

TAX FLASH NEWS

4 February 2020



HS code - Import of goods under 'Others' category

Background

The Department of Commerce, Government of India, made an observation that importers while filing the bill of entry were not mentioning correct eight-digit HS code, even when the applicable HS codes were available for the imported items. This had resulted in errors in determining the India's import data.

In light of the above background, the DGFT issued trade notices in October 2019¹ and January 2020², advising importers and exporters to be careful while mentioning HS code in the bill of entry in case of imports and shipping bill in case of exports. The trade notice advised importers/exporters to indicate the prescribed HS codes of items at eight digits where they exist, instead of using 'Others' category in a casual manner.

Further, in case of non-compliance and continued mis-classification by importers/exporters, Government may bring in a licensing regime for items under 'Others' category by shifting items from 'free' to 'restricted' category. Honourable Commerce Minister, Shri Piyush Goyal, had also warned of a higher rate of duty in case of such goods.

Recently, the DGFT has issued another trade notice³, providing a link to an online form, requesting information and suggestions with respect to the appropriate classification of goods being classified in 'Others' category. The information to be provided by 16th February 2020 includes:

- Name of the Company
- IE Code
- HS Code of import
- Import item description
- Suggested description for new HS code
- Import value in the year 2019 (in Rs.) for above product

Our comments

The Government may prescribe higher duty rates for goods categorised under the 'Others' category and impose licensing requirements. In view of the same, businesses should closely review the HS codes being declared for imported items, especially under 'Others' category. Submission of the requisite information to the Government, should be done only after due diligence and reasonable care. Timely action on this count could mitigate the possibility of an increase in import duty costs or potential business disruption due to new licensing requirements.

In order to get a better understanding of the impact of the trade notice and a possible representation before the Ministry, please contact.

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¹ Trade notice no. 37/2019-20 dated 22 October 2019

² Trade notice no. 46/2019-20 dated 17 January 2020

³ Trade notice no. 47/2019-20 dated 29 January 2020

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