

# INDIRECT TAX NEWSLETTER

December 2025





## A. Customs & Trade Newsletter

### A. Key Policy Updates

#### Directorate General of Foreign Trade (“DGFT”)

##### **1. Amendment in Import Policy Condition of Specific items covered under Chapter 29 of ITC (HS) 2022.<sup>[1]</sup>**

The DGFT has amended the import of certain pharmaceutical products and intermediates from ‘Free’ to ‘Restricted’ category when imported below specified CIF value thresholds. They are as follows:

- Diluted Potassium Clavulanate with a CIF value of less than USD 77 per kg
- Potassium Clavulanate (KGA) with a CIF value of less than USD 180 per kg
- Specified intermediates used in the manufacture of Clavulanic Acid or Potassium Clavulanate with a CIF value of less than USD 92 per kg

However, these restrictions do not apply to imports made by Advance Authorization holders, Export Oriented Units (EOUs), and SEZ units, provided the imported goods are not sold in the Domestic Tariff Area (DTA). Further, they are applicable up to November 30, 2026

##### **2. New import Policy announced for import of specific goods under CTH 8471 for calendar year 2026<sup>[2]</sup>**

In 2023, import policy of specific IT Hardware (viz. Laptops, Tablets, All-in-one Personal Computers, Ultra small form factor computers and Servers under HSN 8471) was amended to 'Restricted'. Hence, import of such products required authorization from DGFT along with NOC from MeitY. Today, DGFT has issued a new policy for CY 2026. As per the notice, the licenses issued shall be valid from Jan 01, 2026 to Dec 31, 2026. Importers can file the application for issuance of licenses w.e.f. December 22, 2025.

#### Central Board of Indirect Taxes and Customs (“CBIC”)

##### **3. Online module for revision of BoEs after OOC has been introduced<sup>[3]</sup>**

In October 2025, the CBIC had announced the Customs (Voluntary Revision of Entries Post Clearance) Regulations, 2025 permitting importers and exporters to undertake revision of entries in their Bills of Entry post issuance of Out of Charge. The said Regulations provided for revision to be carried out electronically. In its regard, now Directorate General of Systems and Data Management has issued an advisory wherein it has been announced that a new module has been developed for the same. It allows for amendments, deletion and addition of records in the BoEs, which will then be processed in the RMS.

##### **4. Conclusion of FTA talks between India and New Zealand<sup>[4]</sup>**

On March 16, 2025, negotiations were launched between India and New Zealand for a new generation trade agreement built on Tariffs, agricultural productivity, Investment and Talent. On December 22, 2025, India has concluded the negotiations, i.e., the fastest with a Developed Country. It provides for elimination of tariffs on 100% of its tariff lines, provides duty-free access for all Indian exports. Under the FTA, India has secured commitments across a wide range of high-value sectors including IT and IT-enabled services, professional services, education, financial services, tourism, construction and other business services, opening substantial new opportunities for Indian service suppliers and high-skill employment.

[1] Notification No. 50/2025-26 dated December 18, 2025

[2] Policy Circular No. 08/2025-26 dated December 17, 2025

[3] ICES Advisory No. 65/2025 dated December 16, 2025

[4] PIB Circular, Release ID 2207300



## 5. ICD Tughlakabad issues Notice for digitization of bond-to-bond movement of goods in Customs warehouses<sup>[5]</sup>

ICD Tughlakabad has issued a Public Notice to ensure that all warehouse-to-warehouse movements of goods are carried out electronically through ICEGATE portal. It is applicable to all into-bond Bills of Entry on or after September 01, 2025 and has been informed that going forward and no manual permission would be granted for bond-to-bond movement. Further, the Customs Authorities have taken cognizance of the multiple issues faced by warehouse owners during bond-to-bond movement, such as:

- Goods transferred manually between warehouses without digital entries in ICEGATE because the transfer was made prior to launch of online facility;
- Insufficient balance in the warehouse ledger when debit is attempted; or
- Inability to file ex-bond Bill of entry because of less quantity in the corresponding bill of entry.

To resolve the above issues being faced, a checklist of documents has been asked to submit by the warehouse owners.

## B. Customs Law: Key Advance Rulings & Judgements

### 6. Classification of parts imported for a 3-in-1 (OBC+DC/DC+PDU)<sup>[6]</sup>

The importer sought an Advance Ruling on the classification of goods imported on standalone basis for manufacture of a combo product comprising of an Onboard charger, a DC/DC converter and a Power distribution unit. Nine different products, such as copper cables, capacitors, etc., were to be imported individually and not in sets. The importer intended to import the goods as per operational demand, from different suppliers through multiple shipments in varying order quantities.

The Hon'ble CAAR, Mumbai held that by virtue of General Rules of Interpretation 1 and Note 2(a) of Section XVI, the goods to be imported were not to be classified as parts of the combo 3-in-1 product but in their separate headings.

### 7. Handheld Mobile Barcode Scanners are classifiable under Tariff Heading 8471 as automatic data processing machines and not under Tariff Heading 8517 of the Customs Tariff as smartphones<sup>[7]</sup>

In the present case, the Importer undertook import of goods which are used for scanning barcodes and processing data in order to increase the efficiency of functions in supply chain management such as inventory management, asset tracking, stock taking etc. The product carries a processing ability of a laptop and the functionality of a scanner. While the importer classified them under Tariff Entry 8471.60.50, the Revenue opined the appropriate classification to be under Tariff Entry 8517.13.00 as "smartphones".

The Hon'ble CESTAT, New Delhi held that the goods are classifiable as ADP machines under Tariff Heading as 8471 of the Customs Tariff as the predominant use of these handheld devices is in warehousing logistics/inventory operations for data capturing/ storage and its transmission for allied functions. Further, the features of mobile phone in the product are only ancillary in nature. Hence, it cannot be classified as a 'smartphone'.

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[5] Public Notice No. 14/2025 dated December 12, 2025

[6] Valeo India Private Limited versus the Commissioner of Customs, Maharashtra/Mumbai, 2025 (12) TMI 1259

[7] M/s Proffer IT Consultancy Private Limited versus Principal Commissioner of Customs, New Delhi (ACC Import), 2025 (12) TMI 1261



## **8. Liability to pay the differential duty can be fastened on 'person authorized' other than the importer.<sup>[8]</sup>**

In the present case, the importer mis-declared the items description and value of goods being imported. He facilitated several such consignments for seven other persons/business entities as well. Upon being charged with the differential duty, the other persons/business entities made submissions that duty cannot be confirmed jointly and severally from more than one person and such confirmation is erroneous.

The Hon'ble CESTAT, Chennai evaluated the said question of law and held that while the primary liability to pay the differential duty is on the importer under Section 28 of the Customs Act, but that liability, in certain special circumstances, the demand can be fastened under Section 147 on the 'person authorized' expressly or impliedly by the owner/ importer/ exporter of any goods to be his agent.

## **9. 100% Poly Vinyl Alcohol (PVA) Sheets in Roll Shape are classifiable under Tariff Heading 3920 of the Customs Tariff as 'Of other plastics - Flexible - Of Polyvinyl Alcohol (PVA).<sup>[9]</sup>**

This Customs Advance Ruling pertains to classification of 100% Poly Vinyl Alcohol (PVA) Sheets in Roll Shape, which are plain-textured, white, flexible, non- reinforced, non-laminated, and not combined with any other material. The product is manufactured from PVA polymer fibers derived from polyvinyl acetate through hydrolysis, and subsequently processed into sheet rolls by carding and thermo-bonding techniques.

By application of the GRI 1, wording of Tariff Heading 3920 of the Customs and the clarification provided in the HS Explanatory Notes, the Hon'ble CAAR, Mumbai concluded that the appropriate classification is under Tariff Subheading 3920.99.12 of the Customs Tariff.

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[8] Shri Rakesh Ganpatlal Jain, Shri Kiran N. Kothari and Shri Kumar Gautam Shah versus Commissioner of customs, Chennai, 2025 (12) TMI 1079

[9] M/s Ready Network Marketing Pvt. Ltd versus the Principal Commissioner of Customs, Maharashtra, 2025 (12) TMI 1399



# Thank You

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