

CHAPTER 1: INTRODUCTION TO CUSTOM DUTY

INTRODUCTION AND DEFINITION	
Particulars	Explanation
Custom Act 1962	Customs Act Customs duty is on imports into India and export out of India. Section 12 of Customs Act, often called charging section, provides that duties of customs shall be levied at such rates as may be specified under. The Customs Tariff Act 1975, or any other law for the time being in force on goods imported into, or exported from India.
Customs Tariff Act 1975 and Custom Tariff	<p><u>Consists of Two schedules</u></p> <ul style="list-style-type: none"> • Schedule 1 gives classification and rate of duties for imports. • Schedule 2 gives classification and rates of duties for exports. <p>In addition, the CTA makes certain provisions for levy of duties like addition duty (CVD), Preferential duty, anti-dumping duty, protective duties, etc.</p> <p><u>Custom Tariff</u></p> <p>Five column Heading</p> <ol style="list-style-type: none"> a) Tariff Item: 8-digit code of the goods b) Description of goods covered c) Standard unit of qty d) Standard rate of duty e) Preferential rate of duty
Sec 12 Charging Section	<p>1) Except as otherwise provided in this act or any other law for time being in force, duties of custom shall be levied at such rates as may be specified under the CTA 1975 or any other law for time being in force, on goods imported into or exported from India.</p> <p>2) The provision of sub section 1 shall apply in respect of all goods belonging to government as they apply in respect of goods not belonging to government.</p>
Important Terms	<p><u>1) Goods Sec 2(22)</u></p> <p>Goods' includes Vessels, Aircrafts, Vehicles, Stores, Baggage, Currency Negotiable instruments and any other kind of movable property.</p> <p>The duty is payable on goods belonging to government also.</p> <p><u>2) Coastal goods Section 2(7)</u></p> <p>As per section 2(7) of the Customs Act, the term coastal goods means goods, other than imported goods, transported in a vessel from one port in India to another.</p>

3) Dutiable Goods- Section 2(14)

- Any goods which are chargeable to duty and on which duty has not been paid.
- Goods continue to be 'dutiable' till they are not cleared from the port.
- Once goods are assessed at 'Nil' rate of duty, they no more remain 'dutiable goods'.

4) Stores Section 2(38)

As per of the Customs Act, stores means goods for use in a vessel or aircraft and includes fuel and spare parts and other articles of equipment. whether or not for immediate fitting.

5) Import: section 2(23)

Bringing into India from a place outside India.

6) Imported Goods - Section 2(25)

- Any goods brought in India from a place outside India,
- And does not include goods which have been cleared for home consumption.

7) Importer - Section 2(26)

Importer in relation to any goods at any time between their importation and the time when they are cleared for home consumption includes any owner, beneficial owner or any person holding himself out to be the importer.

8) Export: section 2(18).

Taking out of India to a place outside India.

9) Export Goods -Sec 2(19)

- Any goods, which are to be taken out of India to a place outside India.
- Goods brought near customs area for export purpose.

10) Exporter -Sec 2(19)

In relation to any goods means at any time between their entry for export and the time when they are exported, includes any owner, beneficial owner or any person holding himself out to be the exporter.

11) Conveyance

As per section 2(9) of the Customs Act Defines, 'Conveyance includes a Vessel, an Aircraft and a Vehicle'. The specific terms are vessel (by sea), aircraft (by air) and vehicle (by land).

12) Custom port Sec 2(12)

Means any port appointed under clause (a) of section 7 [appointed by CBI&C] to be a customs port and Includes a place appointed under clause [aa] of that section to be an inland container depot.

13) Land Custom station

Means any place appointed under clause (b) of section 7 [appointed by CBI&C] to be a land customs station.

14) Customs airport Sec 2(10)

Means any airport appointed under clause [a] of 7 [appointed by CBI&C] to be a customs airport; Includes a place appointed under Clause [oa] of that section to be an air freight station.

15) Custom station Sec 2(13)

Means any customs port customs airport or land customs station.

16) Custom area

As per Section 2(11) of the Customs Act, customs area means the area of a customs station and includes any area in which imported goods or exported goods are ordinarily kept before clearance by Customs Authorities.

17) Inland container depot

They are created for the purpose of Loading/Unloading of Export Goods/Imported Goods. Movement from ICD to a Land Customs Station or Airport is akin to Trans-shipment from one customs station to another Customs Station.

18) Container freight station

They are set up with the main objective of decongesting the ports where only part of the custom process mainly with examination of goods is carried out by the custom.

19) Air Freight station

AFS is an off-airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import and export cargo.

20) Foreign post office Section 2(20A)

Means any post office appointed under clause (e) of sub-section(1) of Sec. 7 to be a foreign post office.

21) International courier terminal" Sec 2(28A)

Means any place appointed under clause (f) of sub-section (1) of Sec. 7 to be an international courier terminal.

22) India Sec 2(27)

'India' as inclusive of territorial waters.

23) Territorial Waters of India

- A portion of sea, which is adjacent to the shores of a country, 12 nautical miles from the base line. (1 nautical mile = 1.853 Kms)
- 'Import' is complete as soon as goods enter territorial water. Similarly, export is complete only when goods cross territorial waters.

24) Exclusive economic zone'

- Area extends to 200 nautical miles from the base line.
- In this zone, the coastal State has exclusive rights to exploit it for economic purposes like constructing artificial islands (for oil exploration, power generation) fishing, mineral resources and scientific research
- Beyond 200 nautical miles, the area is 'High Seas', where all countries have equal rights.
- These high seas are reserved for peaceful purposes.

25) Indian Customs Waters Sec 2(28)

- Indian custom waters means the water extending into the sea up to the limit of contiguous zone of India under Sec 5 of the Territorial waters, Continental shelf, Exclusive economic zone and other Maritime zones Act 1976 and includes any bay, gulf, harbor or tidal river.
- Area beyond 12 nautical miles and up to 24 nautical miles from base line of India'.
- The CG has got powers to take measures in this area for security of India and immigration,

26) Person in Charge

a. Vessel	Master
b. Aircraft	Commander or Pilot in Charge
c. Train	Conductor or Guard
d. Vehicle	Driver
e. Other conveyance	Person in charge

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