



CARDAMOM PLANTERS' ASSOCIATION COLLEGE

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Customs Act 1962



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Customs Act 1962

The act 1962 is the basic statute which governs entry or exit of different categories of vessels, aircrafts, goods, passengers etc, into or outside the country.

Important of Customs Act

The term "customs act" generally refers to legislation related to customs duties and regulations on goods entering or exiting a country. The importance of a customs act can be seen in several key areas:

1. Revenue Generation
2. Protection of Domestic Industries
3. Trade Regulation and Fair Competition
4. Ensuring Safety and Compliance
5. National Security
6. Data Collection and Trade Policy
7. Facilitating Trade Agreements

Importance, Definition of Customs Act 1962

It is a comprehensive law in India that governs the import and export of goods, ensuring proper collection of customs duties and preventing illegal activities like smuggling. Here are key definitions and important points under the act

1. Levy of Customs Duties.
2. Import and Export Procedures.
3. Prohibition of certain goods.
4. Search, seizure and confiscation.
5. Penalties and prosecution.
6. Appeals and settlement.

Basics of custom act

The Customs Act, 1962 is a federal law in India governing the import and export of goods. Here are the basic concepts.

1. Objectives of the Customs Act

- => To regulate imports and exports, ensuring compliance with legal requirements.
- => To collect customs duties on goods entering or leaving India.
- => To prevent illegal activities like smuggling, protecting national security and economy.

2. Customs Duty

- => Customs duty is a tax on goods imported into or exported from India.
- => Different types include Basic Customs Duty (BCD), Integrated Goods and Services Tax (IGST) and Additional Customs Duty.

3. Key terms and Definition

- ⇒ Import: Bringing goods into India from a foreign location
- ⇒ Export: Sending goods from India to a foreign location
- ⇒ Customs Area: the area designated for customs operations, usually at ports, air ports, or land border
- ⇒ Prohibited Goods: Goods that cannot be imported or exported under Indian law

4. Customs Procedure

- ⇒ Filing of Bill of Entry (Import) or Shipping Bill (Export)
- ⇒ Assessment of Duty
- ⇒ Examination of goods
- ⇒ Payment of Duty and clearance.

5. Prohibited and Restricted goods

Certain goods may be prohibited or restricted from import or export due to health, safety, or national security concerns.

6. Anti-smuggling and Enforcement

- ⇒ Customs officers have the power to search, seize and confiscate goods suspected of being smuggled.
- ⇒ Penalties and prosecution measures exist for non-compliance, misdeclaration or other smuggling.

7. Appeals and Adjudication

Disputes regarding customs duties or penalties can be appealed to Commission (Appeals) and Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

8. Customs valuation and classification

=> valuation

=> classification

9. Export Incentives

=> The Act provides for duty drawbacks and exemptions to encourage exports and help Indian goods remain competitive.

Importance of Customs duty

1. Revenue generation
Customs duty is a significant source of revenue for many governments, especially in developing countries. This revenue helps fund public services, infrastructure and development projects, which can improve overall economy and quality of life.

2. Protecting domestic industries

3. Controlling Trade Deficits

4. Promoting fair Trade Practices

5. Regulating goods and ensuring compliance

6. Encouraging domestic employment and

Constitutional Authority | Role | Duty of Customs

The authority to levy customs duty typically rests with a country's constitution, which grants specific powers to the central government or relevant authorities to impose tax on imports and exports. Here's how this authority works in general terms:

1. Central Authority
2. Revenue and Taxation Powers
3. In India's context
4. In the United States' context
5. Role of Legislations

Types of Customs Duty

Customs duties are categorized based on their purpose, calculation method, and the types of goods they are applied to. Here are the main types of customs duties:

1. Basic Customs Duty (BCD)
2. Countervailing Duty (CVD)
3. Anti-Dumping Duty
4. Safeguard Duty
5. Protective Duty
6. Social Welfare surcharge
7. Additional Duty of Customs (Special CVD)
8. Export Duty
9. Peak Customs Duty
10. Protective Duty on Agriculture and Raw material
11. Preferential Duty

Prohibition of Importation and Exportation of goods

The prohibition of the importation and exportation of goods is an essential regulatory tool used by governments to control certain items from entering or leaving the country. These prohibitions are generally imposed for reasons relating to national security, public health, economic policy, environmental protection and adherence to international agreements. Here's an overview of why and how these prohibitions are implemented.

1. National security
2. Public Health and Safety
3. Economic Policy and protecting Domestic Ind.
4. Environmental protection
5. Adherence to International Sanctions and Agreements
6. prevention of counterfeit and infringing
7. Cultural and Heritage preservation

Valuation of goods for customs duty

valuation of goods for customs duty is a process used by customs authorities to determine the taxable value of imported goods. This value serves as the basis of calculation for customs duty and taxes levied on the goods. The valuation must be accurate

and based on a standardized method to ensure fairness, consistency, and compliance with international trade agreements. Here's an overview of how customs valuation works and the methods commonly used.

1. Transaction Value Method (Primary Method)

⇒ Transaction value of Imported goods

⇒ Adjustments

2. Transaction Value of Identical goods.

3. Transaction Value of Similar goods

4. Deductive Value method

5. Computed value method

6. Fallback or Residual Method

Transaction Value

The transaction value is the most widely used method for calculating customs duty, and refers to the actual price paid or payable for goods when they are sold for export to the importing country. This value is considered the primary method under the WTO Customs Valuation Agreement, as it is based on the real commercial price of the transaction.

Key aspects of Transaction Value for customs duty

1. Actual price paid or payable

2. Exclusions in Transaction Value

- ↳ Freight and insurance
- ↳ Packing and container costs
- ↳ Assists
- ↳ Royalties and license fee
- ↳ Proceeds from resale.

2. Exclusion from Transaction Value

=> Domestic Transportation

=> Duties and Taxes

=> Interest charges

=> Post-Importation costs

4. Conditions for using Transaction Value

5. Documentation Requirements

Assembled Value

What is Assembled or Computed Value?

The assembled value, or computed value, is based on the total cost of producing the imported goods. This method calculates the customs value by adding together various elements of production and other expenses related to the goods before they enter the importing country.

Components of Assembled or Computed Value

1. Cost of Materials and production

2. Production overhead costs

3. Profit and general expenses

4. AMT

5. Packing costs

6. Freight and insurance

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