

FAQ on deferred duty payment

Q1. What is deferred duty payment?

Ans: It is a mechanism for delinking duty payment and Customs clearance. It is based on the principle 'Clear first-Pay later'. The aim is to have a seamless wharf to warehouse transit in order to facilitate just-in-time manufacturing.

As a part of the ease of doing business focus of the Government of India, the Central Board of Excise and Customs (CBEC) has rolled out the AEO (**AUTHORIZED ECONOMIC OPERATOR**) programme. It is a trade facilitation move wherein benefits are extended to the entities who have demonstrated strong internal control systems and willingness to comply with the laws administered by the CBEC.

Under the aegis of the flagship AEO scheme, the GoI has notified the **Deferred Payment of Import Duty Rules, 2016** (hereinafter referred to as the Rules) vide notification no **134/2016-Customs (NT)** and **135/2016-Customs (NT)** both dated 02 Nov 2016. This scheme is in force w.e.f. 16 Nov 2016.

Q2. Who is eligible for availing of this scheme?

Ans: This benefit is currently being extended to importers holding AEO T-2 or T-3 status.

Q3. If I am an eligible importer and have obtained my AEO registration certificate from the AEO Program Manager, how can I avail the facility of deferred payment of duty?

Ans: *An intimation to the AEO programme manager with a copy to Principal Commissioner of Customs or the Commissioner of Customs, as the case may be, having jurisdiction over the port of clearance, shall be considered as an intimation by an eligible importer of his intention to avail the said benefit.*

As per rule 4 of the Deferred Payment of Import Duty Rules, an eligible importer who intends to avail the benefit of deferred payment shall intimate to the Principal Commissioner of Customs or the Commissioner of Customs, as the case may be, having jurisdiction over the port of clearance, his intention to avail the said benefit. Intimation addressed to the AEO Programme Manager with a copy to the Principal Commissioner(s) of Customs or the Commissioner(s) of Customs, as the case may be, having jurisdiction over the port(s) of clearance shall be considered as intimation by an eligible importer of his intention to avail the said benefit.
(Para 3 of CBEC Circular 052/2016-Cus dt. 15/11/2016)

Q4. Where do I get registered?

Ans: Every importer certified as AEO-T2/AEO-T3 shall obtain ICEGATE Login which is essential to avail benefits envisaged in the Duty Deferment Scheme. *A nodal person needs to be appointed by the AEO for authenticating all the customs related transactions on behalf of the AEO.* The contact details of AEO nodal person shall also be provided during registration for ICEGATE login to ensure that the information reaches in time at their registered mail and mobile for authentication. Any change in these details should be updated immediately. Caution needs to be exercised in the course of this process to ensure that the benefit does not get misused.

Q5. What is the procedure to obtain ICEGATE registration?

Log on to www.icegate.gov.in and then go to 'Login / Sign Up' and follow the steps for registration. A 'New Registration Demo' PPT, and FAQs / Advisory on New Registration under the 'Downloads' Tab may be referred for assistance. For further assistance, ICEGATE helpdesk on 1800-3010-1000 or email icegate.helpdesk@icegate.gov.in may be contacted.

Q6. Once registered, what is the process to avail the benefit of deferred duty?

Ans: The eligible importer, who intends to make deferred payment, or his authorised representative, shall indicate the same using flag "D" in the Payment Method column of each Bill of Entry filed. In his/her ICEGATE Login, the AEO Nodal person will be able to acknowledge such intent of availing the facility of deferred duty payment by authenticating using One Time Password (OTP) sent to his registered e-mail address. The Nodal person would be able to authenticate multiple Bills of Entry at one go. Only on such authentication by the AEO, customs clearance would be provided for the consignment under deferred payment of duty Rules.

Q7. What are the pre conditions?

Declare D in the Bill of entry (B/E). Further, there should be no default in 90 days/no arrear. In case of default, this facility shall not be restored unless the eligible importer has paid the duty in full along with the interest.

Q8. What are the due dates for payment of duty?

Ans: As per rule 5 of said rules.

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|---|--|
| B/E from 1-15th day of any month | 17 th of the month |
| B/E from 16 th -last day of month except March | 2 nd day of the following month |
| B/E from 16-29 March | 31 March |
| B/E from 30-31 March | 02 April |

[Circular No. 52/2016-Cus dt 15th November, 2016]

Q9. What will be the due date when the due date falls on a holiday?

Ans: As per rule 5 of said rules. It would be the next day following the holiday.

Q10. What happens if I do not pay duty on or before the due date?

Dual consequence shall arise if the duty is not paid within the time limits specified. Firstly, interest will become due on the duty; Secondly, this shall also be counted as a default in terms of the Rules. If a subsequent default in payment occurs, the AEO shall automatically be reverted to transaction-wise payment and will need to pay the duty in the bank before taking clearance of his goods. That is, the importer shall not be allowed to clear the next consignment without payment of duty.

Q11. If the deferred payment facility has been withdrawn due to default in duty payment, how can such suspension be revoked.

The suspension would be revoked after the ninety days of last but one default, if all the dues have been paid by AEO.

Q12. Who will provide the password?

The password for the ICEGATE login would be sent to the registered email of the person registering with ICEGATE. Facility of reset of password is also provided at <https://www.icegate.gov.in/iceLogin/forgotPwdAction>

Q13. Can an importer delegate this task to his subordinates?

Ans: Yes. However, as live consignments are likely to get held up if OTP authentication by the concerned person is not provided speedily, adequate care may be taken while doing so.

Q14. Is it compulsory to pay only on a deferred basis for all my consignments? Can I clear any consignments by paying duty for each transaction?

Importers eligible for this scheme have the flexibility to pay transaction-wise (i.e. BE wise) for any consignments, as well as on a consolidated basis for sets of BEs at any time during the specified period. Duty can be paid even before the due date at their convenience. For example, for 10 BEs filed during the period 01.12.2016 to 15.12.2016, the importer may pay duty for #1,2,5,7 on 10.12.16; for BE 3 at the time of clearance itself; and for BE 4,6,8,9,10 on 16.12.2016.

Q15. Will a consolidated challan be generated for payment?

No, to ensure flexibility, challans continue to be generated BE-wise, with the option to select multiple challans for consolidated duty payment.

Q16. Can the bills of entry (BE) be sorted port wise?

Ans: Yes, the AEO can select BE port-wise and then authenticate the BEs either separately or in groups for availing of the Deferred Duty facility.

Q17. What are the specifications of the digital signature for this scheme?

A DSC required would be a Class III signature.

Q18. Who can I contact for further support?

ICEGATE helpdesk may be contacted for any more queries or the AEO program manager may also be contacted for support.

For any further queries, kindly contact:

For queries regarding AEO program:

Call on ICEGATE helpdesk 1800-3010-1000 or email to icegate.helpdesk@icegate.gov.in

Amendment in relevant dates for deferred duty payment

Subsequent to the issue of Notification No. 28/2017 – Customs (N.T.) dated 31.03.2017 the relevant dates for deferred duty payment are as under -

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|---|--|
| B/E from 1-15 th day of any month | 16 th of the month |
| B/E from 16 th -last day of month except March | 1 st day of the following month |
| B/E from 16 th -31 st March | 31 st March |