



प्रधान मुख्य आयुक्त सीमा शुल्क का कार्यालय

OFFICE OF THE PRINCIPAL CHIEF COMMISSIONER OF CUSTOMS

मुंबई जोन -I, दूसरी मंज़िल, नवीन सीमा शुल्क भवन ,बेलाड ईस्टेट,

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F. No. CCCO/1092/2025-TECH-Pt-2

Date: 22-10-2025

Minutes of Outreach Programme conducted by NAC (Automobile and Instruments & Miscellaneous Products) through Hybrid Mode chaired by NAC Convenor with Sectoral Associations, Trade members and Stakeholders on 15.10.2025 at 11:00 AM.

At the start of the outreach program, Additional Commissioner of Customs, CCO, Mumbai Zone-I on behalf of Convenor of NAC (Automobiles and Instruments & Miscellaneous Products) welcomed all attendees to the 6th Sectoral Meeting of this Financial Year. To begin with, he requested the NAC Convenor for a few words of directions for the meeting.

2. The NAC Convenor informed that Mumbai Customs Zone-I is regularly conducting Outreach meetings in hybrid mode with various stakeholders and deliberates upon agenda points, issues, difficulties and bottlenecks faced in NAC (Automobiles and Instruments & Miscellaneous Products), with the objective of ensuring uniformity in assessment and facilitation of trade.

3. The Convenor also extended a warm welcome to all the attendees across different ports and requested the sectoral associations to briefly explain the agenda points sponsored and communicated. The concerned Commissionerates were requested to provide prompt responses to the specific issues raised. It was also clarified that associations could raise their inputs/points at the end of the presentations for discussion and resolution.

Thereafter, the Convenor asked the Additional Commissioner, NAC Secretariat to commence the presentation, beginning with the Action Taken Note pertaining to the issues raised during the previous outreach programme.

4. Applicability of duty on bunkers of Indian origin/ locally purchased bunkers lying on board an Indian flag vessel converting from FG to Coastal run: Shri Anil Devli, representative of INSA had earlier submitted that an Indian flag vessel at the time of reverting from foreign to coastal run after the first importation, do not file an IGM or Bill of Entry for the vessel itself once again. However, certain Custom House insist that B/E must be filed in respect of Indian origin bunkers lying on board the vessels and insist on payment of duty on the same. Further, it is insisted that S/B should have been filed when converting from coastal to foreign run.

4.1 Replies/inputs from both Jamnagar and Import-I, Mumbai Commissionerate were received vide letters dated 02.09.2025 and 15.09.2025 respectively wherein they have confirmed that the Indian origin/ locally purchased bunkers lying onboard an Indian flagship converting from foreign to coastal run are not liable to be charged any customs duty on the said bunkers as the said bunkers are already duty paid, hence there is no need to pay again and no need of filing B/E for the same.

4.2 Further, it has been gathered that there is varied practice for above clearance among various Customs Ports. Also it was noted that the issue is not strictly related to FAG assessment but vessel conversion and related customs port clearance procedure, which is dealt by Customs at the port. Accordingly to hold wider consultation, inputs were sought from major Port Customs and FAG formations concerned i.e. JNCH, Chennai Sea, Kakinada and Mundra Customs. Reply is awaited. A reminder has been sent on 21.10.2025

(Action: JNCH, Chennai, Kakinada, Mundra)

5. IGST charged on MRO Services: Shri Anil Devli, representative of INSA sought clarification that in view of the shipowners already discharging the liability in respect of IGST on MRO services consumed outside India on a Reverse Charge Mechanism basis, whether IGST needs to be paid once again to the Customs authorities on such MRO services again as 'goods'. Further, it was informed that largely it is happening in Jamnagar and Mundra ports.

5.1 In the previous outreach meeting, Commissioner, Jamnagar had informed that a Show Cause Notice on the agenda point has been issued and was pending adjudication.

5.2 Jamnagar Commissionerate were asked to clarify their stand on payment of such MRO services and vide letter/ email dated 14.10.2025 they have clarified that it is not a case of double taxation. The IGST already paid on MRO charges is not required to be paid again as claimed by INSA. Further, the matter dealt in the said SCN was entirely different inasmuch it was issued for non-inclusion of Freight and Insurance services in taxable value. Thus, there is no question of double taxation in this matter.

5.3 Import-I, Mumbai have stated that as per Section 5(3) of the IGST Act, 2017 read with Notification No. 03/2021-Integrated Tax dated 02.06.2021, the liability of IGST on such MRO services rests with the Indian recipient under Reverse Charge Mechanism (RCM). Once this liability has been discharged, the same transaction cannot be subjected to IGST again at the time of re-entry of the vessel, as such double taxation is neither envisaged under the IGST Act, 2017 nor under the Customs Act, 1962.

Accordingly, based on the inputs from concerned ports, the point raised by INSA stands clarified and closed as no such charges are to be levied by concerned Customs Ports.

(Point closed)

6. Different percentages of examination are being prescribed across different B/Es: BCBA highlighted that in certain cases, 100% examination is being ordered, whereas the standard norm is 5% or 10%. It was stressed that 100% examination should be limited to exceptional circumstances. BCBA further pointed out that for same IEC, different percentages of examination are being prescribed across different B/Es.

6.1 During the meeting, Sh. Yogesh Loke, Jt. Director, NCTC requested BCBA to share specific instances along with relevant BoE details to facilitate a more detailed analysis. The NAC Convenor asked BCBA to email the details so that the ports where it is noticed can be identified and that NCTC can look into the matter.

(Action: BCBA, NCTC)

7. Hurdles being faced by the Indian Shipowners in respect of valuation aspects of Freight and Insurance: INSA had earlier raised a point that when the vessel enters first time, the insurance cost may be calculated on pro-rata basis i.e. proportionate cost of insurance from the time it enters the Indian territorial waters to until the port of First Entry. This may be proportionately calculated from the available Hull & Machinery Insurance for 365 days.

7.1 In the previous meeting, it was stated by the ADC (NAC Secretariat) that INSA had been requested for providing rationale for pro-rating of insurance cost. However,

no representative of INSA was present in the meeting. In their reply vide email dated 14.10.2025, they have stated that Transit Insurance is usually used for single voyages, however, a trading ship will and must always take a H&M cover without which the ship is not tradable.

7.2 Commissioner, Jamnagar stated that if Transit Insurance is available, it is acceptable, otherwise a rate of 1.125% of FoB is mandated as per CVR 2007.

The NAC Convenor stated that the matter is under active consideration in consultation with the Board and that the Board has sought certain clarification in this regard. Once the issue is examined by Board, suitable directions will be issued.

(Action: NAC Convenor's Office)

8. IGST on Electric vehicle in CKD/SKD condition (CTH-8711): A reference has been received from the Chennai Commissionerate vide letter dated 22.09.2025 stating that although different rates of BCD are applicable for CKD/SKD condition, no such distinction is there for IGST rate. The battery-operated two-wheelers/three-wheelers, imported without batteries, charger, and tyres, in CKD/SKD condition are being assessed by FAG extending benefit of Serial No. 242A of Schedule-I @ 5% IGST, whereas (CAG) Audit has raised an issue regarding short levy of IGST on import of "Parts of Electric Scooter" contending that IGST should be charged @ 28%.

8.1 The Convenor asked the Chennai Commissionerate to submit within one week details of the number of cases booked as mentioned by Sh. Tej Kumar, ADC, Chennai Commissionerate.

8.2 Further, the NAC Convenor directed Working Group on Classification and Related matters" i.e. Commissioner of Customs, Chennai-II (Import) to examine the issue after consulting the other respective FAGs concerned and then submit a comprehensive view with proposed solution to the NAC Secretariat.

(Action: Commissioner Chennai, respective FAGs)

9. At the end, ADC, CCO on behalf of the Convenor of NAC, thanked all the Pr. Commissioners, Commissioners, Addl./Joint Commissioners, officers of Customs, Customs Broker Associations, Trade partners and other Stakeholders for participating in the meeting.

10. The said meeting was attended by importers, sectoral associations, other members and various stakeholders detailed as per **Annexure-1** enclosed herewith.

11. This issues with the approval of Convenor of NAC (Automobile and Instruments & Miscellaneous Products).

(Balmukund)

Additional Commissioner of Customs,
CCO, Mumbai Zone-I

Encl: As above.

Copy to:

1. Under Secretary, Customs IV, CBIC, New Delhi.
2. OSD, Customs IV, CBIC, New Delhi.
3. All Nodal Pr. Commissioners/Commissioners of NAC (Automobile and

Instruments & Miscellaneous Products

4. All participating Associations/ Stakeholders.
5. EDI, NCH, for uploading the minutes on the website of Mumbai Customs Zone- I.
6. Assistant Director, NCTC
7. Office copy.