

**Beginning today we will be available on Live Chat between 4-5pm on every Wednesday at [eximconsultants.biz](http://eximconsultants.biz)**

## **ISSUE V: DUTIES UNDER THE CUSTOMS ACT:**

One may be surprised to note that the Customs Act which empowers the Government to levy, collect and exempt taxes does not specify the type and rate of duties to be paid at the time of importation. Section 12 of the Customs Act, which is considered as the Charging session specifies that Duties of Customs shall be levied at such rates as may be specified under the Customs Tariff Act 1975 (CTA).

So, it is the CTA 1975 that specifies the type and the rate of duties. This article seeks to throw light on the type of duties that are imposed by the Government at the time of import.

1. Levy of Additional Duty of Customs equal to excise duty is charged under Section 3 (1) of CTA.
2. Special additional Duty having record to the Maximum Sales tax, local tax is payable under Section 3A of CTA 1975.
3. Safeguard duty to offset the cause or threatening to cause serious injury to domestic industry are leviable under Section 8B (1).
4. Transitional product Specific Safeguard duty on imports from China is leviable under Section 8C (1).
5. Counter vailing duty on subsidies articles is charged under Section 9 (1). This is not applicable to 100% EOUs and SEZs.
6. Anti-dumping duty is levied under Section 9A (1), but not applicable to 100% EOUs and SEZs unless notified.

## CALCULATION OF CUSTOMS DUTIES:

**Assessable Value equals CIF plus 1% landing charges**

1. Let Assessable value be	= 100
2. Basic Customs Duty 7.5% on Sl. No. 1	= 7.5
3. Sub Total (AV+BCD)	= 107.5
4. CVD @ 8% on Sl. No:3 i.e. 107.5 X 8%	= 8.6%
5. Cess @ 3% on Sl. No:4 i.e. CVD	= 0.26%
6. Subtotal BCD+CVD+Cess (7.5+8.6+0.26)	= 16.49%
7. Cess on Sl. No.6	= 0.36
8. Subtotal (Sl No. 6 & 7)	= 16.85
9. Value + Duties (Sl. No 1 & 8)	= 116.85
10. Special Additional Duty (SAD) 4% on Sl. No.9	= 4.67
11. Effective Duty	= 16.85 + 4.67 = 21.52

CRB