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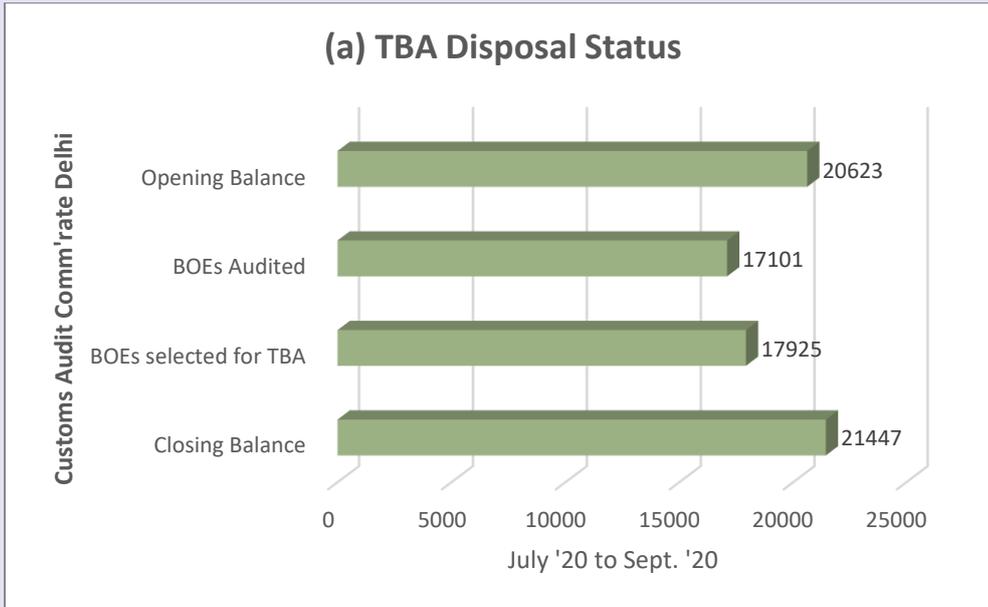
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CUSTOMS AUDIT COMMISSIONERATE, DELHI



A. TRANSACTION BASED AUDIT (TBA)

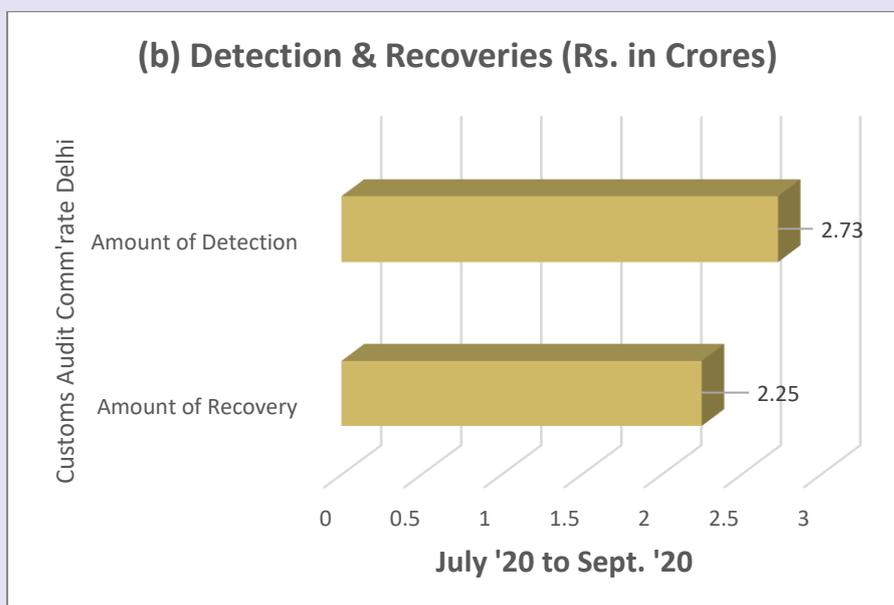
a. TBA Disposal Status:



During the quarter, Customs Audit Commissionerate, Delhi has succeeded in conducting Transaction based audit of total **17101** Bills of Entry which is **95.40%** of total Bills of Entry selected for TBA through RMCC for the period.



b. Detection & Recoveries



During the quarter, Customs Audit Commissionerate, Delhi has issued total 49 Consultative letters against audit detection involving **Rs. 2.73 Crore**. The Commissionerate has succeeded in realising recovery of **Rs. 2.25 Crore** which is 82.42% of the total detection for the quarter.



B. THEME BASED AUDIT (ThBA)

❖ Vide D.O.F. No. 450/72/2016-Cus-IV dated 26.07.2018 issued by Joint Secretary (Customs), Customs Audit Commissionerate, Delhi Zone has been allotted the following themes:-

➤ **Duty Drawback Scheme during the period of transition to GST regime w.e.f. 01.07.2017 to 30.09.2017-**

Based on the reports and data from 25 Commissionerates and audit findings in Customs Delhi Zone, an audit report on the theme “Drawback Scheme during transition to GST regime” was prepared and circulated among the 16 Principal Chief/ Chief Commissioners of Customs on 12.02.2019.

Compliance report has been received from Hyderabad Customs Commissionerate, Pune Customs Commissionerate, Mangaluru Customs Commissionerate, CCO Bengaluru, CCO Bhubaneshwar Zone, Goa Customs Commissionerate, Tiruchirapalli Customs (Preventive) Commissionerate, CCPU Delhi, Ahmedabad Customs, Chennai Customs Audit Commissionerate, CCCO Gujarat Zone, Cochin (CGST) Zone, ICD Tughlakabad (Export). Accordingly, interim compliance report incorporating compliance reports received from aforementioned Customs Zones/Commissionerate vide letter dated 05.12.2019, has been sent to the Joint Secretary (Drawback), CBIC, North Block, New Delhi.

Reminders dated 15.06.2020 and 13.07.2020 were issued to remaining Commissionerate to send the Compliance report.

➤ **Import of Telecom Equipment, Mobile/Cellular Phone Parts and Aircraft Parts-**

Based on the data retrieved for the period 01.07.2018 to 30.09.2018, Audit of Bills of Entry pertaining to ‘import of telecom equipment, mobile/cellular phone parts and aircraft parts’, which were selected on the basis of prescribed criteria, has been completed and consequently, Thematic Audit Report 2018-19 on the said theme has been prepared involving a detection of INR 602.10 Crore. Accordingly, aforementioned reports vide letter C. No. VIII/Cus Audit/Thematic-II/Theme-2/51/2019/9318-9331 dated 13.01.2020 have been circulated/sent to all the Chief Commissionerates of Customs for sending the compliance report. Further, letters dated 25.08.2020 were sent to Chief Commissionerates of Customs and Principal

Commissioner/Commissioner of ICD PPG, ICD TKD and ACC Import of Delhi Zone for sending compliance report. However, compliance reports of all the Chief Commissionerates are still pending.

❖ Further, vide D.O.F. No. 450/61/2018-Cus-IV dated 17.09.19 issued by Special Secretary & Member, CBIC; Customs Audit Commissionerate, Delhi Zone has been allotted the following 02 new themes for financial year 2019-20:-

➤ **Anti-Dumping Duty on Auto/Vehicle Parts-Radiators, Axle for trailers, Alloy Wheel etc. (Notification No. 20/2017-Cus. Dated 12.05.2017).**

Import data of the various importers importing the subject goods under CTH 87089100 has been retrieved from EDW. It has been observed that a total of 228 importers (including all ports of India) had imported subject items under CTH 87089100. Moreover, audit methodology, audit objectives and checklists/ annexures have also been prepared. Accordingly, letter to all Customs Zones and executive Customs Commissionerates of Delhi Zone along with checklist and list of 228 importers has been sent.

Further, Port-wise Bills of Entry of Delhi Customs Zone were distributed among the officers of Customs Audit Delhi for conducting theme based audit and scrutiny of these total 7320 Bills of Entry, some of the major detections were made, which are as follows:

- **Misclassification of Radiators & parts of automobiles with a view to avoid Anti-Dumping Duty:**

Some importer had imported goods viz. “Radiator for Generator”, and “Radiator for Cars” by classifying under CTH 85030010 & 87089900 respectively from China, but the said importers had not paid Anti-Dumping Duty on the said goods. Accordingly, Anti-Dumping Duty in respect of above-mentioned three importers for import of said goods is quantified at Rs. 0.104 Crore.

- **Undue benefit of BCD under Sr. No. 530A of the Notification No. 50/2017-Cus dated 30.06.2017:**

Some importers claimed undue benefit of BCD under Sr. No. 530A of the Notification No. 50/2017-Cus dated 30.06.2017 (as mentioned vide Notification No. 06/2018-Cus dated 02.02.2018). Duty amounting to Rs. 0.91 Crore was found to be wrongly availed by these importers. Further, 40 importers have been short-listed who also availed benefit under aforesaid serial no. of said Notification, wherein from the description mentioned in Bills of Entry or from or from supporting documents uploaded, type of vehicles cannot be ascertained to be falling under 8702 to 8704.

- **Undue benefit of BCD under various Sr. Nos. of the Notification no.49/2018-Cus dated 20.06.2018 (Goods originating through United States of America):**

Some importers whose country of origin of imported goods was USA availed wrongful benefit of Sr. No. 377A of Notification No. 50/2017-Cus -added vide Notification No. 49/2018-Cus dated 20.06.2018, with respect to Import. The benefit of effective rates of BCD under abovementioned Sr. No. is not applicable on goods originating through United States of America, as per above mentioned proviso of Notification No. 49/2018-Cus dated 20.06.2018(the clarification of the date on which the above change would come into force i.e. 16.06.2019 was done vide Notification No. 17/2019-Cus dated 15.06.2019). The issue involved differential duty amounting to Rs. 6.91 Crore.

- **Non-uploading of Country Of Origin (COO) certificate on e-Sanchit Platform by the Importers:** A general observation reported by all the Auditors in the current theme is that the Importers/CHAs did not upload the COO Certificate in the e-Sanchit platform.

So far, reports from Airport and Air Cargo Complex, Bangalore, Ahmedabad Customs Commissionerate, Customs Audit Commissionerate Chennai and Customs Audit Commissionerate Mumbai-I have been received.

➤ **Related party transaction value cases handled by SVB Cells at major Customs Houses.**

Checklists and Formats have been prepared for seeking data/inputs from SVB Cells and Executive Commissionerates of Delhi Customs Zone, circulated vide letters C. No. VIII/Cus. Audit/Thematic-I /SVB/87/2019/8677-8681 and 8674-8676, respectively, both dated 25.11.2019 and reminders dated 12.02.2020 and 17.05.2020. Reply was received only from Bengaluru Customs Commissionerate, however, the report received was found incomplete, therefore, a letter was sent asking full details in prescribed format. Data has also been sought from DG (Systems) vide letter dated 17.02.2020. Reply received from DG (Systems) via e-mail dated 11.06.2020 wherein they have provided that the data files, to be retrieved through FTP mechanism. On retrieval of data file shared by DW helpline through FTP, it is found that file is having a total of 1.23 crore records (rows of data) and the data contains almost all the bills of entry filed whereas this office sought specific data pertaining to provisionally assessed bills of entry. Accordingly, letter dated 02.07.2020 and reminder dated 07.09.2020 were sent to the Additional/ Joint Director (EDW), DG Systems and Data Management, New Delhi for sending the desired data.

Further, reminder letters dated 29.07.2020 and 07.09.2020 were sent to the Pr. Commissioner/ Commissioner of Customs of ACC (Import), ICD PPG and other ICDs, for supply of information related to SVB theme. Reminder letters dated 29.07.2020 and 07.09.2020 were also sent to the In-Charge of SVB i.e. (i) Airport and General, New Delhi (ii) Import-II, Zone-I, Mumbai (iii) Chennai III Commissionerate, Chennai (iv) Port, Customs House, Kolkata for sending the requisite data.

However, on non-receipt of replies from Customs Commissionerate under Delhi zone, officers were nominated for visit to the Customs Commissionerates for persuasion and providing the required assistance in the subject matter for early reply in the matter.

Reply of the Joint Commissioner of Customs (Port), Kolkata has been received vide letter dated 22.09.2020. Further, reply from ICD TKD has also been received. Sample files asked from SVB Delhi for Audit purpose are awaited.

C. PREMISES BASED AUDIT (PBA)



The Risk Management Centre for Customs (RMCC) has assigned 30 Auditees for PBA to this Commissionerate, 28 of them are Importer/Exporter and remaining 02 units pertain to CHA's. So far Premises Based Audit of 28 units took place and accordingly, 25 Audit reports amounting to Rs. 262.93 Crore have been finalised and a recovery of Rs. 11.68 Crore has been affected so far.

Due to the limitations caused by COVID-19 pandemic, no premises-based audit of units could be conducted during the period. However, during the quarter, 05 Audit Reports were finalised and issued involving amount of Rs. 62.88 Crore.

Some of the major issues observed during the PBA are as detailed under:-

- **Inadmissible availment of Customs duty foregone against Advance Authorization License:**

During audit it was found that the auditee has imported Gold Bars of 99.5% purity against Advance Authorization License and exported Gold Medallions of 99.5 % purity in violation of DGFT Notification No. 21/2015-2020 dated 14.08.2017. As per Para 2 of the said Notification, 'Gold Medallions of 8 carats and above up to a maximum limit of 22 carats' was allowed. Thus, the auditee violated the conditions in Para 4.32 (i) of Chapter 4 of Foreign Trade Policy 2015-20. Consequently, export of 99.5% purity of Gold Medallion cannot be considered for fulfilment of Export Obligation against the above-mentioned Advance Authorization. Further, the DGFT vide their letter dated 01.06.2020 informed that Shipping Bills filed for export of Gold Medallions having purity 99.5% after issuance of Notification No. 21/2015-2020 dated 14.08.2017 may not be accepted in discharge of Export Obligation.

Therefore, the auditee has wrongly availed benefit of Customs Duty foregone against Advance Authorization License No. 0510402766 dated 30.05.2017 and thus, is liable to pay inadmissible Customs duty foregone to the tune of Rs. 30.42 Crore.

- **Violation of Rules stipulated under FTP 2015-20:-**

It was observed that the Auditee has purchased Gold under Replenishment Scheme after getting the export proceeds without making any advance booking of gold with a nominated agency as required under Para 4.82 of HBP of Foreign Trade Policy 2015-20.

As per Para 4.82 (c) stipulate clearly that *“Exporter exporting on a notional basis under Replenishment Scheme must book the same quantity of gold with Nominated Agency on same rate that he may have booked with buyer”*. The nominated agency vide their letter dated 13.01.2020 has submitted copies of the e-mail of the auditee for advance booking of Gold. As such it appears that the auditee has fulfilled the requirement of the Scheme.

From the above, it appears that the nominated agency i.e. M/s The Bank of Nova Scotia failed to fulfil the requirement and whether they have followed with the requirement of submitting *“Duplicate and triplicate copies of exporter’s application together with copies of purchase certificate for exporter shall be sent by nominated agencies to concerned Custom House as well as to the negotiating bank who will confirm realization at which gold has been purchased.”* Or not. Therefore, the nominated agency does not appear to have correctly disposed off the gold imported by them required under Para 4.82 of HBP of Foreign Trade Policy 2015-20 involving duty of Rs. 23.51 Crore.

- **Misclassification of Test Tools for development of Software and other Electronic items under CTH 90304000:**

During audit it has been found that the auditee has imported Test Tools for development of software and other miscellaneous electronic items classified under different Chapter Headings i.e. 90309090, 90308990, 90318000, 85437099 & 85012000 and claimed Customs duty exemption benefit by filing Bills of Entry under principle Notification No. 52/2003-Customs dated 31.03.2003 covering units falling under STPI. However, when Bills of Entry were not filed under STPI Notification i.e. No. 52/2003-Customs dated 31.03.2003 and the auditee have to pay duty, then to avoid of duty payment, the auditee deliberately classified the similar items i.e. Test Tools for development of software and other miscellaneous electronic items under CTH 90304000 to avail the benefit of Notification No. 24/2005-Customs dated 01.03.2005 and not to pay duty, which appears inadmissible.

Thus, the auditee further submitted that these devices should be classified under CTH 90304000, which was denied by the department, as they themselves have classified these devices under different

Chapter Headings i.e. 90309090, 90308990, 90318000, 85437099 & 85012000.

Therefore, the auditee is liable to pay the differential Customs duty amounting to Rs. 3.92 Crore along with applicable interest and penalty.

- **Wrong availment of benefit of Customs Duty due to misclassification in Bills of Entry filed against Procurement Certificate/Annexure:** During audit it has also been found that the auditee is registered under 100% EOU and importing the goods on issuance of PC (Procurement Certificate)/Annexure issued by jurisdictional Central Excise Range Office / Export Promotion Cell (Customs). On the basis of the PC (Procurement Certificate)/Annexure, issued by jurisdictional Central Excise Range Office / Export Promotion Cell (Customs), the goods have been cleared without payment of duties and the PC (Procurement Certificate)/Annexure No. has been mentioned on the Bills of Entry. This clearly shows that the goods have been cleared without payment of duties on the basis of PC (Procurement Certificate)/Annexure issued by jurisdictional Central Excise Range Office / Export Promotion Cell (Customs). Hence the goods should be classified as per the PC (Procurement Certificate)/Annexure. On verification of the PC/Annexure with related Bills of Entry, it was found that the CTH of items imported in PC/Annexure and Bills of Entry were different and hence, benefit of Customs duty foregone against PC/Annexure appears inadmissible to the auditee. Thus, the auditee has short paid Customs duties.

Therefore, the auditee is liable to pay the differential Customs duty amounting to Rs. 3.08 Crore along with applicable interest and penalty.

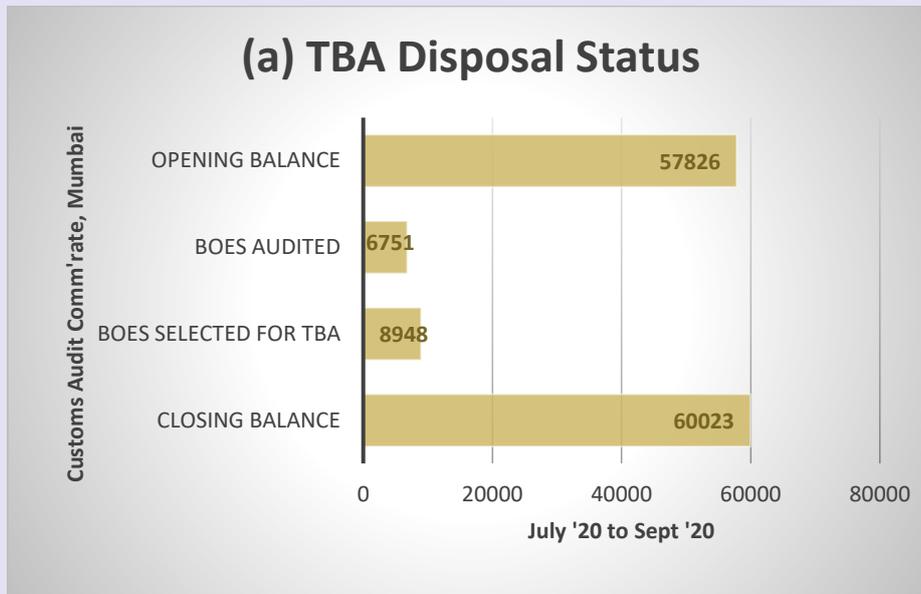
Further, vide letter F.No. IV(26)/229/2018 RMCC dated 07.08.2020 issued by Director General, RMCC, Mumbai, 40 entities have been allotted to Nhava Sheva Audit Commissionerate. Premises Based Audit of these entities are to be completed before July, 2021. In view of the COVID pandemic, physical audit is put on hold, however their Desk Review and Audit plan is under process.

CUSTOMS AUDIT COMMISSIONERATE, MUMBAI



A. TRANSACTION BASED AUDIT (TBA)

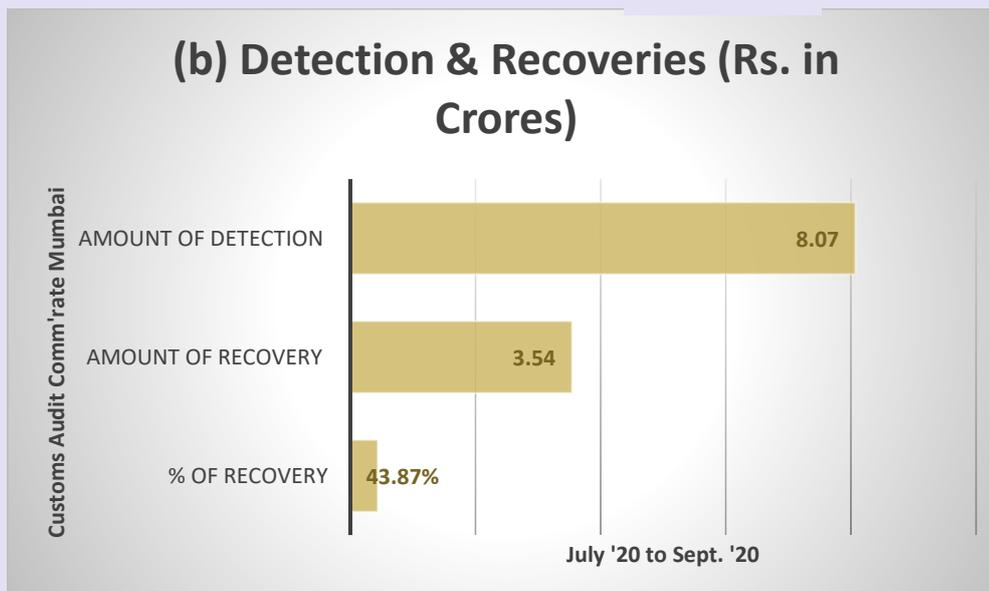
b. TBA Disposal Status:



During the quarter, Customs Audit Commissionerate, Mumbai has succeeded in conducting Transaction based audit of total **6751** Bills of Entry which is **75.45%** of total Bills of Entry selected for TBA through RMCC. for the period.



b. Detection & Recoveries



During the quarter, Customs Audit Commissionerate, Mumbai has issued total 376 Consultative letters against audit detection involving **Rs. 8.07 Crore**. The Commissionerate has succeeded in realising recovery of **Rs. 3.54 Crore** which is 43.87% of the total detection for the quarter.



B. THEME BASED AUDIT (ThBA)

Period	Theme allotted	Status
2018-19	Customs (Import of goods at concessional rate of duty) Rules, 2017	Board vide letter DOF No.450/72/2016-CUS-IV dated 26.07.2018 allocated this theme to Customs Audit Commissionerate, Mumbai Zone-I. Draft report is ready. The same will be completed in the second week of October.
2019-20	Import under Re-Export Bond	Vide Board's letter DOF No.450/61/2018-CUS-IV dated 17.09.2019 the theme 'Import under RE-Export Bond' was allotted to Customs Audit Commissionerate, Mumbai Zone-I for conducting Thematic Audit for the financial year 2019-20. Check-list for conducting the Thematic Audit has been sent to different Commissionerates. Draft report is ready. The same will be completed in the second week of October.
2019-20	Undue benefit to Notification No. 50/2017 (Sr. No.530A)	Vide letter DOF No. 450/61/2018-CUS-IV dated 17.09.2019, Board has allocated second theme 'Undue benefit to Notification no. 50/2017 (Sr. No. 530A) in respect of import of automobile parts and accessories' to the Customs Audit Commissionerate, Mumbai for the financial year 2019-20. Checklists were prepared and forwarded to other zones to analyse the data and submit the final report to this Commissionerate. Audit reports from many of the Commissionerates are still pending. However, the data pertaining to this Commissionerate is being scrutinized. Audit report is targeted to be finalized before 31.10.2020, based on the available reports.

C. PREMISES BASED AUDIT (PBA):



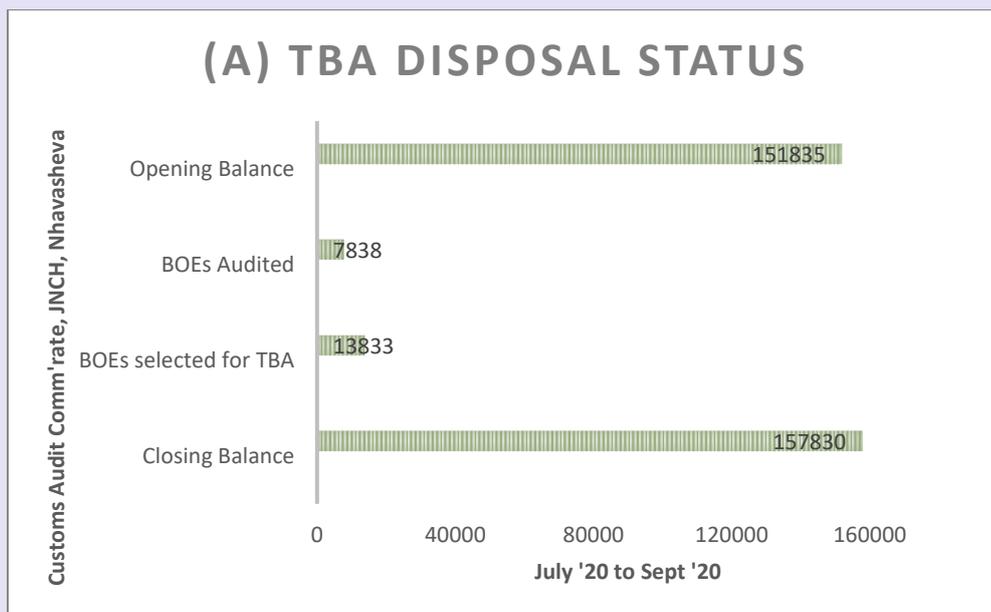
The DGARM vide letter F.No. IV(26)/229/2018 RMCC/5664 dated 01.02.2019 assigned a list of 31 entities for conducting Premises Based Audit for the F.Y. 2019-20 out of which 6 entities are audited and rest of the entities are struck at various stages due to the prevailing COVID-19 pandemic situations. Customs Audit Mumbai, Mumbai also assigned 40 entities for Premise Based Audit in the F.Y. 2020-21. These entities have been allocated to all circles of Audit Commissionerate for conducting PBA. All the PBA circles are making efforts to complete the pending PBAs on fast track basis in next couple of months.

CUSTOMS AUDIT COMMISSIONERATE, JNCH, NHAVASHEVA



A. TRANSACTION BASED AUDIT (TBA)

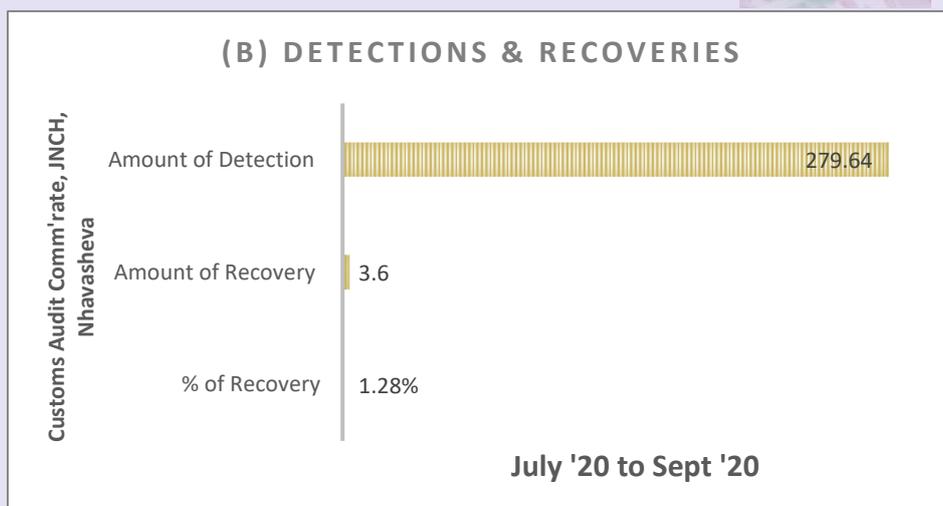
a. TBA Disposal Status:



During the quarter, Customs Audit Commissionerate, JNCH, NhavaSheva has succeeded in conducting Transaction based audit of total **7838** Bills of Entry which is **56.66%** of total Bills of Entry selected for TBA through RMCC for the period.



b. Detection & Recoveries



During the quarter Customs Audit Commissionerate, JNCH, NhavaSheva has issued total 492 Consultative letters against audit detection involving **Rs. 279.64 Crore**. Also, the Commissionerate has succeeded in realising the Recovery of **Rs. 3.60 Crore**, which is **1.28%** of the total detection for the quarter.



B. THEME BASED AUDIT

The Board Vide letter F/No. 450/72/2016-Cus-IV dt. 26.07.2018 assigned following three commodities to the JNCH Audit Commissionerate for conducting Theme Based Audit:

- **FTA benefits on imports of Tin Ingots and Cocoa Powder from Malaysia under Notification No. 46/2011-Cus dated 01.06.2011 and 53/2011-Cus dated 01.07.2011 and Copper Rod from South Korea under Notification No. 152/2009-Cus dated 31.12.2009:-**

Based on the Board's DO letter F.No.450/72/2016-CUS-IV dated 26.07.2018, the audits in respect of these three commodities were undertaken by the JNCH Audit Commissionerate. Data on all-India basis was analysed, processed and shared with the concerned Commissionerates for taking necessary action. As per the data gathered from the ICES, total duty foregone in respect of the 03 commodities was Rs.118.53 crore, involving 43 ports, 233 importers and 1311 Bills of Entries. Action taken by various ports has resulted in recovery of Rs. 4.17 crore and issuance of SCNs involving Rs. 121.39 Crore. The issue wise action taken details are as under:-

Commodity wise Action taken details

Sr. No.	Issue	SCNs Issued		Recovery Made (Rs. In Lakh)
		No. of SCNs	Amount (Rs. In Lakh)	
1.	Tin Ingots	121	7413.53	NIL
2.	Cocoa Powder	48	4220.16	322.31
3.	Copper Rod	18	505.12	94.22
	Total	187	12138.81	416.53

- **Minimum Import Price, Safeguard Duty and Anti-Dumping Duty on "Float Glass":**

Data was identified and forwarded to 24 Commissionerates (involving 49 ports) and action taken report is awaited from 31 ports. Final report is likely to be finalised after receiving of all pending action taken reports.

- **Minimum Import Price, Safeguard Duty and Anti-Dumping Duty on items under CTH 72:**

Data was identified and forwarded to 37 Commissionerates (involving 99 ports) and action taken report is awaited from 58 ports. Final report is likely to be finalised after receiving of all pending action taken reports.

➤ **Minimum Import Price, Safeguard Duty and Anti-Dumping Duty on items under CTH 73:**

Data was identified and forwarded to 28 Commissionerates (involving 56 ports) and action taken report is awaited from 30 ports. Final report is likely to be finalised after receiving of all pending action taken reports.

❖ Board has allocated two new themes to this Commissionerate vide D.O.F. No. 450/61/2018-Cus IV dt 17/09/2019 for the financial year 2019-2020.

➤ **Project Exports & Export valuation & Availment of exemption under wrong schedule to IGST Notification No. 01/2017 dt 28.06.17 :**

The data retrieval in these cases is taking time because of the large volume of data that is required to be collected for analysing of these themes.

C. PREMISES BASED AUDIT (PBA)



The auditees were selected from the list of the 31 auditee selected on the basis of different risk parameters provided by the RMCC vide letter F.No.– IV(26)/229/2018 RMCC dt. 01.02.2019 to conduct the premises based audit. Due to on-going COVID lockdown, no Premises Based Audit has been done by this Commissionerate during this period. However, this Audit Commissionerate has conducted PBA of 10 entities during the FY 2019-2020. Final audit report will be submitted by 02.09.2020.

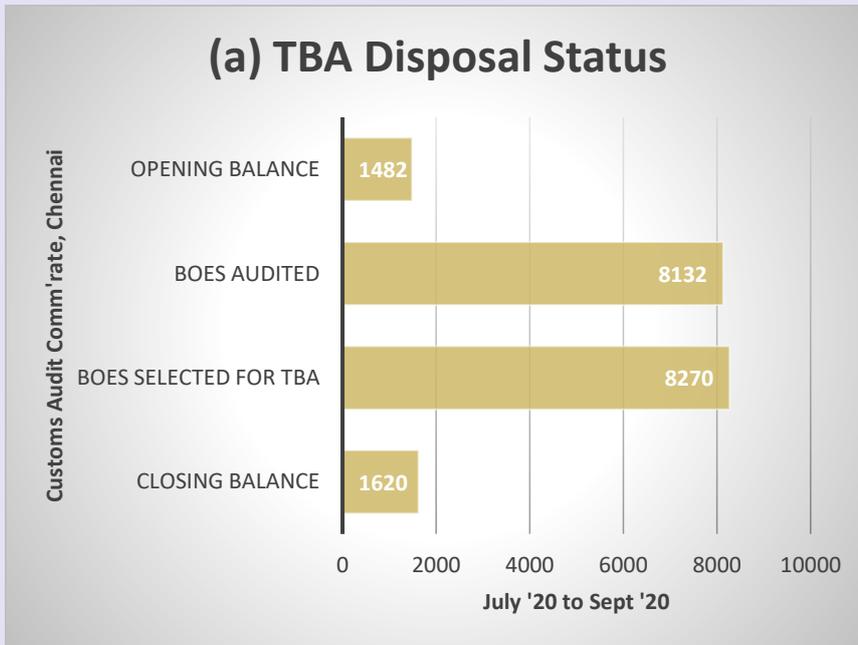
Further, vide letter F.No. IV(26)/229/2018 RMCC dated 07.08.2020 issued by Director General, RMCC, Mumbai 40 entities have been allotted to Nhava Sheva Audit Commissionerate. Premises Based Audit of these entities are to be completed before July, 2021. In view of the COVID pandemic physical audit is put on hold, however their Desk Review and Audit plan is under process.

CUSTOMS AUDIT COMMISSIONERATE, CHENNAI



A. TRANSACTION BASED AUDIT (TBA)

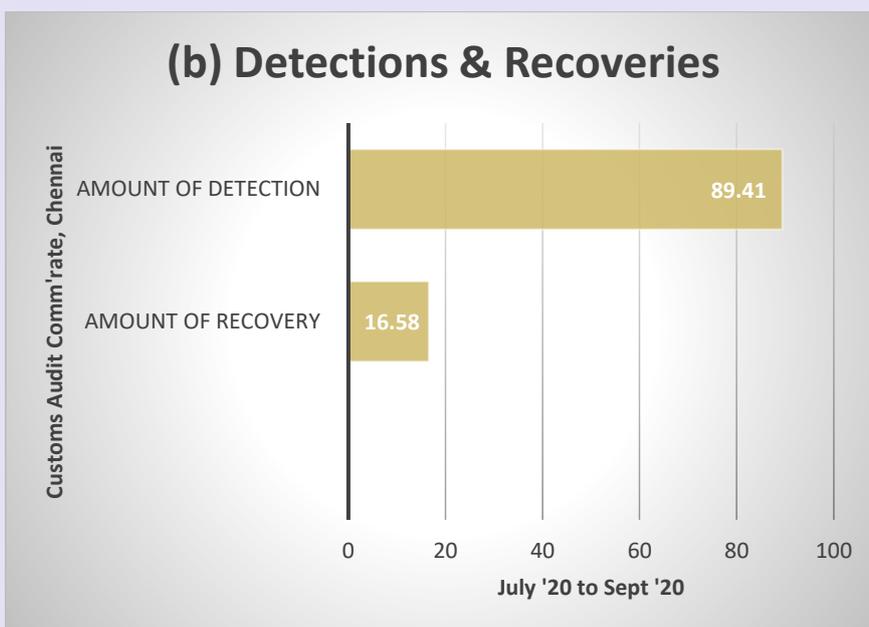
a. TBA Disposal Status:



During the quarter, Customs Audit Commissionerate, Chennai has succeeded in conducting Transaction based audit of total **8132** Bills of Entry which is **98.33%** of total Bills of Entry selected for TBA through RMCC for the period.



b. Detection & Recoveries



During the quarter Customs Audit Commissionerate, Chennai has issued total **223** Consultative letters against audit detection involving **Rs. 89.41 Cr.** Also, the Commissionerate has succeeded in realising the Recovery of **Rs. 16.58 Cr.** Total recovery realised during the period is **18.54%** of the total detection.



c. **Advisories & Alert Circulars:**

During the quarter, Customs Audit Commissionerate, Chennai has issued a total of 06 Alert Circulars on following issues:

➤ As per ALERT CIR.3/20 Dt. 05.08.2020, Once Bill of Entry is filed under Sec.46 of Customs Act, 1962, it is being assessed either by the ICES or by the proper Officers of Customs. As per Sec.47 of Customs Act, 1962 an importer shall pay import duty on the date of presentation of the Bill of Entry in case self assessment or within one day (excluding holidays) from the date on which the Bill of Entry is returned to him by the proper officer for payment of duty in the case of assessment, reassessment or provisional assessment and if he fails to pay the duty within the time so specified, shall pay interest on the duty not paid or short paid till the date of its payment, at such rate, not less than ten percent but not exceeding thirty six percent per annum, as may be fixed by the Central Government, by notification in the Official Gazette. ICES calculate the interest not paid as per the above provisions. In those cases where reassessment is being done after the goods are cleared for home consumption due to various reasons, interest has to be paid from the date of Original assessment. However it is noticed that ICES calculates the interest on differential duty from the date of second reassessment and not from the original assessment. In the above issue pertaining to ONE importer this office has collected short payment of interest to the tune of 41 Lakhs in respect of 143 Bills of Entry reassessed.

➤ As per ALERT CIR.4/20 Dt.03.08.2020, the importer has paid IGST @5% vide Sl. No.76 of IGST Notfn. No.01/2017 which covers good viz. “Compounded Asafoetida commonly known as Heeng”. As the imported items were Raw Granulated Asafoetida it appeared that they attract IGST @18% as per Notfn. No.1/2017 under Sch.III S.No.453 thereby resulting in differential duty of Rs.61,46,427/- for claiming IGST @ 5% the goods have to be Compounded Asafoetida. White Asafoetida raw and Compounded Asafoetida are not one and the same. Compounded Asafoetida contains Asafoetida, Maida, Gum Arabic. From the composition of Compounded Asafoetida it is clear that white Asafoetida and Compounded Asafoetida are not one and the same. Further Raw Asafoetida and Compounded Asafoetida are two distinctly traded items and are not the same in trade parlance. The provision in IGST notification clearly mentions “Compounded Asafoetida” and not merely “Asafoetida”. Therefore, it is felt that the imported “White Asafoetida granulated raw (Watani)” attracts IGST @ 18% vide notfn. No.1/2017-IGST(R) dated 1.07.2017 Sch.III

S.No.453 since there is no specific entry pertaining to it in the IGST Notification. SCN issued to the importer.

➤ As per ALERT CIR.6/20 Dt.05.10.2020, the importer has imported items declared as “Tube for Pneumatic Tyre Commercial Vehicles Truck Tyre” classifying the same under CTH 40131020 and paid BCD @ 8.6% vide FTA Notification No.50/2018 dated 30.06.18 S.No.502. It was noticed that the country of Origin Certificate produced by the importer is for tariff concession in BCD for Truck Tyres only and hence the benefit is not applicable to Import of Tubes. It is noticed that the importer had attempted to evade the Anti-dumping duty as the goods imported are declared as “Tube for Pneumatic Tyre Commercial Vehicle Truck Tyre” and “Flap for Pneumatic Tyre Commercial Vehicles Truck Tyre” attracting Anti-dumping Duty @ 316.10 USD/MT vide Notification No.45/2017(ADD) Sl. No.8 as they are imported along with New Pneumatic Tyres. It is seen that the ADD Notification is applicable to “New/Unused Pneumatic Radial Tyres with or without tubes and/or Flap of rubber (including tubeless tyres) having normal rim dia code above 16”, used in buses and lorries/trucks”. As the tubes and flaps are imported along with new Pneumatic tyres, tubes and flaps also attract ADD. Accordingly, audit objection was raised demanding differential duty of Rs.23,309/-. The importer had accepted the audit objection and paid the differential duty demand with applicable interest and penalty.

➤ As per ALERT CIR.7/20 Dt.01.10.2020, the items exported self declared as “paroxetine and donepezil hydrochloride” have been classified under CTH 29333990 and 29339900 and claimed MEIS benefit vide Notification No.24-Cus dated 08.04.2015. However, it was found out during audit that an excess amount of MEIS incentive have been availed by way of misclassification mostly under CTH 29333990 and 29339900 instead of correct classification under CTH 29333920 and claimed higher rate of MEIS @ 3% of FOB value instead of @ 2% as per the provisions of FTP 2015-2020.

➤ As per Advisory dated 14.08.2020, the Importer has declared the imported goods as “Cotton Spandex Plain Dyed Assorted Mix Lot Fabrics above 200 GSM” and classified under CTH 52093290. It was noticed that, for CTH 52093290, standard unit is SQM whereas in the Bill of Entry the quantity is declared as 74670 kgs and Standard Quantity as 1 sqmtr. For the goods of 74670 kgs, the quantity in Sqmtr cannot be 1 Sqmtr. Further, in the invoice and packing list also there was no mention of quantity in SQM and only total weight was given. The PTR/PSIC certificates are also not available in e-sanchit.

➤ As per Advisory dated 30.09.2020, the items imported have been declared as “Teak Round Logs Avg. cft 1.419533” and classified under CTH 44034910 and unit price self declared as 240.579991 USD/CBM. It is the view of the audit that the unit price of the imported items is very low when compared to the unit price of Teak Round Logs being assessed in Assessment

group which is @ 425 USD/CBM. It has been decided in the A.M.M meeting of August 2020 that “IRM to be alerted” on the above issue.



B. THEME BASED AUDIT (ThBA)

- ❖ For the financial year 2019-20 two themes have been allocated for Audit Commissionerate, Chennai viz. **“EOU Scheme (After GST Introduction)” & “Courier Companies pre- dominantly Clearing Gifts and low value shipments.”**

➤ **EOU Scheme (After GST Introduction):-**

The data pertaining to imports done by EOUs has been retrieved from EDW tool for the Audit period of 01.07.2017 to 30.06.2019. The draft Checklist format for the B/Es cleared with Notification No. 52/2003 – Cus. and Bs/E with Notifications other than 52/2003 has been prepared and sent to the Jurisdictional Customs Commissionerates. The replies have been received in full (in reply to the sample Bills of Entry sent) from Ludhiana and Mangalore Commissionerates. Apart from the above partial replies have been received from Chennai IV and Bangalore Commissionerates. Further, 08 Commissionerates are yet to reply to the above letters sent for verification.

A draft report is under preparation based on the analysis of the data and it will be finalized based on the audit of Sample Bs/E sent to the Jurisdictional Commissionerates mentioned above.

➤ **Courier Companies pre- dominantly Clearing gifts and low value shipments:-**

Data have been received for 3 ECCS operational Ports, Kolkata and Chennai. Further analysis of data is being done and findings will be included in final report. Checklist has been prepared and Sent to the Jurisdictional Customs Commissionerates. A draft report is under preparation based on the analysis of the data and it will be finalized based on the audit of Sample Bs/E sent to Commissionerate mentioned above.

For the further analysis of the Courier Company predominantly clearing gift and low value shipment, ‘Books of Accounts’ have been called from major courier operators. Data in this regard is yet to be received. However, based on the available data and checklist received from Bangalore, Draft Audit Report is being prepared.

C. PREMISES BASED AUDIT (PBA):



No units could be audited during the First quarter of 2020-21 due to be prevailing Nation-wide Lock-down due to COVID-19. However, during this quarter 40 Draft Audit Paras were approved in the AMM Meeting issued in respect in respect of units audited before April 2020 wherein the Detection amounts to Rs.1651.76 lakhs and Recovery of Rs.4.66 lakhs was made during the period. The major audit points are as follows:-

➤ **Import of Seat:-**

The goods imported viz Seat were assessed under CTH 10103190/40103390/40103999/40169390/73269099/84099990/84149011/84314930/84314990/84818090/98010014 and paid BCD @ 10%/7.5%. However, the goods being seats of a kind used for Motor Vehicles they are correctly classifiable under CTH 94015900 and payable BCD @ 25%. This has resulted in differential duty to the tune of Rs.1,31,00,134/-. The importer has paid the differential duty of Rs.1,31,00,134/- and interest of Rs.41,28,234/- totalling Rs.1,72,28,368/- during October 2020.

➤ **Import of Cushion:-**

The goods imported viz Cushion were assessed under CTH 84314990/84669400/84833000 and paid BCD @ 7.5%. However, the goods imported are made of rubber and hence correctly classifiable under CTH 40169950 wherein BCD is payable @ 10%. This has resulted in differential duty to the tune of Rs.16,18,177/-. The importer has paid the differential duty of Rs.16,18,177/- and interest of Rs.7,16,705/- totalling Rs.23,34,882/- during October 2020.

➤ **Non-Payment of IGST:-**

For the period 01.07.2017 to 13.11.2017 IGST is payable @ 28% in respect of some goods imported by the Auditee. However, it was noticed that the auditee has paid IGST @ 18% as against 28%. The differential IGST amount of Rs.1,02,83,238/- is payable along with interest. Recovery action in under process.

➤ **Import of Clamp:-**

The goods viz Clamp were assessed under CTH 8412, 8483, 8477, 9013 etc and paid BCD @ 7.5%. However, it appeared that the goods imported are steel clamps which are correctly classifiable under CTH 7326 and BCD is payable @ 10%. This has resulted in short payment of Rs.31,18,439/- Recovery action is under process.

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