

Introduction of Deferred Payment of Import Duty Rules, 2016

07 November 2016



The Hon'ble Finance Minister, during his 2016 Budget speech, announced that "*Our Government has taken a number of steps to reduce the cargo release time and the transaction costs of EXIM trade. I propose to amend the Customs Act to provide for **deferred payment of customs duties** for importers and exporters with proven track record.*"

Accordingly, a proviso was inserted in Section 47 of the Customs Act, 1962, vide the Finance Act, 2016, providing that the Central Government may permit a class of importers to make deferred payment of the import duty or any charges in the prescribed manner.

In furtherance to the above, the Central Government has introduced¹ the Deferred Payment of Import Duty Rules, 2016 ("the Rules") effective from 16

November 2016, providing the machinery provisions for making deferred payment of the import duty and the periodical due dates for making such payments.

The Central Government has also notified² the class of the importers, who would qualify as 'Importers certified under Authorized Economic Operator programme as AEO³ (Tier-Two) and AEO (Tier-Three)'.

The highlights of the Rules are set out below:

- **Applicability:** Only applicable to eligible importers i.e., notified⁴ class of importers under Section 47(1) of the Customs Act, 1962, with effect from 16 November 2016.

¹ vide Notification No.134/2016-Cus.(NT) dated 2 November 2016, effective from 16 November 2016

² vide Notification No.135/2016-Cus.(NT) dated 2 November 2016

³ AEO would mean Authorized Economic Operator certified by the Directorate General of Performance

Management under the Central Board of Excise and Customs.

⁴ Notification No.135/2016-Cus.(NT) dated 2 November 2016

- **Intimation of intent:** The interested eligible importers need to intimate the jurisdictional Principal Commissioner or Commissioner of Customs at each port of import for availing the benefits of the deferred payment facility. Upon being satisfied of the eligibility, such importers may be granted permission to avail such a deferred payment facility.
- **Periodical payments:**

Period when B/E returned	Due date of payment
1 st to 15 th day of a month	17 th day of that month
16 th to last day of a month other than March	2 nd day of the following month
16 th to 29 th day of March	31 st March
30 th to 31 st day of March	2 nd April

- **Manner of Payment:** Electronic (unless otherwise permitted by the Assistant/Deputy Commissioner for the reasons recorded in writing).
- **Disqualification:** Where an eligible importer fails to pay duty in full by the due date more than once in a period for three consecutive months, such importer will not be permitted to make a deferred payment. However, the deferred payment facility may be restored where such duty is paid along with interest.
- **Inapplicability:** These rules are not applicable to the goods which have not been assessed or not declared by the importer in the entry made under the Customs Act, 1962.

Key contacts

Dinesh Kanabar, CEO
dinesh.kanabar@dhruvaadvisors.com

Ritesh Kanodia, Partner
ritesh.kanodia@dhruvaadvisors.com

Niraj Bagri, Partner
niraj.bagri@dhruvaadvisors.com

Srinath S, Associate Partner
srianth.s@dhruvaadvisors.com

Our offices

Mumbai

1101 & 1102, One Indiabulls Centre, Tower 2B,
841, Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai 400 013, India
Tel: +91-22-6108 1000

Bengaluru

Prestige Terraces
5/1, Union Street
Infantry Road
Bangalore 560001
Tel: +91-80-4660 2500

Ahmedabad

B3, 3rd Floor, Safal Profitaire,
Near Auda Garden,
Corporate Road, Prahladnagar,
Ahmedabad 380 015.
Tel: +91-79-6134 3434

Delhi

101-102, 1st Floor, Tower-4B
DLF Corporate Park,
M G Road, Gurgaon, Haryana – 122002
Tel: + 91-124 6687000

Singapore

One Raffles Place, #41-01
Singapore 048616
Tel: +65 6812 1600

About Dhruva Advisors LLP

Dhruva Advisors offers a wide range of services in the tax and regulatory space to clients in India and around the world

We are a cohesive team of tax professionals who are focused on providing our clients with high quality tax and related services. With strong research and technical skills coupled with extensive experience, we provide well-thought out and strategic solutions to complex problems.

Our professionals have advised on some of the largest transactions in the world and have handled several of the largest tax controversies in India. Our professionals also have a strong track record of designing and implementing pioneering solutions in several areas of domestic and international tax.

This information contained herein is in summary form and is therefore intended for general guidance only. This publication is not intended to address the circumstances of any particular individual or entity. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. This publication is not a substitute for detailed research and opinion. Before acting on any matters contained herein, reference should be made to subject matter experts and professional judgment needs to be exercised. Dhruva Advisors LLP cannot accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication.