

F.NO.15021/18/2020 (ICD)
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS

North Block, New Delhi-110001
Dated 17th December, 2020

To

All Principal Chief Commissioners/Chief Commissioners of Customs/Customs (Prev.)
All Principal Chief Commissioner/Chief Commissioner of GST
All Principal Chief Commissioner/Chief Commissioner of Customs & GST
All Directors General under CBIC

Sir / Madam,

Subject: Verification of the Preferential Certificates of Origin in terms of CAROTAR Rules 2020 -regarding

Reference is drawn to Board's letter dated 13.11.20120 vide file of even number (copy enclosed), wherein it was advised to ensure judicious application of CAROTAR 2020, without causing disruption to the supply chain. It was also advised to review the function of customs ports under your charge to ensure that unnecessary delays and arbitrary practices are not being resorted to during custom clearance of goods.

2. On review of the verification requests in terms of rule 6 of CAROTAR 2020, being received by the FTA Cell in the Board, it is observed that significant number of such requests have to be returned on account of being deficient, thus leading to delay in verification process and adversely impacting trade facilitation.

2.1 Common grounds on which the requests are being returned to field formations are:

- (i) the scanned documents are found to be illegible;
- (ii) the certificates are being scanned and sent without requisite covering letter to indicate nature of request or approval of jurisdictional Principal Commissioner or Commissioner; or
- (iii) bulk COOs are sent rather than representative COOs, as required in terms of Para 4(i) of Board's circular 38/2020-Cus, dated 21.08.2020

3. It is also observed that some requests do not appear to merit verification, but continue to be referred to the Board for same. Some illustrative examples of such grounds for verification are:

- (i) non-availability of name of issuing authority, even in cases where same is not mandated as per that specific trade agreement;
- (ii) non-availability of specimen seal and signatures for cases where same has already been communicated by the Board.

Mandey
21/12/2020

4. Attention is also drawn to para 4 (iv) of Circular 38/2020-Cus, dated 21.08.2020, wherein it has been advised to ensure that verification requests should be communicated immediately to the Board in case requests are in terms of rule 6(1)(a) or 6(1)(c) of CROTAR 2020; and within 10 days from the date of receipt of requisite information and documents from the importer in case the request is being considered in terms of rule 6(1)(b). It has however been observed that matters are being referred to the Board after significant time lapse.


4.1 Attention is also drawn to para 7.1 of the aforementioned Circular, wherein it has been advised to email all verification related correspondence to Board on ftaroo-cbic@gov.in, to help reduce time taken in communication. It is however observed that many field formations continue to dispatch only physical documents without using the email mode, leading to unwarranted delays in processing of the matter.

5. It is directed that, where a reference for verification is made to the Board in terms of rule 6 of CAROTAR, 2020, same should be complete, and follow the established standard operating procedures, prescribed format and timelines. All proposals for verification should be duly vetted to ensure valid grounds for verification.

6. Further, representation from trade are still being received about difficulties being faced on account of multiple queries or importers being asked to directly seek clarifications from the issuing authorities of the exporting country. Accordingly, officers under your charge may also be sensitised to ensure that enquiry on origin of imported goods is initiated only where there are sufficient grounds to suspect origin of a good, or where same has been identified as a risk by the Risk Management System. They should be suitably supervised to ensure that unnecessary queries are not raised on account of goods origin, as also advised at para 2.2 of Circular No. 45/2020-Customs, dated 12.10.2020.

7. Any difficulties faced or doubts arising in the implementation of these instructions or CAROTAR, 2020 may please be brought to the notice of Board.

Enclosure: as above


(Mandeep Sangha)
Joint Commissioner (Customs)
International Customs Division, CBIC

F.No. 15021/18/2020-(ICD)

Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes & Customs
International Customs Division

Room No. 227A, North Block, New Delhi- 110 001

Dated the 13th November, 2020

To,

All Principal Chief Commissioners/ Chief Commissioners of Customs/ Customs (Preventive),
All Principal Chief Commissioners/ Chief Commissioners of Customs & Central Tax,
All Principal Commissioners/ Commissioners of Customs/ Customs (Preventive),
All Principal Commissioners/ Commissioners of Customs & Central Tax,
All Principal Director Generals/ Director Generals under CBIC.

Madam/Sir,

Subject: Difficulties being faced by the trade with respect to implementation of the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020- regarding.

Board is in receipt of numerous representations from importers, trading partner countries and Trade Bodies about difficulties being faced on account of implementation of the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 [CAROTAR, 2020] leading to disruption of genuine trade. These difficulties relate *inter alia* to raising of repeat queries on bills of entry; and asking for Form I against each and every bill of entry filed with preferential duty claim.

2. In this regard, attention is invited to rule 4 of CAROTAR, 2020, which requires an importer to possess origin related information and supporting documents, and produce the same to customs when asked by the proper officer. Likewise, rule 5 stipulates situations in which proper officer may call for origin related information/documents. Rule 4 does not require the importers to submit Form I while filing bills of entry, and rule 5 does not require the proper officer to ask for Form I in each and every case of preferential duty claim.

3. A bill of entry, unless already interdicted by National Risk Management Systems for origin related checks in terms of CAROTAR, 2020, may be taken up for enquiry under rule 5 only where the proper officer has reason to believe that origin criteria prescribed in the respective Rules of Origin have not been met. In other words, where there is a reasonable belief that a product is not grown or not produced/manufactured in a particular country or required value addition/change in CTH/PSR etc., as the case may be, has not been achieved for the goods to qualify as originating. Factors such as sudden change in import trend of a commodity, suspicious profile of exporter/importer, amendments to duty rates, specific intelligence/alerts etc., may also be considered while initiating enquiry under rule 5 for possible violation of rules

of origin. It is reiterated that an enquiry under rule 5 should not be initiated as a matter of routine in each and every case.

4. Attention is also invited to sub-section (4) of section 28DA which stipulates a situation where the importer fails to produce the requisite information for any reason. Hence, in case the requisite information or document is not produced by the importer for any reason, such as information being business confidential costing details or proprietary production process, whereas the same is considered critical for ascertaining origin of goods by the proper officer, the same should be sought through verification with the foreign authorities in terms of rule 6. This would be done in cases where proper officer is not satisfied with the information produced. Further, rule 5 empowers the Principal Commissioner / Commissioner to disallow the claim on the basis of information available with him without further verification.

5. It may be further noted that CAROTAR, 2020 stipulates strict timelines for responding to queries by importer [sub-rule (2) of rule 5] and finalizing preferential claim by proper officer [sub-rule (3) of rule 5 and sub-rule (6) of rule 6]. Further, Para 4(iv) of Circular 38/2020-Customs requires the proper officer to forward verification proposal to the Board within specified timeline. Please ensure that these timelines are strictly followed by all concerned.

6. It is advised that the assessing officers may be suitably guided to not raise unnecessary queries or raise multiple queries on account of goods' origin. As stated at Para 2.2 of Circular No. 45/2020-Customs, queries should be minimized to the extent absolutely necessary and should be raised in one go and not in a piecemeal manner.

7. Any difficulties faced or doubts arising in the implementation of this CAROTAR, 2020 may please be brought to the notice of Board.

Abhishek
13.11.2020

Abhishek Kumar Sharma
(STO ICD)