

Chapter 10 Import Duties

Introduction

The concept of import duty is very wide and is almost applicable to every product or item imported to India barring a few goods like food grains, fertilizer, life saving drugs and equipment etc. Import duties form a significant source of revenue for the country and are levied on the goods and at the rates specified in the Schedules to the Customs Tariff Act, 1975.

Import through Sea

Territorial water extends up to 12 nautical miles into the sea from the coast of India and so the liability to pay import duty commences as soon as goods enter the territorial waters of India. No duty is livable on goods which are in transit in the same ship or if goods are in transit from one ship to another.

Basic duty

Basic Duty is a type of duty or tax imposed under the Customs Act (1962). Basic Customs Duty varies for different items from 5% to 40%. The duty rates are mentioned in the First Schedule of the Customs Tariff Act, 1975 and have been amended from time to time under the Finance Act. The duty may be fixed on ad "valorem basis or specific rate basis. The Central Government has the power to reduce or exempt any good from these duties.

Additional customs

Additional duty also known as countervailing duty or C.V.D is equal to excise duty imposed on a like product manufactured or produced in India. It is implemented under the Section 3 (1) of the Indian Custom Tariff Act. The Government has exempted all goods, when imported into India for subsequent sale, from the whole of the additional duty of customs leviable thereon under Sub-Section (5) of Section 3 of the Customs Tariff Act vide Customs Tariff Notification No. 102/2007 dated 14th September 2007. However, the importers will be first required to pay the said duty and thereafter required to claim the refund.

Special additional duty

Special Additional Duty of Customs is imposed at the rate of 4% in order to provide a level playing field to indigenous goods which have to bear sales tax. This duty is to computed on the aggregate of "assessable value;

- assessable value;
- basic duty of Customs;
- surcharge; and
- additional duty of Customs leviable under section 3 of the Customs Tariff Act, 1975 (c.v.d.)

Anti-Dumping Duty

Dumping means exporting goods in a foreign market at a price which is less than their cost of production or below their "fair" market value. Dumping gives a hard competition to a domestic goods manufacturer. So, to counteract this dumping, the Indian government has formulated certain guidelines and policies. Imposing duty on imported goods is also one of them and is known as Anti-Dumping Duty.

All the laws related to anti-dumping duties are mention in the sections 9A, 9B and 9C of the Indian Customs Tariff Act (1975), and the Indian Customs Tariff Rules (1995). These laws are based on the Agreement on Anti-Dumping which is in pursuance of Article VI of GATT 1994.