

Public Notice No.22 /2007

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
OFFICE OF THE COMMISSIONER OF CUSTOMS
CUSTOM HOUSE, NEW HARBOUR ESTATE, TUTICORIN – 628 004

C.NO. VIII/48/510/2007 –EDI Dated :26.12.2007

PUBLIC NOTICE No.22/2007

Sub: Implementation of Risk Management System (RMS) in Imports at ICD, Tuticorin – E

Attention of all Importers, Custom House Agents (CHA) and members of the Trade is invited to this office Facility Intimation No. 08/2005 dated 09.05.2005 regarding functioning of Tuticorin ICD and Public Notice NO. 07/2006 dated 15.06.2006 (communicating Board's Circular No. 042/2005 dated 24.11.2005) and Public Notice No. 22/2006 dated 22.11.2006 on the Risk Management System (RMS) and the Accredited Clients Program (ACP). The detailed procedure for clearance of the Bills of Entry under the Indian Customs EDI System (ICES) after the introduction of the RMS is given below.

2. Risk Management System at Inland Container Depot, Tuticorin will be made operational from 27.12.2007. In the initial stage the system will be **made operational for all Appraising Groups I to VI and DEPB Imports in Group VII.** As regards the Bills of Entry pertaining to Group VII (except DEPB) the date of implementation will be informed in due course.

3. The objective of the RMS is to strike an optimal balance between facilitation and enforcement and to enable low risk consignments to be cleared based on the acceptance of the importer's self assessment and without examination. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance without compromising the interests of revenue. With the introduction of the RMS, the present practice of routine assessment, concurrent audit and examination of almost all Bills of Entry will be discontinued and the focus will be on quality assessment, examination and Post Clearance Audit of the selected bills in order that the resources of the department are utilized effectively.

4. RMS Mechanism: The purpose of RMS is to facilitate a large number of Bills of entry, which are perceived to be compliant with the Customs Laws and Regulations. Such self assessed Bills of Entry will be processed by the RMS to evaluate the risk in the Bill if any, duty will be calculated and challan will be generated by ICES based on declaration/ self assessment by the importer. The goods will be ready for clearance on the basis of the importers declaration/ self assessment and without any assessment /examination by the officers. Thus, when Bills of Entry are filed through ICEGATE or Service Centre, importers would be able to obtain the copies of their self assessed Bills of Entry and Challan within a very short time. After payment of duty, goods can be cleared on presentation of the required documents for Customs clearance to the Shed Appraiser posted at the shed concerned. Some Bills of Entry will, however, be selected by the RMS and sent for assessment and/or examination by the officers based on risk parameters and also on a random basis. Similarly, Bills of Entry may get selected for assessment based on specific intelligence available. Further, if any non-compliance is noticed, the system may also select such bills of entry for Assessment and/or Examination. All such Bills of Entry which are selected for action will be processed in the ICES as per the treatment and instructions communicated by the RMS.

5. The RMS Process: Declaration of Bills of Entry and the Sub - Import General Manifest (IGM) filed electronically in the ICES either through the Service Centre or through ICEGATE mode will be forwarded to the RMS. The RMS will process the data in the Bill of Entry and generate an electronic output for the ICES. This output will determine whether the Bill of Entry will be taken for assessment and/or examination (appraisement or examination, or both, by the officers) or such self assessed Bill of Entry is given Out of Charge directly, i.e. after payment or debit in the DEPB Licence / TRA as the case may be but-without assessment and examination.

6. Accredited Clients Programme: Importers with a known track record of compliance, called Accredited Clients, will be given assured facilitation. The Bills of Entry filed by such importers would be cleared without any assessment and examination by the officers based on self-declaration. Please refer to CBEC Circular No 42/2005 – Cus. dated 24/11/2005 on the subject may be referred in this regard. For more details please visit www.cbec.gov.in or www.icegate.gov.in, from where the application form can be downloaded. All eligible Importers are advised to apply to the Commissioner of Customs (Imports) and avail the benefits of the scheme. Once granted ACP status, the benefits of ACP scheme may be availed by the importer across all ports/airports/ICD/CFS in India where RMS is rolled out. Though most ACP Bills of Entry will not be selected for 'no assessment & no examination' based on the importer's self assessment, there will be random assessments/examinations

out in respect of a few bills selected by RMS. Soon after filing a Bill of Entry in the ICES by the accredited client, the system will generate a Bill of Entry Number and print a copy of the Bill with the TR6 challan for duty payment. The Importer/CHA shall proceed to the bank for payment (if any) before proceeding to take out of charge for the goods. Though self-assessment facility is given to the ACP importers and an examination waiver is also given to them, the compulsory compliance requirements (CCRs) as mentioned in para 10 infra, for the import of goods must be fulfilled by the importer/CHA before seeking out of charge. Therefore, it is advisable that the CHA/importer keep ready all certificates, permits, licenses or any other document which are essential for the clearance of the goods or for availing any duty exemption. If goods registration is done in the system, the Customs Officer at the docks will check the marks and numbers of the consignment (or seal in the case of FCL containers) and send the Bill of Entry for Out of Charge after collecting all the necessary documents (as mentioned in this Public Notice). A small percentage of Bills of entry filed by the accredited clients will be selected by the system for assessment and examination, either on random basis or on the basis of certain criteria fixed in the system.

7. Bond management: The RMS will not alter the existing process and movement of Bill of Entry in the ICES but for the abolition of concurrent audit, importers/CHAs filing Bs/E shall note the following:

* **Bond Details:** For Bills of Entry filed in Groups other than Export Promotion Groups i.e. Group VII (except DEPB), the Importer/CHA should specify the running EDI bond number, if any, at the time of filing a Bill of Entry. The Bond debits will be system driven. The existing approval of the quantum of bond debit during assessment by the Appraising officer will be dispensed with. In view of this, it is advisable that Importer/CHA should get their bonds registered in the Bonds section before filing the Bill of Entry and procure a Bon Number. In all those cases where running bonds are not available at the time of filing the Bill of Entry, the Importer/CHA must go to the Bond Section soon after the Bill of Entry is assessed either by the system or the Officers for Bond debits. This will apply to all types of bonds like warehouse, Enduse, provisional duty, etc.

* **SVB Issues:** Wherever there is a relationship between the importer and the Supplier, CHA/Importer must indicate this in the relevant annexure in the Annexure filed at the Service Center / ICEGATE. SVB File number, Name of the Custom House, details of SVB loading like load duty/value/both and whether loading is provisional or final should be submitted properly in the annexure to the Bill of Entry. The ICES will assess the Bill of Entry provisionally/finally based on this indication. Failure to indicate valid SVB details in the annexure would lead to denial of facilitation.

* **Undertaking:** If there is any undertaking to be given by the Importer for availing any notification benefit claimed in the Bill of Entry, it is advisable that details of such undertaking be given at the time of filing the annexure itself.

* **Central Excise Certificates:** In case the goods to be cleared are covered by Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996, the importer/CHA, must indicate the details of such certificates in the annexure to the Bill of Entry.

* **FOC Charges:** The trade is advised to voluntarily ask for 'FIRST CHECK' in cases of imports involving goods having invoices showing 'NCV (No Commercial Value)' or 'Value for Customs purposes' or 'Supplied Free of Charge (FOC)'.

* **Data Quality:** The trade is advised to mention Anti Dumping Duty Notification No. and date, in addition to the details mentioned in this Public Notice viz. 'DATA QUALITY'. Any non-declaration or mis-declaration in this regard is liable to be viewed seriously and consequential action could be initiated against the importer/CHA according to law.

* **Miscellaneous Certificates:** For availing specific notification benefit, the Importer is required to submit certain Customs Duty exemption certificates from designated authorities like Directorate General of Hydrocarbons, Directorate of Health services, Ministry of Defence, etc. Importers must mention the details of all such certificates in the Annexure to the Bill of Entry while filing at the ICEGATE/Service Centre. *It may please be noted that goods registration cannot be done without proper debit of bonds. As regards undertakings, certificates etc., the appraising officer in the group or the Out of charge officer will verify the documents physically, depending upon the facilitation extent in the Bill of Entry. For expeditious clearance of goods, it is necessary that the importer /CHA is equipped to comply with all the bond-related requirements before filing the Bill of Entry and relevant details are given in the annexure filed at ICEGATE/Service Centre to avoid any delays.*

7. A. CLEARANCES UNDER THE DEPB SCHEME

(1) The Bill of Entry would continue to be filed in the EDI either through the service centres or ICEGATE by indicating the Registration Number issued by the DEPB licence Registration section at the time of registration of the Scrip or the Transfer Release Advice, as the case may be, in respect of DEPB Scrips issued prior to 09.04.2007, i.e. prior to online transmission of DEPB Scrips, in the relevant column as is being done currently. In respect of online transmission of Scrips, the importers/CHAs will be required to quote the DEPB Licence No. at the time of filing of Bills of Entry. This information will get transmitted to the RMS, which will process the data incorporated in the Bill of Entry and generate a risk evaluation output for the ICES.

(2) If the Bill of Entry is facilitated by the RMS, the assessed copy along with the duty Challan (where part duty is payable in cash) will be printed on submission and the DEPB scrip or TRA as the case may be will be debited by the System. The manual endorsement of the duplicate of the physical copy of the licence, which was being done by the Group Appraiser/ Superintendent earlier, will not be done any longer by the RMS. If the Bill of Entry is not being marked to the Group. For this purpose, AO/DEPB debit assisted by TA/DEPB debit will carry out the debit and endorsement on the physical copy of the licence. While doing so the authenticity and the ownership of the Licence/ TRA shall also be verified.

(3) In case of Non-facilitated Bills of Entry, which get marked to the appraising Officer in the Group, the existing procedure on the EDI will undergo any change. Endorsement of such debits and verifications of ownership even for such non-facilitated Bills of Entry will be done in the same manner as being followed presently. When the RMS marks the Bill of Entry directly for examination, though the system would allow for the licence, the physical copy of the licence would also be debited and endorsed in the same manner as stated in the para 7 A (2) above. After duty payment and, endorsement of the manual debits on the physical copy of the licence, the registration of the goods will be permitted.

8. Amendments in Bill of Entry and IGM: The existing procedure for amendments in the ICES will continue. Whenever the importer/CHA desires to seek an amendment to a Bill of Entry, even if such a Bill of Entry is not selected for action, the Group AC/DC and the group should be contacted.

9. Assessment of Bill of Entry: Bills of Entry selected by the RMS for assessment will be sent to Appraising group. Present assessment procedure in the ICES will continue except with the change that concurrent audit will be abolished and replaced by Post Clearance Audit (PCA). The instruction for assessment given by the RMS will be followed by the group. The Compulsory Compliance Requirements (CCRs) suggested by the RMS will be examined by the Group. The Appraiser in the group will give examination order in the system. The existing query module on EDI will continue.

10. Compulsory Compliance Requirements (CCR): The RMS has a consolidated database of the compliance requirements arising out of various Allied Laws to the Customs Act, 1962 which are administered by other government departments (OGD) and implemented by Customs at the borders. For each customs tariff head mentioned in the Bill of Entry, requirements under each of the Allied Acts (including the Foreign Trade Policy) are printed on the Bill of Entry. In addition to the CCRs which are Customs Tariff Heading (CTH) specific, the RMS prints the list of crucial documents/Certificates/Undertakings etc to be collected against each exemption notification claimed in the Bill of Entry. Importers/CHA's are advised to study the Allied Acts and Notifications and prepare the necessary documentation before filing Bill of Entry.

The following list is indicative of the Allied Acts covered:

- Foreign Trade (Development and Regulation) Act 1992 & Foreign Trade Policy
- The Live Stock Importation Act, 1898.
- The Indian Wild Life (Protection) Act, 1973
- The Insecticide Act, 1968
- The CITES - (Convention of International Trade in Endangered Species of Wild Fauna and Flora)
- The Breast Milk Substitutes (Advertisement & Labelling) Act, 1962
- The Destructive Insects and Pests, Act 1914
- The Plant Quarantine Order 2003
- The Plants and Fruits and Seeds (Regulation of Import into India) Order, 1989
- The Prevention of Food Adulteration Act, 1954 and Rules, 1955
- The Drugs & Cosmetics act, 1940
- The Drug and Magic Remedies (objectionable Advertisements), 1954
- The Narcotics Drugs and Psychotropic Substances Act, 1988
- The Atomic Energy Act, 1962
- The Arms Act, 1959
- The Explosive Act, 1884 and Rules 1983
- The Gas Cylinder Rules, 1981 and MPV (Unfired) Rules, 1981
- The Environment (Protection), Act, 1986 and Rules 1986
- The Ozone Depleting Substances (Regulation and Control) Rules, 2000
- Battery (Management and Handling) Rules 2000
- The Motor Vehicle Act, 1988
- Standards of Weights and Measures Act, 1976
- The Bureau of Indian Standards Act, 1986 and Rules 1987
- Applicability of B.I.S as per DGFT Notification No. 44(RE) 2000
- The Copyright Act 1957, Rules 1958
- The Information Technology Act, 2000
- The Patents Act, 1970 and Rules 1972
- The Trade Marks Act, 1999

The above list is illustrative and not exhaustive. In order to get full benefit of reduction in dwell time, it is advisable for the importers/CHAs to ensure that the required documentation is meticulously prepared and kept ready when the Bill of Entry is filed.

11. Examination and out of Charge: Based on the RMS output a Bill of Entry may be sent for examination alone without any assessment. Bills of entry will be examined by the officers based on the system examination order and suggested CCRs. All other bills selected for examination will be processed as per the examination order given by the Group and the instructions given by RMS along with the suggested CCRs. The system of goods registration followed by examination and out of charge will continue. In case of Bills of entry under DEPE after duty payment and, endorsement of the manual debits on the physical copy of the licence, the registration of the goods will be permitted.

the case of bills of entry which are not selected for examination, the officers will inspect only the marks and numbers, or seal number of container and integrity of the seal as the case may be, and proceed to give out of charge after the Importer/CHA complies with the CCR and produces the required documents. In case of Ex-bond Bills of Entry, the OOC will be given by Superintendent (Bond Section).

12. Document submission: It is essential that all the documents are submitted to the proper officer (AO/Superintendent) before getting out of Charge to the goods. In addition to the documents required for CCRs, the following documents where-ever applicable shall be submitted to the CHA/Importer and docketed after affixing the signature on each of them:

- i) The Customs copy of the Bill of Entry [First Check/ Finally Assessed] along with the TR6 challan;
- ii) Copy of the BL and HBL, as the case may be;
- iii) Copy of invoice & packing list;
- iv) iv) Bill of Entry declaration with GATT declaration duly signed by the importer / CHA;
- v) v) COO Certificate, wherever required;
- vi) vi) Copies of Duty Exemption Certificates or any other document essential in granting exemption benefit for any notification in the Bill of Entry;
- vii) vii) Technical write-up, product literature, catalogue, manual, analytical reports, CE certificates etc (depending on the item of import and periodicity of such imports by the same importer, the Importer may be asked to give a copy of these documents else, the Bill of Entry M-1 with Date with which such documents were already given shall be mentioned);
- viii) Copy of the Purchase Order, Contract, Sale Agreement;
- ix) Copy of the Letter of Credit;
- x) NOC from ADC;
- xi) Copy of Delivery Order; and
- xii) Copy of Bond /Undertaking if any.
- xiii) Copy of the DEPB Licence /TRA as the case may be after obtaining manual endorsement.

All these documents should be neatly kept in a docket, which will have a check list on the top, containing the documents listed above. The check list shall be signed by the OOC officer and the representative of the CHA/Importer.

In case of Ex-bond Bill of Entry, the docket should be handed over to the Superintendent (Bond Section).

13. Post Clearance Audit (PCA): The existing system of concurrent audit shall be abolished for goods cleared under RMS and replaced by Post-Clearance Compliance Verification (Audit) function. The objective of the Post Clearance Verification Programme is to monitor, maintain and enhance compliance levels, while reducing the dwell time of clearance of cargo. The selection for PCA will be done by the RMS. Bills of entry selected for this purpose will be processed for PCA in ICES. The officers posted in the PCA section will verify the compliance of documents selected by the RMS. The officers will scrutinize the on screen data and may also look at the documents submitted by the Importer/CHA at the time of out of charge. The demand note on account of any short levy will be raised by the PCA section with the prior approval of the Additional/Joint Commissioner (Audit). Barring cases requiring detailed investigation, in all cases the department will issue a consultative letter to the importer where a potential short levy is discovered during audit.

The consultative letter will set out the grounds for the auditor's view in the matter and seek the importer's response thereto. In the event the department's view is acceptable to the importer; importer may pay the duty difference voluntarily. In case there is no agreement, the normal processes of demand notices, adjudication, etc., would follow. The trade is advised that the importer's reply is expected in a reasonable time in any case not later than 30 days. They are also informed that undue delay in responding to the consultative letter may lead to non-facilitation of future imports by the Risk Management System (RMS).

14. DATA Quality: The RMS is designed in a manner whereby Importers/CHAs giving proper data in the Bill of Entry filed will be facilitated. The system identifies the shortcomings in any Bill of Entry and directs such Bills for action. Hence, the trade can get maximum benefit from the system by ensuring that the information submitted in all relevant fields of the Bill of Entry is complete and accurate. Where data quality is found deficient, the Importers/CHAs would be advised to make improvements in their submissions. The stress is on self assessment of the Bill of Entry which will be processed by the system based on declaration and if found compliant, such Bills may be sent to out of charge without any further action i.e. assessment or examination. It hardly needs emphasis that compliance in all its dimensions is in the mutual interest of the Government and the Trade and Industry and it will enable the government to give increasing levels of facilitation. It is expected from all importers/CHAs that they have suitable mechanisms in place to ensure that their declarations are accurate, sufficient and factually correct. **While all the bills of entry must be meticulously filled, particular attention must be paid to ensure that the following details for every item of Entry are precise, complete and unambiguous.**

1. Applicable Customs Tariff Heading.
2. Applicable Central Excise Tariff Heading.
3. Item Description.
4. Generic description.
5. Manufacturer's name.
6. Model.
7. Brand
8. Country of Origin.

9. Port Of Shipment
10. Number of units.
11. Unit quantity code.
12. Unit price

Any mis-declaration in the Bill of Entry will be viewed seriously and Importer/ CHA will penalized according to the Law.

15. Expectations from the Trade: For gaining the maximum benefit of facilitation, it is necessary that the trade makes use of the ICEGA submitting their documents to expedite the processing of their Bills of Entry. Advance filing of documents will also enable quicker clearance of goods. Importers/CHAs are further advised to use the Digital Signatures while filing their documents in ICES, to avoid misuse by importers. Please visit www.icert.gov.in or see more on digital signatures.

16. In case of any difficulties faced in the implementation of the Risk Management System, the Local Risk Manager (LRM), whose address and contact particulars are given below, may be contacted:

Shri. P.SUBRAMANIAN, I.R.S.,
Additional Commissioner of Customs and Local Risk Manager
Office of the Commissioner of Customs,
Custom House, New Harbour, Tuticorin – 628 004
Telephone No: 0461 – 2352649
E-Mail - riskmanager@tuticorincustoms.org

(D.P.SINGH)

COMMISSIONER OF CUSTOMS

