

# INDIRECT TAX NEWSLETTER

March 2026





## A. Key Policy/Regulation Updates

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

#### 1. Extension in the Export Obligation period of specified Advance & EPCG Authorities till August 31, 2026 <sup>[1]</sup>

Vide Public Notice No. 51/2025-26 dated March 6, 2026, DGFT has granted an automatic extension of Export Obligation (EO) period for Advance Authorisations and EPCG Authorisations (including block-wise EO) expiring between March 1, 2026 and May 31, 2026, extending the timeline up to August 31, 2026. This extension has been made in view of prevailing geopolitical challenges impacting trade. The extension is over and above existing permissible extensions and shall require no application or fee. Also, it has been clarified that no refund is allowed for fees already paid for prior extensions.

### Bureau of Indian Standards (“BIS”)

#### 2. BIS Extends License Validity to 5 Years for Manufacturers <sup>[2]</sup>

In a major Ease of Doing Business reform, the Bureau of Indian Standards (BIS) has overhauled its certification framework through the BIS (Conformity Assessment) Amendment Regulations, 2026. A key highlight is the **extension of license validity from 2 years to up to 5 years**, with renewals also permitted for similar durations. This change is expected to significantly reduce administrative burden and provide greater long-term planning certainty for manufacturers and importers.

However, the revised framework introduces a stricter, automated compliance mechanism. BIS has shifted to an annual advance fee model, requiring timely payment of fees and submission of production returns. **Any delay will lead to automatic suspension of the license for 90 days, which can only be revoked upon payment of dues along with a ₹5,000 penalty.** Failure to comply within this window will result in permanent cancellation of the license.

To support domestic manufacturing, the amendment also provides substantial fee concessions for MSMEs and startups until 31 May 2029 as follows:

- Micro & Startups: **80% fee concession**
- Small: **50% concession**
- Medium: **20% concession**

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

#### 3. Permission granted for International Transshipment of FCL/LCL Cargo from All Ports (Circular 15/2026) <sup>[3]</sup>

CBIC, vide **Circular No. 15/2026-Customs dated March 27, 2026**, has introduced an emergency facilitation measure amid disruptions caused by the closure of the Strait of Hormuz. Invoking Section 143AA of the Customs Act, 1962, the circular permits international transshipment of FCL and LCL cargo through any Customs port or airport in India, temporarily relaxing the restriction of designated transshipment hubs and enabling greater flexibility in cargo movement.

This relaxation provides critical relief by facilitating dynamic rerouting, decongesting major ports, and enabling multi-modal options such as sea-to-air movement. However, compliance requirements remain unchanged—accurate documentation, proper bond execution, and strict adherence to customs procedures are essential to avoid delays or detention of cargo.

[1] DGFT Trade Public Notice No. 51/2025-26 dated March 6, 2026

[2] BIS Extends License Validity to 5 Years for Manufacturers

[3] CBIC, vide Circular No. 15/2026-Customs dated March 27, 2026



#### 4. Clarification w.r.t Validity Period of Self-Sealing Permission for Exporters<sup>[4]</sup>

Circular No. 14/2026-Customs, has clarified that self-sealing permissions for exporters will have **indefinite validity, eliminating the need for periodic renewals and resolving field-level inconsistencies under earlier circulars.**

This move enhances ease of doing business by reducing compliance burden and operational delays; however, the permission remains conditional upon strict adherence to customs regulations, and authorities may suspend or cancel it in cases of misuse or non-compliance.

#### 5. Introduction of payment Aggregator for customs duty<sup>[5]</sup>

Circular No. 13/2026-Customs dated March 24, 2026, has introduced payment aggregators for duty payments on the ICEGATE portal, significantly enhancing digital trade facilitation. Importers can now pay customs duties through multiple modes including UPI, cards, and expanded net banking options, replacing reliance on limited bank gateways and reducing transaction failures and delays.

This enables faster clearance, 24/7 payment capability (including holidays), and real-time reconciliation in the Electronic Cash Ledger, thereby minimizing demurrage costs and improving overall supply chain efficiency.

#### 6. Fee Waiver for Export Document Amendments<sup>[6]</sup>

CBIC, vide Circular No. 10/2026-Customs dated March 10, 2026, has introduced a targeted fee waiver for amendment or cancellation of export documents (including Shipping Bills) in cases of force majeure, by invoking powers under Section 143AA of the Customs Act, 1962. The waiver applies where consignments are withdrawn due to events beyond the exporter's control - such as geopolitical disruptions, closure of key shipping routes, or sudden logistical failures-thereby protecting exporter working capital and enabling greater flexibility during supply chain disruptions.

#### 7. Launch of 'Eligible Manufacturer Importer Scheme' for importers<sup>[7]</sup>

CBIC has introduced the **Eligible Manufacturer Importer (EMI) Scheme** to enhance trade facilitation and ease working capital pressures by **allowing deferred payment of customs duties**, thereby enabling faster cargo clearance at ports, airports, and ICDs. Effective from April 1, 2026 to March 31, 2028, the scheme is available to eligible manufacturers-importers meeting criteria such as GST registration, minimum turnover of ₹5 crore, prescribed EXIM transaction volume, financial solvency, and a clean compliance track record.

Under the scheme, approved applicants can defer duty payment by flagging the Bill of Entry on ICEGATE, with authentication through OTP, allowing immediate clearance while duties are paid later on a consolidated basis. This initiative acts as a transitional facility for businesses progressing towards AEO T2/T3 status, offering significant liquidity benefits while maintaining compliance discipline.

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[4] CBIC, Circular No. 14/2026-Customs

[5] CBIC, Circular No. 13/2026-Customs dated March 24, 2026

[6] CBIC, vide Circular No. 10/2026-Customs dated March 10, 2026

[7] Launch of 'Eligible Manufacturer Importer Scheme' for importers, Effective from April 1, 2026 to March 31, 2028



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

### 1. Classification of Video Conferencing Equipment under CTH 8517

The Advance Ruling Authority in the matter of Nextein Solutions Pvt Ltd vs Pr. Commissioner of Customs, Hyderabad held that video conferencing solutions and webcams are classifiable under CTH 8517 62 90 as apparatus for transmission or reception of voice, images, or data over IP networks, and not under ADP machines (Heading 8471). Applying Chapter Note 6(D) and General Rules of Interpretation, it was observed that despite certain computing capabilities, the devices primarily perform communication functions (VoIP/video transmission) and are not solely or principally used with ADP systems; hence, classification under Heading 8517 was upheld.

### 2. Classification of Dashcams & Exemption Eligibility

The Authority for Advance Rulings in the matter of BPIN Private Limited vs Commissioner of Customs, Raigad/Mumbai held that dashcams are classifiable under CTH 8525 89 00 as digital video camera recorders, based on their principal function of continuous video recording using CMOS sensors and not as digital still image cameras. Applying GRI and HSN notes, exemption under Sl. No. 288 (nil duty) was denied as the goods do not qualify as digital still image video cameras. However, the authority allowed concessional duty under Sl. No. 289, holding that dashcams are neither CCTV cameras nor IP cameras.

### 3. Reopening of past bills of entry & valuation evidence

The Tribunal in the matter of K.P. Koyamu vs Commissioner of Customs, Ernakulam held that finally assessed past Bills of Entry cannot be reopened for valuation enhancement in the absence of examination of goods and credible evidence. It was ruled that email documents alone are insufficient to prove undervaluation once goods are cleared. However, for the live Bill of Entry, the demand of differential duty was upheld based on supporting evidence (documents and examination report), though redemption fine and penalty were reduced, resulting in partial relief to the importer.

### 4. Classification of Smartphone Side Key FPCB

The Delhi Authority for Advance Rulings in the matter of Samsung India Electronics Pvt Ltd examined the classification of Side Key FPCB and held that it must be determined in terms of GRI 1 read with relevant Section Notes. It was observed that the product is not a bare printed circuit board but a populated functional sub-assembly comprising an FPCB mounted with electrical and mechanical components such as surface-mounted devices, designed to perform specific functions within a smartphone. Accordingly, **the product does not fall under Heading 8534, which is restricted to printed circuits** and excludes assemblies combined with additional components.

Further, applying Section Note 2(b) to Section XVI, the Authority emphasized that goods solely or principally used with a specific machine must be classified as parts of that machine. Since the Side Key FPCB is exclusively designed for use in smartphones and has no independent function, **it was held to be classifiable under CTH 8517 79 10 as a part of telecom equipment**, reinforcing the principle that functional use and integration prevail over generic description in classification.



## 5. Classification of Technical Manuals & Exemption Benefit

The Tribunal in the matter of *Bharat Electronics Ltd vs Principal Commissioner of Customs, Bengaluru* held that technical manuals, handbooks, drawings, and reports are classifiable under CTH 4901 99 00 as printed publications, and not under the residuary heading 4911 99 90. It was reaffirmed that specific tariff entries prevail over residuary entries. Accordingly, the appellant was held eligible for exemption under Notification No. 12/2012-Cus and 50/2017-Cus, and the denial of benefits based on incorrect classification was set aside.

## 6. Transaction value cannot be rejected without corroborative evidence

The Tribunal in the matter of *Tholath Stores vs Commissioner of Customs, Cochin* held that rejection of declared transaction value and enhancement of assessable value is unsustainable where based solely on unsigned and unverified documents that do not match the description or quantity of imported goods, and are not supported by payment or banking evidence. It was reiterated that valuation adjustments must be backed by credible and corroborative evidence, setting aside the demand and allowed the appeal.

# C. Developments on the GSTN portal

## 1. Advisory on the Payment of pre-deposit while filing of appeal before First Appellate authority

GSTN has clarified that payments made through Form GST DRC-03 during investigation are not automatically adjusted against a Demand ID, and therefore are not considered by the system while calculating the mandatory pre-deposit at the time of filing an appeal. Since the GST portal checks payments linked specifically to the Demand ID in the Electronic Liability Register, taxpayers may still be prompted to pay the pre-deposit even if they have already paid sufficient amounts earlier.

To resolve this issue, taxpayers are required to file Form GST DRC-03A to link such payments with the relevant demand order. Once this mapping is done, the payment gets reflected against the Demand ID in the liability register, and the system will duly consider it while computing the pre-deposit requirement, thereby preventing duplication of payment at the time of filing the appeal.

## 2. GST Advisory on Tax Liability Breakup Confirmation in GSTR-3B

GSTN has clarified that, in line with Section 50 of the CGST Act, the “Tax Liability Breakup, As Applicable” tab in GSTR-3B captures tax pertaining to previous periods but paid in the current period, on which interest may apply. From February 2026 onwards, this breakup is auto-populated based on document dates reported in GSTR-1/IFF, and taxpayers are required to review and confirm (or edit) the details before filing GSTR-3B.

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# Thank You

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