

INDIRECT TAX NEWSLETTER

January 2026





A. Customs & Trade Newsletter

A. Key Policy Updates

Directorate General of Foreign Trade (“DGFT”)

1. eBRC format updated to include GST details^[1]

The Directorate General of Foreign Trade (“DGFT”) has amended the Electronic Bank Realization certificate (eBRC) format to include the following, with effect from January 13th, 2026:

- GSTIN,
- GSTIN invoice no; and
- GSTIN Invoice date.

2. IACCIA has been authorized to issue Non-Preferential Certificate of Origin^[2]

The DGFT has issued a Public Notice for enlistment of India and Arab Countries Chambers of Commerce, Industry & Agriculture (IACCIA) as an agency authorized to issue Certificate of Origin (Non- Preferential) with effect from January 09th, 2026.

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

3. Electronic Postal bill of Export (PBE-III & PBE-IV) substituted^[3]

The CBIC has substituted the existing PBE-III & PBE-IV forms with revised formats to operationalize automated processing and settlement of export benefits such as RoDTEP, RoSCTL and duty drawback for postal-route exports. It enables electronic submission of supporting documents through ICEGATE/ e-SANCHIT and captures enhanced shipment, tax incentive & declaration related data. For seamless electronic claims and receipt of export incentives, Exporters are required to ensure ICEGATE registration, updation of bank account details, & alignment of internal documents.

4. One time exemption to goods imported under the Cross Recessed Screws (Quality Control) Order, 2025^[4]

The Ministry of Steel (M.O.S) has notified that import consignments containing goods covered under the above mentioned QCO, i.e., Iron and steel products falling under Chapter 72 and Chapter 73 of the Customs Tariff Act, 1975, which have an inward entry date between November 01, 2025 to January 12, 2026, are permitted a one-time exemption from compliance thereunder.

5. Omnibus technical regulation Order, 2024 has been rescinded^[5]

In August 2024, the Ministry of Heavy industries had issued the Machinery and Electrical Equipment Safety (Omnibus Technical Regulation) Order, 2024, mandating Bureau of Indian Standards (“BIS”) Licensing requirements for specific Machinery and Electrical Equipment's. It was to come into effect initially in August 2025, which was later extended up to September 2026.

Now, the Ministry has issued an Order rescinding the said Omnibus Technical Regulations. Hence, Machinery and Electrical Equipment's covered under the said Order are not presently bound by BIS Licensing requirements.

[1] DGFT Public Notice No. 42/2025-26 dated January 09th, 2026

[2] DGFT Public Notice No. 43/2025-26 dated January 09th, 2026

[3] Notification No. 07/2026-Customs (N.T.) dated January 15th, 2026

[4] F. NO. 401/04/2025-Cus. III – dated January 17th, 2026

[5] F. NO. 401/04/2025-Cus. III – dated August 28th, 2024



6. Negotiation concluded under the India-EU Free Trade Agreement

On January 27th, 2026, the India-EU Free Trade Agreement has been finalized. It provides Indian exporters, preferential access to the European markets across 97% of tariff lines, covering 99.5% of trade value. At the same time, import across 92.1% of India's tariff lines which covers 97.5% of the EU exports are covered. Majority of the goods are categorized for an immediate duty elimination. Further details are provided [here](#).

B. Customs Law: Key Advance Rulings & Judgements

1. Sale of electricity from a Special Economic Zone into Domestic Tariff Area does not attract the levy of customs duty ^[6]

In the present case, the Appellant was a co-developer of the Mundra Special Economic Zone (SEZ) in the state of Gujarat. Being a coal-based thermal power plant, the Appellant generated electricity, which was partly consumed within the SEZ and partly supplied to DTA units. The issue pertained to levy of customs duty on the electricity generated within the SEZ and thereafter cleared into the Domestic Tariff Area (DTA). In other words, the challenge was to the legality and constitutional validity of the impost on electrical energy so cleared.

The Hon'ble Supreme Court of India evaluated the factual position in context to the applicable legal provisions and upheld the Order passed by the Hon'ble High Court of Gujarat as follows:

- Electrical energy generated within India in an SEZ and wheeled to buyers in the DTA is not, in substance, a case of "import into India" covered under Section 12 of the Customs Act, 1962. An SEZ, while fiscally distinct in treatment, is not a foreign territory. The legal fiction in Section 30 of the SEZ Act ("as if imported") allows ascertainment of the rate of duty applicable to comparable imports; it does not convert intra-national supply of electricity into an act of import. There was, therefore, no identifiable charging event to attract customs duty under Section 12 in respect of such electricity.
- Section 25 of the Customs Act empowers the Central Government to exempt, in whole or in part, goods from duty that is otherwise leviable. That provision is beneficent in nature. It is a power to relax, not a power to create or levy tax.
- Retrospective fastening of a levy violates the discipline of Article 265 of the Constitution which declares that no tax shall be levied or collected except by authority of law. The Court found that the executive could not, by subordinate legislation, retrospectively cast a tax liability for a past period absent of a clear charging sanction from Parliament. Once the basic levy was itself ultra vires, its retrospective application necessarily fails.

2. Aluminum structures for cultivating mushrooms are classifiable under Tariff Heading 7610 and not under Tariff Heading 8436 of the Customs Tariff as "parts" of agricultural machinery ^[7]

The present case pertains to import of aluminum structures by the importer for cultivating mushrooms, who declared CTH 84369900 as "parts" of agricultural machinery, while the Revenue contended CTH 76109010 of the Customs Tariff.

The Hon'ble Supreme Court of India agreed upon the classification under Tariff Heading 7610 of the Customs Tariff and stated that the common parlance test may be applied when there exists ambiguity in the Customs Tariff and the test does not conflict with the overall statutory scheme. Further, the tariff heading must not use any technical or scientific language. In other words, the common parlance test cannot be the determinative basis for classification but the tariff headings, Section/Chapter Notes or HSN Explanatory Notes are.

[6] Adani Power Ltd. & Anr versus Union of India & Ors., 2026 (1) TMI 224 – Supreme Court

[7] Commissioner of Customs (Import) versus M/s Welkin Foods, Civil Appeal No. 5531 of 2025



3. Interactive Flat Panel Displays (IFPD) are classifiable under Tariff Heading 8528 59 00 of the Customs Tariff and not under CTH 8471 41 90 as “Other” Automatic Data Processing Machine^[8]

This Customs Advance Ruling pertains to classification of IFPD and its various parts that are used for manufacturing purposes. The classification sought by the Applicant vis-à-vis concluded upon by the Hon’ble Customs Authority for Advance Ruling, Mumbai are as follows:

S. No.	Product	Classification sought by the Applicant	Classification concluded by the Hon’ble CAAR
1	Open Cell	85241910	85241910
2	Infrared Touch Frame	84733090	85299090
3	Main/Mother Board of various configurations	84733020	85299090
4	LED Backlit	85414100	85299090
5	Speakers	85182990	85299090
6	Body	85182990	85299090
7	Toughened Glass	70072900	85299090
8	Diffuser, Reflection and Prism Sheet	90012000	85299090
9	Wifi/Bluetooth Antenna	84733099	85299090
10	Remote controller	84733099	85299090
11	Stylus Pen	84733099	85299090
12	Camera/mic	84733099	85299090

The said conclusion was arrived at on the following basis:

- **Open cells:** In IFPDs, their function is limited to serving as the visual display interface without electronic functionality. In other words, it serves as the foundational display component, or "screen," but cannot function independently as a display or monitor. Hence, it is not classifiable as a part under Tariff Heading 8529 but in its specific Tariff Entry under Tariff Heading 8524 of the Customs Tariff.
- **Other products:** The Hon’ble CAAR took cognizance of the aspect that all the other products either functioned only in conjunction with IFPDs, i.e., were designed solely for use with IFPDs and could not function independently. Hence, the appropriate classification was concluded as parts under Tariff Heading 8529 of the Customs Tariff.

[8] M/s Online Instruments India Pvt Ltd versus the Commissioner of Customs (Import), Chennai



4. Importer to face consequences for improper importation regardless of the fact that he is not the owner of the goods^[9]

In the present case, Revenue authorities had found upon examination that the importer of goods had wrongly declared the quantity of import. Further, the goods being imported were subject to BIS compliance which was also not declared or adhered to by the importer. It was pleaded that since the importer is not the beneficial owner and has imported on behalf of someone else, he should not be liable for the consequences.

The Hon'ble CESTAT, New Delhi held that "the term 'importer' includes not only the actual importer but also the owner of the goods, beneficial owner or any other person holding himself out to be the importer. Merely because someone else is the owner of the goods or the beneficial owner, the importer does not cease to be the importer. Nothing in the definition of the importer under section 2(26) excludes the IEC holder who imported the goods from the definition of 'importer' simply because the owner of the goods or the beneficial owner of the goods was different or because some other person holds himself to be the owner. All these persons get included in the definition of importer. Therefore, the importer has to face the full consequences of any import regardless of the fact that he was not the owner of the goods and he had imported them at the behest of someone else."

5. HP Latex printers classifiable as printing machines and not as inkjet printers under Tariff Heading 8443 of the Customs Tariff^[10]

The present case has examined upon the meaning of the phrase "capable of connecting to an automatic data processing machine or to network", while examining the classification of HP Latex printers between the following two tariff entries:

-	Other printers, copying machines and facsimile machines, whether or not combined
-	Other, capable of connecting to an automatic data processing machine or to a network

The Hon'ble CESTAT, Mumbai rejected the Appellant's primary contention, that the impugned goods are enabled to connect to automatic data processing machine or network as the 'E-box' in the printer is neither 'automatic data processing' machine nor alternative for it. Further, the installed software merely enables communication with external 'automatic data processing' machine with no capability of directly executing print except through command from 'automatic data processing' machine. It was stated by the Hon'ble Court, that if the proposition made on behalf of the importer is admitted, it would imply that every kind of printer of today would fall within the more favored description.

The Hon'ble Court explained that the term "Capable" is often misunderstood to mean compatibility whereas it is an expression of appreciation of 'ability, fitness or quality to do or achieve a specified thing'; a printer does printing and capability of connecting. In this context, it means capability for printing only by connecting. It does not refer to the automatic data processing machine as source of material for printing but the impossibility of printing on its own without the controlling software residing in an external automatic data processing machine. The sole test is the capacity to print and not by being output for a data processing machine which was its reason for existence elsewhere in the tariff prior to amendment of Harmonized System of Nomenclature (HSN).

Lastly, it was concluded that the printers are intended for commercial use in the printing industry, its installation manual requires for site preparation and four persons and does not inform about compatibility with an ADP machine. Hence, the product merits classification as complete printing machine, i.e., Other printers, copying machines and facsimile machines, whether or not combined.

[9] M/s Marina Enterprises versus Commissioner of Customs, Indore 2026 (1) TMI 1021 – CESTAT New Delhi

[10] HP India Sales Pvt Ltd versus Commissioner of Customs (NS-V), Raigad 2026 (1) TMI 1292 – CESTAT Mumbai



Thank You

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