. What is the statutory framework governing the Indian AEO Programme?**

The Indian AEO Programme is implemented vide CBIC Circular 33/2016-Customs dated 22.07.2016, as amended by Circular 26/2018-Customs dated 10.08.2018. These circulars align India's programme with the WCO SAFE Framework and outline the eligibility, benefits, and compliance requirements for AEO accreditation.

### **Q3. What is the objective of providing preferential treatment under AEO?**

The core objective is to incentivize compliant and secure traders by offering faster, predictable, and lower-risk processing at the borders. Preferential treatment reduces the administrative burden on trusted traders and improves trade and logistics competitiveness by expediting cargo release.

### **Q4. What are the tiers under the Indian AEO Programme?**

The programme provides a three-tier certification structure for importers and exporters—AEO T1, AEO T2, AEO T3 & AEO LO . Each higher tier offers increased facilitation, with AEO T3 being the highest level, offering the maximum preferential benefits.

### **Q5. Why is preferential treatment essential for promoting the AEO Programme?**

Preferential treatment enhances the attractiveness of the programme by offering time and cost benefits to businesses. By reducing documentation, inspections, and cargo dwell time, AEO accreditation promotes ease of doing business and international competitiveness.

### **Q6. How are Partner Government Agencies (PGAs) involved in extending preferential treatment to AEOs?**

Under the NTFAP 2024–27, PGAs have been requested to integrate AEO recognition into their risk frameworks. This whole-of-government approach extends preferential treatment beyond Customs, ensuring faster regulatory clearances and reduced operational delays.

### **Q7. Which PGAs currently offer facilitation benefits to AEO entities?**

FSSAI and WCCB already recognise AEO entities, offering more facilitation during import clearances. CDSCO has also recognised AEO T3 entities for facilitating import clearances.

### **Q8. What is the expected benefit of engaging PGAs for AEO recognition?**

Integrating AEO status into the risk criteria of PGAs is expected to reduce examination frequency, minimise sampling delays, and support faster release of consignments. Further, risk based approach adoption by PGAs may further make processes efficient.

### **Q9. How does AEO accreditation help exporters gain global preferential treatment?**

Through Mutual Recognition Arrangements (MRAs), AEO exporters receive reciprocal facilitation in partner countries. This includes reduced inspection, faster customs

clearance, and lower documentary compliance, strengthening their global competitiveness.

### **Q10. How does the AEO Programme encourage voluntary compliance?**

The programme recognises compliant and secure behaviour with preferential benefits, creating an incentive for businesses to improve internal controls, supply chain security, and record-keeping standards. In return, they enjoy smoother regulatory engagement.

### **Q11. How does AEO status reduce regulatory touchpoints at the border?**

AEO entities are subject to fewer examinations, faster documentary checks, and reduced involvement of multiple regulatory layers. They are also provided procedural, preferential and financial benefits. As PGAs integrate AEO recognition, the number of required interventions continues to decline, resulting in seamless clearance.

### **Q12. How does the AEO Programme strengthen India's supply chain resilience?**

By certifying trusted operators and prioritising their cargo movement, the AEO Programme ensures stability, predictability, and continuity in supply chains. Preferential treatment minimises disruptions and contributes to a secure, efficient trade environment.

### **Q13. Why should businesses consider obtaining AEO accreditation?**

AEO accreditation provides operational, financial, and strategic advantages through preferential treatment in customs and regulatory processes. It enhances trade predictability, reduces costs, and strengthens global competitiveness, making it a valuable certification for any international trader.

### **E- scheduling of Import Cargo Examination and Use of Body Worn Cameras**

CBIC has introduced System-based Examination Application on ICEGATE 2.0 for scheduling of physical examination of imported goods (E- scheduling of Cargo Examination) and Use of Body Worn Cameras (BWC) in Customs. These measures aim to enhance transparency, accountability, and ease of doing business by introduction of e- scheduling and use of Body Worn Cameras for cargo examination.

New measures are being implemented:-

- a) By issuance of Circular No. 07/2026-Customs dated 01.02.2026 for implementation of System based e-Scheduling of Examination of Import Cargo and mandatory use of Body Worn Cameras during Examination of import cargo.

### **Frequently Asked Questions (FAQs)**

#### **Q1. What is meant by E-Scheduling of Cargo Examination?**

E-Scheduling of Cargo Examination refers to System-based Examination Application on ICEGATE for scheduling of physical examination of imported goods that allows importers and authorised Customs Brokers to electronically schedule, view, and reschedule examination slots for import cargo. Earlier, once a Bill of Entry was filed and the consignment was selected for examination by RMS or by the assessing officer, the importer or Customs Broker coordinated manually with Customs officers and custodians for examination.

#### **Q2. What is the key change being introduced now in the examination process?**

The examination process is now being fully integrated into the digital ecosystem through System-driven scheduling of examinations on ICEGATE, and Video recording of physical examination using Body Worn Camera. Together, these changes bring predictability, traceability, and transparency to cargo examination.

#### **Q3. Who can use the e-Scheduling facility?**

The facility can be used by Importers / IEC holders, Customs Officers, Authorised Customs Brokers and Custodians.

#### **Q4. What are the main benefits for trade in introduction of E- scheduling of Cargo Examination facility?**

Trade often faced Uncertainty in timing of examination and Lack of visibility on when examination would actually take place. The new measures aim to enhance transparency, accountability, and ease of doing business for the trade. Key benefits include reduced uncertainty and delays, Online visibility of examination status,

Electronic rescheduling with system alerts, Better coordination with custodians and rule-based process with audit trail.

### **Q5. How will examination be scheduled under the new system?**

Instead of manual coordination, examination slots will be allocated by the system based on availability. Customs officers, Importers, Custodian and Customs Brokers will be able to see scheduled examinations online, receive notifications, and plan cargo readiness accordingly.

### **Q6. What role will custodians play under the new framework?**

Custodians will receive advance system intimation of examination schedules. This enables them to Position cargo in the examination area on time, reduce congestion and improve coordination between Customs and trade.

### **Q7. How does the use of Body Worn Cameras change the examination experience?**

The physical examination process will be recorded from the stage prior to opening of packages or containers and will continue until completion of examination, providing an objective record of Condition of goods and packages, handling during examination, sampling and verification activities. This will ensure creation of a verifiable audit trail for trade and customs officers.

### **Q8. How long will BWC recordings be preserved?**

In Normal cases, Body worn Camera recordings will be stored securely for 2 years. For Cases involving investigation, dispute, or litigation, it shall be preserved till final disposal of the proceedings.

### **Q9. What are the benefits of introducing Body Worn Cameras for cargo examination?**

BWC are being introduced to create a neutral and objective record of the examination process. This helps avoid ambiguity about how goods were examined, how samples were drawn, and how packages were handled, thereby improving confidence of trade in the examination process.

### New approach to Customs warehousing

Customs warehousing allows imported goods to be stored in a bonded warehouse without immediate payment of customs duty. Duty becomes payable only when the goods are removed from the warehouse for use or sale in India. This enables businesses to manage cash flows more efficiently and plan their imports, production, and distribution with greater flexibility.

Warehousing plays a key role in supporting modern supply chains by allowing goods to be moved and released based on actual business needs. Over time, the warehousing framework has been progressively simplified to reduce procedural requirements and compliance burden, while continuing to safeguard government revenue.

A major shift took place with the 2016 reforms, which moved the system away from physical control towards record-based monitoring. Building on this foundation, the present reforms take the framework further by introducing end-to-end digital processes, minimising paperwork, and strengthening system-based accountability.

The reforms primarily focus on simplifying warehouse procedures, particularly for movement of goods from one warehouse to another through online intimation and system-driven processes. Key compliance requirements will be monitored automatically, and cargo movement will be supported through technology-enabled tracking.

The overall objective is to provide businesses with a faster, smoother, and more predictable experience, backed by complete digital records. At the same time, Customs will be able to monitor operations in a risk-based manner, ensuring effective oversight and protection of government revenue.

### Frequently Asked Questions (FAQs)

#### A. Scope and Coverage

##### **Q1. Which categories of warehouses are covered under the new framework?**

The technology-driven framework initially applies to public and private Customs bonded warehouses for receipt of goods into warehouses, inter-warehouse transfers, and removal for domestic use and exports.

##### **Q2. Does the new framework replace the existing warehousing law?**

No. The legal framework under the Customs Act, 1962 remains unchanged. The reform focuses on procedural changes, moving from manual permissions and paper-based processes to digital self-declaration, system-based tracking, and risk-based monitoring.

##### **Q3. Will prior permission of Customs be required for movement of goods from one bonded warehouse to another?**

No. The requirement of prior permission under section 67 of the Customs Act, 1962 for removal of goods from one bonded warehouse to another is being replaced by a system-based, self-declaration and intimation-based mechanism.

### **B. Digital Operations**

#### **Q4. How are warehouse operations carried out on the digital module?**

Warehouse licensees and authorised users log in to the Indian Customs portal and file electronic intimations for warehouse operations. The system generates electronic acknowledgements and assigns digital roles to warehouse keepers for movement reporting between warehouses and compliance monitoring.

#### **Q5. How is the new system different from the existing digital module?**

Under the existing system, each movement requires prior manual approval by a Customs officer along with data entry in the digital module. Under the new system, movements are carried out on the basis of self-declaration and online intimation, without transaction-wise officer approval.

#### **Q6. Is the existing digital module on inter warehouse movements applicable to warehouses where manufacturing and other operations are permitted?**

No. A separate digital module will be implemented to capture the complete electronic trail of movements and operations in warehouses where manufacturing and other operations are permitted to be carried out under Section 65 of Customs Act 1962.

### **C. Inter-Warehouse Movement**

#### **Q7. Will inter-warehouse transfers become faster under the new framework?**

Yes. Inter-warehouse transfers are carried out on the basis of electronic self-declaration and system-based intimation. Prior permissions and physical interface are removed, making the process seamless and time-efficient.

#### **Q8. What details are required to be furnished for an inter-warehouse transfer?**

The electronic intimation captures invoice and Bill of Entry details, quantity and value of goods under warehousing, and details of the originating and destination warehouses.

#### **Q9. Who confirms space availability for the receiving warehouse?**

The warehouse licensee or warehouse keeper confirms space availability directly on the digital system. No physical verification or officer approval is required.

### **Q10. Is a transshipment bond still required for inter-warehouse movement?**

No. A separate transshipment bond is no longer required where transit risk insurance covers duty exposure and movements are supported by a complete electronic trail.

### **D. Compliance and Safeguards**

### **Q11. How does Customs monitor warehouses under the new framework?**

Monitoring is carried out through system-generated digital records and electronic audit trails, with targeted, holistic audits of the warehouse as an entity based on risk analysis, instead of routine transaction-wise controls.

### **Q12. How are bonds, bank guarantees, solvency certificates, and insurance monitored?**

The system automatically tracks the validity of bonds, bank guarantees, solvency certificates, and risk insurance policies. Automated alerts are generated prior to expiry to ensure continuous duty coverage and avoid compliance lapses.

### **Q13. How are extensions for warehousing period and removal of goods monitored?**

System generates alerts to identify cases requiring extension of the warehousing period and to ensure timely removal of warehoused goods within the prescribed timelines, enabling timely action by both officers and the trade.

### **Q14. What are the requirements relating to risk insurance in terms of warehousing?**

Warehouse licensees are required to provide an all-risk insurance policy, in favour of the President of India, covering natural calamities, riots, fire, theft, skilful pilferage etc. for an amount equivalent to the duty involved on the goods stored at any point in time. Renewal of such insurance will be monitored by the system.

### **Q15. What should warehouse licensees focus on to remain compliant in a trust-based digital system?**

Warehouse licensees should maintain accurate digital stock records, ensure timely filing of electronic intimations, and establish strong internal controls over inventory handling.

### **Q16. What is the role and responsibility of the Warehouse Keeper under the new framework?**

The Warehouse Keeper, appointed by the warehouse licensee, is responsible for managing day-to-day warehouse operations, including receiving, storing, and



dispatching goods, maintaining accurate inventory records, using digital systems and Warehouse Management Systems, ensuring safety and security of the warehouse.

### **E. Electronic Cargo Tracking System (ECTS)**

#### **Q17. What is the Electronic Cargo Tracking System (ECTS)?**

ECTS is a technology-based cargo tracking system implemented through designated service providers. It provides GPS-enabled e-seals and a common portal with web and mobile interfaces, enables secure data storage and controlled access, and facilitates data exchange with stakeholders in the warehousing ecosystem.

#### **Q18. How does ECTS benefit warehouse licensees and importers?**

ECTS provides real-time visibility of cargo movement, generates alerts for route deviation, abnormal delays or tampering, reduces disputes relating to non-receipt or diversion of goods, and minimises the need for physical supervision and manual follow-up.

#### **Q19. Is ECTS mandatory for all warehousing movements?**

At present, ECTS is under pilot implementation in selected field formations. It will be rolled out to warehousing movements in a phased manner after successful completion of the pilot.

#### **Q20. Are there situations where movement of warehoused goods may be permitted without affixation of One Time Locks (OTLs) or electronic tracking devices?**

Yes. The Principal Commissioner of Customs or Commissioner of Customs may permit movement of goods without affixation of electronic tracking devices where the nature of the goods or the manner of transport so warrants, such as in the case of liquid bulk cargo transported through pipelines or over-dimensional cargo. Such permissions are granted on a case-to-case basis, subject to appropriate safeguards.

### **F. Implementation**

#### **Q21. When will the new framework come into force?**

The revised framework for warehousing operations will come into effect through regulations issued by the Board with effect from 1st May 2026. The Electronic Cargo Tracking System and the digital module for warehouses permitted for manufacturing and other operations will be operationalised separately.



# Efficient Export Processes

## **Auto goods registration for e-sealed cargo and Auto Let Export Order for Exports**

CBIC has introduced Auto goods registration for e-sealed cargo and Auto Let Export Order for Exports for digital monitoring, supervision and greater transparency which will enable faster clearance of goods and minimize physical interface.

New measures are being implemented:-

- a) By issuance of Circular No. 06/2026-Customs dated 01.02.2026 for implementation of Auto Goods Registration for e-sealed cargo on Export and Auto Let Export Order for all Exporters.

## **Frequently Asked Questions (FAQs)**

**Q1. What is Auto Goods Registration in exports? Who all will be benefitted from it?**

Auto Goods Registration is a system-enabled facility wherein registration of export goods in the Customs system is carried out automatically without any manual intervention. This benefit will be availed with e-sealed cargo.

**Q2. What changes have taken place in procedure for goods registration in exports?**

Exporters were required to approach Customs officers for goods registration after arrival of cargo in the customs area, leading to physical interface. An online goods registration facility is being enabled for exports, eliminating the need for physical interaction.

### **Q3. What is Auto Goods Registration for e-sealed export cargo?**

In e-seal-based Auto Goods Registration, export cargo sealed with electronic seals (e-seals) is automatically registered without requiring manual intervention by Customs officers on arrival of goods in customs area. A pilot for Auto goods registration for e-sealed export cargo is to be rolled out at Nhava Sheva. Based on the outcome of the pilot, and the facility will be rolled out to other ports in a phased manner as and when e-seal scanners are implemented at such ports.

### **Q4. What is Auto Let Export Order (Auto LEO)?**

Auto Let Export Order (Auto LEO) is a system-driven measure whereby the Let Export Order is granted automatically for eligible Shipping Bills based on risk treatment without requiring manual intervention by a Customs officer.

### **Q5. On what basis Auto Let Export Order (Auto LEO) will be granted and who is eligible for Auto LEO?**

Auto LEO will be granted automatically by the system for eligible Shipping Bills based on risk treatment. Auto LEO is available for all exporters for Shipping Bills that meet all of the following conditions like, Shipping bill is not selected for assessment or examination, No PGA-related NOC required and Duty/cess is fully paid, if applicable.

### **Q6. Can Customs officers intervene in Auto LEO cases?**

While Auto LEO is system-driven, officers may override automation by placing a HOLD in specific cases based on intelligence.

### **Q7. How will trade and industry benefit from these changes?**

The new measures will result in faster clearances, reduced dwell time, minimal physical interface, greater predictability, and improved ease of doing business, fully aligning with the objectives of Turant Customs.

### **Q8. What is the difference between Online goods registration and auto goods registration?**

Online goods registration requires online filing and is being enabled for all exporters on ICEGATE. Auto goods registration requires no online filing and is being enabled for e-sealed cargo in export.



# Enhance Compliance in Customs

## **Amendment to Section 28(6) of the Customs Act, 1962 – Deeming of Penalty as Charge for Non-payment of Duty in Voluntary Compliance Cases**

Section 28 of the Customs Act, 1962 provides the framework for recovery of duty not levied, short-levied, not paid or short-paid, along with interest and penalty. Sub-sections (5) and (6) allow closure of proceedings where importers or exporters voluntarily pay duty, interest and a reduced penalty of fifteen per cent within thirty days, thereby encouraging voluntary compliance and reducing litigation. However, under the existing framework, the amount paid in such non-litigated cases continues to be classified as “penalty”, which creates unintended consequences such as adverse accounting implications, reputational concerns, audit objections, and deterrence to voluntary compliance.

It is proposed to amend sub-section (6) of Section 28 to provide that the penalty paid under sub-section (5) shall be deemed to be a charge for non-payment of duty in voluntary compliance cases. This amendment will not alter the quantum or timelines of payment but will re-characterise the nature of the amount to mitigate unintended consequences. The reform will encourage greater voluntary compliance, reduce litigation, improve ease of doing business, and enhance trust between trade and the tax administration, while preserving revenue interests and maintaining deterrence in cases of fraud or wilful evasion.

New measures are being implemented:-

- a) By amendment of sub-section (6) of section 28 Customs Act, 1962 by Finance Bill, 2026 so as to provide that the penalty paid under sub-section (5) of section 28, on determination under sub-section (6) thereof, shall be deemed to be a charge for non-payment of duty.

### Frequently Asked Questions (FAQs)

#### **Q1. What is the general provision for demand of duty under the Customs Act, 1962?**

Section 28 of the Customs Act, 1962 lays down the statutory framework for recovery of customs duty that has not been levied, short-levied, not paid or short-paid, along with applicable interest and penalty. The provision covers both cases of bona fide errors as well as cases involving suppression, mis-statement or deliberate evasion.

#### **Q2. What is the procedure for closure of demand proceedings?**

Sub-sections (5) and (6) of Section 28 provide a facilitative mechanism for closure of proceedings where an importer or exporter, upon receipt of a notice under sub-section (4), voluntarily pays the duty along with interest and a reduced penalty equal to fifteen per cent of the duty, within thirty days, without contesting the demand. Upon such payment, and subject to satisfaction of the proper officer, the proceedings are deemed to be concluded.

#### **Q3. What is the main issue highlighted by trade/industry associations with the existing framework?**

Under the current provisions, in spite of the facilitative intent of sub-sections (5) and (6), the amount paid in non-litigated and voluntarily complied cases continues to be characterised as “penalty”, which leads to avoidable hardship and unintended consequences for the importers/exporters.

#### **Q4. Why is the term “penalty” problematic in voluntary compliance cases?**

The continued characterisation as “penalty” leads to several unintended consequences, such as:

- a) Adverse accounting and financial disclosure implications for the importers/exporters
- b) Reputational concerns for compliant businesses
- c) Internal Audit and vigilance objections for the importers/exporters
- d) Deterrence against voluntary payment and early dispute resolution



### **Q5. What amendment is being proposed in the Budget?**

Sub-section (6) of Section 28 is being amended to provide that where the proper officer is satisfied that:

- a) duty,
- b) interest, and
- c) penalty under sub-section (5)

have been paid in full, the penalty so paid shall be deemed to be a “charge for non-payment of duty”.

### **Q6. What does “deemed to be a charge for non-payment of duty” mean?**

It means that, for all practical and legal purposes, the amount earlier referred to as “penalty” will no longer carry a punitive character and will instead be treated as a charge linked to non-payment or short-payment of duty.

### **Q7. Does this amendment waive or reduce the amount payable under Section 28(5)?**

The quantum payable remains unchanged. The amendment only alters the legal characterisation of the amount already payable.

### **Q8. How the proposed amendment will benefit the trade?**

The amendment:

- a) Removes the negative connotation of “penalty” in voluntary compliance cases
- b) Encourages voluntary compliance and early dispute resolution
- c) Reduces reputational and audit risks
- d) Aligns treatment with the intent of facilitation-oriented customs administration

### **Q9. Does this amendment change the process of concluding proceedings under Section 28(6)?**

The procedure remains the same:

- a) Payment of duty, interest and applicable amount
- b) Satisfaction of the proper officer
- c) Deemed conclusion of proceedings

Only the nature of the amount paid is clarified.

### **Q10. Is any additional action required from trade to avail this benefit?**

No additional compliance is required. The benefit flows automatically once proceedings are concluded under Section 28(6).



## Enhance Compliance in Customs

### **Q11. Will past cases concluded under Section 28(5) be impacted?**

The amendment is prospective. It will be effective from the date on which Finance Bill, 2026 receives the assent of the President.

### **Q12. Does this affect prosecution proceedings?**

The proposed amendment does not impact any prosecution proceedings.

### Creation of New Tariff lines

The creation of new tariff lines is undertaken based on request and representation of trade, industries and various ministries. New tariff lines allow for creation of a specific tariff entry of goods which helps in specific classification of the product, enhances trade facilitation, transparency, accurate data capture, policy formulation, and effective monitoring of goods. HS Codes up to the first six digits are harmonized internationally under the Harmonized System (HS) administered by the World Customs Organization (WCO) and are uniformly applied by all member countries including India.

New measures are being implemented:-

- a) By amendment of First Schedule to the Customs Tariff Act, 1975 by Finance Bill, 2026 as specified in the Fourth Schedule to the said Bill.

### Frequently Asked Questions (FAQs)

#### **Q1. How are new tariff lines created under the Customs Tariff Act, 1975 in India?**

Beyond the six-digit level, individual countries are permitted to further sub-classify tariff items, while retaining the original six-digit HS structure. India has adopted an 8-digit classification under its Customs Tariff, wherein new tariff lines at the 8-digit level are created on request and representation of trade, industries and various ministries. Volume of trade, need for product specific policy measures, tracking of imports and exports, sector growth, specific features and characteristics of products are some of the important factors that are taken into consideration while creating new tariff lines.

#### **Q2. How will the new tariff lines being created benefit trade and industry?**

The new tariff lines that are being created will help in better product identification, getting actual transaction data of precursor chemicals and help monitoring movement of respective compound, facilitating, tracking exports and deciding policy measures for Plant based Botanical extracts and providing a boost to eco-friendly industries.

#### **Q3. Which sectors have been covered by the creation of new tariff lines?**

New tariff lines that are created have covered multiple sectors majorly including steel, chemicals, plant based products, food processing etc.

#### **Q4. Which Chapters of the First Schedule of the Customs Tariff Act, 1975 will be affected by the proposed amendments?**

The proposed amendments will create 148 new tariff lines across 21 Chapters of the First Schedule to the Customs Tariff Act, 1975. These changes will lead addition of new



## Enhance Compliance in Customs

tariff entries, amendments to existing tariff entries, and consequential substitution/deletion of certain tariff entries.

### **Q5. When will the proposed amendments to the First Schedule of the Customs Tariff Act, 1975 come into effect?**

The proposed amendments to the First Schedule of the Customs Tariff Act, 1975 shall come into effect from 1st May, 2026.

# Digital Governance - Single Government EXIM Interface (SWIFT 2.0)

## **Transparent and visible process, integration of all PGA processes on a single platform – Single Government EXIM Interface (SWIFT 2.0)**

India's Single Window Interface for Facilitating Trade (SWIFT), implemented in 2016, marked a significant step towards simplifying regulatory clearances by enabling electronic interaction between trade, Customs, and Partner Government Agencies (PGAs) through a single access point. While SWIFT has substantially improved trade facilitation outcomes, the continued existence of multiple systems and manual processes highlighted the need for a more integrated and collaborative digital framework to meet evolving trade requirements.

SWIFT 2.0 represents the next phase of this reform, envisioned by the Central Board of Indirect Taxes and Customs (CBIC) as a unified digital platform under the oversight of the National Committee on Trade Facilitation (NCTF). It seeks to enable end-to-end electronic submission and processing of all regulatory approvals by onboarding PGAs in a time-bound manner. The Frequently Asked Questions (FAQs) provided below aim to clarify the objectives, scope, implementation approach, and expected benefits of SWIFT 2.0 for trade and government stakeholders.

New measures are being implemented:-

- a) By issuance of Circular No. 05/2026-Customs dated 01.02.2026 for onboarding of Partner Government Agencies on SWIFT 2.0.

### Frequently Asked Questions (FAQs)

#### **Q1. What is SWIFT 2.0?**

SWIFT 2.0 is an advanced digital platform developed by CBIC to unify and streamline international trade clearance processes by providing a single electronic interface for submission of documents and obtaining licenses, permits, certificates, and LPCOs/NOCs from various Partner Government Agencies (PGAs).

#### **Q2. Why was SWIFT 2.0 introduced?**

Although the initial SWIFT system implemented in 2016 improved customs processes, multiple offline applications and separate agency systems persisted. SWIFT 2.0 aims to provide a fully integrated, collaborative, and unified platform to reduce redundancy, manual interventions, and expedite cargo release.

#### **Q3. How many agencies (PGAs) are involved in SWIFT 2.0 integration?**

A total of 63 PGAs have been identified for integration under SWIFT 2.0.

#### **Q4. What are the responsibilities of PGAs during onboarding?**

PGAs are required to appoint senior nodal officers, submit detailed integration action plans, share business process documents, coordinate with DG Systems for integration, digitize LPCO/NOC processes, implement facilitation measures for Authorized Economic Operators, and complete full integration with the SWIFT 2.0 platform.

#### **Q5. What benefits does SWIFT 2.0 offer to traders?**

SWIFT 2.0 reduces the need for multiple submissions, accelerates clearance timelines, enhances transparency through unified dashboards, streamlines payments, and facilitates easier access to all required licenses and clearances through a single digital platform.

#### **Q6. What role does DG Systems, CBIC play in SWIFT 2.0?**

DG Systems, CBIC functions as the technical and implementation nodal authority for SWIFT 2.0, responsible for system design, development of back-office modules for PGAs, API integration, data standards, dashboards, and overall platform governance.

#### **Q7. How does SWIFT 2.0 improve transparency and monitoring for trade stakeholders?**

The platform provides unified dashboards, real-time status tracking of applications, and standardized workflows, enabling traders, PGAs, and Customs to monitor application progress and clearance timelines transparently.

### **Q8. Is SWIFT 2.0 limited only to import clearances?**

SWIFT 2.0 is designed to cover both import and export processes, including all LPCOs, certificates, and regulatory approvals required for EXIM trade.

### **Q9. Does SWIFT 2.0 replace existing Customs or PGA IT systems?**

SWIFT 2.0 acts as a unified integration layer, enabling interoperability between the Customs system and existing PGA systems, while also providing back office modules where required.

### **Q10. How does single sign-on (SSO) improve user experience?**


SSO allows traders and officers to access multiple PGA services using one credential, reducing login duplication and improving efficiency across applications.

### **Q11. How does SWIFT 2.0 reduce compliance costs for trade?**

By eliminating repetitive documentation, reducing delays, and minimizing physical follow-ups, SWIFT 2.0 lowers transaction and compliance costs.

### **Q12. What is the timeline for complete integration of Customs and all PGAs under SWIFT 2.0?**

Integration of PGAs under SWIFT 2.0 is being carried out in a phased manner. Five key PGAs involved in live Customs clearances, namely FSSAI, AQCS, PQMS, CDSCO and WCCB, are targeted for complete integration on or before 31.03.2026. All remaining identified PGAs will be onboarded progressively, with full coverage planned by 31.03.2027.



# Next Generation Seamless Customs Systems Driving Growth

## Customs Integrated System (CIS)

Customs processes in India have evolved through multiple IT systems developed in a phased and function-specific manner. While these systems have supported digitization, the overall landscape remains fragmented, leading to duplicated data entry, manual interventions, limited interoperability, and non-uniform user experience. Current challenges include extensive manual filing of Bills of Entry and Shipping Bills, limited real-time data validation, varying documentation across modes, reliance on human interface, and lack of seamless inter-agency coordination with systems such as GSTN and PGAs. Trade stakeholders face multiple portals, fragmented workflows, and limited transparency, resulting in delays, higher compliance costs, and reduced predictability.

To address these issues, the Customs Integrated System (CIS) is proposed as a unified digital platform covering import, export, and transshipment across sea, air, land, courier, and post. CIS will provide a single interface, standardize procedures, eliminate manual processes, and enable end-to-end digitization with AI-assisted validation, real-time dashboards, and seamless data exchange with GSTN, RBI, DGFT, and PGAs. Implementation will be phased, beginning with process re-engineering and pilot rollout, followed by pan-India deployment and advanced analytics. The reform will deliver faster clearance, reduced compliance burden, improved risk management, uniform assessment practices, and coordinated border management. Stakeholders including trade, Customs, PGAs, logistics providers, and the economy at large will benefit through enhanced transparency, efficiency, and competitiveness in line with ease of doing business objectives.

### Frequently Asked Questions (FAQs)

#### **Q1. What is the Customs Integrated System (CIS)?**

The Customs Integrated System (CIS) is a proposed unified digital platform that will integrate all Customs-related processes for import, export, and transshipment into a single system.

#### **Q2. Why is CIS being introduced?**

CIS is being introduced to address issues arising from multiple fragmented Customs IT systems, such as duplicate data entry, manual interventions, and lack of interoperability.

#### **Q3. Who will benefit from CIS?**

Importers, exporters, Customs Brokers, logistics providers, partner government agencies, and the economy as a whole will benefit from CIS.

#### **Q4. How will CIS help importers and exporters?**

CIS will provide a single interface, simplified forms, automated data entry, faster clearances, and reduced compliance burden.

#### **Q5. Will traders still need to use multiple Customs portals?**

No. CIS will offer a single unified Customs portal with single sign-on for all services.

#### **Q6. How will CIS reduce errors in filing?**

Through automated data population, real-time validation, and AI-assisted filing support.

#### **Q7. Will procedures be uniform across all ports and modes?**

Yes. CIS aims to standardize Customs procedures across all locations and modes of transport.

#### **Q8. How will CIS improve transparency?**

By providing real-time dashboards, cargo tracking, access to historical data, and clear audit trails.

#### **Q9. Will CIS reduce manual intervention?**

Yes. Greater digitization and faceless workflows will reduce manual intervention.

#### **Q10. How will CIS coordinate with other government agencies?**

CIS will enable seamless electronic data exchange with GSTN, DGFT, RBI, and other PGAs.

**Q11. Will historical Customs data be available?**

Yes. CIS will maintain a centralized repository of historical transaction data.

**Q12. How will CIS be implemented?**

CIS will be implemented in phases, starting with system design and pilot implementation, followed by nationwide rollout within two years.

### Non-Intrusive Inspection (NII) Container Scanning Deployment Roadmap

Non-Intrusive Inspection (NII) plays a central role in modern customs administrations by enabling authorities to examine cargo, containers, vehicles, and baggage without physical intervention. Systems such as X-ray scanners, dual-energy scanners, and radiation detection equipment significantly strengthen border security while minimizing trade disruptions. In line with the World Customs Organization's (WCO) recommendations, India has progressively integrated NII into its customs operations, viewing it as a cornerstone of risk management, faster clearances, and trade facilitation. The emphasis is on leveraging advanced scanning solutions to detect contraband, hazardous materials, and illicit shipments with greater accuracy and efficiency.

India has undertaken substantial efforts to expand and upgrade its container scanning infrastructure across major ports. Currently, 24 container scanners - including Drive-Through (12 units), Mobile (8 units), and Fixed (4 units) - are deployed across 17 ports, with 19 owned by CBIC and the remaining 5 by private ports in coordination with the Directorate of Logistics. To keep pace with rising cargo volumes and evolving security requirements, procurement is underway for nine additional scanners at key ports. Parallely, India is promoting technological self-reliance through indigenous innovations, notably BARC's dual-energy scanner, which is at the proof-of-concept stage and expected to be commercially ready soon.

The Government has decided that utilization of non-intrusive scanning with advanced imaging and AI technology for risk assessment will be expanded in a phased manner with the objective to scan every container across all the major ports.

### Frequently Asked Questions (FAQs)

#### Q1. What are Non-Intrusive Inspection (NII) container scanners?

Non-Intrusive Inspection (NII) container scanners are advanced X-ray or radiation-based Container Scanners that allow Customs authorities to examine cargo, trucks, and containers without physically opening them. These systems create high-energy images that reveal the internal structure of the container, helping officers detect concealed contraband, mis declared goods, hazardous materials, or security threats. This technology strengthens border management by enabling faster, safer, and more reliable inspections while significantly reducing the need for manual examination.

#### Q2. Why are NII scanners important for Customs and trade?

NII scanners play a critical role in balancing security and trade facilitation. By minimizing the need for physical inspection, they reduce congestion at ports, speed up the



clearance process, and support a more predictable logistics environment. Additionally, NII systems enhance compliance by detecting illicit goods.

### **Q3. What are the main types of container scanners deployed in India?**

India deploys three major categories of scanners: Drive-Through Container Scanners (DTCS), which allow container trucks to move through high-energy X-ray portals without stopping; Mobile X-ray Container Scanners (MXCS), mounted and suitable for flexible, location-based scanning; and Fixed X-ray Scanners, permanently installed systems used for steady, high-volume operations. Each type is suited to specific operational environments depending on traffic flow, port infrastructure, and cargo patterns.

### **Q4. What percentage of containers are currently scanned?**

Approximately 9–10% of import containers are selected by the Customs Risk Management System (RMS) for non-intrusive scanning. This percentage is calibrated to balance risk assessment with trade facilitation, ensuring that only containers flagged by risk rules undergo scanning while the majority of low-risk cargo is cleared without delay. The efforts are underway to increase the scanning percentage by procurement of new container scanners.

### **Q5. What steps are being taken toward the indigenization of scanner technology?**

India is actively pursuing technological self-reliance by developing domestic scanning solutions. Notably, BARC's Dual-Energy Indian Cargo Scanner Gantry (ICSG) is currently at the proof-of-concept stage. This indigenous system uses advanced dual-energy X-ray technology to differentiate organic, inorganic, and metallic materials. Once fully operational, such scanners will significantly reduce dependency on foreign vendors and support wider deployment across ports and land borders.

### **Q6. How is AI being used to enhance image analysis in container scanning?**

NCTC (National Customs Targeting Centre) deployed an advanced image analytics server with GPU capabilities, supporting AI and ML using opensource technologies like Python. This server processes X-ray images directly from scanner servers maintained within the Customs house.

### **Q7. What steps are being taken to make India's NII system future-ready through AI-driven analytics?**

A pilot project is currently underway at two port locations (JNCH and Mundra), where AI-based image analytics are being tested on scanned container images. This system ensures that sensitive information is protected while maintaining high analytical capabilities for effective container scanning.

# Advance Ruling

## Advance Ruling under Customs Act, 1962

The scheme of Advance Rulings under Chapter V-B of the Customs Act, 1962 provides binding written decisions on customs matters such as classification, valuation, applicability of notifications, and determination of origin. Over time, provisions have been liberalized to cover a wider set of questions and stakeholders, with rulings issued by the Customs Authority for Advance Rulings (CAAR) at Delhi and Mumbai. These rulings bring certainty and predictability to trade, reduce disputes, and facilitate smoother cross-border operations. At present, however, the validity of an advance ruling is limited to three years, which restricts its utility for long-term business planning and requires repeat applications, adding to compliance burden.

It is proposed to amend section 28J(2) of the Customs Act, 1962 to extend the validity of advance rulings from three years to five years. This reform will strengthen the framework by providing greater certainty for importers and exporters over a longer horizon, reduce compliance burden, and lower incidence of disputes. The measure will also improve ease of doing business, enhance trade facilitation, and ensure optimal utilization of CAAR resources, thereby aligning with the government's objective of promoting stability, compliance, and facilitation in customs administration.

New measures are being implemented:-

- a) By amendment of sub-section (2) of section 28J Customs Act, 1962 by Finance Bill, 2026 so as to provide that advance ruling under sub-section (1) of that section shall remain valid for a period of five years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.

### Frequently Asked Questions (FAQs)

#### **Q1. What is an Advance Ruling?**

An Advance Ruling is a written decision issued by the Customs Authority for Advance Rulings on specific questions raised by an applicant regarding the Customs treatment of goods. The ruling is sought prior to the importation or exportation of goods and provides clarity on how Customs law will be applied to a proposed transaction. The purpose of an advance ruling is to give certainty to the applicant in advance and avoid disputes at the time of clearance.

#### **Q2. Who can apply for an Advance Ruling?**

The following persons are eligible to apply for an advance ruling:

- a) Any person holding a valid Importer Exporter Code (IEC) issued under section 7 of the Foreign Trade (Development and Regulation) Act, 1992;
- b) Any person exporting goods to India; or
- c) Any other person having a justifiable cause.

This wide eligibility ensures that both Indian importers and foreign exporters can seek certainty on Customs issues before undertaking transactions.

#### **Q3. On what issues can an Advance Ruling be sought?**

Advance rulings may be sought on specific Customs-related issues. These include:

- a) Classification of goods under the Customs Tariff Act, 1975;
- b) Applicability of exemption notifications issued under section 25(1) that affect the rate of duty;
- c) Principles for determination of value of goods under the Customs Act, 1962;
- d) Applicability of notifications relating to Customs duties, taxes, or levies under the Customs Act, the Customs Tariff Act, or any other law where such levy is collected as Customs duty;
- e) Determination of origin of goods under the relevant rules of origin and related matters; and
- f) Any other matter notified by the Central Government.
- g) These issues typically give rise to disputes at the time of clearance, and advance rulings help resolve them upfront.

#### **Q4. Which authority issues Advance Rulings under Customs law?**

## Advance Ruling

Advance rulings under Customs law are issued by the Customs Authority for Advance Rulings (CAAR). The Authority is constituted under section 28EA of the Customs Act, 1962 and is headed by officers of the rank of Principal Commissioner or Commissioner of Customs, appointed by the Central Board of Indirect Taxes and Customs (CBIC).

### **Q5. How many CAAR benches are presently operational?**

At present, two CAAR benches are operational—one located at New Delhi and the other at Mumbai—to ensure expeditious disposal of applications.

### **Q6. Are Advance Rulings binding in nature?**

Yes. Advance rulings are binding on the applicant and on the concerned Principal Commissioner/Commissioner of Customs and subordinate officers.

### **Q7. What is the current validity period of an Advance Ruling?**

An advance ruling is valid for a period of three years from the date of its pronouncement.

### **Q8. Can the validity of an Advance Ruling be extended under the existing law?**

No. Under the existing provisions of the Customs Act, there is no mechanism to extend the validity of an advance ruling beyond the three-year period. Upon expiry, applicants are required to seek a fresh ruling, if still required.

### **Q9. What change is proposed in the Finance Bill, 2026 regarding Advance Rulings?**

It is proposed to extend the validity period of advance rulings from three years to five years by amending section 28J(2) of the Customs Act, 1962.

### **Q10. What is the objective of extending the validity to five years?**

The objective of extending the validity is to:

- a) Provide greater legal certainty to businesses;
- b) Reduce repeat applications for the same issue;
- c) Minimise disputes and litigation;
- d) Improve ease of doing business; and
- e) Enable medium- to long-term business planning based on stable tax positions.

### **Q11. What will happen to existing Advance Rulings after the proposed amendment?**

In terms of the proposed amendment, in case of Advance Rulings in force on the date of assent of the President on Finance Act, 2026 the applicant may apply to the Authority for extension of the validity of the ruling and the Authority shall extend the validity for five years from the date of the advance ruling.

This provision ensures that applicants are not required to seek fresh advance rulings merely due to a change in the statutory validity period. It enhances legal certainty, reduces repetitive litigation and applications, and allows businesses to plan their import or export operations with greater confidence based on a longer, assured period of validity for advance rulings.

Example: An importer obtained an advance ruling on 1 July 2024, which under the earlier law was valid till 30 June 2027. After the amendment comes into force, the importer may apply to the Authority for extension. The Authority shall extend the validity to five years from 1 July 2024, i.e., up to 30 June 2029.

### **Q12. Who are the beneficiaries of this proposal?**

The primary beneficiaries are importers and exporters, who will experience reduced compliance burden, fewer repeat applications, lower litigation risk, and improved business efficiency.

### **Q13. Will Advance Rulings become invalid if law or facts change?**

Yes. Even with the extended validity period, an advance ruling ceases to be binding if there is a change in law or in the facts on the basis of which the ruling was pronounced.

### **Q14. Can an Advance Ruling be declared void?**

An advance ruling may be declared void ab initio if it is found to have been obtained by fraud, suppression, or misrepresentation of material facts.

### **Q15. Is there a provision for appeal against an Advance Ruling?**

Yes. An appeal against an advance ruling may be filed before the jurisdictional High Court within 60 days from the date of communication of the ruling. The High Court may allow a further period of 30 days if sufficient cause is shown for delay.





# Customs and Central Excise rate related changes

## Customs and Central Excise rate related changes

As part of Budget 2026-27, changes have been made in duty rates of customs and central excise. FAQs in this regard are given below:

### A. Introductory

#### Q1. What is Basic Customs Duty (BCD)?

Basic Customs Duty (BCD) is customs duty levied under the Customs Act, 1962 on imported goods at the tariff rates specified in First Schedule to the Customs Tariff Act, 1975 read with effective BCD rates prescribed under customs notifications.

#### Q2. What is Tariff Rate?

Tariff rate is the Basic Customs Duty (BCD) rate specified in the First Schedule of the Customs Tariff Act, 1975.

#### Q3. What is Effective Rate?

Effective Rate (MFN) is the BCD rate that is applicable to goods at the time of import. The effective BCD rate may be the rate as specified in the First Schedule to the Customs Tariff Act, 1975 or lower rate prescribed through notifications.

#### Q4. What is Agriculture Infrastructure and Development Cess (AIDC)?

Agriculture Infrastructure and Development Cess (AIDC) is levied as a duty of customs under Section 124 of the Finance Act, 2021. AIDC can be imposed at a rate not exceeding the tariff rate.

### **Q5. What is Health Cess?**

Health Cess is levied as a duty of customs under Section 141 of the Finance Act, 2020. Health Cess is currently levied on certain medical devices at 5%.

### **Q6. What is Social Welfare Surcharge (SWS)?**

Social Welfare Surcharge (SWS) is levied as a duty of customs under Section 110 of the Finance Act, 2018. It is levied at 10% on the aggregate of customs duties.

### **Q7. What is import duty?**

Import duty is the aggregate of the customs duties applicable on the goods i.e. Basic Customs Duty (BCD) and Cess and /or surcharge such as Agriculture Infrastructure & Development Cess (AIDC), Health Cess and Social Welfare Surcharge (SWS).

## **B. Simplification of Customs Tariff Structure**

### **Q8. What measures are being undertaken as part of simplification of customs tariff structure?**

Briefly, the custom duty rate structure currently operates through the following, -

- *Tariff rate* - rates of customs duties prescribed under the First Schedule to the Customs Tariff Act, 1975;
- *Effective rate* - rates of customs duties prescribed through exemption notifications issued under section 25 of Customs Act, 1962 (generally lower than tariff rates).

As a simplification exercise, certain effective rates which were hitherto being run through notifications are now being incorporated in the First Schedule to the Customs Tariff Act, 1975 itself ('Tariffisation'). To carry out these changes, certain new tariff lines are also being created in the Tariff Schedule.

### **Q9. What are the objectives of this exercise?**

This exercise has been done so that trade, industry and other stakeholders do not face complexity in trying to ascertain the applicable rates of duties on various goods. Shifting lower effective rates to the Customs Tariff Schedule also addresses the concern raised in international fora that Indian tariffs are on the higher side.

### C. Customs duty rate changes

#### Q10. Has there been a review of existing customs duty exemptions?

Yes. There has been a review of both conditional and unconditional entries prescribing basic customs duty exemption/ concessional duty rates.

#### Conditional duty exemptions

Section 25(4A) of the Customs Act, 1962 provides a statutory time limit of 2 years beyond which all conditional concessional duty rates and exemptions will lapse. There are 124 conditional exemption/ concessional duty entries under notification No. 45/2025-Customs and 5 conditional standalone exemption notifications whose validity ends on 31.3.2026. A review of these exemptions was conducted following which 22 conditional exemption/ concessional duty entries under notification No. 45/2025-Customs and 1 standalone notification are being lapsed with effect from 1st April, 2026, for reasons such as being redundant in nature, negligible imports, existing domestic capacities etc. The validity of the remaining 102 conditional exemption/ concessional duty entries and 4 standalone notifications have been extended for two more years i.e. till 31st March, 2028.

#### Unconditional duty exemptions

A review of unconditional entries under notification Nos. 36/2024-Customs and 45/2025-Customs has been undertaken. 22 redundant exemption entries under notification No. 36/2024-Customs are being omitted. 14 unconditional exemption entries (including 5 redundant exemption entries) are being lapsed and omitted from notification No. 45/2025-Customs.

The above changes have been implemented vide notification Nos. 1/2026-Customs and 2/2026-Customs both dated 1.2.2026.

#### Q11. Are there any relief measures for patients?

Basic customs duty exemption has been prescribed on 17 drugs/medicines used for treatment of various kinds of cancers. These 17 drugs have been added to List 3 appended to Table I of notification No. 45/2025-Customs dated 24.10.2025. The list of 17 drugs is as under:

- (i) Ribociclib
- (ii) Abemaciclib
- (iii) Talycabtagene autoleucel
- (iv) Tremelimumab
- (v) Venetoclax
- (vi) Ceritinib



- (vii) Brigatinib
- (viii) Darolutamide
- (ix) Toripalimab
- (x) Serplulimab
- (xi) Tislelizumab
- (xii) Inotuzumab ozogamicin
- (xiii) Ponatinib
- (xiv) Ibrutinib
- (xv) Dabrafenib
- (xvi) Trametinib
- (xvii) Ipilimumab

Further, seven rare diseases that are part of National Policy for Rare Disease (NPRD), 2021, have been added to the existing list of rare diseases on which import duty exemption is available on drugs, medicines and food for special medical purposes, when imported for personal use. These 7 rare diseases have been added to List 22 appended to Table I of notification No. 45/2025-Customs dated 24.10.2025. The list of 7 rare diseases is as under:

- (i) Congenital Hyperinsulinemic Hypoglycemia (CHI)
- (ii) Familial Homozygous Hypercholesterolemia
- (iii) Alpha Mannosidosis
- (iv) Primary Hyperoxaluria
- (v) Cystinosis
- (vi) Hereditary Angioedema
- (vii) Primary Immune Deficiency Disorders

### **Q12. What changes have been introduced in the customs duty for dutiable goods imported for personal use?**

As a people-friendly measure, with effect from 1st April, 2026, the tariff rate on all dutiable goods, imported for personal use under heading 9804 will be reduced from 20% to 10%. Social Welfare Surcharge (SWS) at the rate of 10% of BCD will be imposed on such imports with effect from 1st April, 2026. The new rates will be applicable for all kinds of personal imports, including gifts received from abroad.

### **Q13. What is the rationale behind reducing basic customs duty on specified parts for manufacture of microwave oven classified under 8516 50 00?**

Microwave ovens falling under tariff item 8516 50 00 currently attract BCD rate of 20% as per first schedule of the Customs Tariff. Presently, exemption from BCD is already available for magnetrons of up to 1.5 kW used for manufacturing domestic microwave ovens under prescribed end-use conditions. To further support domestic manufacturing,

## Customs and Central Excise rate related changes

BCD exemption is now being provided on the following components used for the manufacture of the microwave ovens for a period of 2 years (till 31st March 2028):

- (i) AC Synchronous Motor or AC Fan Motor under tariff item 8501 10 20
- (ii) Transformer under tariff item 8504 31 00
- (iii) Electric Heating Resistors under tariff item 8516 80 00
- (iv) Other Parts under tariff item 8516 90 00.

### **Q14. Will reduction of BCD on parts of microwave oven impact import of full-fledged microwave ovens in Country?**

As Union Budget 2026-27 has reduced BCD on the critical parts of microwave oven, domestic production of same is expected to increase thus reducing the import of the microwave oven in the country. Since the availability of domestically produced microwave ovens will increase, the prices are also expected to come down.

### **Q15. What measures have been taken to support the marine export sector?**

Currently, customs duty exemption is available for import of specified inputs such as flavouring oils, food marinates, pre dust breaded powder, food tenderizers etc for processing seafood for export. The exemption is subject to certification and the condition that the total value of goods imported shall not exceed 1% of the FOB value of seafood products exported during the preceding financial year. In order to promote the marine export sector, the value limit of duty-free imports of specified goods has been increased from 1% to 3% of the FOB value of seafood products exported during the preceding financial year.

### **Q16. What relief has been provided to exporters of leather or textile garments, leather /synthetic footwear and other leather products?**

Currently, bonafide exporters can import specified inputs such as tags, labels, belts etc at concessional rate for manufacture of leather or textile garments, leather /synthetic footwear and other leather products for export. This exemption is subject to end-use conditions. To provide operational flexibility, the time period for export of value-added products manufactured from inputs imported at concessional rate has been extended from six months to twelve months. Further, this exemption has now been extended for a period of two years i.e. till 31st March, 2028.

### **Q17. Has the benefit of duty-free import of inputs for products to be exported been extended to any other products in Union Budget 2026-27?**

Yes, the scheme for duty free import of inputs for manufacture and export of value-added products, has been extended to exporters of shoe-uppers also.

### **Q18. What steps have been taken to promote the MSME sector in Union Budget 2026-27?**

To protect our MSME sector from cheap imports, the rate of BCD is being modified on umbrellas (other than garden umbrellas) from existing 20% to '20% or Rs. 60 per piece, whichever is higher'. Further BCD rate on the parts of umbrellas has also been modified from 10% to '10% or Rs. 25 per kg., whichever is higher'. This is being done to deter undervaluation in import of these items.

### **Q19. What is the rationale behind extending the BCD exemption on the capital goods used in the manufacturing of lithium-ion cells of the batteries for stationary storage applications?**

Prior to Union Budget 2026-27, exemption from BCD was available for capital goods used in the manufacture of lithium-ion cells for batteries of Electrically Operated Vehicles (EVs). To support the country's energy transition goals, this exemption from BCD has now been extended to the same capital goods when used in the manufacture of lithium-ion cells for batteries Battery Energy Storage Systems (BESS) also.

### **Q20. How does the BCD exemption granted to capital goods used in the manufacturing of lithium-ion cells used for manufacture of the batteries for stationary storage applications align with India's renewable energy targets?**

The National Electricity Plan projects 236.22 GWh BESS requirement by 2031-32 against the current 505 MWh capacity. The BCD exemption on the capital goods for manufacture of lithium-ion cells for batteries of BESS will give huge boost to domestic set up of more BESS in India. Large-scale deployment of BESS is essential to achieve this target.

### **Q21. What measures have been taken to promote the manufacturing of civil aircrafts in India?**

To boost the domestic manufacture of aircrafts in the civil sector and in line with "Make in India" initiative, BCD exemption has been granted to components and parts, including engines, for manufacture of aircrafts and for manufacture of parts of such aircrafts subject to the importer following the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022.

### **Q22. Is the above BCD exemption granted to components and parts, including engines, for manufacture of aircrafts and for manufacture of parts of such aircrafts also available to the defence sector?**

The BCD exemption granted to components and parts, including engines of aircrafts for manufacture of aircrafts and for manufacture of parts of such aircrafts is already

## Customs and Central Excise rate related changes

available to the imports made by Public Sector Units under the Ministry of Defence under S. No. 335 of TABLE I of notification No. 45/2025-Cus., dated 24.10.2025.

### **Q23. What measures have been taken to support the generation of nuclear energy in India?**

The BCD exemption available to goods required for setting up of Nuclear Power Projects has been extended to all Nuclear Power Projects, irrespective of their capacity. The said exemption has been extended till 30th September 2035.

### **Q24. What changes have been made to promote MRO Sector in Defence Sector in Union Budget 2026-27?**

BCD exemption has been granted to raw materials for manufacture of parts of aircraft for maintenance, repair, or overhauling of aircraft or components or parts of aircraft, including engines, provided that the goods are imported by Public Sector Units under the Ministry of Defence. This exemption is subject to following the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 (IGCRS Rules 2022). Further, the importer has to produce an end-use certificate from an officer not below the rank of Joint Secretary in the Ministry of Defence.

### **Q25. What are the duty changes in ores and chemicals?**

Basic customs duty has been reduced from 2.5% to Nil on monazite. This mineral is a source of neodymium and praseodymium and can be used for manufacture of rare-earth permanent magnets.

Further, the basic customs duty has been increased from Nil to 7.5% on potassium hydroxide in order to promote domestic manufacturing.

### **Q26. What steps have been taken to promote the production of photovoltaic cells/ photovoltaic modules as part of Union Budget 2026?**

To boost the manufacture of photovoltaic cells/ photovoltaic modules in country, BCD exemption has been extended to copper rod in addition to copper wire of refined copper which is further used in the manufacture of inputs (interconnect) required in manufacturing of solar photovoltaic cells. Moreover, the validity of this exemption has been extended till 31st March, 2028.

Further, the existing basic customs duty exemption for manufacture of certain goods used in the manufacture of solar cells or modules has been expanded. The exemption now allows duty-free imports of specified inputs for use in the manufacture of sheets/encapsulants of EVA (Ethylene Vinyl Acetate), PoE (Polyolefin Elastomer) or combinations thereof or backsheet, which are used in the manufacture of solar

photovoltaic cells or modules. Moreover, the validity of this exemption has been extended till 31st March, 2028.

In order to promote domestic manufacturing of solar glass, the BCD on sodium antimonate (CTH 2841 90 00) has been reduced from 7.5% to nil. This duty exemption is subject to fulfillment of the conditions under Customs (Import of Goods at Concessional Rate of Duty for Specified End Use) Rules, 2022 and is valid till 31st March, 2028.

### **D. CENTRAL EXCISE DUTY RATE CHANGES**

#### **Q27. Are there any changes in NCCD rates on tobacco products?**

The Seventh Schedule to the Finance Act, 2001 is being amended to revise the NCCD Schedule rates on chewing tobacco (HS 2403 99 10), jarda scented tobacco (HS 2403 99 30), and other tobacco products including gutkha (HS 2403 99 90) from 25% to 60% with effect from 1st May, 2026. However, the effective NCCD rate will continue to remain at 25% vide notification No.1/2026-Central Excise dated 1.2.2026. Thus, there is no change in applicable NCCD rates on these products.

#### **Q28. What is the exemption granted on blended CNG containing biogas or compressed biogas?**

Currently, CNG attracts basic excise duty of 14% and biogas/ Compressed Biogas (CBG) attracts 5% GST. Vide notification 5/2023-Central Excise, central excise duty had been exempted on the amount of GST paid on biogas/CBG contained in blended CNG. Now, in order to further promote blending in CNG, the entire value of biogas/CBG contained in such blended CNG along with the appropriate GST paid on it, is being exempted from the value for the purpose of calculation of central excise duty on such blended CNG. This has been implemented vide notification No. 2/2026-Central Excise dated 1.2.2026. Further, the earlier notification No. 5/2023-Central Excise dated 1.2.2023 has been rescinded.

#### **Q29. When will the levy of additional duty on unblended diesel come into effect?**

The implementation of levy of additional duty of Rs 2 per litre on unblended diesel has been deferred and it will now come into effect on 1st April, 2028. Notification No. 2/2026- Central Excise dated 1.2.2026 has been issued in this regard.



**Central Board of Indirect Taxes & Customs**