UPDATE OF MAJOR REFORMS UNDERTaken BY CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS IN 2017-18

IMPORT SIDE MEASURES

1. MANDATORY FILING OF IMPORT DECLARATION WITHIN SPECIFIED TIME AND IMPOSITION OF LATE CHARGES FOR DEAYED FILING

Indian customs has started imposing a late charge for delayed filing of import declaration. Imposition of late charge has become possible by virtue of amendment of Section 46 of Customs Act, 1962 and amendment in Bill of Entry (Electronic Integrated Declaration) Regulations, 2011.

This has ensured that there is discipline among the trade and thus time associated with imports have reduced. As a result of these measures, advance filing of import declarations which were previously at just 10% improved drastically to 58.7% (8,663 BE) of the total import declarations (BE) examined in the first week of January, 2018.

Of the 332 import declarations (BEs) pertaining to HS 8708 consignments, the majority (58.1%) had filed Advance import declarations (BEs) with an average release time of 60 hours. This is significantly lower than the estimate for imports recorded by the World Bank in Doing Business Report, 2018.

(Refer: Cir. 12/2017-Cus dated 31.03.2017)

2. INTRODUCTION OF eSANCHIT

The Single Window Interface for Facilitation of Trade (SWIFT) was initiated as part of the “Ease of Doing Business” initiatives to facilitate Trading Across Borders in India. The objective of the project is to allow importers and exporters a facility to lodge their clearance documents online at a single point without/ with minimal interface with regulatory authorities. One of the key initiative to facilitate online clearance at a single point, is paperless processing application i.e. e-SANCHIT.

eSANCHIT is an online application that allows a trader to submit all supporting documents for clearance of consignments electronically with digital signatures. By using eSANCHIT, trader does not have to approach to different
regulatory agencies with hard copy of the documents thereby making the entire process of consignment clearance faceless and paperless.

After implementing a successful pilot in October, 2017, e-SANCHIT has now been extended and made mandatory on import side from 1st April, 2018 at all the Customs EDI locations in the country. Till 12th April, 2018 total number of IRN generated are 770,779. (IRN stands for Image reference number, which is unique to each document.).

With eSANCHIT facility the need for paper documentation and consequent physical touch point for every stage of clearance has drastically come down. It has resulted in substantial reduction in time and cost.

(Refer: Instruction No. 02/2018-Cus dated 07.02.2018)

3. ENHANCED FACILITATION THROUGH RISK MANAGEMENT SYSTEM BY SIMPLIFICATION OF RISK MANAGEMENT SYSTEM INSPECTION PROCESS RESULTING IN REDUCED TIME TAKEN FOR CLEARANCE.

Facilitated Bill of Entry are those import declarations where the level of risk is low and are cleared on the basis of self-assessment by the importer. Such consignments are not subjected to any intervention or examination. The level of facilitation has been increased during the last year due to which the average release time has reduced.

Facilitated normal import declarations (BES) which constituted the majority of Auto Products had an average release time of 122 hours during the first week of January as evidenced by the ICEGATE system logs. In addition, as evidence by ICEGATE system logs, facilitated-advanced import declarations (BESs), which represent the second largest category of products, had an average release time of 59.21 hours. Hence, the time taken to import "majority" of HS 8708 products was significantly under the estimate of 267 hours arrived at by the World Bank in Doing Business Report, 2018.

Since the examination is conducted in less than 20% of cases, time and cost involved in examination should not to be taken into consideration in accordance with the methodology adopted by the Doing Business Study.

(Refer: Cir. 10/2016-Customs, dated 15.03.2016 & Instruction F.No.450/147/2015-Cus-IV, dated 31.03.2016)

4. PROMOTION OF DIRECT PORT DELIVERY AT JNPT
Direct Port Delivery (DPD) is a flagship scheme of Customs to reduce release time and cost. The scheme allows registered importers to complete customs clearances at the terminal itself and thus take the container directly to the factory (without proceeding to the Container Freight Station).

In majority of cases, the importers of auto-components are using DPD facility. The short release time of 59.21 hours, as evidenced by ICEGATE system logs, also evidences the high prevalence of Direct Port Delivery (DPD) among importers of the case study imports who have filed advanced bill of entry. This suggests that majority of the case study imports do not move from the port terminal to the CFS (which are located both inside and outside the port premises.) Instead, they are subject to customs clearances at the port premises itself where they are issued OOC (Out of Charge) and proceed to gate out from the terminal without moving to the CFS facility.

To further increase DPD coverage, Government has taken several other measures as listed below:

(i) “Default one-time intimation” was introduced, which will reduce time and provide ease. (Public Notice No 36/2018, dated 09.03.2018)

(ii) Discontinuing the requirement for physical copies of certain documents (OOC copy, delivery order issued by shipping line, proof of payment of stamp duty), presently being collected by Terminal Operators for DPD delivery from Port Terminal (Public Notice No 138/2017, dated 01.11.2017)

(iii) Further streamlining the procedure for execution / monitoring of “No Use Bond” in respect of clearance of containers involving NOC from Participating Government Agencies (PGAs) (Public Notice No 156/2017, dated 15.12.2017)

(iv) “Priority in verification of assessment for DPD importers to assist Port Terminals in early evacuation of containers so as to enhance overall speed and efficiency in clearance of DPD consignments. (Public Notice No 87/2017, dated 30.06.2017).

(v) In order to ensure availability of DPD to importers, Customs has introduced on wheel examination within the terminal area.

5. PROMOTION OF AUTHORIZED ECONOMIC OPERATOR (AEO) SCHEME

The AEO programme seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures to those business entities who offer a high degree of security guarantees in respect of their role in the supply chain. The AEO programme has been revamped in the last year and it has received good response. The numbers of AEOs getting accreditation is increasing and is presently 700. Out of the 700 AEOs, 53 are registered under HS 8708 commodity.

On the basis of 14,973 bills assessed (for all commodities), through ICEGATE system logs, in the first week of January, full facilitation level for the AEO import declarations (BEs) was 84.6% which was significantly higher than the average facilitation level of 60.2%. The
average release time for AEO import declarations (BEs) for all commodities (including auto components) was 103.06 hours as against the release time of 144.18 hours for all import declarations (BEs).

Combination of AEO, DPD and advance filing of import declarations have significantly reduced the overall cargo release time in imports.

(Refer: Cir. 3/2018-Cus dated 17.01.2018 & Cir. 33/2016-Cus dated 22.07.2016)
EXPORT SIDE MEASURES

1. REDUCTION IN TIME AND COST RELATED TO EXPORT BY DIRECT PORT ENTRY (DPE)

Direct Port Entry is a scheme of Customs to reduce release time and cost in case of exports. Under this scheme, export containers are allowed direct entry into the port terminal prior to granting Let export Order (LEO). This scheme was earlier available only in cases of Refrigerated Containers, Over Dimensional Cargo (ODC), Motor Vehicles, Perishable non-refrigerated cargo, AEO Tier-I/II/III status holders etc. Now this facility has been extended to all factory stuffed export containers of all manufacturing entities. Currently the percentage of containers availing DPE facility at JNCH is 76%.

(Refer: Cir. 33/2016-Cus dated 22.07.2016)

2. IMPLEMENTATION OF ELECTRONIC SEALING FOR CONTAINERS BY EXPORTERS UNDER SELF-SEALING PROCEDURE

In order to strengthen the Risk Management System and create a trust based environment where compliance is in accordance with extant laws, the Board has decided to simplify the procedure relating to factory stuffing under the supervision of the GST (Central Excise) officers.

The e-seal procedure was introduced to replace the earlier practice of supervised sealing by the departmental officers and to provide for use of e-seals in place of bottle seals by those who were earlier also availing benefit of self-sealing facility. It is a measure by which Customs have shown more faith in exporters stuffing containers at their premises.

Introduction of Self-sealing using RFID tamper proof e-seals in place of physical seals used earlier has also reduced the time associated with the clearance of export containers. It has also reduced the cost as for every supervised sealing exporters had to bear service charges of customs officers.

The data related to e-sealing is transmitted electronically to Customs through application. Till 12th April, 2018, 158,553 number of e-seals have been used by the exporters across the country. Out of these, 52,599 e-seals for self-sealing purposes have been used in Jawaharlal Nehru port.