

	<p style="text-align: center;"><b>मुख्य आयुक्त सीमा शुल्क का कार्यालय</b>  <b>OFFICE OF THE CHIEF COMMISSIONER OF CUSTOMS</b>  <b>मुंबई जोन- I, दूसरी मंज़िल, नवीन सीमा शुल्क भवन ,बेलाड ईस्टेट,</b>  <b>MUMBAI ZONE-I, 2<sup>nd</sup> FLOOR, NEW CUSTOM HOUSE,</b>  <b>BALLARD ESTATE, मुंबई/ MUMBAI-400 001</b>  <b>दूरभाष स/Phone No.022-2262 0091 Email: ccu-</b>  <b>cusmum1@nic.in</b></p>
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Date: .12.2024

**MINUTES OF THE TENTH MEETING OF NATIONAL ASSESSMENT  
CENTRE  
'AUTOMOBILE AND INSTRUMENTS & MISCELLANEOUS PRODUCTS'  
HELD ON 21.11.2024 AT 3.00 PM**

The 10<sup>th</sup> review meeting of the re-organized NAC-‘Automobile and Instruments & Miscellaneous Products’ was conducted via online mode under the Chairmanship of Shri Nitish K. Sinha, Chief Commissioner of Customs, Mumbai Zone-I, being Convenor of the said NAC with the Nodal Pr. Commissioners/Commissioners of Customs on 21.11.2024 at 03.00 PM.

2. The list of attendees is attached as Annexure-I.
3. At the outset, the Convenor welcomed all members of the NAC ‘Automobile and Instruments & Miscellaneous Products’ present in the web meeting.
4. The Chair shared with all NAC members instructions received from the Board as part of the Minutes of the CC Conference, held on 30.09.2024-01.10.2024 at Hyderabad wherein NAC Convenors have been given the following work:
  - i. Faceless Bills of Entry are to be promptly acted upon. It is essential to establish time-wise accountability within the EDI system. The Convenors were asked to set daily targets for each FAG site and monitor the progress closely. It was further instructed if a Bill of Entry remains unattended for

extended period, it will be reassigned to the FAG site with least workload. Additionally, Queries should be regularly monitored by Convenors to ensure timely resolution and efficient management of the process.

**Action Owner: Convenor, NAC**

ii. RMS examination orders need to be tailored to provide more specific guidance based on the description and classification of goods. NCTC and NACs to conduct thorough review and refinement of these standardised examination orders. Assessing officers have been asked to strictly adhere to and follow the guidelines with respect to RMS standardization examination orders mentioned in Circular No. 16/2022-Cus dated 29.08.2022 to ensure consistency and accuracy in examination process. The Working Group, formed by the Public Notice 16/2024 dated 26.09.2024 of this Zone, on Restrictions & Prohibitions and Co-ordination with PGAs will further discuss the matter with NCTC and present their recommendation in the next meeting of the NAC.

**Action Owner: Working Group on Restrictions & Prohibitions and Co-ordination with PGAs & NCTC**

5. With the permission of the Chair, Joint Commissioner of Customs, CCO made a presentation on query analysis, dwell time and other aspects of faceless assessment.

5.1 During the presentation on queries relating to FAG 5B i.e. Vehicles, the Chair observed that there is overall increase in percentage of 1<sup>st</sup> query.

5.2 During the presentation on queries relating to FAG of 5I, the Chair observed that at INDEL-4 port, ACC Delhi, 3<sup>rd</sup> query was the highest. With respect to highest percentage of 1<sup>st</sup> query, Commissioner of Customs, Nhava Sheva-V apprised the Chair that queries were high due to increase in import of apparatus.

5.3 During the presentation on queries relating to FAG of 5S, Commissioner of Customs, Import-I, Mumbai informed that vessels

imported are generally second hand in nature, which requires First Check examination, resulting in high number of queries.

5.4 During the presentation of FAG 6 i.e. Miscellaneous Products / Project Imports, the Chair observed that INBOM-4 has the highest percentage of number of 1<sup>st</sup> query for the month of September, 2024 and October, 2024. In response, Commissioner of Customs, ACC, Mumbai apprised the Chair that the queries were high mainly due to increase in import of BIS related consignments.

**5.5 In view of the above, the Chair requested to all the members of NAC:**

(i) To examine the issue with respect to high number of queries and directions may be given to all the officers to minimise the number of queries at all levels. Further, the Chair instructed common issues regarding classification, valuation etc. in respect of vehicles being imported may be forwarded to the NAC before the next NAC meeting for bringing uniformity in assessment.

(ii) It was further directed that queries should be very specific and that a rough benchmark i.e. percentage of 1<sup>st</sup> query should be below 10% and possibly bring down the 2<sup>nd</sup> and 3<sup>rd</sup> query to NIL.

**Action Owner: All NAC Members**

5.6 During the presentation on time taken for assessment at each Customs port, the Chair asked the members for suggestions to improve the facilitation of Bills of Entry and bring down the assessment time. With respect to the FAG 5S i.e. Vessels, Commissioner of Customs, Import I, Mumbai Zone -I suggested that wherever the Bills of Entry require compulsory 1<sup>st</sup> Check, ICES system should automatically forward the Bills of Entry for examination instead of sending it first to FAGs for assessment as to reduce the dwell time. Commissioner of Customs, NS-V, Nhava Sheva endorsed the said suggestion given by Commissioner of Customs, Import I, Mumbai Zone-I with respect to import of second hand and re-imported goods. On being asked, Joint Director, NCTC informed that NCTC will look

into the issue and get back with solutions. Thereafter, the Chair directed Commissioner of Customs, Import I, Mumbai Zone -I and Commissioner of Customs, NS-V, Nhava Sheva to work together and share their feedback with NAC and NCTC and also provide a reference to be made to the DG Systems under intimation to the Board before the next meeting of NAC.

**Action Owner: Commissioner (Import-I), Mumbai-I;  
Commissioner NS-V, JNCH; NCTC**

6.1 Thereafter, with respect to presentation of FAG targets and achievements, the Chair noted that some ports had not sent the requisite data and hence directed all the offices to provide the requisite information without delay for reviewing the NAC performance. Further, the Chair asked Bengaluru ACC, (INBLR4) and other zones to improve their performance of Bills of Entry assessed vis-a-vis the assigned targets so as to reach the desired levels.

**Action Owner: All NAC Members, Bengaluru (INBLR4)**

6.2 With respect to Provisional Assessments, the Chair requested Commissioner, Chennai (Sea) and Commissioner, ICD, PPG to undertake a detailed analysis about the high number of provisional bills of entry and to submit a detailed report at the earliest.

**Action Owner: Commissioner, Chennai (Sea), Commissioner, ICD, PPG**

6.3 Thereafter, the Chair directed that all the grievances be monitored and acted upon promptly. As there is no dashboard for the officers on ICES where number of AEM handled can be retrieved, it was requested to come up with suggestions so that the issue may be taken up with DG Systems.

7. Thereafter, discussion was held on the agenda points sponsored by NCTC, Commissioner of Customs, Import-I and Convenor himself, which are briefly as follows:

7.1 Agenda points received from NCTC:

7.1.1 NCTC submitted that there is incorrect classification being made of Nitrogen Oxide sensors under CTH 90271000 i.e. 'Gas or Smoke Analysis apparatus', instead of the correct classification under CTH 90318000 i.e. Other instruments, appliances, and machines not specified or included elsewhere in Chapter 90. The Chair directed the Working Group on the classification under NAC, formed by Public Notice No. 16/2024 dated 26.09.2024, to discuss the issue and submit the detailed report on correct classification, which will be taken up in the next NAC meeting.

**Action Owner: Working Group on Classification**

7.1.2 Thereafter, discussion was held on the issue of difficulties faced in the implementation of CBIC's Instruction No. 28/2023 dated 12.12.2023 regarding random sampling of LED products and delay in clearance. In this regard, the Chair asked whether the previous test report is enough for giving clearance. In this regard, Pr. Commissioner, Chennai-II (Import) suggested to consider the previous report for the same importer when earlier samples were found correct on testing and importer has BIS certificate also. Further, Commissioner ICD, PPG and Joint Commissioner, Import-I, Mumbai suggested to consider the previous test report till the next six months. The Chair asked NCTC to take note of suggestions discussed during the meeting and provide their views where drawl of samples is not required.

**Action Owner: NCTC**

7.2 Thereafter, discussion was held on agenda points sponsored by Commissioner of Customs Import-I, NCH, Mumbai who apprised the various modus operandi adopted to evade the Customs Duty. The same are presented as under:

7.2.1 Valuation of Re-imported Chassis fitted with Machine (Chassis exported from India & claimed as re-import)- CTH: 8705

Importers were declaring only the price of the machine along with freight and insurance as assessment value. However, as per Rule 10(1)(b) of the CVR Rules 2007 read with Section 20 of the Act, value of the goods supplied free of cost and incorporated in imported goods (i.e. Chassis

originally exported from India) is to be added in the transaction value of the imported goods to arrive at assessable value.

#### 7.2.2. Classification of Chassis fitted with Engine and Cab - CTH: 8706;

Based on data analysis, it was found that the importer had misclassified “Chassis fitted with Engines and Cabs” under heading 8706 (BCD@15%) instead of correct heading 8704 (BCD@40%). The importer is importing “Chassis fitted with Engines and Cabs to be used in manufacturing of Airfield Crash Fire tenders”. The importer’s stand is that the imported goods i.e. “chassis fitted with cabin” is nothing but an incomplete fire-fighting equipment which can be classified only under CTH 8705 as a fire-fighting vehicle or under 8706 as chassis for fire-fighting vehicle. Further, importer is of view that in no way it can be classified under 8704, since it cannot be used in any manner for transport of goods or passengers. However, an Airfield Crash Fire Tender (ACFT) is a specialized fire Fighting Vehicle designed for use in aircraft rescue and firefighting at aerodromes, airports, and military air bases. The imported chassis is fitted with small cab and the same is fitted at the driver’s end of the chassis /vehicle, is air conditioned, one driver seat in front row & second row empty, having 2 door opening, break, accelerator, automatic gear lever, odometer, control panel with buttons having the entire control of the vehicle.

CTH 8706 which has a lower BCD of 15%, covers only Chassis fitted with Engines, for the Motor Vehicles of headings 8701 to 8705. CTH 8704 which has a higher BCD of 40% covers “Motor vehicles for the transport of goods”. Note 3 of Chapter 87 of the Tariff clearly states: “Motor chassis fitted with cabs fall in heading 8702 to 8704, and not in heading 8706”.

#### 7.2.3 Classification of Special Purpose Vehicle (Pumping units mounted on Vehicle) - CTH: 84304190

The imported goods were declared under CTH 84304190 which covers self-propelled items. The importer also availed benefit under Sr. No. 404 of List 33 in Notification No. resulting into NIL BCD & IGST @12%. The imported goods were for the purpose of Acid stimulation/Pumping of

water/salt solution/sand cleaning/Acid pumping/Well cleaning/Circulation and various critical operations performed by the goods required for continuous pumping services in petroleum operations and hence are not classifiable under CTH 8430 as the heading covers other moving grading, levelling, scrapping, excavating, tamping, compacting, extracting, or boring machinery for earth minerals or ores. The subject imported goods are special purpose motor vehicles and are rightly classifiable under CTH 8705. The exemption from BCD, under CTH 8705, is available to only one class of SPV i.e. Fire Fighting Vehicles. Therefore, importer's claim for Notification benefit under 50/2017, Sr. No. 404 of List 33 was denied. The importer has accepted the department's view and agreed to pay the differential duty.

#### 7.2.4 Classification of used self-propelled Tug/Work Boat - CTH: 89040000

Commissioner of Customs, Import-I, Mumbai-I informed that Audit Commissionerate, Mumbai-I made an observation that "Used self-propelled Tug/Work Boat" were imported under CTH 89040000 and goods exemption Notification 50/2017-Cust. Sr. 553 BCD 5% claimed. Further, importer took exemption to the extent under the above notification for BCD in excess of the amount calculated at the rate of fifteen per cent and IGST zero%. Exemption under the Notification No. 72/2017 is for machinery, equipment or tools only. In the instant case, the importer imported vessel and does not qualify under category machinery, equipment or tools, hence not eligible for exemption under this notification. Therefore, goods are to be levied BCD @5% and IGST 5% under sr. no. 248. Importer has paid duty along with interest.

On the agenda points sponsored by Commissioner of Customs, Import-I, Mumbai, the Chair directed all the Nodal Zones to look into the said modus operandi and into similar cases in their concerned Commissionerates and submit their feedback to NAC before the next meeting for bringing uniformity in assessment. The Chair also mentioned that similar case studies will be taken up from all other NAC members during forthcoming meetings.

**Action Owner: All NAC Members**

8. The Chair then moved to the discussion on Board's letter dated 05.11.2024 whereby report was sought on issue of valuation of Self-propelled vessels raised by Indian National Ship Owners' Association (INSA) and whether the Freight Charges are to be excluded from CIF and Insurance Costs to be taken on pro-rata basis. In this regard, Commissioner of Customs, Import-I, Mumbai suggested that:

a) The said vessels are goods as defined under section 2 (22)(a) of the Customs Act. Accordingly, the goods would become dutiable goods under section 2 (14) of the Customs Act, 1962. Hence, the duties leviable under Section 14 would be applicable i.e., specifically mentioned in the proviso to section 14 i.e..... **cost of transportation to the place of importation, insurance** .....in the manner specified in rules made in this behalf. Hence, the cost of bringing the vessel (goods) into the country is includible in the assessable value which in this case could be the equivalent to freight and hence added to assessable value.

b) Also, the next suggestion that only a portion of insurance cost to be arrived at appears to be ambiguous and not feasible as it would again become a matter of dispute for computing the quantum of the insurance as time period of vessels cannot be normally foretold and be cumbersome to both the department and the trade. The division of time spent by the Vessel during the foreign run and domestic run is not feasible to find out. Hence, insurance cost to be not calculated on pro-rata basis.

8.1. In this regard, the Commissioner of Customs, Jamnagar, Ahmedabad, took a contrary view and stated that as the cost was not concurred by the seller and there was no carrier for transportation and no transportation cost has charged, therefore, the freight charges should not be included. The Chair directed the Working Group on Valuation under NAC, formed by Public Notice No. 16/2024 dated 26.09.2024, to discuss the issue and submit the detailed report on correct valuation within 10 days as a report had been sought by the CBIC.

**Action Owner: Working Group on Valuation**

9. As there were no further points for discussion, the meeting ended with a vote of thanks.

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

**Signed by Ajit  
Unnikrishnan Nair  
Date: 20-12-2024 20:27:02**

(AJIT U. NAIR)  
Assistant Commissioner of Customs,  
CCO, Zone-I, Mumbai

Copy to:

1. Under Secretary, Customs IV, CBIC, New Delhi.
2. All Nodal Pr. Commissioners/Commissioners of NAC (Automobile and Instruments & Miscellaneous Products).

**Annexure-I****List of attendees**

<b>Sr. No.</b>	<b>Name of the Nodal Officers (Shri/Ms.)</b>	<b>Designation &amp; Office</b>
1	Ajazuddin	Pr. Commissioner, Air Cargo, Hyderabad
2	Debasish Sahu	Pr. Commissioner, Air Cargo, Bengaluru
3	Vasishtha Chaudhary	Commissioner, Patparganj, Delhi Zone
4	Dheeraj Rastogi	Pr. Commissioner, Air Cargo, Delhi
5	K.S.V.V. Prasad	Commissioner, Chennai-II (Import)
6	Sonal Bajaj	Pr. Commissioner, Nhava Sheva (NS-V)
7	Hardeep Batra	Pr. Commissioner, ACC Import, Mumbai-

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8	Dheerendra Lal	Commissioner (P), Jamnagar, Ahmedabad Zone
9	Vivek Pandey	Commissioner, Mumbai Zone -1
10	Yashodhan A. Wanage	Commissioner, Pune Zone
11	Amitkumar Nikalje	Joint Commissioner, CCO, Mumbai Zone-I
12	D S Sangeeta	Additional Commissioner, Air Cargo, Chennai
13	Sukhveer Singh Ahuja	Additional Commissioner, Calcutta (Sea)
14	K K Prasad	Additional Commissioner, NS V, Nhava Sheva
15	Nidhish Vinayak Singhal	Jt. Commissioner, Import-I, Mumbai Zone-I
16	Amritashva Kamal	Joint Director, NCTC, Mumbai
17	G. Ramkrishnan Raju Yadav	Additional Commissioner, Kakinada Vishakhapatnam Zone
18	P. Senthil Kumar	Joint Commissioner, Cochin Customs
19	Nimishamba C.P.	Deputy Commissioner, ICD, Bengaluru
20	Ajit U Nair	Assistant Commissioner, CCO, Mumbai Customs Zone-I
21	K. Manjappan	Assistant Commissioner, Bengaluru City Customs