

The High Court can allow further period of thirty days for filing such appeal, where it is satisfied that the appellant was prevented by sufficient cause from presenting the appeal within the period specified.

Situations in which advance rulings wouldn't be given:

Where the question raised in the application is –

- (a) already pending in the applicant's case before any officer of customs, Appellate Tribunal or any Court;
- (b) same as in a matter already decided by the Appellate Tribunal or any Court.

Circumstances in which Advance ruling to obtained would be void:

- (a) Where the authority finds, that an advance ruling pronounced by it has been obtained by the applicant by fraud or misrepresentation of facts;
- (b) In such cases concerned customs officer can proceed to issue demand for short-levy under Section 28 (1) or 28 (4) of the Customs Act, 1962.

Conclusion:

The scheme for advance rulings envisaged under Chapter V-B of the Customs Act and Customs Authority for Advance Rulings Regulations, 2021 as amended is a comprehensive one.

The Authorities are guided by the letter of the law and the facilitative spirit of statute, endeavouring to answer questions posed following the principles of natural justice and within the specified time period seeking to fulfil the avowed objective of enhancing ease of doing business and trade facilitation in India.

Public information and transparency:

- (a) Chapter V-B of the Customs Act, 1962 can be accessed at: <https://www.cbic.gov.in/htdocs-cbec/aar/cs-law-id#:~:text=Advance%20rulings%20enable%20foreign%20investors,in%20the%20Customs%20Act%2C%201962>
- (b) Customs Authority for Advance Rulings Regulations, 2021 can be accessed at: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2021/cs-nt2021/csnt01-2021.pdf> and its amendment can be accessed at: <https://taxinFORMATION.cbic.gov.in/view-pdf/1009472/ENG/Notifications>
- (c) CAAR FORMs can be accessed at: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/>

[cs-act/notifications/notfns-2021/cs-nt2021/csnt01-2021-CAAR-FORM.pdf](https://www.cbic.gov.in/htdocs-cbec/aar/newaar)

- (d) The rulings and orders issued by CAAR can be viewed at: <https://www.cbic.gov.in/htdocs-cbec/aar/newaar>



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Ministry of Finance
Government of India



ADVANCE RULING UNDER CUSTOMS

(Updated as on November 2022)



Directorate General of Taxpayer Services
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS
www.cbic.gov.in

Introduction:

- Advance Ruling answers to the canon of certainty, one of the four canons of taxation, espoused by Adam Smith in his book 'The Wealth of Nations (1776)'. It is acknowledged as a global best practice contributing to mitigation of tax disputes, encouraging voluntary compliance, promoting ease of doing business and trade facilitation. It is also a commitment under the World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) to which India is a signatory.
- In India, Advance Ruling was first introduced under the Income-tax Act in 1993. Thereafter, scheme of Advance Rulings was introduced in Customs (and Central Excise) vide the Finance Act, 1999 and later extended to Service Tax vide the Finance Act, 2003.
- The statutory scheme for Advance Rulings in Customs is included in Chapter V-B of the Customs Act, 1962. Over time the provisions have been liberalized to enable more stakeholders to seek ruling on larger set of questions.

What is an advance ruling?

"Advance Ruling" means a written decision on any of the questions relating to classification of goods, applicability of notifications having a bearing on the rate of duty, and other similar notifications, principles to be adopted for the purposes of valuation of the goods, or determination of country of origin raised by the applicant in his application in respect of any goods prior to its importation or exportation.

Specific Issues on which advance ruling under customs can be sought:

- classification of goods under the Customs Tariff Act, 1975;
- applicability of a notification issued under sub-section (1) of Section 25 of the Customs Act, 1962, having a bearing on the rate of duty;
- principles to be adopted for the purposes of determination of value of the goods;

- applicability of notifications issued in respect of tax or duties under Customs Act, Customs Tariff Act, 1975 or tax or duty chargeable under any other law for the time being in force as a duty of customs leviable under the Customs Act, 1962 or Customs Tariff Act;
- determination of origin of the goods in terms of the rules notified under the Customs Tariff Act, 1975 and matters relating thereto;
- any other matter as the Central Government may, by notification, specify.

Who can seek advance ruling?

Any person:

- holding a valid Importer-exporter Code Number granted under section 7 of the Foreign Trade (Development and Regulation) Act, 1992; or
- exporting any goods to India; or
- with a justifiable cause to the satisfaction of the authority.

Procedure for filing of advance rulings:

An application for advance ruling is required to be made in FORM CAAR-1 prescribed in the Customs Authority for Advance Rulings Regulations, 2021 as amended vide Notification No. 63/2022 dated 20.07.2022 in the office of the jurisdictional Customs Authority for Advance Rulings, New Delhi or Mumbai.

CAAR Offices & Jurisdiction:

No.	Customs Authority for Advance Rulings	Jurisdiction to decide applications (States and Union territory-wise, etc.).
(1)	(2)	(3)

1.	Customs Authority for Advance Rulings, New Delhi	Address of the Applicant in the State/UT (i) Assam, Andaman & Nicobar Islands, Arunachal Pradesh, Bihar, Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Ladakh, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Punjab, Rajasthan, Sikkim, Tripura, Uttar Pradesh, Uttarakhand, West Bengal. (ii) An address other than that within the territory of India.
2.	Customs Authority for Advance Rulings, Mumbai	Address of the Applicant in the State/UT Andhra Pradesh, Chhattisgarh, Dadra & Nagar Haveli and Daman & Diu, Goa, Gujarat, Karnataka, Kerala, Lakshadweep, Madhya Pradesh, Maharashtra, Puducherry, Tamil Nadu, Telangana.

Binding nature of the ruling:

The advance ruling pronounced by the authority shall be binding only:

- on the applicant who sought it;
- in respect of any matter referred to in subsection (2) of section 28H of the Customs Act, 1962;
- on the Principal Commissioner of Customs or Commissioner of Customs, and the customs authorities subordinate to him, in respect of the applicant.

Time limit for delivering advance ruling and period of validity thereof:

The Customs Advance Ruling Authority is required to pronounce its Rulings within three months of the date of receipt of application - complete in all manner and after removal of deficiency, if any.

An advance ruling shall remain valid for three years or till there is a change in law or facts on the basis of which the advance ruling has been pronounced, whichever is earlier.

Mechanism for appeal against advance ruling:

Appeals against the ruling given by the customs authority for advance ruling will lie before the High Court and same may be filed within sixty days from the date of the communication of such ruling or order, in the **FORM CAAR-2**.