Indirect Tax Laws and Practice

STATUTORY UPDATES

FOR

DECEMBER 2026 EXAMINATION

(Amendments incorporated from 01-12-2025 to 31-05-2026)

Applicable for the December 2026 Examination:

CGST Act, 2017 and IGST Act, 2017, as amended by the Finance Act, 2025, including significant notifications, circulars and legislative amendments effective up to 31.05.2026.
Customs Act, 1962 and Customs Tariff Act, 1975, as amended by the Finance Act, 2025, including significant notifications, circulars and legislative amendments effective up to 31.05.2026.

Important Note: The supplementary materials issued for the June 2026 exam are also applicable for the December 2026 exam.

Goods and Services Tax (GST)
Reverse Charge Mechanism (RCM)

Amendments have been introduced to the list of services subject to tax liability for electronic commerce operators (ECO) when these services are provided through their platforms.

1. The list includes services associated with local delivery, with the exception of instances where the individual supplying such services through the electronic commerce operator is mandated to register under subsection (1) of Section 22 of the Central Goods and Services Tax Act, 2017 [Effective from September 22, 2025]

[Notification No. 17/2025 CT(R) and Notification No. 17/2025 IT(R), both dated September 17, 2025]

Example:

Quick Drop Ltd. is an Electronic Commerce Operator (ECO). During October 2025, the following independent delivery partners provide local delivery services through Quick Drop. Assume the applicable GST rate on the delivery service is 18% and the normal threshold for registration under section 22(1) in the relevant State is ₹20 lakh.

Delivery Partner	Aggregate Turnover	Value of Local Delivery through Quick Drop
Mr. A	₹12,00,000	₹4,00,000
Mr. B	₹18,00,000	₹6,00,000
Mr. C	₹28,00,000	₹8,00,000

Assume the turnover figures above determine their liability under section 22(1) and no other compulsory-registration provision applies.

Compute:

1. Local-delivery value on which Quick Drop Ltd. is liable to pay GST under section 9(5).
2. GST payable by Quick Drop Ltd.
3. Identify the person responsible for GST on Mr. C's local-delivery services.

Solution:

With effect from 22-09-2025, services by way of local delivery supplied through an ECO are covered by section 9(5), except where the person supplying such services through the ECO is liable for registration under section 22(1). The corresponding inter-State provision is section 5(5) of the IGST Act. Tax Information

Step 1 — Examine each delivery partner

Partner	Turnover	Liable u/s 22(1)?	ECO liable u/s 9(5)?	Delivery value
Mr. A	₹12 lakh	No	Yes	₹4 lakh
Mr. B	₹18 lakh	No	Yes	₹6 lakh
Mr. C	₹28 lakh	Yes	No	₹8 lakh

Therefore, Quick Drop is liable under section 9(5) only for the services supplied by A and B.

Step 2 — Value taxable in the hands of ECO = ₹4,00,000 + ₹6,00,000 = ₹10,00,000

Step 3 — GST payable by Quick Drop

Assuming intra-State supplies:

₹10,00,000 × 18% = ₹1,80,000

Therefore:

- CGST @ 9% = ₹90,000
- SGST @ 9% = ₹90,000
- Total GST payable by ECO = ₹1,80,000

Section 9(5) treats the ECO as the supplier liable to pay tax in relation to notified services supplied through it. Tax Information

Step 4 — What about Mr. C?

Mr. C's aggregate turnover is ₹28 lakh, exceeding the assumed section 22(1) threshold of ₹20 lakh.

Therefore, he is liable for registration under section 22(1).

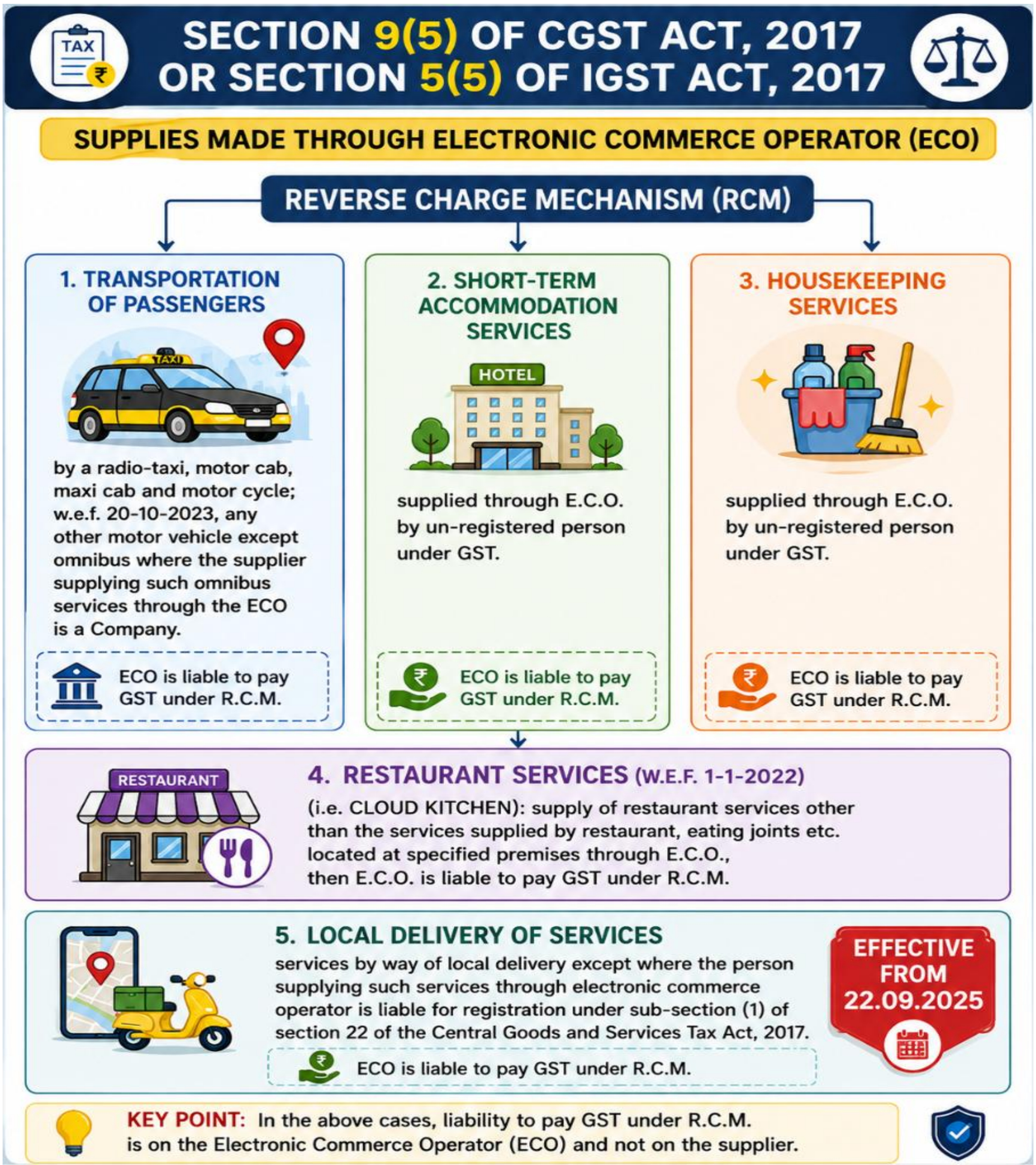
Consequently, the newly notified section 9(5) liability for local-delivery services does not shift to Quick Drop for Mr. C's ₹8 lakh supply.

GST: ₹8,00,000 × 18% = ₹1,44,000

This tax liability remains with Mr. C under the normal provisions, rather than Quick Drop under section 9(5).

Final Answer

Particulars	Amount
Local delivery covered by ECO liability — A	₹4,00,000
Local delivery covered by ECO liability — B	₹6,00,000
Total value taxable in hands of ECO u/s 9(5)	₹10,00,000
GST payable by Quick Drop @ 18%	₹1,80,000
Mr. C's supply outside new ECO liability	₹8,00,000
GST @ 18% thereon	₹1,44,000 — payable by Mr. C



Value of Supply

1. Value of supply of goods on basis of retail sale price [w.e.f. 1st day of February 2026]

Notification No. 19/2025-Central Tax, Notification No. 20/2025-Central Tax, Section 15(5) of the CGST Act, 2017, and the newly inserted Rule 31D of the CGST Rules, 2017.

The Finance Act introduced Section 15(5) empowering the Government, on the recommendation of the GST Council, to prescribe special valuation methods for specified classes of goods or services.

In terms of section 15(5) of the CGST Act, 2017, the Government, on the recommendations of the Council, has notified the following supplies under the said sub-section, namely:—

(i) supply of online money gaming,

(ii) supply of online gaming other than online money gaming and

(iii) supply of actionable claims in casinos

With effect from 01.02.2026, the following supplies are also included in notified supplies on which retail sale price is declared in terms of section 15(5) of the CGST Act, 2017:-

The amount of applicable tax referred to in sub-rule (1) of Rule 31D shall be determined in the following manner, namely: —

Tax amount = (Retail sale price X tax rate in % of applicable taxes) / (100+ sum of applicable tax rate).

NOTIFIED GOODS UNDER NOTIFICATION No. 19/2025 – CENTRAL TAX
(Effective from 01.02.2026)

S.No.	Tariff Item	Goods	Illustrative Examples
1	2106 90 20	Pan Masala	
2	2401	Unmanufactured tobacco (other than tobacco leaves)	
3	2402	Cigars, Cheroots, Cigarillos & Cigarettes	
4	2403	Other manufactured tobacco (other than biris)	
5	2404 11 00	Tobacco products for inhalation without combustion	
6	2404 19 00	Tobacco/Nicotine substitute products for inhalation	

Explanation. - For the purposes of this clause, —

(a). "retail sale price" means the maximum price declared on goods at which such goods in packaged form may be sold to the ultimate consumer and includes all taxes, duties, surcharge or cess, by whatever name called;

(b). where on the package of any specified goods more than one retail sale price is declared, the maximum of such retail sale price shall be deemed to be the retail sale price;

(c). where the retail sale price declared on packages of any specified goods is altered to increase the retail sale price at any stage before, during, or after the supply, such altered retail sale price shall be deemed to be the retail sale price;

(d). where different retail sale prices are declared on different packages for the sale of any specified goods above in packaged form in different areas, each such retail sale price shall be the retail sale price for the purposes of valuation of the specified goods intended to be sold in the area to which the retail sale price relates.

(e). "tariff item", "heading", "sub-heading" and "Chapter" shall mean respectively a tariff item, heading, sub-heading, and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);

(f). the rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this clause."

Question: M/s Royal Tobacco Products Ltd., Chennai, a registered person under GST, manufactures and supplies tobacco products covered under Notification No. 19/2025-Central Tax dated 31.12.2025. The company made the following intra-State supplies on 15 February 2026:

A. Pan Masala (Tariff Item 2106 90 20)

- Quantity supplied: **4,000 pouches**
- Transaction value charged to distributor: **₹10,00,000**
- Retail Sale Price (RSP) printed on each pouch: **₹350**

B. Cigarettes (Heading 2402)

- Quantity supplied: **2,000 packets**
- Transaction value: **₹8,20,000**
- Two RSPs printed:
  - ₹420
  - ₹450

C. Chewing Tobacco (Heading 2403)

- Quantity supplied: **3,000 tins**
- Original RSP: **₹240**
- Before dispatch, revised stickers showing **₹280** were affixed.
- Transaction value: **₹6,00,000**

D. Tobacco Products **(Heading 2404 11 00)**

- Quantity supplied: **1,500 units**
- Two different RSPs declared:
  - North India – ₹520
  - South India – ₹560
- Goods supplied to Chennai.

Additional Information

1. GST rate applicable on all the above notified goods is **40% (20% CGST + 20% SGST).**
2. Assume the **Retail Sale Price (RSP) is inclusive of GST.**

Compute the taxable value and GST liability by applying **Rule 31D.**

Solution:

(A) Pan Masala
Only one RSP declared
Applicable RSP = ₹350

(B) Cigarettes: Two RSPs declared
₹420
₹450
As per Explanation,
Highest RSP
Applicable RSP = ₹450

(C) Chewing Tobacco
Original RSP = ₹240
Revised RSP = ₹280
As per Explanation,
Revised RSP deemed to be RSP.
Applicable RSP = ₹280

(D) Tobacco Products
North India ₹520
South India ₹560
Goods supplied to Chennai.
Applicable RSP = ₹560

Computation
Since GST = 40%
Rule 31D
Taxable Value = RSP × 100/140
GST = RSP × 40/140

(A) Pan Masala

Quantity = 4,000

RSP = ₹350

Total RSP

= 4,000 × 350

= ₹14,00,000

Taxable Value

= ₹14,00,000 × 100/140

= ₹10,00,000

GST = ₹4,00,000

CGST = ₹2,00,000

SGST = ₹2,00,000

(B) Cigarettes

Quantity = 2,000

Applicable RSP = ₹450

Total RSP

= ₹9,00,000

Taxable Value

= ₹9,00,000 × 100/140

= ₹6,42,857

GST

= ₹2,57,143

CGST

= ₹1,28,571.50

SGST

= ₹1,28,571.50

(C) Chewing Tobacco

Quantity

3,000

Applicable RSP

₹280

Total RSP

= ₹8,40,000

Taxable Value

= ₹8,40,000 × 100/140

= ₹6,00,000

GST = ₹2,40,000

CGST = ₹1,20,000

SGST = ₹1,20,000

(D) Tobacco Products

Quantity 1,500

Applicable RSP ₹560

Total RSP = ₹8,40,000

Taxable Value = ₹8,40,000 × 100/140 = ₹6,00,000

GST = ₹2,40,000

CGST = ₹1,20,000

SGST = ₹1,20,000

Summary

Goods	Total RSP (₹)	Taxable Value (₹)	CGST (₹)	SGST (₹)	Total GST (₹)
Pan Masala	14,00,000	10,00,000	2,00,000	2,00,000	4,00,000
Cigarettes	9,00,000	6,42,857	1,28,571.50	1,28,571.50	2,57,143
Chewing Tobacco	8,40,000	6,00,000	1,20,000	1,20,000	2,40,000
Tobacco Products	8,40,000	6,00,000	1,20,000	1,20,000	2,40,000
Total	39,80,000	28,42,857	5,68,571.50	5,68,571.50	11,37,143

Explanation:

Highest RSP

Where more than one RSP is declared,

Highest RSP shall be adopted.

Hence, ₹450 is considered for cigarettes.

Revised RSP

Original ₹240

Revised ₹280

The revised RSP is deemed to be the Retail Sale Price.

Different Area-wise RSP

Goods supplied to Tamil Nadu.

Therefore, South India RSP ₹560 shall be adopted.

Whether Transaction Value Relevant?

No.

Once goods are notified under Section 15(5) and Rule 31D, transaction value under Section 15(1) becomes irrelevant for valuation. GST is computed on the value derived from the RSP mechanism, not on the price charged to the distributor.

2. w.e.f. 01.02.2026, GSTN Advisory creates a distinction between:

- Valuation under GST Law (Section 15(5) + Rule 31D), and
- Reporting in the GST Portal (e-Invoice, e-Way Bill, GSTR-1/1A/IFF).

We may incorrectly assume that the taxable value shown in the invoice must be the same as the taxable value under Rule 31D. That is not the case. The advisory prescribes a special reporting mechanism to avoid system validation errors.

Why was the Advisory issued?

Normally, GST systems are designed on the assumption that:

Invoice Value = Taxable Value + GST

However, under Rule 31D:

- GST is calculated on the RSP (treated as GST-inclusive),
- whereas the commercial sale between manufacturer and distributor is on a much lower transaction value (Net Sale Value).

If taxpayers entered the Rule 31D taxable value in the "Taxable Value" field, the GST portal validations could fail. Therefore, GSTN issued a special reporting advisory.

Understanding through an Example

Suppose:

A manufacturer supplies Pan Masala.

Particulars	**Amount**
RSP printed on package	₹1,00,000
Actual sale price to distributor	₹60,000
GST Rate	40%

Step 1 – Compute GST under Rule 31D

GST is not computed on ₹60,000.

GST is computed on RSP.

Tax Amount = ₹1,00,000 × 40 / 140 = ₹28,571.43

Deemed Taxable Value = ₹1,00,000 − ₹28,571.43 = ₹71,428.57

This is the legal valuation under Section 15(5) and Rule 31D.

But what should be reported on the GST Portal?

The advisory prescribes:

Field	Amount to be reported
Taxable Value	₹60,000 (Net Sale Value)
GST Amount	₹28,571.43 (RSP-based GST)
Invoice Value	₹88,571.43

Invoice Value = Net Sale Value + GST = ₹60,000 + ₹28,571.43 = ₹88,571.43

Notice that the invoice value is not ₹1,00,000. It reflects the commercial consideration plus the statutory GST amount.

e-Invoice Reporting

Suppose the e-Invoice contains these fields:

Field	Report
Taxable Value	₹60,000
GST	₹28,571.43
Invoice Value	₹88,571.43

Although GST is computed on the RSP, the taxable value field continues to display the actual commercial consideration (Net Sale Value), as directed by the advisory.

e-Way Bill Reporting

The same reporting logic applies:

Field	Report
Taxable Value	₹60,000
GST	₹28,571.43
Total Invoice Value	₹88,571.43

GSTR-1 Reporting

In GSTR-1:

Field	Report
Taxable Value	₹60,000
Tax Amount	₹28,571.43
Invoice Value	₹88,571.43

If the GST portal auto-calculates GST as 40% of ₹60,000 (₹24,000), the taxpayer must edit the tax amount to ₹28,571.43, because GST is legally payable on the RSP-derived value.

Comparison

Particular	GST Law	GST Portal Reporting
Commercial Sale Value	₹60,000	₹60,000
RSP	₹1,00,000	Not entered as taxable value
Deemed Taxable Value under Rule 31D	₹71,428.57	Not shown separately
GST	₹28,571.43	₹28,571.43
Invoice Value	₹88,571.43	₹88,571.43

Why is the Deemed Taxable Value not shown?

Because the advisory is only a reporting mechanism.

It does not change the law.

Legally:

- GST liability is still determined under Section 15(5) and Rule 31D.

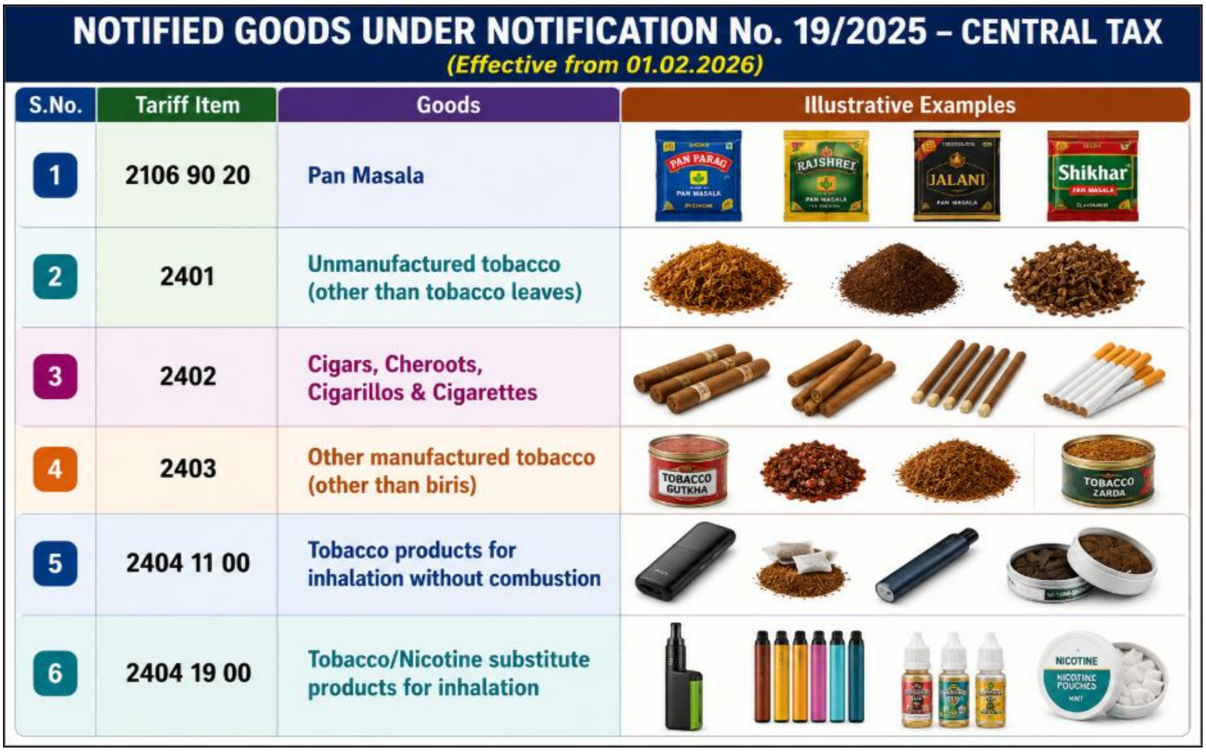
Procedurally:

- GSTN requires the Net Sale Value to be entered in the taxable value field to ensure the portal validations work correctly.

Input Tax Credit

1. Notification No. 20/2025–Central Tax Dt. 31-12-2025 [w.e.f. 01-02-2026]

In the said rules, in rule 86B, in the first proviso, after clause (e), the following clause shall be inserted, namely:—
"(f) the registered person other than a manufacturer shall be exempted from the provisions of this rule only in respect of goods specified under rule 31D, on which the tax has been paid by the supplier on the basis of retail sale price:".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1	2106 90 20	Pan Masala	PAN PARAG, RAJSHREE, JALANI, Shikhar
2	2401	Unmanufactured tobacco (other than tobacco leaves)	
3	2402	Cigars, Cheroots, Cigarillos & Cigarettes	
4	2403	Other manufactured tobacco (other than biris)	TOBACCO GUTKHA, TOBACCO ZARDA
5	2404 11 00	Tobacco products for inhalation without combustion	
6	2404 19 00	Tobacco/Nicotine substitute products for inhalation	NICOTINE, NICOTINE POUCHES

Simplified Numerical Problem — Rule 86B Clause (f)

Problem

ABC Traders is a wholesaler and not a manufacturer.

During February 2026, it made the following supplies:

Goods	Output GST
Cigarettes covered by Rule 31D	₹4,00,000
Ordinary goods not covered by Rule 31D	₹2,00,000
Total output GST	₹6,00,000

Additional information:

- ABC's total taxable turnover during February exceeded ₹50 lakh.
- The cigarette supplier paid GST on the basis of RSP.
- ABC has sufficient ITC.
- No other exception to Rule 86B applies.

Calculate the minimum GST ABC must pay in cash.

Solution:

Step 1: Divide the output tax into two baskets

Basket A: *Rule 31D goods*

Output GST on cigarettes: [₹4,00,000]

ABC is a trader and its supplier paid tax on the RSP basis.

Therefore, clause (f) applies.

No 1% cash payment is required on this liability: [₹4,00,000 × 0% = ₹0]

Basket B: *Other goods*

Output GST on ordinary goods: [₹2,00,000]

These goods are not covered by Rule 31D. Therefore, the normal Rule 86B restriction continues to apply.

Minimum cash payment: [₹2,00,000 × 1% = ₹2,000]

ABC Traders must pay a minimum of ₹2,000 in cash.

The remaining liability may be paid using ITC: [₹6,00,000 - ₹2,000] = ₹5,98,000]

Payment method	Amount
Electronic cash ledger	₹2,000
Electronic credit ledger	₹5,98,000
Total GST liability	₹6,00,000

CUSTOMS LAW

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Provisional Assessment:

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1. Customs (Finalisation of Provisional Assessment) Regulations, 2025
Notification No. 55/2025-Customs (N.T.), dated 12-09-2025 —
Circular No. 22/2025-Customs — implementation clarification

1. Regulation 1 — Short title and commencement
They are called the:
Customs (Finalisation of Provisional Assessment) Regulations, 2025 and came into force on 12 September 2025.
Why were new Regulations necessary?
Finance Act, 2025 substantially strengthened section 18 by introducing a statutory time limit for finalising provisional assessments.

2. Regulation 2 — Definitions
Three definitions are particularly important.

Expression	Meaning
Act	Customs Act, 1962
Date of assent of Finance Act, 2025	29-03-2025
Documents or information	Includes result of a chemical or other test

Other words not separately defined carry the meanings assigned under the Customs Act.
Example — Test report
ABC Ltd. imports a chemical on 1-10-2025.
Customs cannot finally determine its classification until a laboratory report is available.
The laboratory test result is treated as "documents or information" for these Regulations.
This is important because the time limits under Regulation 4 consequently apply to such test reports as well.

3. Regulation 3 — Application
The Regulations apply to:
(A) provisional assessments pending on the date of enforcement of the Regulations; and
(B) assessments made provisionally after enforcement.
There is an extremely important Explanation:
Each Bill of Entry or Shipping Bill provisionally assessed is treated as a separate case of provisional assessment.

Numerical Example 1

XYZ Ltd. has:

- 20 Bills of Entry;
- all 20 provisionally assessed because of valuation disputes.

For these Regulations:

20 Bills of Entry = 20 separate provisional-assessment cases

It is not one provisional assessment merely because the importer and issue are common.

Summary:

Importer-wise? ❌

Issue-wise? ❌

Bill of Entry/Shipping Bill-wise? ✅

4. Regulation 4 — Submission of documents/information

This is one of the most important Regulations.

Regulation 4(1) — Proper Officer: 15 days

Suppose provisional assessment was resorted to because necessary documents/information were not available.

The Proper Officer must, within 15 days from the date of provisional assessment, inform the importer/ exporter in writing of the specific documents or information required.

Example 2

Provisional assessment: 1-10-2025

The Proper Officer must communicate the specific document requirement within:

15 days from 1-10-2025.

5. Regulation 4(2) — Importer/exporter gets 2 months

Once documents/information are requisitioned:

Normal period = 2 months

The importer/exporter must make them available within 2 months from the date of requisition.

Example 3

Requisition made: 15-10-2025

Importer normally gets: 2 months to provide the requested documents/information.

6. First extension — Further 2 months

If documents cannot be provided within the initial 2 months, the Proper Officer himself may allow a further period not exceeding 2 months.

This may be:

- on his own; or
- at the request of importer/exporter,

but reasons must be recorded in writing.

Memory
2 months + 2 months
First 2 months → Normal period
Next up to 2 months → Proper Officer can extend

7. Further extension — Superior officer
Suppose even the extended period is insufficient.
An officer to whom the Proper Officer is subordinate may allow additional time as deemed fit, on request of the importer/exporter explaining inability to provide the documents/information.
Again, reasons must be recorded in writing.
But there is an outer limit:
🚨 Maximum = 14 months from date of provisional assessment
No such extension can go beyond 14 months from the date of provisional assessment.
Complete memory formula
15 DAYS → 2 MONTHS → +2 MONTHS → further extension → MAXIMUM 14 MONTHS

8. Regulation 4(3) — Importer must declare completion
Once all documents/information have been submitted, the importer/exporter must inform the Proper Officer in writing that all required/requisitioned documents or information have been furnished.
This is important because it creates a clear completion point for moving towards finalisation.

9. What if importer does NOT submit documents?
This is a very important provision.
Failure to provide documents does not mean the provisional assessment can remain open indefinitely.
If documents/information are not provided within the permitted period:
Proper Officer shall proceed to finalise based upon the:
documents/information already available on record.
CBIC additionally stresses observance of principles of natural justice.

Example 4
ABC Ltd. provisionally imports machinery.
Customs requests:

- foreign manufacturer's catalogue;
- cost sheet;
- technical specifications.

ABC repeatedly fails to provide them within the permissible period.
Customs need not wait indefinitely.
Available evidence → Natural justice → Finalise assessment

10. Regulation 5 — Where further enquiry is necessary

This is different from Regulation 4.

Regulation 4 → documents/information awaited.

Regulation 5 → Customs considers further enquiry necessary.

Where provisional assessment was made because further enquiry was necessary, the Customs officer must:

complete enquiry + transfer relevant documents + written report to Proper Officer

within: 14 MONTHS from date of provisional assessment.

Example 5

Goods provisionally assessed: 1-11-2025

Reason: Customs needs to investigate the relationship between importer and overseas supplier and its effect on valuation.

Customs cannot keep the enquiry indefinitely pending.

Enquiry + documents + written report → within 14 months from provisional assessment.

11. Regulation 6 — Cases pending on 29-03-2025

This is a major transitional provision.

Suppose provisional assessment had already been made years earlier and was still pending on 29 March 2025.

For such cases, the time limit under Regulations 4 or 5, as applicable, is reckoned from: 29-03-2025.

CBIC accordingly instructed officers to obtain pending documents/information or complete enquiry within 14 months from 29-03-2025, identifying 29-05-2026 as the relevant endpoint.

Numerical Example 6 — Old case

Provisional assessment originally made: 15-06-2022

Still pending on: 29-03-2025

Do not simply count the new 14-month framework from 15-06-2022.

For the transitional mechanism:

Starting point = 29-03-2025

Therefore: 14 months → 29-05-2026

12. Regulation 7 — Voluntary payment before finalisation

Importer/exporter need not necessarily wait until the final order.

During pendency of provisional assessment, he may electronically pay an amount against the relevant:

- Bill of Entry; or
- Shipping Bill,

based on his own ascertainment.

The amount is adjusted against duty finally assessed/reassessed.

CBIC states that this incorporates the approach earlier clarified in Circular No. 40/2011-Customs dated 09-11-2011.

Numerical Example 7 — Voluntary payment
Duty provisionally paid = ₹20 lakh
During proceedings, importer realises correct duty is likely to be ₹27 lakh.
Importer voluntarily pays: ₹5 lakh
Later final duty determined: ₹28 lakh
Therefore:

Particulars	₹ lakh
Final duty	28
Initially paid	(20)
Voluntarily paid	(5)
Balance payable	3

Applicable interest under section 18 must also be considered. Regulation 7 expressly preserves interest liability on the voluntarily paid amount consequent to final assessment/reassessment.

13. Regulation 8 — Time limit for finalisation
Now comes the heart of the Regulations.
Where possible, the Proper Officer shall finalise provisional assessment: within 3 months of:
(A) receipt of documents/information OR expiry of the permitted period under Regulation 4; or
(B) conclusion of enquiry under Regulation 5.

14. Extension of the 3-month operational period
If the Proper Officer cannot finalise within those 3 months: an officer to whom the Proper Officer is subordinate may allow: 2 months at a time for reasons recorded in writing.
But these operational extensions cannot defeat the overall statutory limit.

15. ⭐ Overall outer limit — TWO YEARS
The provisional assessment must ordinarily be finalised: within 2 years from the date of provisional assessment.
For provisional assessments already pending on 29-03-2025: 2 years is reckoned from 29-03-2025.
Example 8 — New assessment
Provisional assessment: 1-10-2025
Ordinary overall statutory deadline:
2 years from the provisional assessment
subject, of course, to statutory extension/exclusion provisions discussed below.

16. Old pending case — extremely important numerical

Provisional assessment: 10-08-2020

Still pending on 29-03-2025.

For the new statutory 2-year framework: 29-03-2025 → starting point

Therefore, ordinarily: 29-03-2025 + 2 years = 29-03-2027

The fact that the provisional assessment was originally made in 2020 does not cause the newly introduced two-year period to expire retrospectively.

17. Regulation 8(2) — Special situations: clock starts differently

This is a very important advanced provision.

There are five situations where finalisation may not presently be possible.

(a) Information from foreign authority

Information is being sought from an authority outside India through a legal process.

(b) Similar matter under appeal

An appeal in a similar matter involving the same person or any other person is pending before:

- Appellate Tribunal;
- High Court; or
- Supreme Court.

(c) Interim stay

Interim stay issued by:

- Appellate Tribunal;
- High Court; or
- Supreme Court.

(d) Board direction

CBIC has issued a specific direction/order in a similar matter to keep the matter pending.

(e) Settlement proceedings

Importer/exporter has a pending application before:

- Settlement Commission; or
- Interim Board.

18. What happens to 2-year period in these five situations?

The Proper Officer must inform the importer/exporter about the reason for non-finalisation.

Most importantly: the 2-year period does NOT run from original provisional-assessment date.

Instead: 2 YEARS starts from the date on which the specified reason ceases to exist.

Numerical Example 9

Provisional assessment: 1-10-2025

Similar issue pending before Supreme Court.

Supreme Court finally decides the issue on: 15-07-2027

Assuming this is the date the specified reason ceases to exist:

2-year period is reckoned from 15-07-2027, rather than merely running from 1-10-2025.

19. Regulation 9 — Manner of finalisation

There are two important possibilities.

Situation A — Final assessment differs from provisional assessment

Proper Officer must: pass a speaking order and follow:

principles of natural justice.

Therefore:

Provisional ≠ Final

→ Natural justice

→ Speaking order

20. Situation B — Final assessment confirms provisional assessment

If:

Final assessment = Provisional assessment

the Proper Officer obtains the acceptance of the importer/exporter on record and communicates the date of finalisation in writing.

CBIC's Circular describes this as obtaining written acceptance.

Memory

Different → Speaking order

Same → Acceptance + written communication

21. Differential duty after finalisation

Where final duty exceeds the amount already paid:

Bill of Entry/Shipping Bill may be returned for payment of the deficiency.

Applicable interest is also payable under section 18.

Numerical Example 10

Provisional duty paid = ₹12,00,000

Voluntary additional payment = ₹2,00,000

Final duty = ₹17,00,000

Calculation:

₹17,00,000 − ₹12,00,000 − ₹2,00,000 = ₹3,00,000 differential duty

Therefore:

₹3 lakh + applicable interest, is payable.

22. Regulation 10 — Closure after finalisation

Once assessment is finalised, bond/security can be closed where:

(a) Final assessment confirms provisional assessment; OR

(b) For home consumption/export, duty + interest have been fully paid where BE/SB was returned for payment; OR

(c) For warehoused goods, importer executes an appropriate bond in relation to excess duty.

Then, provided there are no pending dues:

Bond → Cancelled/recredited and
Security → Returned.

23. Unpaid amount for more than 90 days

Suppose after finalisation there is:

- duty;
- interest;
- fine;
- penalty; or
- other sum

which remains unpaid for more than 90 days, and the sum has attained finality for recovery.
Then:
First, amount may be adjusted from the security, if any.
Otherwise, recovery can be made under:
Section 142 of Customs Act including applicable interest, with intimation to importer/exporter.
Numerical Example 11
Security available = ₹8 lakh
Final recoverable amount = ₹5 lakh
Amount remains unpaid beyond 90 days and has attained finality.
Customs may adjust: ₹5 lakh from ₹8 lakh security
Balance security: ₹3 lakh, subject to applicable procedural requirements.

24. Refund after finalisation

Suppose final duty is less than provisional duty paid.
Refund is processed in accordance with:
Section 18(4) and Section 18(5).
Numerical Example 12
Duty provisionally paid = ₹25 lakh
Final duty = ₹19 lakh
Excess:
₹25 lakh − ₹19 lakh = ₹6 lakh
Therefore:
Potential refund = ₹6 lakh
subject to section 18(4)/(5), including the applicable statutory requirements.

25. Regulation 11 — Commissioner can extend 2-year period

This is the second major number to remember.
Where sufficient cause is shown and reasons are recorded in writing:
Commissioner of Customs
may extend the 2-year period by:
additional ONE YEAR

under the statutory framework of section 18.
CBIC's Circular describes the competent authority as Principal Commissioner/Commissioner in the amended statutory framework.
Memory formula
2 + 1 YEARS
2 years → Normal
+1 year → Extension

26. Numerical Example 13 — 2 + 1
Provisional assessment: 1-11-2025
Normal period: 2 years
Suppose sufficient cause exists and the competent Commissioner grants the full permissible extension.
Maximum extended period: 2 years + 1 year = 3 years
Therefore, subject to the statutory conditions:
Maximum extended window = 3 years from the relevant starting point.

27. Regulation 12 — Penalty
Importer/exporter, authorised representative or Customs Broker who:
- contravenes the Regulations;
- abets contravention; or
- fails to comply,

is liable to penalty to the extent provided under: Section 158(2)(ii)
without prejudice to any other action available under the Customs Act, Rules, Regulations or other applicable law.

28. Circular No. 22/2025-Customs — additional important instructions
The Circular dated 12-09-2025 should be studied along with Notification 55/2025.
CBIC additionally clarifies that these Regulations apply to provisional assessment undertaken under Project Imports.
It also refers to Circular No. 04/2025-Customs dated 17-02-2025, under which a Single Unified Multi-Purpose Electronic Bond can be furnished instead of transaction-wise bonds across different ports.

29. ⭐ 17-month monitoring mechanism
This is not to be confused with the statutory two-year limit.
CBIC directs that a provisional assessment remaining pending for more than 17 months should be reported to the Commissioner of Customs.
The Commissioner should personally monitor such cases for:
- finalisation; or
- appropriate decision regarding extension.

Memory
14 months → Documents/enquiry outer framework
17 months → Commissioner monitoring
2 years → Statutory finalisation
+1 year → Extension

30. Complete exam-oriented timeline

Stage	Time limit
PO specifies required documents	Within 15 days of provisional assessment
Importer/exporter supplies requisitioned documents	2 months from requisition
Extension by Proper Officer	Further ≤ 2 months
Further extension by superior officer	Permissible, but subject to outer limit
Ultimate document-information framework	14 months from provisional assessment
Enquiry completion + report	14 months from provisional assessment
Finalisation after documents/time expiry/ enquiry	3 months, where possible
Further operational extension	2 months at a time
Commissioner monitoring	Cases pending beyond 17 months
Overall finalisation	2 years
Commissioner extension	Additional 1 year
Recovery from security etc. after finalisation	Where unpaid >90 days and amount has attained finality

Notification No. 55/2025-Customs (N.T.) — full text
Circular No. 22/2025-Customs — implementation clarification

2. Class of importers to make deferred payment of import duty [w.e.f. 01-4-2026]

Normally, under section 47(1) of the Customs Act, 1962, an importer must pay the assessed import duty before the goods are finally cleared for home consumption.
Notification No. 12/2026-Customs (N.T.), dated 01-02-2026 amended Notification No. 135/2016-Customs (N.T.) and added "Eligible Manufacturer Importer" as a new class of eligible importers who can use the deferred-duty facility. Circular No. 08/2026-Customs dated 28-02-2026 then laid down the eligibility conditions and operating procedure.
Once the customs check and payment of duties are completed, customs officers will allow the clearance of goods. However, the Central Government may permit certain classes of importers to make deferred payments of these duties or any related charges in a manner specified by regulations.

In this regard, the Central Government has authorized the following classes of importers to make deferred payments of import duties:

1. Importers certified under the Authorized Economic Operator (AEO) program as AEO (Tier-Two) and AEO (Tier-Three).
2. Authorized Public Undertakings.
3. Eligible Manufacturer Importers.

Eligible Manufacturer Importers are permitted to make deferred payments of import duties until March 31, 2028.

For the purpose of this notification:

1. AEO refers to Authorized Economic Operator.
2. An Authorized Public Undertaking is defined as an Authorized Public Undertaking.
3. An Eligible Manufacturer Importer is a Manufacturer Importer approved by the Directorate of International Customs under the Central Board of Indirect Taxes and Customs.

The facility for deferred payment of customs import duty is available to Eligible Manufacturer Importers who meet the following criteria:

1. They must be importers and manufacturers (or, if not a manufacturer, send inputs/ machinery to a job worker without paying tax).
2. They must have a valid Import-Export Code (IEC).
3. They must have filed at least 25 import/export documents in the previous financial year prior to the date of application (this requirement is relaxed to 10 for Micro, Small, and Medium Enterprises - MSMEs).
4. They must have at least one active Goods and Services Tax (GST) registration, indicating "factory/manufacturing" as the nature of business.
5. Their combined annual turnover (across all GST registrations under the same PAN) must exceed ₹5 crore in the last financial year.
6. They must have been in business for at least two financial years prior to the date of application.
7. They must have filed all pending GST returns due-up to the date of application.
8. They must have a clean record, with no GST, Excise, or Service Tax collected but not deposited with the Government; no arrests or convictions; and no pending prosecutions against the applicant, its proprietor (in the case of proprietorship firms), partners (in the case of partnership firms), or Board of Directors/Directors under indirect tax laws. There should also be no history of rejected or suspended Electronic Money Institution (EMI) applications due to false or forged documents.
9. They must submit a Chartered Accountant's certificate confirming that they are financially solvent (not insolvent or bankrupt) during the two financial years preceding the application date.

Existing AEO-Tier 1 entities (including MSMEs) that meet the above eligibility criteria are also included under this scheme.

Amendment in rule 4 of Deferred Payment of Import Duty Rules, 2016
Due dates for deferred payment of import duty are amended as follows

NOTIFICATION NO. 13/2026-CUS (N.T.), DATED 01-02-2026

EFFECTIVE FROM 01.03.2026

DUE DATES FOR DEFERRED PAYMENT OF IMPORT DUTY ARE AMENDED AS FOLLOWS

S. No.	GOODS CORRESPONDING TO BILL OF ENTRY RETURNED FOR PAYMENT FROM	DUE DATE OF PAYMENT OF DUTY, INCLUSIVE OF THE PERIOD (EXCLUDING HOLIDAYS)	
		PRIOR TO AMENDMENT	POST AMENDMENT
1.	1st day to 15th day of any month other than March	16th day of that month	1st day of the following month
2.	16th day till the last day of any month other than March	1st day of the following month	1st day of the following month
3.	1st day to 15th day of March	16th March	31st March
4.	16th day till the 31st day of March	31st March	31st March

Note: The post amendment due dates provide a uniform due date of the 1st day of the following month for all months other than March, while for March the due date is 31st March.

Baggage Rules, 2026

Applicable w.e.f. 2 February 2026 | Customs Act, 1962

The duty on baggage can be simplified by referring to a combination of the following documents: Notification No. 14/2026-Customs (N.T.) — Baggage Rules, 2026; Notification No. 15/2026-Customs (N.T.) — Customs Baggage (Declaration and Processing) Regulations, 2026; Master Circular No. 04/2026-Customs; and the CBIC's Guide for International Travellers published in February 2026. It is important to note that the CBIC Guide is only a reference document and that the Gazette notifications hold legal authority.

PART I — INTRODUCTION

1. Statutory framework

The new baggage regime broadly consists of:

Provision	Purpose
Section 79, Customs Act, 1962	Power to frame Baggage Rules
Notification 14/2026-Cus. (N.T.)	Baggage Rules, 2026
Notification 15/2026-Cus. (N.T.)	Declaration & Processing Regulations, 2026
Master Circular 04/2026-Customs	Uniform operational guidelines
Notification 04/2026-Customs	Consequential amendment relating to baggage duty notification
Notification 05/2026-Customs	Rescission of earlier separate concessions
Notification 45/2025-Customs	Special import provisions relevant to gold/silver

The Baggage Rules, 2026 supersede the Baggage Rules, 2016 and became effective on 02.02.2026.

2. The four main concessions

PE + GFA + Jewellery + TR

That means:

1. Personal Effects (PE) — Rule 3
2. General Free Allowance (GFA) — Rule 5
3. Special Jewellery Allowance — Rule 6
4. Transfer of Residence (TP) — Rule 7

These concessions have separate conditions. Transfer-of-residence benefit is specifically stated to be in addition to Rule 3/Rule 5 benefits.

3. Duty rate for ordinary baggage —

The Baggage Rules themselves prescribe allowances, not the normal rate of customs duty.

For ordinary articles covered by Heading 9803, Notification No. 26/2016-Customs prescribes 35% ad valorem on the value exceeding the admissible free allowance.

Therefore,

Duty = Dutiable value × 35%

But do not mechanically use 35% for gold, silver, firearms, excess liquor, etc. Special notifications/import-policy conditions may apply.

For ordinary baggage and TR: IGST = Nil, SWS = Nil and AIDC = Nil, so the effective duty really is 35%, not 38.5%.

IGST = Additional Customs Duty equal to IGST Rate

SWS = Social Welfare Surcharge

AIDC = Agriculture Infrastructure and Development Cess.

AIDC on products	Duty Rate
Ordinary baggage beyond GFA: AIDC	Nil
Transfer of Residence goods: AIDC	nil
Gold/Silver under the eligible passenger scheme: AIDC	5%
Whisky/Rum/Gin/Vodka and wine: AIDC	100%
Beer: AIDC	nil

RULE 1 — SHORT TITLE AND COMMENCEMENT

The rules are called:

Baggage Rules, 2026 - Effective from: 02.02.2026

RULE 2 — DEFINITIONS

Understanding Rule 2 is critical because eligibility depends on the category of passenger.

2.1 Foreigner with valid visa other than tourist visa

Means a foreigner who:

- holds a valid visa other than tourist visa; and
- stays in India for more than six months.

Example

Mr. John comes to India on employment visa for 18 months.

He qualifies as: Foreigner with valid visa, other than tourist visa

He may therefore become eligible for ₹75,000 GFA and the separate foreign-professional TR provisions, subject to conditions.

2.2 Infant

An infant means: Child not more than 2 years of age.

Important

An infant gets:

- used personal effects exemption under Rule 3;

but does not get:

- ₹75,000/₹25,000 General Free Allowance under Rule 5.

2.3 Jewellery

Jewellery means articles of adornment ordinarily worn by a person, made from:

- gold;
- silver;
- platinum; or
- other precious metals,

whether studded or not.

Jewellery ≠ bullion

Gold bar, gold biscuit, silver bar etc. are not jewellery merely because made of precious metal.

2.4 Personal effects

This is a major 2026 concept.

Personal effects include:

articles, new or used, which the passenger may reasonably require for personal use during the journey, considering the circumstances of travel.

But:

Goods imported/exported for commercial purposes are specifically excluded.

Example 1 — Personal effect

Mr. A travels for a 15-day business trip with:

- one mobile phone;
- one wristwatch;
- personal clothing;
- shoes;
- toiletries.

These are normally personal effects.

Example 2 — Commercial goods

He carries:

60 identical new smartwatches for sale.

They cannot become personal effects merely because they are inside passenger baggage.

They are commercial goods.

2.5 Resident

Resident means a person:

- ordinarily residing in India; and
- holding a valid passport under the Passports Act, 1967.

2.6 Tourist

Tourist means a person:

- not ordinarily resident in India;
- entering India for not more than 6 months during any 12-month period;
- for legitimate non-immigrant purposes.

2.7 Tourist of Indian origin

The Declaration Regulations clarify that this includes:

NRI + OCI cardholder

This includes Non-Resident Indians (NRIs) and Overseas Citizen of India (OCI) cardholders.

Mr. Aman Patel is a US citizen residing in New York. His parents were Indian citizens, and he holds a valid OCI card. He visits India for three months.

He is a tourist of Indian origin because he is an OCI cardholder and is visiting India for a temporary period.

RULE 3 — DUTY-FREE IMPORT OF PERSONAL EFFECTS

Rule 3 gives exemption to:

Used personal effects required for satisfying daily necessities of life + travel souvenirs carried:

- on the person; or
- in bona fide baggage.

Available to:

Every passenger including an infant.

Annexure-I goods are excluded.

Example 1 — Value irrelevant for genuine used effects

Mr. A arrives from Dubai carrying:

Item	Value
Used clothing	₹80,000
Used shoes	₹25,000
Used personal mobile	₹70,000
Used personal effects	₹25,000
Total	₹2,00,000

Assume all items genuinely satisfy daily personal requirements.

Treatment

Rule 3 exemption:

₹2,00,000 fully duty-free

Because Rule 3 exemption for qualifying used personal effects is independent of GFA.

Example 2 — Infant

Two-year-old child arrives with:

- used clothes ₹20,000;
- toys genuinely used during journey ₹5,000.

Qualifying used personal effects:

Duty = Nil

But the infant does not independently receive ₹75,000 GFA for new goods.

Personal jewellery under Rule 3

The CBIC Guide clarifies that used personal jewellery and valuables reasonably required for daily necessities may qualify as personal effects.

Example

Mrs. A comes for a week's trip wearing:

- wedding ring;
- chain;
- earrings,

which are genuinely her personal jewellery.

These may qualify as personal effects depending upon the circumstances.

This is different from the special 40g/20g jewellery allowance under Rule 6.

Commercial quantity — very important

The CBIC Guide states that goods in commercial quantity cannot be cleared as bona fide passenger baggage merely by offering duty.

Example

Passenger brings:

$$100 \text{ identical headphones} \times ₹2{,}000 = ₹2{,}00{,}000$$

He says:

“I will pay baggage duty.”

That does not automatically solve the issue.

Customs may treat the consignment as: non-bona fide commercial baggage and Customs Act consequences can follow.

RULE 4 — RE-IMPORT & TEMPORARY IMPORT

Rule 4 solves a common passenger problem:

“This valuable item was mine before I travelled. I did not purchase it abroad.”

There are two situations.

Rule 4(1) — Re-import of valuables earlier taken out of India

Eligible persons:

- Resident
- Tourist of Indian origin
- Foreigner with eligible non-tourist visa
- Family member, where applicable

They can take valuable articles out of India and bring the same goods back duty-free if the prescribed departure declaration is made.

The Regulations provide an:

Export Certificate — CBD-III

Practical Example — expensive camera

Mr. A owns a camera in India costing ₹3,50,000.

Before going to Singapore:

1. declares the camera;
2. obtains CBD-III Export Certificate;
3. returns with same camera.

Treatment

₹3,50,000 camera:

Duty = NIL

because it is a re-import of his own article, subject to verification.

Why CBD-III is useful

Without evidence, Customs may ask:

"Was this ₹3.50 lakh camera purchased abroad?"

CBD-III avoids unnecessary dispute.

Validity of CBD-III

Export Certificate remains valid until:

First arrival in India OR 6 months, whichever is earlier.

Numerical date example

Export Certificate issued: 1 March 2026

Six-month date: 31 August 2026

Passenger returns: 10 June 2026

First arrival occurs earlier.

Therefore, certificate effectively serves the return on 10 June 2026.

Rule 4(2) — Temporary import by tourist

A tourist carrying valuable personal effects required during stay may temporarily import them duty-free, subject to declaration and re-export.

Document:

CBD-IV — Temporary Baggage Import Certificate

Example — professional photographer

Foreign tourist carries:

Item	Value
Camera	₹4,00,000
Lens	₹3,00,000
Equipment	₹2,00,000
Total	₹9,00,000

These are required during his tour and will be taken back.

He declares them and obtains CBD-IV.

Result

Subject to compliance:

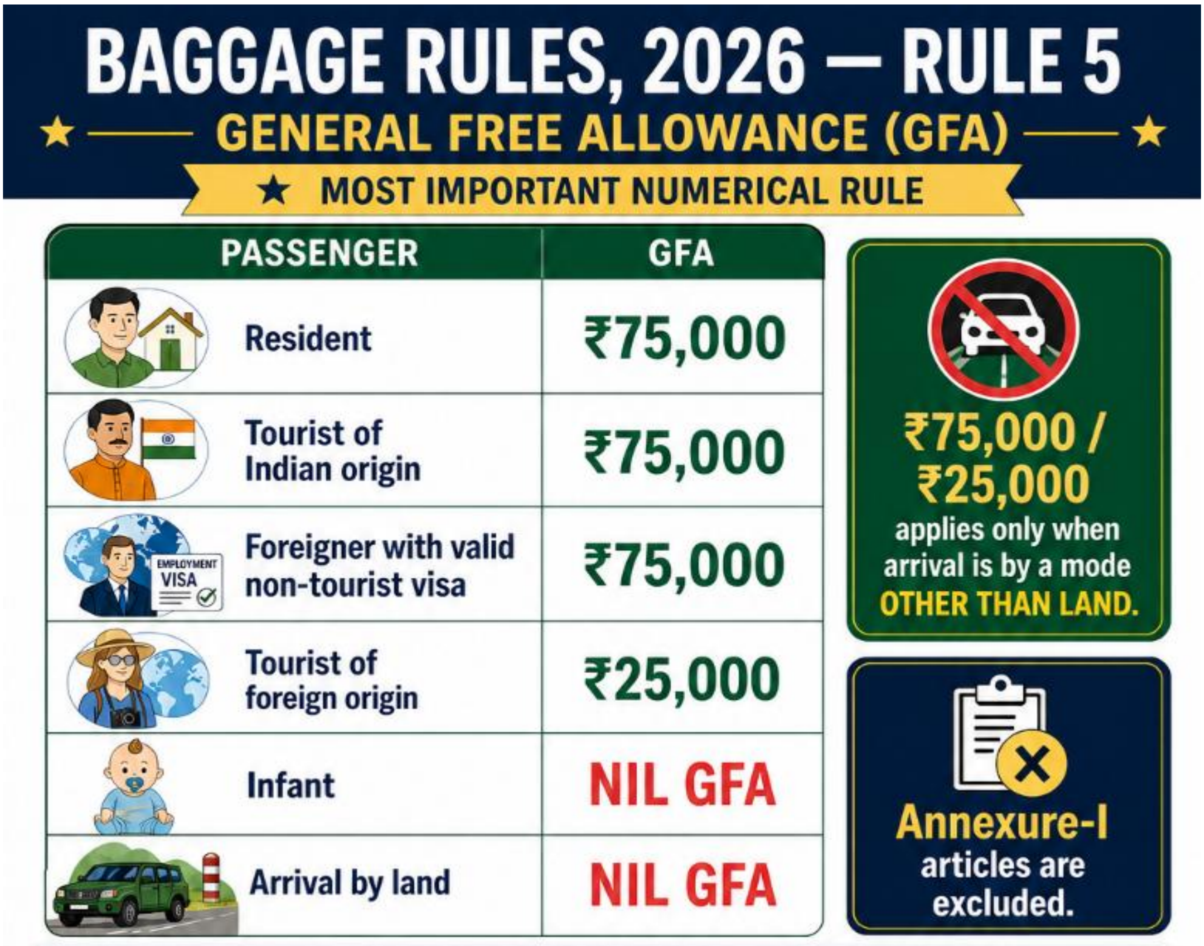
Temporary import — duty-free
He must produce the goods/certificate to Customs when leaving.

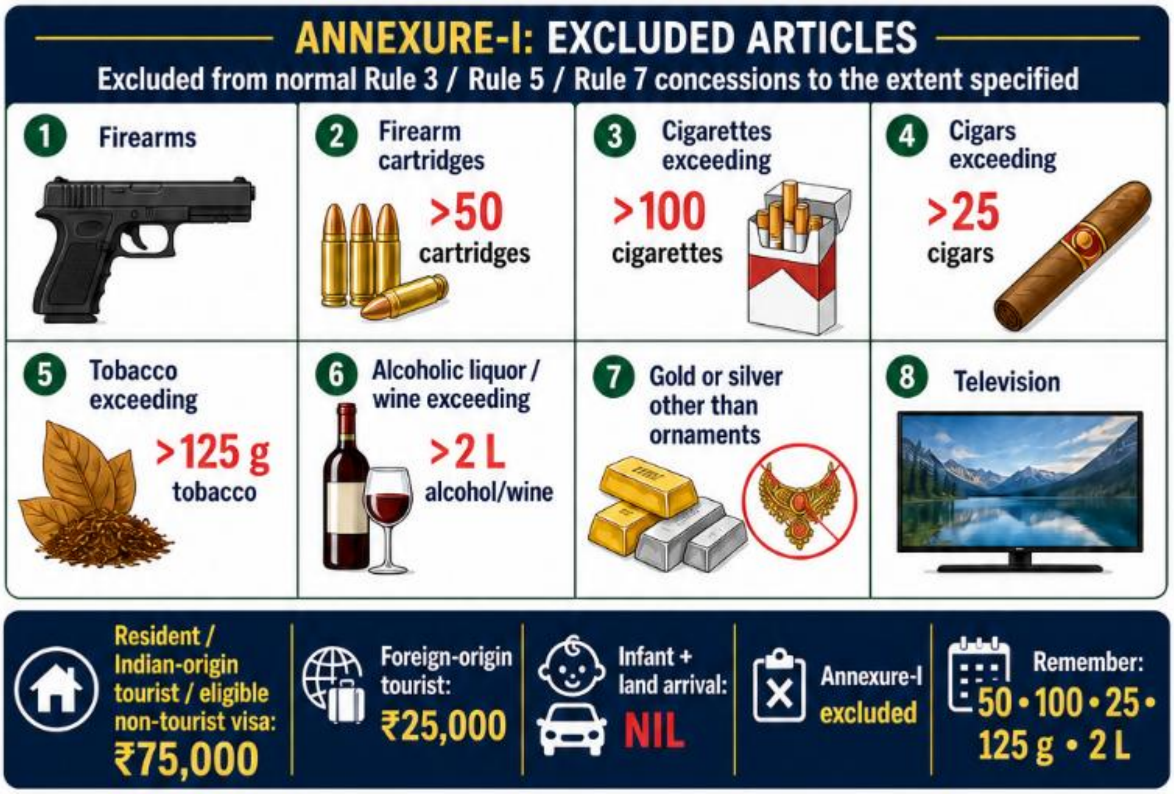
Six-month rule for temporary import
The tourist must generally re-export:
at first departure from India or within six months, whichever is earlier.
Time-limit example
Suppose Mr. John arrives in India on 10 March 2026.
CBD-IV is issued on arrival.
He plans to depart India on 25 May 2026.
The relevant limits are:

- First departure from India → 25 May 2026
- Six months from temporary import → approximately 10 September 2026

The earlier event is the first departure on 25 May 2026.
Therefore, Mr. John must produce the camera, lenses, equipment and CBD-IV before Customs at the time of departure on 25 May 2026 and re-export the articles.

RULE 5 — GENERAL FREE ALLOWANCE





The ₹75,000/₹25,000 benefit applies only where the passenger arrives by a mode other than land and excludes Annexure-I articles.

Numerical Example 1 — Resident
Mr. A arrives by air.
Eligible new articles: ₹1,20,000
GFA: ₹75,000
Dutiable value: ₹1,20,000 − ₹75,000 = ₹45,000
Illustrative ordinary baggage duty: ₹45,000 × 35% = ₹15,750
Answer
Duty = ₹15,750

Example 2 — Goods within GFA
Resident brings eligible gifts: ₹72,000
GFA: ₹75,000
Therefore:
Duty = NIL
The unused ₹3,000 allowance:

- cannot be refunded;
- cannot be carried forward;
- cannot be transferred to another passenger.

Example 3 — Foreign tourist
Foreign-origin tourist brings new permissible articles: ₹80,000
GFA: ₹25,000
Dutiable value: ₹80,000 − ₹25,000 = ₹55,000
Duty: ₹55,000 × 35% = ₹19,250

GFA CANNOT BE POOLED
Rule 5 specifically prohibits pooling the free allowances of different passengers.

Numerical Example — husband and wife
Husband's GFA = ₹75,000
Wife's GFA = ₹75,000
One camera belonging to husband = ₹1,40,000.
They cannot say: ₹75,000 + ₹75,000 = ₹1,50,000
therefore camera is duty-free.
Correct
Husband's GFA only:
₹1,40,000 − ₹75,000 = ₹65,000
Duty: ₹65,000 × 35% = ₹22,750

Important exception — one new laptop
A passenger:
- 18 years or above;
- other than crew member,

may bring:
One new laptop including notepad duty-free

Example 1:
Resident aged 35 brings:
- New laptop = ₹1,25,000
- Other eligible articles = ₹65,000

Laptop:
Nil duty — separate specific concession
Other articles ₹65,000 are within GFA ₹75,000.
Total duty: NIL

Example 2: — age 17
A 17-year-old passenger brings a new laptop worth ₹90,000.
Specific one-new-laptop concession requires age: 18 years or above
Therefore, this specific concession is unavailable.
The item must be considered under the other applicable baggage provisions.

Arrival by land

A passenger arriving by land receives:

No General Free Allowance

Only qualifying used personal effects required for daily necessities are duty-free.

Example

Resident enters India through a land border with:

- Used clothes = ₹40,000
- New eligible electronic item = ₹30,000

Used clothes:

Rule 3 → Nil duty.

New item:

No ₹75,000 GFA merely because passenger is a resident.

Duty = ₹30,000 x 35% = ₹10,500.

Practical example 3:

Mr. A, aged 30, enters India through the Attari land border carrying:

- used personal clothes;
- one new laptop worth ₹1,20,000; and
- new headphones worth ₹15,000.

Treatment:

Article	Treatment
Qualifying used personal clothes	Duty-free under Rule 3
One new laptop	Duty-free under the specific Rule 5 laptop concession
New headphones	No GFA because arrival is by land; assess under applicable provisions

Customs Duty = 15,000 x 35% = ₹5,250/-

ANNEXURE-I — EXCLUDED ARTICLES

The following are excluded from the normal Rule 3/Rule 5/Rule 7 concessions to the extent specified:

1. Firearms
2. Firearm cartridges exceeding 50
3. Cigarettes exceeding 100 sticks
4. Cigars exceeding 25
5. Tobacco exceeding 125 grams
6. Alcoholic liquor/wine exceeding 2 litres
7. Gold or silver other than ornaments
8. Television

The statutory Annexure specifically lists these categories.

Television is in Annexure-I.
Therefore:
TV is not covered by ordinary GFA.
The CBIC Guide expressly confirms this.

Example
Mr. A, a resident, returns to India by air carrying:

Particulars	Value
New LED Television	₹60,000
New clothes/gifts eligible for GFA	₹50,000
Total	₹1,10,000

As a resident arriving otherwise than by land, Mr. A ordinarily gets GFA of ₹75,000.
However:
Television is specifically listed in Annexure-I to the Baggage Rules, 2026. Therefore, the TV cannot be included in or adjusted against the ₹75,000 GFA.

Step 1 — Ordinary eligible articles
Value = ₹50,000
Available GFA = ₹75,000
Since:
₹50,000 < ₹75,000
Duty = NIL
Unused GFA = ₹25,000.
But that ₹25,000 cannot be used against the television, because TV is an Annexure-I article.
Step 2 — Television
Value of TV = ₹60,000
GFA available against TV = Nil
Therefore:
Dutiable value = ₹60,000

For baggage articles (other than
(i) fire arms;
(ii) cartridges of fire arms exceeding 50;
(iii) cigarettes, cigars or tobacco in excess of the quantity prescribed for importation free of duty under the relevant baggage rules};
as applicable, BCD = 35% ad valorem.
Hence:
BCD = ₹60,000 × 35% = ₹21,000

Under the duty structure being used for these baggage computations:

- BCD = ₹21,000
- IGST = Nil
- SWS = Nil
- AIDC = Nil

Answer

Customs duty payable on television = ₹21,000

Total duty on baggage = ₹21,000.

Cigarette / tobacco / alcohol limits

The CBIC Guide summarises the duty-free quantity thresholds as:

- cigarettes — 100 sticks
- cigars — 25
- tobacco — 125 grams
- alcoholic liquor/wine/beer — 2 liters

Practical Numerical Examples —

Cigarettes: GFA + Excess Quantity

Example 1:

Mr. A, a resident of India, arrives in India by air carrying 200 filter cigarettes, each not exceeding 65 mm in length. The total customs assessable value of the cigarettes is ₹2,00,000, allocated proportionately as follows:

Particulars	Quantity	Assessable Value
Cigarettes within prescribed quantity limit	100 sticks	₹1,00,000
Cigarettes exceeding prescribed quantity limit	100 sticks	₹1,00,000
Total	200 sticks	₹2,00,000

Mr. A carries no other dutiable articles.

Under the Baggage Rules, 2026, cigarettes exceeding 100 sticks are covered by Annexure-I.

For the purpose of the question, assume the following applicable rates for filter cigarettes not exceeding 65 mm falling in Tariff Item 2402 20 30:

- BCD — 30% ad valorem
- Additional Duty of Customs — ₹3,000 per 1,000 cigarettes
- NCCD — ₹510 per 1,000 cigarettes
- SWS — 10% on the applicable duty base
- IGST — 40% on the prescribed import-tax value
- AIDC — Nil
- Compensation Cess — Nil

Compute the total customs duty payable by Mr. A, separately showing:

1. Duty payable on the first 100 cigarettes, considering the ₹75,000 GFA;

2. Duty payable on the excess 100 cigarettes falling under Annexure-I;
   (i.e. BCD, Additional Duty, NCCD, SWS and IGST applicable to the excess cigarettes); and
3. Total customs duty payable on all 200 cigarettes.

Answer:

1 — Duty on first 100 cigarettes

Annexure-I covers cigarettes exceeding 100 sticks. Therefore, the first 100 sticks are eligible to be considered within the GFA.

Value of first 100 cigarettes = ₹1,00,000
Less: GFA = ₹75,000
Dutiable value = ₹25,000
This portion is assessed under the ordinary baggage rate:
BCD @ 35% : ₹25,000 × 35% = ₹8,750
For ordinary baggage under the current baggage framework:

- SWS = Nil
- IGST = Nil
- AIDC = Nil

Therefore:
Duty on first 100 cigarettes = ₹8,750

2 — Excess 100 cigarettes

The remaining 100 cigarettes are Annexure-I goods.
Therefore:

- no GFA is available against this portion;
- ordinary baggage duty @35% is not applicable;
- the Chapter 24 duty structure must be used.

Assessable value = ₹1,00,000
(a) BCD @ 30% : ₹1,00,000 × 30% = ₹30,000
(b) Additional Duty of Customs
Rate = ₹3,000 per 1,000 sticks.
For 100 sticks: ₹3,000 × 100 / 1,000 = ₹300
(c) NCCD
Rate = ₹510 per 1,000 sticks.
For 100 sticks: ₹510 × 100 / 1,000 = ₹51
(d) Social Welfare Surcharge

For cigarettes, SWS is calculated at 10% of BCD + Additional Duty/CVD + NCCD, rather than merely 10% of BCD. A 2026 Customs adjudication on cigarettes expressly used this computation method. Kolkata Customs

SWS base:

₹30,000 + ₹300 + ₹51 = ₹30,351

SWS @10%:

₹30,351 × 10% = ₹3,035.10

Therefore:

SWS = ₹3,035.10

(e) Value for IGST

IGST is calculated on the assessable value plus the customs duties forming part of the import-tax base.

Therefore:

AV = ₹1,00,000

BCD = ₹30,000

Additional Duty = ₹300

NCCD = ₹51

SWS = ₹3,035.10

IGST value:

₹1,00,000 + ₹30,000 + ₹300 + ₹51 + ₹3,035.10 = ₹1,33,386.10

IGST @ 40%

₹1,33,386.10 × 40% = ₹53,354.44

Total duty on excess 100 cigarettes

Duty component	**Amount**
BCD	₹30,000.00
Additional Duty	₹300.00
NCCD	₹51.00
SWS	₹3,035.10
IGST	₹53,354.44
AIDC	Nil
Compensation Cess	Nil
Total	₹86,740.54

Therefore:

Duty on excess 100 cigarettes = ₹86,740.54, say ₹86,741

3. Total duty on all 200 cigarettes

Portion	Duty
First 100 cigarettes — value exceeding ₹75,000 GFA	₹8,750
Excess 100 cigarettes — special Chapter 24 duties	₹86,741
Total duty payable	₹95,491

Example 2 — Cigars + Excess Cigarettes

Mr. A, a resident of India, returns to India by air on 15 July 2026. He carries the following articles in his bona fide baggage:

Particulars	Quantity	Assessable Value
Premium cigars	25 cigars	₹1,00,000
Filter cigarettes ≤65 mm	First 100 sticks	₹30,000
Filter cigarettes ≤65 mm	Excess 100 sticks	₹1,00,000

Assume that Mr. A carries no other articles and that his GFA is ₹75,000.

For the excess 100 filter cigarettes ≤65 mm, assume Tariff Item 2402 20 30 and the following applicable rates:

Duty	Rate
BCD	30% ad valorem
Additional Duty of Customs	₹3,000 per 1,000 sticks
NCCD	₹510 per 1,000 sticks
SWS	10% on applicable aggregate
IGST	40%
AIDC	Nil
Compensation Cess	Nil

The current 2026 cigarette rate material confirms 30% BCD, 40% IGST, ₹3,000 per thousand Additional Duty for tariff item 2402 20 30, ₹510 per thousand NCCD, 10% SWS, Nil AIDC and Nil Compensation Cess. Referencer

Compute the total customs duty payable.

Solution

Step 1 — Identify GFA-eligible goods

The quantity restrictions are:

- Cigarettes → 100 sticks
- Cigars → 25 cigars

Therefore:

25 cigars → within prescribed quantity → can consume GFA.

First 100 cigarettes → within prescribed quantity → can consume GFA.

Excess 100 cigarettes → Annexure-I → cannot consume GFA and cannot get the concessional 35% baggage treatment. Referencer

Step 2 — Aggregate goods eligible for GFA

Particulars	Value
25 cigars	₹1,00,000
First 100 cigarettes	₹30,000
Total GFA-eligible value	₹1,30,000

Less: GFA	₹75,000
Value exceeding GFA	₹55,000

Ordinary baggage duty @35%:
₹55,000 × 35% = ₹19,250
SWS = Nil
IGST = Nil
AIDC = Nil
Duty on GFA-eligible portion = ₹19,250
Important: The ₹75,000 GFA is available once against the aggregate eligible baggage. We should not separately give ₹75,000 against cigars and another ₹75,000 against cigarettes.

Step 3 — Excess 100 cigarettes
The remaining 100 cigarettes exceed the Annexure-I quantity limit.
Therefore:
Do not apply 35%.
Apply the Chapter 24 special duty structure.
Assessable value of excess cigarettes: ₹1,00,000
(A) BCD @ 30% : ₹1,00,000 × 30% = ₹30,000
(B) Additional Duty of Customs
Rate: ₹3,000 per 1,000 sticks.
For 100 sticks: ₹3,000 × 100/1,000 = ₹300
(C) NCCD
Rate: ₹510 per 1,000 sticks.
For 100 sticks: ₹510 × 100/1,000 = ₹51

Step 4 — SWS
For this numerical, SWS @10% is computed on the applicable aggregate of:
BCD + Additional Duty + NCCD
Therefore:
SWS base: ₹30,000 + ₹300 + ₹51 = ₹30,351
SWS @10%: ₹30,351 × 10% = ₹3,035.10
SWS = ₹3,035.10

Step 5 — IGST
For the numerical, the IGST base becomes:
Assessable Value

- BCD
- Additional Duty
- NCCD
- SWS

Therefore: ₹1,00,000

- ₹30,000
- ₹300
- ₹51
- ₹3,035.10

= ₹1,33,386.10

IGST @ 40%: ₹1,33,386.10 × 40% = ₹53,354.44

Step 6 — Duty on excess 100 cigarettes

Component	Calculation	Duty
BCD	₹1,00,000 × 30%	₹30,000.00
Additional Duty	₹3,000 × 100/1,000	₹300.00
NCCD	₹510 × 100/1,000	₹51.00
SWS	₹30,351 × 10%	₹3,035.10
IGST	₹1,33,386.10 × 40%	₹53,354.44
AIDC	Nil	—
Compensation Cess	Nil	—
Total		₹86,740.54

Therefore:

Duty on excess 100 cigarettes = ₹86,740.54

Step 7 — Total baggage duty

We now combine the two independent computations:

GFA-eligible portion

25 cigars + first 100 cigarettes: ₹19,250

Excess 100 cigarettes

Special Chapter 24 duties: ₹86,740.54

Total Customs Duty: ₹19,250 + ₹86,740.54 = ₹1,05,990.54

Rounded:

Total duty payable = ₹1,05,991

Final Answer at a Glance

Particulars	Treatment	Duty
25 cigars — ₹1,00,000	Within 25 → GFA eligible	
First 100 cigarettes — ₹30,000	Within 100 → GFA eligible	
Total eligible value	₹1,30,000	
Less: GFA	₹75,000	
Excess over GFA	₹55,000 × 35%	₹19,250
Excess 100 cigarettes	Chapter 24 special duties	₹86,740.54
TOTAL CUSTOMS DUTY		₹1,05,990.54 ≈ ₹1,05,991

Example 3:

Mr. A, a resident, arrives in India by air on 15 July 2026 carrying 30 premium cigars:

Particulars	Quantity	Assessable value
First 25 cigars	25	₹1,25,000
Excess cigars	5	₹25,000
Total	30	₹1,50,000

GFA available = ₹75,000.

Under Annexure-I of the Baggage Rules, 2026, it is "cigars exceeding 25" that fall within Annexure-I. Thus, the first 25 remain eligible for GFA, whereas the additional 5 cigars are Annexure-I goods. Guide-to-Travelers.pdf PDF

Part I — First 25 cigars

Value = ₹1,25,000

Less: GFA = ₹75,000

Dutiable value = ₹50,000

Since this portion is within the quantitative limit, ordinary baggage duty applies:

BCD @ 35% : ₹50,000 × 35% = ₹17,500

SWS = Nil

IGST = Nil

AIDC = Nil

Duty on first 25 cigars = ₹17,500

Part II — Excess 5 cigars

The extra 5 cigars fall in Annexure-I.

Therefore:

- no GFA is available against their ₹25,000 value;
- the 35% baggage concession under Notification No. 26/2016-Customs is not applicable to the excess quantity;
- they are assessed under Tariff Item 2402 10 10 — cigar and cheroots.

The Customs Tariff rate of BCD for 2402 10 10 is 60%. India Code

Applicable 2026 duty structure

Duty	Current treatment
BCD	60%
Additional Duty/CVD	21% or ₹4,170/1,000, whichever is higher
SWS	10% on applicable customs-duty aggregate
IGST	40%
NCCD	Nil for this cigar illustration
AIDC	Nil
Compensation Cess	Nil w.e.f. 01.02.2026

A significant 2026 change is the CVD component. The Central Excise (Amendment) Act, 2025 came into force from 1 February 2026; Notification No. 03/2025-Central Excise gives heading 2402 10 an effective excise rate of 21% or ₹4,170 per thousand. That corresponding excise incidence is relevant for Additional Duty/CVD on imports. Gazette Tracker

Also, heading 2402, including cigars, moved to 40% IGST from 01.02.2026 under Notification No. 19/2025-Integrated Tax (Rate). eGazette

Step 1 — BCD
Assessable value of excess 5 cigars: ₹25,000
BCD @ 60% : ₹25,000 × 60% = ₹15,000

Step 2 — Additional Duty of Customs / CVD
For ad valorem CVD, the value generally consists of:
Assessable Value + BCD,
subject to the statutory valuation rules under section 3(2) of the Customs Tariff Act.
Therefore:
CVD value: ₹25,000 + ₹15,000 = ₹40,000
Now compare the two applicable limbs.
A. Ad valorem rate — 21%
₹40,000 × 21% = ₹8,400
B. Specific rate
₹4,170 per 1,000 cigars.
For 5 cigars: ₹4,170 × 5/1,000 = ₹20.85
Higher amount: ₹8,400
Therefore:
Additional Duty/CVD = ₹8,400
This is an important refinement over using the tariff ceiling of 25%/₹5,000: Notification No. 03/2025-Central Excise provides the current effective rate of 21%/₹4,170 from 01.02.2026.

Step 3 — NCCD
For this 2402 10 10 cigar computation, no current specific NCCD amount like the cigarette rates in tariff items 2402 20 10–2402 20 90 applies in this illustration.
Therefore:
National Calamity Contingent Duty (NCCD) = Nil

Step 4 — Social Welfare Surcharge
Unlike ordinary Chapter 98 baggage, the excess cigars are being assessed under Chapter 24. Hence the Nil-SWS exemption that applies to ordinary baggage cannot simply be carried over to these cigars.
SWS under section 110 of the Finance Act, 2018 is generally:
10% of the relevant aggregate of duties/taxes/cesses collected as customs duties.
CBIC has clarified that SWS is calculated on the duties actually payable.

For this numerical:
BCD = ₹15,000
CVD = ₹8,400
SWS base: ₹15,000 + ₹8,400 = ₹23,400
SWS @10%: ₹23,400 × 10% = ₹2,340
SWS = ₹2,340

Step 5 — IGST value

Under section 3(8) of the Customs Tariff Act, the IGST value includes the assessable value plus duties/sums chargeable in the nature of customs duty, while excluding IGST itself and Compensation Cess.
Therefore:
Assessable value = ₹25,000
Add BCD = ₹15,000
Add CVD = ₹8,400
Add SWS = ₹2,340
For IGST value = ₹50,740
IGST @ 40% : ₹50,740 × 40% = ₹20,296
IGST = ₹20,296

Step 6 — Compensation Cess

Prior to 01.02.2026, cigars under 2402 10 10 carried Compensation Cess.
However, from 01.02.2026, Compensation Cess on these tobacco products was made Nil.
Therefore:
Compensation Cess = Nil

Step 7 — AIDC

No AIDC is attracted in this cigar computation.
AIDC = Nil

Total duty on excess 5 cigars

Particulars	Calculation	Amount
Assessable value	—	₹25,000
BCD @60%	₹25,000 × 60%	₹15,000
CVD/Additional Duty	Higher of ₹8,400 or ₹20.85	₹8,400
NCCD	Nil	Nil
SWS @ 10%	10% × ₹23,400	₹2,340
IGST @ 40%	40% × ₹50,740	₹20,296
AIDC	Nil	Nil
Compensation Cess	Nil	Nil
Total duty on excess 5 cigars		₹46,036

Duty on excess 5 cigars = ₹46,036

Total duty on all 30 cigars

Portion	Value	Duty treatment	Duty
First 25 cigars	₹1,25,000	₹75,000 GFA; balance ₹50,000 × 35%	₹17,500
Excess 5 cigars	₹25,000	Chapter 24 special assessment	₹46,036
Total	₹1,50,000		₹63,536

Example 4: Alcohol — remember "within limit" vs "beyond limit"

This is crucial.

Up to 2 liters

The quantity remains outside the Annexure-I exclusion. Therefore, its value can consume GFA.

Suppose 2L whisky worth ₹1,00,000:

₹1,00,000 − ₹75,000 = ₹25,000

Duty @35% : ₹8,750

SWS = Nil.

Beyond 2 liters

The excess quantity receives special treatment.

Example: excess 1L whisky has assessable value ₹40,000.

BCD: ₹40,000 × 50% = ₹20,000

AIDC: ₹40,000 × 100% = ₹40,000

SWS = Nil.

Total duty on excess 1L

₹60,000

Hence effective incidence in this simplified baggage numerical:

150% of assessable value

CBIC's passenger guidance separately identifies the 50% BCD + 100% AIDC treatment for alcoholic beverages like *other than beer*.

Example 5 — Beer:

Value Exceeds GFA + Quantity Exceeds 2 Liters

Mr. Arun, a resident of India, arrives in India by air on 15 July 2026. He carries 4 litres of premium beer made from malt in his bona fide accompanied baggage. He carries no other new articles.

The customs value is:

Particulars	Quantity	Customs Value
Beer within permitted quantity	First 2 liters	₹1,00,000
Beer exceeding permitted quantity	Next 2 liters	₹40,000
Total	4 liters	₹1,40,000

Compute the total customs duty payable, considering all applicable duties.

Solution:

Step 1 — Separate the beer into two portions

The first 2 liters are within the passenger baggage quantity ceiling.

The additional 2 liters are beyond that ceiling.

This distinction matters because the Baggage Rules, 2026 place "alcoholic liquor or wines in excess of two liters" in Annexure-I. Referencer CBIC's passenger guidance expressly includes beer in the practical 2-litre passenger allowance. CBIC

Therefore:

First 2 liters → GFA mechanism

Beer exceeding 2 liters → separate tariff treatment

Part A — First 2 liters: value itself exceeds GFA

Value of first 2 liters: ₹1,00,000

Resident's GFA: ₹75,000

Therefore:

₹1,00,000 − ₹75,000 = ₹25,000

The first 2 liters are within the quantitative ceiling, but their value exceeds the available GFA.

Ordinary baggage rate:

BCD @ 35%

Therefore:

₹25,000 × 35% = ₹8,750

For this ordinary baggage/GFA portion:

Duty	Amount
BCD @ 35%	₹8,750
SWS	Nil
IGST	Nil
AIDC	Nil
Other duties	Nil
Duty on first 2 liters	₹8,750

Why isn't the entire first 2 liters automatically duty-free?

Because the 2-litre ceiling is not an additional unlimited-value exemption over and above the passenger's GFA.

It determines whether the alcoholic beverage remains within the baggage allowance framework. Its value still consumes the applicable GFA.

Part B — Beer exceeding 2 litres

Additional beer: 2 litres

Customs value: ₹40,000

This portion cannot use the unused GFA and should not be assessed merely at the ordinary 35% baggage rate.
Beer made from malt is classified under Heading 2203.
Using the applicable baggage duty structure:
BCD = 100%
₹40,000 × 100% = ₹40,000

Step 2 — Social Welfare Surcharge
For dutiable beer under the product-specific tariff treatment, SWS is applicable.
SWS: 10% of BCD
Therefore:
₹40,000 × 10% = ₹4,000
SWS = ₹4,000

Step 3 — IGST
IGST = Nil
This is conceptually consistent with the GST constitutional framework because alcoholic liquor for human consumption is outside GST. The baggage-duty material also treats beer without an IGST component.

Step 4 — AIDC
For the beer treatment being applied:
AIDC = Nil
This is materially different from whisky/wine, where the special baggage calculation discussed earlier involved AIDC.

Step 5 — Other duties
For this beer example:
Additional Duty of Customs = Nil
NCCD = Nil
Compensation Cess = Nil
Therefore, the excess beer calculation is:

Duty component	Rate	Calculation	Amount
BCD	100%	₹40,000 × 100%	₹40,000
SWS	10% of BCD	₹40,000 × 10%	₹4,000
IGST	Nil	—	Nil
AIDC	Nil	—	Nil
Additional Duty	Nil	—	Nil
NCCD	Nil	—	Nil
Compensation Cess	Nil	—	Nil
Total on excess 2 L			₹44,000

Thus:

Effective customs burden on this dutiable beer portion = 110% of AV

Part C — Total Customs Duty

Now combine both portions.

First 2 litres

Value = ₹1,00,000

Less GFA = ₹75,000

Dutiable value = ₹25,000

35% × ₹25,000 = ₹8,750

Excess 2 litres

Value = ₹40,000

BCD @100% = ₹40,000

SWS @10% of BCD = ₹4,000

= ₹44,000

Total = ₹8,750 + ₹44,000 = ₹52,750

Final Answer

Total Customs Duty Payable = ₹52,750

Complete Working Table

Particulars	First 2 litres	Excess 2 litres
Customs value	₹1,00,000	₹40,000
GFA	(₹75,000)	Not available
Dutiable/assessable value for relevant computation	₹25,000	₹40,000
BCD	35% = ₹8,750	100% = ₹40,000
SWS	Nil	10% of BCD = ₹4,000
IGST	Nil	Nil
AIDC	Nil	Nil
Additional Duty	Nil	Nil
NCCD	Nil	Nil
Compensation Cess	Nil	Nil
Duty	₹8,750	₹44,000
TOTAL DUTY		₹52,750

Example 6: Practical Numerical — Tobacco >125 grams

Mr. A, a resident of India, arrives in India by air on 15 July 2026 carrying 200 grams of "other smoking tobacco", classifiable under Tariff Item 2403 19 90, in his accompanied baggage.

He carries no other new articles.

The Customs values are:

Particulars	Quantity	Assessable Value
First 125 grams	125 g	₹50,000
Excess tobacco	75 g	₹30,000
Total	200 g	₹80,000

Mr. A is entitled to GFA of ₹75,000.

Compute the total customs duty payable under the Baggage Rules, 2026.

Applicable rates for Tobacco >125 grams

Duty	Rate
BCD	30%
NCCD	25%
Additional Duty/CVD	22%
SWS	10% on applicable customs-duty aggregate
IGST	40%
AIDC	Nil
Compensation Cess	Nil

Answer:

1. First identify the Baggage Rules treatment

Annexure-I to the Baggage Rules, 2026 specifies:

"Cigarettes exceeding 100 sticks or cigars exceeding 25 or tobacco exceeding 125 gms."

Thus:

First 125 g → not Annexure-I

Excess 75 g → Annexure-I

The current CBIC traveller guide also specifically states that GFA is not applicable to tobacco exceeding 125 grams.

Part A — First 125 grams

Value of first 125 g = ₹50,000

Available GFA = ₹75,000

Since:

₹50,000 < ₹75,000

the first 125 grams are completely absorbed by the GFA.

Duty = NIL

Unused GFA: ₹75,000 − ₹50,000 = ₹25,000

However, this balance cannot be used against the excess 75 grams, because that quantity falls in Annexure-I.

Duty on first 125 g = NIL

Part B — Excess 75 grams

Excess tobacco = 75 grams

Assessable value = ₹30,000
This is Annexure-I tobacco.
Therefore:
No GFA is available on ₹30,000.
Further, the excess should not simply be subjected to the ordinary 35% baggage rate. Its Chapter 24 tariff treatment applies.

Step 1 — BCD
Assessable Value: ₹30,000
BCD @30%: ₹30,000 × 30% = ₹9,000
BCD = ₹9,000

Step 2 — Value for NCCD/CVD
For the additional duties under section 3 of the Customs Tariff Act, the relevant import value includes the assessable value together with BCD in the statutory valuation mechanism.
Therefore:
₹30,000 + ₹9,000 = ₹39,000

Step 3 — NCCD
NCCD @ 25%: ₹39,000 × 25% = ₹9,750
NCCD = ₹9,750
This is important: do not merely calculate 25% of ₹30,000 if applying the imported-goods valuation mechanism.

Step 4 — Additional Duty / CVD
Effective Central Excise rate for tariff item 2403 19 90 from 1 February 2026: 22%
Therefore:
₹39,000 × 22% = ₹8,580
Additional Duty/CVD = ₹8,580
The 22% comes from the Central Excise (Amendment) Act, 2025's revised schedule for tariff item 2403 19 90.

Step 5 — Social Welfare Surcharge
For this Chapter 24 assessment, SWS is not the Nil SWS treatment applicable to ordinary baggage under the baggage concession.
For the numerical, SWS @10% is applied to the relevant aggregate of:
BCD + NCCD + Additional Duty
Therefore:
₹9,000 + ₹9,750 + ₹8,580 = ₹27,330
SWS @ 10%: ₹27,330 × 10% = ₹2,733
SWS = ₹2,733

Step 6 — AIDC

For the tobacco product in this example:

AIDC = NIL

Step 7 — IGST

The IGST base is determined by adding the relevant customs duties to the assessable value.

Therefore:

Particulars	Amount
Assessable Value	₹30,000
Add: BCD	₹9,000
Add: NCCD	₹9,750
Add: Additional Duty/CVD	₹8,580
Add: SWS	₹2,733
Value for IGST	₹60,063

IGST @ 40%: ₹60,063 × 40 = ₹24,025.20

IGST = ₹24,025.20

Step 8 — Compensation Cess

From 1 February 2026, the relevant Compensation Cess rates on these tobacco products were made Nil as part of the transition to the revised tobacco tax structure. A2ztaccorp

Therefore:

Compensation Cess = NIL

Total Duty on Excess 75 g

Duty	Rate/Basis	Amount
BCD	30% of ₹30,000	₹9,000.00
NCCD	25% of ₹39,000	₹9,750.00
Additional Duty/CVD	22% of ₹39,000	₹8,580.00
SWS	10% of ₹27,330	₹2,733.00
IGST	40% of ₹60,063	₹24,025.20
AIDC	Nil	—
Compensation Cess	Nil	—
TOTAL		₹54,088.20

Rounded off:

Duty on excess 75 g = ₹54,088

Since the first 125 g valued at ₹50,000 is completely covered by the ₹75,000 GFA:

Total baggage duty payable = ₹54,088

Complete Answer at a Glance

Portion	Value	Treatment	Duty
First 125 g	₹50,000	Within limit; covered by ₹75,000 GFA	Nil
Unused GFA	₹25,000	Cannot be used for Annexure-I excess	—
Excess 75 g	₹30,000	Annexure-I; Chapter 24 assessment	₹54,088
Total duty			₹54,088

Declaration and Red Channel

Because Mr. A is carrying dutiable tobacco exceeding 125 grams, he is required to declare the baggage rather than use the Green Channel as though there were no dutiable goods.

The current CBIC international-traveller portal confirms that the 2026 system covers the Baggage Rules, 2026, Customs Baggage (Declaration and Processing) Regulations, 2026, and the ATITHI electronic declaration facility. ATITHI permits passengers to file baggage/ item/currency declarations electronically.

Example 7: Firearms and Cartridges

1. Firearm itself — GFA is completely unavailable

Rule 5 grants a resident arriving otherwise than by land a GFA of ₹75,000, but only for articles other than those mentioned in Annexure-I.

Annexure-I expressly lists:

"1. Fire arms."

Therefore, a firearm is excluded from GFA from the very first firearm and from the very first rupee of its value. CBIC's current 2026 passenger guide expressly confirms that the free allowance is not applicable to firearms.

Example

Resident passenger imports one permitted sporting firearm:

Assessable value = ₹2,00,000

Entire ₹2,00,000 remains outside GFA.

Thus, if the applicable BCD is 100% under the assumed general firearm baggage treatment:

BCD = ₹2,00,000 × 100% = ₹2,00,000.

The ₹75,000 GFA remains available, in principle, for other qualifying GFA-eligible baggage articles; it cannot be used against the firearm.

2. Cartridges — Annexure-I wording is different

Annexure-I does not say simply "cartridges of firearms."

It specifically says:

"Cartridges of fire arms exceeding 50."

CBIC's 2026 traveller guide likewise states that the free allowance is not applicable to cartridges of firearms exceeding 50.

Therefore,
Up to 50 cartridges → not caught by this Annexure-I quantity exclusion.
Cartridges exceeding 50 → the excess is outside GFA and subject to the applicable import-policy/duty treatment.

Revised Numerical — Firearm + 80 Cartridges
Assume Mr. A brings:

Article	Quantity	Value
Sporting firearm [exemption not claimed]	1	₹2,00,000
First 50 cartridges	50	₹20,000
Excess 30 cartridges	30	₹12,000

GFA available to resident = ₹75,000.

A. Firearm — ₹2,00,000
The firearm is itself Annexure-I.
Therefore:
GFA = NIL against firearm
Full AV subject to applicable firearm duty: ₹2,00,000
Assuming BCD @100%:
Duty = ₹2,00,000

B. First 50 cartridges — ₹20,000
The first 50 cartridges do not exceed the Annexure-I threshold.
Available GFA = ₹75,000.
Value = ₹20,000.
Therefore:
₹20,000 is absorbed by GFA.
Duty = Nil
Balance GFA: ₹75,000 − ₹20,000 = ₹55,000

C. Excess 30 cartridges — ₹12,000
These are the cartridges exceeding 50 and therefore fall within Annexure-I.
Consequently:
GFA cannot be applied against the ₹12,000 value.
The remaining ₹55,000 GFA cannot be used to make the excess cartridges duty-free.
Assuming the applicable general firearm/cartridge treatment gives BCD @100%:
₹12,000 × 100% = ₹12,000

Final GFA Position

Article	Value	GFA treatment	Value subject to applicable duty
Firearm	₹2,00,000	❌ No GFA	₹2,00,000
First 50 cartridges	₹20,000	✅ GFA available	Nil
Excess 30 cartridges	₹12,000	❌ No GFA	₹12,000
Total	₹2,32,000		₹2,12,000

Assuming BCD @ 100% on the firearm and excess cartridges:

Total duty = ₹2,00,000 + ₹12,000 = ₹2,12,000

Example 8:

Mr. Daniel, a tourist of foreign origin, arrives in Chennai, India, from London, United Kingdom, on a tourist visa. He carries the following articles as part of his accompanied baggage:

Particulars	Value (₹)
Travel souvenirs	85,000
Other articles carried on his person	1,50,000
120 sticks of cigarettes @ ₹100 per cigarette	12,000
One firearm together with 100 cartridges; total value includes cartridges valued @ ₹500 per cartridge	1,00,000

Assume that the firearm and cartridges are otherwise legally permissible for import and that all necessary licences/authorisations have been obtained.

Required: Compute the customs duty payable at concessional rate on baggage.

Please note that no total customs duty is required.

Answer:

Customs duty payable at concessional rate on baggage:

Particulars	Value considered	Customs duty
Travel souvenirs	₹85,000	Nil
Other articles after ₹25,000 GFA	₹1,25,000	(₹1.25 L x 35%) = ₹43,750
First 100 cigarettes @ ₹100 each (not Annexure I)	₹10,000	(10,000 x 35%) = ₹3,500
First 50 cartridges @ ₹500 each (not Annexure I)	₹25,000	(25,000 x 35%) = ₹8,750
CUSTOMS DUTY payable at concessional rate		₹56,000

RULE 6 — SPECIAL ALLOWANCE FOR JEWELLERY

Eligible person: Resident OR tourist of Indian origin

Condition: must have resided abroad for more than one year.

Allowance:

Passenger	Duty-free jewellery
Female passenger	40 grams
Passenger other than female	20 grams

Major 2026 change

The allowance is now based on: WEIGHT

The old monetary caps have been removed.

CBIC's Guide expressly notes that the 2026 framework prescribes the special jewellery allowance solely on weight basis.

Numerical Example 1 — female passenger

Mrs. A:

- resident;
- lived in UAE for 2 years;
- jewellery = 38 grams;
- value = ₹6,00,000.

Eligible limit: 40 grams.

Actual: 38 grams.

Result

Entire 38 grams qualifies duty-free under Rule 6, subject to bona fide conditions.

The fact that market value is ₹6 lakh does not itself reduce the 40g limit.

Example 2 — 55 grams

Eligible female passenger:

Jewellery imported = 55g

Allowance = 40g

Excess: 55 − 40 = 15 grams

Therefore:

- 40g → Rule 6 duty-free;
- 15g → applicable duty consequences.

Example 3 — passenger other than female

Mr. A stayed abroad for 20 months.

Jewellery = 32g

Allowance = 20g

Excess:

32 − 20 = 12 grams

Example 4 — stayed abroad only 11 months

Female passenger brings 30g.

Although 30g < 40g:

Rule 6 requires stay abroad: more than one year

Actual: 11 months.

Therefore:

Special Rule 6 allowance is not available.

Example 5:

Mrs. Ananya, an Indian resident aged 36 years, went on a visit to Singapore and returned to India by air after a stay abroad of 6 months. She carries the following articles in her bona fide accompanied baggage:

Particulars	Value (₹)
(i) Used personal effects	90,000
(ii) One new laptop computer	60,000
(iii) Gold jewellery – 25 grams, purchased in Singapore	2,75,000
(iv) Music system	50,000

Compute the customs duty payable by Mrs. Ananya under the Baggage Rules, 2026, assuming that she has no other baggage.

Ignore AIDC, wherever applicable.

Solution

Step 1 — Used Personal Effects

Rule 3 of the Baggage Rules, 2026 allows a passenger, including an infant, duty-free clearance of:

- used personal effects required for satisfying daily necessities of life; and
- travel souvenirs,

other than Annexure-I articles.

Therefore:

Used personal effects → Duty NIL

They also do not consume the ₹75,000 GFA.

Step 2 — Laptop ₹60,000

This is a major benefit specifically incorporated into Rule 5 of the Baggage Rules, 2026.

A passenger 18 years or above, other than a crew member, is allowed:

One new laptop, including notepad, duty-free.

The Government's official announcement also confirms that one laptop is independently allowed duty-free to passengers above 18 years.

Mrs. Ananya is: 36 years old > 18 years and carries only: One laptop

Therefore:

Laptop ₹60,000 → Duty NIL

Important

The ₹60,000 laptop does not consume her ₹75,000 GFA.

Step 3 — Gold Jewellery of 25 grams

This part requires special attention.

Mrs. Ananya stayed abroad for only: 6 months

Rule 6 provides the special jewellery allowance only to a resident or tourist of Indian origin who has been residing abroad for more than one year.

For an eligible female passenger, the Rule 6 limit would have been 40 grams.

But: Stay abroad = 6 months

Therefore:

❌ Rule 6 special jewellery allowance is NOT available.

But can the ₹75,000 GFA be used against jewellery?

This is where the 2026 Rules differ importantly from bullion treatment.

Annexure-I excludes:

"Gold or silver, in any form, other than ornaments."

Therefore, gold ornaments themselves are not Annexure-I goods merely because they are gold.

Accordingly, the ordinary GFA can be considered against the jewellery/music system, subject to the facts and applicable baggage treatment.

Mrs. Ananya, being a resident arriving otherwise than by land, gets:

GFA = ₹75,000

Step 4 — Determine articles consuming GFA

Laptop → independently exempt.

Used personal effects → independently exempt.

Therefore, articles consuming GFA are:

GFA-eligible article	Value
Gold jewellery	₹2,75,000
Music system	₹50,000
Total	₹3,25,000
Less: Rule 5 GFA	₹75,000
Value exceeding GFA	₹2,50,000

Step 5 — Baggage Duty

Notification No. 26/2016-Customs, as amended by Notification No. 04/2026-Customs dated 01.02.2026, applies the concessional baggage rate of:

BCD @ 35%

Dutiable value: ₹3,25,000 − ₹75,000 = ₹2,50,000

BCD @35%: ₹2,50,000 × 35% = ₹87,500

As per the current ordinary baggage structure used for this computation:

SWS = Nil

IGST = Nil

AIDC = ignored as specifically directed in the question.

Therefore:

Customs Duty Payable = ₹87,500

Final Computation

Particulars	Value	Treatment
Used personal effects	90,000	Duty-free – Rule 3
One new laptop	₹60,000	Duty-free – Rule 5 special laptop concession
Gold jewellery – 25 g	₹2,75,000	No Rule 6 benefit because stay abroad only 6 months
Music system	₹50,000	GFA eligible
Articles considered for GFA	₹3,25,000	
Less: GFA	(₹75,000)	Rule 5
Dutiable baggage value	₹2,50,000	
BCD @35%		₹87,500
SWS		Nil
IGST		Nil
AIDC		Ignored
Total Customs Duty		₹87,500

Used jewellery vs Rule 6 jewellery

Used personal jewellery

Reasonably required for daily necessities/personal use:

→ may be treated as used personal effects.

Additional special jewellery

Eligible returning resident/tourist of Indian origin abroad >1 year:

→ Rule 6:

- female 40g;
- other than female 20g.

Gold bullion does not get 40g/20g concession

Annexure-I excludes:

gold/silver in any form other than ornaments.

The CBIC Guide specifically confirms that the special weight allowance does not apply to gold bullion.

Example 1:

Eligible female passenger carries:

- ornaments = 35g
- gold bar = 200g

The 35g ornaments may qualify under Rule 6.

The 200g gold bar:

cannot be merged into the 40g jewellery allowance.

Example 2:

Mrs. A, a resident of India, returns to India by air on 20 July 2026 after residing abroad continuously for 2 years.

She brings 60 grams of new gold ornaments in her bona fide accompanied baggage. The jewellery is not studded with stones or pearls and is not merely used personal jewellery reasonably required during the journey.

Assume:

- customs value of 60 g = ₹9,00,000;
- therefore, value of 40 g = ₹6,00,000;
- value of excess 20 g = ₹3,00,000;
- she holds a valid Indian passport;
- she satisfies the eligible-passenger conditions of Notification No. 45/2025-Customs;
- duty is paid in convertible foreign currency; and
- there are no other goods.

Compute the customs duty payable on the gold jewellery.

Step 1 — Rule 6: Special Jewellery Allowance

Rule 6 of the Baggage Rules, 2026 provides that a:

- resident; or
- tourist of Indian origin,

who has been residing abroad for more than one year, is entitled on return to India to duty-free jewellery of:

Passenger	Duty-free jewellery
Female	40 grams
Other than female	20 grams

Importantly, the old monetary ceilings have been removed. Therefore, for a female passenger, 40 g is duty-free irrespective of its value, provided the Rule 6 conditions are fulfilled.

The Master Circular No. 04/2026-Customs specifically clarifies that jewellery within the prescribed special allowance is duty-free and jewellery exceeding that allowance is assessed to applicable customs duty.

Thus:
60 g − 40 g = 20 g dutiable

Step 2 — Do NOT apply ₹75,000 GFA again

The ₹75,000 under Rule 5 is the General Free Allowance, whereas Rule 6 provides a distinct Special Jewellery Allowance.
CBIC's Master Circular itself discusses these separately:
General Free Imports → ₹75,000
and
Special Jewellery Allowance → 40 g / 20 g.
Therefore, once we determine the excess under Rule 6:
Do not deduct another ₹75,000 from the value of the excess 20 g.
For this problem:
Value of excess 20 g = ₹3,00,000
Dutiable value for the special gold-import computation = ₹3,00,000

Step 3 — Can the excess gold jewellery get the special gold rate?

Yes, subject to Notification No. 45/2025-Customs conditions.
This is the critical link between Rule 6 and the customs-duty notification.
Notification No. 45/2025-Customs, S. No. 194 covers, inter alia:
gold in forms including ornaments, excluding ornaments studded with stones or pearls, when imported by an eligible passenger.
The current CBIC Traveller Guide likewise confirms that an eligible passenger may bring gold, including ornaments, under Notification No. 45/2025-Customs where the passenger:

- has stayed abroad for at least 6 months;
- pays duty in convertible foreign currency; and
- does not import more than 1 kg of gold per eligible passenger. CBIC

Mrs. A satisfies those assumed conditions.
Therefore, the excess 20 g can be assessed under the concessional eligible-passenger gold entry rather than at the ordinary baggage rate of 35%.

Step 4 — Latest BCD rate

This is where the date of import matters.
Notification No. 15/2026-Customs dated 12 May 2026, effective 13 May 2026, specifically amended S. No. 194 of Notification No. 45/2025-Customs:
BCD 10%
Since Mrs. A arrives on 20 July 2026:
BCD = 10%

Step 5 — Compute BCD

Assessable value of excess 20 g: ₹3,00,000
BCD @10%: ₹3,00,000 × 10% = ₹30,000

Step 6 — AIDC

Under the current precious-metal baggage structure being applied to eligible passengers:

AIDC = 5%

Therefore:

₹3,00,000 × 5% = ₹15,000

Step 7 — Social Welfare Surcharge

Under the applicable exemption structure:

SWS = NIL

Hence:

SWS = ₹0

The current baggage-duty compilation for eligible-passenger gold reflects BCD 10%, AIDC 5% and SWS Nil. Referencer

Step 8 — IGST

For eligible-passenger gold under this baggage treatment:

IGST = NIL

Accordingly: IGST = ₹0

The same current compilation records IGST Nil for eligible-passenger gold.

Step 9 — Total Duty

Particulars	Calculation	Amount
Total gold jewellery	60 g	₹9,00,000
Rule 6 duty-free allowance	40 g	₹6,00,000
Excess jewellery	20 g	₹3,00,000
BCD	₹3,00,000 × 10%	₹30,000
AIDC	₹3,00,000 × 5%	₹15,000
SWS	Nil	Nil
IGST	Nil	Nil
TOTAL CUSTOMS DUTY		₹45,000

GOLD AND SILVER — SEPARATE SPECIAL IMPORT PROVISION

The February 2026 CBIC Guide states that an eligible passenger may bring gold under Notification 45/2025-Customs subject, inter alia, to:

- stay abroad of at least 6 months;
- prescribed duty payment;
- maximum 1 kg gold per eligible passenger.

For silver, the attached updated Guide separately states a maximum of:

10 kg per eligible passenger

subject to Notification 45/2025-Customs and its conditions.

Practical Problem — Gold Bar + Silver Bar in Baggage

Mr. A, an Indian passport holder, returns to India by air on 20 July 2026 after continuously staying abroad for 8 months. He carries in his accompanied baggage:

Article	Quantity	Assessable value
Gold bars	100 grams	₹15,00,000
Silver bars	2 kilograms	₹5,00,000
Total		₹20,00,000

Assume:

- the goods satisfy the form/purity/description conditions of Notification No. 45/2025-Customs;
- Mr. A satisfies the definition of an eligible passenger;
- he declares the goods to Customs;
- duty is paid in convertible foreign currency; and
- there are no other goods.

Compute the customs duty payable and explain the declaration procedure.

Answer:

Step 1 — Is General Free Allowance available?

No.

Annexure-I specifically contains:

"Gold or silver, in any form, other than ornaments."

Therefore, bullion/bars are not eligible for the ₹75,000 GFA.

The complete assessable value of the gold and silver is considered under the special precious-metal passenger concession.

Step 2 — Is Mr. A an "eligible passenger"?

The current CBIC passenger guidance states that, under Notification No. 45/2025-Customs dated 24.10.2025, an eligible passenger of Indian origin or a passenger holding a valid Indian passport may bring gold/silver subject to conditions including:

- return after not less than 6 months' stay abroad;
- duty payment in convertible foreign currency;
- gold not exceeding 1 kg per eligible passenger; and
- silver not exceeding 10 kg per eligible passenger. Mumbai Customs Zone 3

Mr. A stayed abroad for:

8 months > 6 months

Quantity:

Gold = 100 g < 1 kg ✅

Silver = 2 kg < 10 kg ✅

Therefore, on the assumed facts:

Mr. A qualifies for the concessional eligible-passenger scheme.

Step 3 — Latest duty rate applicable from 13 May 2026

Notification No. 15/2026-Customs dated 12.05.2026, effective 13.05.2026, amended Notification No. 45/2025-Customs and increased BCD on the relevant gold and silver passenger entries from 5% to 10%. CBIC Tax Information

Notification No. 16/2026-Customs dated 12.05.2026, also effective 13.05.2026, revised the SWS/AIDC structure; for the relevant gold/silver category the AIDC rate is 5%, while the current exemption structure gives Nil SWS.

Accordingly, for this July 2026 numerical:

Levy	Gold	Silver
BCD	10%	10%
AIDC	5%	5%
SWS	Nil	Nil
IGST	Nil	Nil
Other duty	Nil	Nil
Effective total	15%	15%

Part A — Duty on Gold

Gold assessable value: ₹15,00,000

BCD @10% : ₹15,00,000 × 10% = ₹1,50,000

AIDC @5% : ₹15,00,000 × 5% = ₹75,000

SWS: Nil

IGST: Nil

Total duty on gold

₹1,50,000 + ₹75,000 = ₹2,25,000

Gold duty = ₹2,25,000

Part B — Duty on Silver

Silver assessable value: ₹5,00,000

BCD @10% : ₹5,00,000 × 10% = ₹50,000

AIDC @5% : ₹5,00,000 × 5% = ₹25,000

SWS: Nil

IGST: Nil

Total duty on silver ₹50,000 + ₹25,000 = ₹75,000

Silver duty = ₹75,000

Step 4 — Total baggage duty

Particulars	AV	BCD	AIDC	SWS	IGST	Total Duty
Gold	₹15,00,000	₹1,50,000	₹75,000	Nil	Nil	₹2,25,000
Silver	₹5,00,000	₹50,000	₹25,000	Nil	Nil	₹75,000
Total	₹20,00,000	₹2,00,000	₹1,00,000	Nil	Nil	₹3,00,000

Total Customs Duty Payable = ₹3,00,000

Effective duty: ₹20,00,000 × 15% = ₹3,00,000

Declaration Procedure — CBD-I / ATITHI

Under the Customs Baggage (Declaration and Processing) Regulations, 2026, passengers carrying dutiable or prohibited goods must electronically declare their accompanied baggage in CBD-I through the automated system. The declaration may be filed up to three days before arrival and can be updated until the actual date/time of arrival.

CBD-I specifically asks whether the passenger is carrying:

- gold bullion;
- jewellery beyond the prescribed special allowance;
- other specified declarable articles.

If the answer to the relevant CBD-I entries is "Yes", the passenger must report to the Red Channel.

Therefore, Mr. A should:

File CBD-I electronically → declare gold and silver → proceed to Red Channel → produce supporting documents → Customs verifies eligibility/value/quantity → pay duty in convertible foreign currency → obtain clearance.

The automated declaration system is accessible through ICEGATE / ATITHI under the 2026 Regulations. baggage declaration rules 2026.pdfPDF

RULE 7 — TRANSFER OF RESIDENCE

This is the largest rule.

Value Ceiling for Personal & Household Articles [Annexure-II]:

The personal and household articles specified in Annexure-II may be brought on transfer of residence upto the value mentioned in Appendix-I and II.

There are two classes:

Appendix I

Residents + tourists of Indian origin.

Appendix II

Foreigner with valid visa other than tourist visa.

Very important — TR is additional

TR concession is over and above:

- used personal effects under Rule 3; and
- applicable GFA under Rule 5.

The Guide expressly confirms this.

PART A — RESIDENT / TOURIST OF INDIAN ORIGIN

Appendix I summary

Duration of stay abroad	TR limit
3 months up to 12 months	₹1,50,000
Minimum 1 year during preceding 2 years	₹3,00,000
Minimum 2 years or more	₹7,50,000

The official Appendix sets these aggregate limits and permits Annexure-II articles up to one unit each.

CASE 1 — Stay abroad: 3 to 12 months

Allowance: ₹1,50,000

Eligible:

- personal articles; and
- household articles; specified in Annexure-II articles — not more than one unit each.

Annexure-I excluded.

Numerical Example

Mr. A stayed in Dubai for 8 months.

Eligible household articles: ₹1,35,000.

TR allowance: ₹1,50,000.

Therefore:

Duty = NIL

Example — value ₹2,00,000

Eligible articles = ₹2,00,000

TR limit = ₹1,50,000

Excess: ₹50,000.

Illustrative ordinary duty: ₹50,000 × 35% = ₹17,500

subject to applicable classification/rate.

CASE 2 — Minimum 1 year during preceding 2 years

Allowance: ₹3,00,000

Condition:

Passenger should not have availed this concession during the: preceding 3 years

Annexure-I excluded

Example

Mr. A stayed abroad for 15 months in the preceding 2 years.

Eligible household goods: ₹2,85,000.

Previous TR concession: 4 years ago.
Result
₹2,85,000 ≤ ₹3,00,000.
Duty = NIL

Example — previous concession 2 years ago
Same facts, but passenger availed the ₹3 lakh concession only 2 years ago.
Required gap: 3 years.
Therefore:
concession not available merely because the current stay condition is satisfied.

CASE 3 — Stay abroad ≥ 2 years
Maximum TR benefit: ₹7,50,000
Three major conditions:

1. Minimum 2 years abroad immediately preceding TR;
2. short visits to India in preceding two years should not exceed 6 months;
3. passenger should not have availed concession in preceding 3 years.

Annexure-I excluded
Numerical Example
Mr. A:

- lived in Dubai for 3 years;
- short visits to India = 4 months;
- last TR concession = 5 years ago;
- eligible goods = ₹7,20,000.

TR limit: ₹7,50,000.
Result
Duty = NIL

Example — goods worth ₹9 lakh
Goods = ₹9,00,000
Allowance = ₹7,50,000
Excess: ₹1,50,000.
Illustrative ordinary duty: ₹1,50,000 × 35% = ₹52,500

Relaxation — shortage in 2-year stay
Shortfall of up to: 2 months may be condoned by:
Deputy Commissioner / Assistant Commissioner
where early return is due to:

- terminal leave;
- vacation;
- other special circumstances recorded in writing.

Numerical date example
Required foreign stay: 24 months.
Actual: 22 months 20 days.
Approximate shortfall:
1 month 10 days.
Since shortfall ≤ 2 months:
competent authority may condone.
"May condone" ≠ automatic entitlement.

Short visits beyond six months
Principal Commissioner/Commissioner may condone excess short visits in special circumstances.
Example
Foreign stay = 3 years.
Visits to India during preceding 2 years: 7 months.
Normal maximum: 6 months.
Excess: 1 month.
Passenger needs appropriate condonation for the ₹7.50 lakh category.

No relaxation — previous concession condition
Where Appendix says:
passenger should not have availed concession in preceding 3 years, no relaxation is available for that condition in the ₹7.50 lakh category.

ANNEXURE-II — 30 MODERNISED HOUSEHOLD ARTICLES

One unit each may be imported under TR within the applicable overall value ceiling.
They include:

1. Home Theatre
2. AC
3. Microwave
4. Washing Machine
5. Gas Cooking Range
6. Desktop
7. Laptop/Notepad
8. Refrigerator
9. Television
10. Dishwasher
11. Deep Freezer
12. Video Camera/combination
13. Vacuum Cleaner
14. Air Fryer
15. Dryer

16. Air Cooler
17. PlayStation/Gaming Console
18. Water Dispenser
19. Oil Heater
20. Electric Oven
21. Musical Instrument
22. Tablet/iPad
23. Small Bluetooth Speakers
24. Air Purifier
25. Dehumidifier
26. Multifunction Printer
27. Robotic Vacuum Cleaner
28. Massage Chair
29. Projector
30. Amplifier

The statutory Annexure contains this modernised list.

Numerical Example — TR appliance package

Passenger qualifies for ₹7,50,000 category.

Goods	Value
1 TV	₹1,20,000
1 AC	₹70,000
1 Refrigerator	₹80,000
1 Washing machine	₹60,000
1 Desktop	₹1,10,000
1 Air purifier	₹40,000
Other eligible household articles	₹2,20,000
Total	₹7,00,000

Maximum: ₹7,50,000.

Each Annexure-II article: ≤ one unit.

Result : ₹7,00,000 duty-free under TR, subject to all conditions.

Two units problem

Passenger imports:

- 2 televisions;
- 1 refrigerator;
- 1 washing machine.

Rule permits Annexure-II article: not more than one unit each

Therefore, both TVs cannot automatically receive the Annexure-II concession.

PART B — FOREIGN PROFESSIONALS — APPENDIX II

Allowances available to foreigner with valid visa other than tourist visa.

Category 1 — Stay in India: 6–12 months

TR allowance: ₹1,50,000

Condition:

- minimum stay in India = 6 months;
- concession not availed in preceding 1 year.

Shortfall of up to 3 months may be condoned in specified circumstances by Principal Commissioner/Commissioner.

Annexure-I excluded

Numerical Example

Foreign engineer comes to India for a 10-month assignment.

Eligible goods: ₹1,40,000.

TR entitlement: ₹1,50,000.

Result

Duty = NIL

Category 2 — Minimum 1 year during succeeding 2 years

TR allowance: ₹3,00,000

Conditions include:

- stay for minimum 1 year during succeeding 2 years from arrival;
- concession not availed in preceding 3 years.

Shortfall of up to 3 months may be condoned in specified circumstances by Principal Commissioner/Commissioner.

Annexure-I excluded

Example

Foreign executive proposes to remain in India for 18 months.

Eligible household goods: ₹2,80,000.

No previous concession during preceding 3 years.

Result

Duty = NIL

Category 3 — Minimum 2 years in India

TR entitlement: ₹7,50,000

subject to Appendix-II conditions and relaxations.

Conditions:

(i) Minimum stay of 2 years in India, immediately during the succeeding the date of his or her arrival on transfer of residence;

(ii) The passenger has not availed this concession in the preceding 3 years.

(a) For condition (i), shortfall of upto 2 months for stay in India can be condoned by Deputy Commissioner /Assistant Commissioner of Customs, if the early return is on account of:—
   (i) terminal of professional contract
   (ii) any other special circumstances for reasons to be recorded in writing.

(b) For condition (i), the Principal Commissioner / Commissioner of Customs may condone short visits upto 6 months in special circumstances for reasons to be recorded in writing.

Foreign professional leaving early

Rule 7(4) creates an important recovery mechanism.

If there is shortfall in prescribed stay in India, the passenger must:

1. inform the jurisdictional Principal Commissioner/Commissioner without delay; and
2. pay applicable duty, if any, together with interest.

Annexure-I excluded

Practical Numerical Example

Foreign professional originally qualifies/claims TR goods worth: ₹2,80,000.

Benefit claimed: ₹3,00,000 category.

Later, because he leaves early, assume his actual admissible category is only: ₹1,50,000.

Excess concession: ₹2,80,000 − ₹1,50,000 = ₹1,30,000

Illustrative ordinary duty: ₹1,30,000 × 35% = ₹45,500

plus:

applicable interest

subject to actual assessment.

Category 4: foreigner with valid visa other than tourist visa.

Returning after stay abroad of 2 years or more:

Professional Numerical Example

Foreigner with Valid Non-Tourist Visa—Returning After Two Years Abroad

Ms. Laura Smith, a British citizen, had earlier worked in India. She was subsequently posted outside India and now returns to take up long-term employment in India.

She arrives at Delhi Airport on 1 September 2026 holding a valid employment visa for three years. She will stay in India for more than six months and therefore qualifies as a foreigner with a valid visa other than a tourist visa.

Stay particulars

Particulars	Details
Required stay abroad immediately before TR	2 years
Actual stay abroad	23 months
Shortfall	1 month
Reason for early return	Employer granted terminal leave
Short visits to India during preceding 2 years	7 months
TR concession availed during preceding 3 years	No

The appropriate Customs authorities grant the required condonations for conditions (i) and (ii).

Baggage imported

Article	Customs value
Used clothes and daily-use personal effects	₹2,40,000
New mobile phone and wristwatch	₹75,000
Furniture	₹2,60,000
Refrigerator—first unit	₹1,40,000
Washing machine—one unit	₹1,10,000
Home theatre system—one unit	₹1,20,000
Personal computer—one unit	₹1,20,000
Refrigerator—second unit	₹80,000
Television	₹1,00,000

Assume:

- she arrives by air;
- the articles are bona fide baggage;
- the ordinary General Free Allowance of ₹75,000 is available;
- BCD on ordinary dutiable baggage is 35%; and
- SWS, IGST and AIDC are Nil.

Compute the customs duty payable.

Solution

1. Passenger category

Laura:

- is a foreign citizen;
- holds a valid employment visa, not a tourist visa; and

- intends to stay in India for more than six months.

Therefore, she falls within the category:
Foreigner with a valid visa other than a tourist visa.

2. Minimum two-year stay abroad

Required stay: 24 months
Actual stay: 23 months
Shortfall: 24-23 = 1 month
For condition (i), a shortfall of up to two months may be condoned by the Deputy/Assistant Commissioner where the early return is because of:

- terminal leave or vacation; or
- another special circumstance, for reasons recorded in writing.

Laura's one-month shortfall arose from terminal leave, and the question states that condonation was granted.
Therefore: Condition (i) satisfied.

3. Short visits to India

Permitted short visits during the preceding two years: 6 months
Actual short visits: 7 months
Excess: 7-6 = 1 month
The Principal Commissioner/Commissioner may condone short visits exceeding six months in special circumstances, for reasons recorded in writing.
Since the required condonation has been granted:
Condition (ii) satisfied.

4. Previous TR concession

Laura has not availed the concession during the preceding three years.
Therefore: Condition (iii) satisfied
There is no relaxation for condition (iii).

5. Used personal effects

Used clothes and daily-use personal effects: ₹2,40,000
These are considered separately under Rule 3 and do not consume the ₹7,50,000 TR ceiling:
Duty = Nil

6. General Free Allowance

New mobile phone and wristwatch: ₹75,000
Applicable GFA: ₹75,000.
Taxable value: [₹75,000-₹75,000 = Nil
The GFA is now fully utilised.

7. Eligible TR articles

Eligible article	Value
Furniture	₹2,60,000
Refrigerator—first unit	₹1,40,000
Washing machine—one unit	₹1,10,000
Home theatre system—one unit	₹1,20,000
Personal computer—one unit	₹1,20,000
Aggregate eligible value	₹7,50,000

The eligible articles:

- are personal or household articles;
- are not Annexure-I articles;
- include only one unit of each relevant Annexure-II article; and
- do not exceed the aggregate ceiling of ₹7,50,000.

Therefore: TR articles of ₹7,50,000—Duty Nil.

8. Second refrigerator

The TR concession permits not more than one unit of each Annexure-II article.

The first refrigerator is already included in the TR allowance. Therefore, the second refrigerator does not qualify under the TR concession.

Since the ₹75,000 GFA has already been fully utilised:

Dutiable value of second refrigerator = ₹80,000.

9. Television

Television is listed in Annexure-I and is excluded from the normal TR and GFA concessions.

Therefore:

Dutiable value of television = ₹1,00,000.

10. Duty computation

Particulars	Amount
Second refrigerator	₹80,000
Television	₹1,00,000
Total dutiable value	₹1,80,000

BCD: [₹1,80,000 x 35% = ₹63,000]

Levy	Amount
BCD at 35%	₹63,000
SWS	Nil
IGST	Nil
AIDC	Nil
Total customs duty	₹63,000

RULE 8 — CURRENCY

Rule 8 does not independently create currency ceilings.

It says currency import/export will follow:

Foreign Exchange Management (Export and Import of Currency) Regulations, 2015 and notifications thereunder.

Currency Declaration

CBD-I specifically asks whether:

- foreign currency notes exceed US$5,000 equivalent;
- aggregate foreign exchange exceeds US$10,000 equivalent.

Example

Passenger carries:

- currency notes US$6,000;
- no travellers cheque.

Although aggregate is below US$10,000:

Currency notes exceed: US$5,000.

Therefore:

Currency declaration required.

Example 2

Currency notes = US$4,000

Travellers cheques = US$8,000

Aggregate foreign exchange: US$12,000.

Since > US$10,000:

Declaration required.

Indian currency

CBD-I separately asks whether Indian currency exceeds: ₹25,000

Example 3:

Mr. Arvind Kumar, an Indian resident, returns to India from Singapore by air on 10 August 2026. He carries:

Particulars	Amount
US dollar currency notes	US$ 4,500
Euro currency notes equivalent to	US$ 1,000
Travellers' cheques	US$ 6,000
Aggregate foreign currency notes	US$ 5,500
Aggregate foreign exchange	US$ 11,500

He carries no prohibited goods or other dutiable baggage.

Determine:

1. whether import of the foreign exchange is permissible;
2. whether a Currency Declaration Form (CDF) is required;
3. whether disclosure is required in CBD-I under the 2026 baggage procedure;
4. whether any customs duty is payable; and
5. which Customs Channel should be used.

Solution

Step 1 — Is US$11,500 foreign exchange prohibited?

No.

This is the most important conceptual point.

The US$5,000 and US$10,000 figures are not general maximum amounts that a passenger is prohibited from bringing into India.

Foreign exchange may be brought into India subject to FEMA. The thresholds determine whether a declaration to Customs becomes necessary.

RBI's foreign-exchange instructions recognize the declaration requirement where the prescribed currency/aggregate foreign-exchange thresholds are exceeded. Reserve Bank of India

Therefore:

US$11,500 can be brought into India, but the declaration requirements must be complied with.

Step 2 — Currency Notes Test: US$5,000

For this test, consider foreign currency notes, not travellers' cheques.

US dollar notes = US$4,500 equivalent

Euro notes = US$1,000 equivalent

Therefore:

Foreign currency notes = US$5,500 equivalent

Compare: US$5,500 > US$5,000

Result: threshold exceeded.

Hence, declaration is required.

Step 3 — Aggregate Foreign Exchange Test: US$10,000

Now include:

- foreign currency notes;
- bank notes; and
- travellers' cheques,

as relevant under the FEMA declaration framework.

Currency notes = US$5,500

Travellers' cheques = US$6,000

Therefore:

Aggregate foreign exchange = US$11,500

Compare: US$11,500 > US$10,000
Result: threshold also exceeded.
Thus, the passenger crosses both declaration thresholds.

Step 4 — Currency Declaration Form (CDF)

Mr. Arvind must make a Currency Declaration Form (CDF) because:
Foreign currency notes = US$5,500 > US$5,000
and independently:
Aggregate foreign exchange = US$11,500 > US$10,000
Therefore:
CDF is mandatory.
This follows the FEMA currency regime incorporated into baggage law through Rule 8. RBI guidance confirms these declaration thresholds. Reserve Bank of India

Step 5 — CBD-I under Baggage Rules, 2026 procedure

Under the Customs Baggage (Declaration and Processing) Regulations, 2026, the passenger declaration also asks about currency exceeding the prescribed thresholds.
Accordingly, Mr. Arvind must truthfully answer YES to the relevant currency declaration item in CBD-I.
The practical 2026 procedure is therefore:
CBD-I declaration → disclose foreign currency/foreign exchange → CDF as applicable → Customs/Red Channel → verification → clearance.

Step 6 — Is customs duty payable on the currency?

No.
This is not a case of calculating:
Amount − ₹75,000 GFA × 35%
Currency is not treated as an ordinary baggage article for the GFA/duty computation.
Rule 8 specifically sends currency to the FEMA regulatory regime.
Therefore:

Particulars	Treatment
Foreign currency notes	FEMA/CDF requirements
Travellers' cheques	FEMA/CDF requirements
₹75,000 GFA	Not relevant
BCD @35%	Not applicable
SWS	Nil
IGST	Nil
AIDC	Nil
Customs duty	NIL

Customs duty payable = NIL
The issue is declaration and regulatory compliance, not baggage duty.

Step 7 — Green Channel or Red Channel?

Because the passenger is required to make the prescribed currency declaration, he should not simply walk through the Green Channel without disclosure.

The appropriate course under the 2026 baggage-declaration framework is to declare the currency and report to Customs/Red Channel as required.

Final Answer

Particulars	Computation	Result
Foreign currency notes	US$4,500 + US$1,000	US$5,500
Currency-note threshold	US$5,000	Exceeded
Travellers' cheques		US$6,000
Aggregate foreign exchange	US$5,500 + US$6,000	US$11,500
Aggregate threshold	US$10,000	Exceeded
CDF		Required
CBD-I disclosure		Required
Customs duty		NIL
GFA		Not applicable to currency computation
Customs reporting		Declaration / Red Channel

Answer: CDF + CBD-I declaration required; Customs duty = NIL.

RULE 9 — PETS

Rule 9 provides that import of pets will be regulated by the relevant Central Government authority's rules.

The specific pet-import framework allows dogs and cats up to two in number per passenger as baggage in qualifying transfer-of-residence cases. Current Customs guidance states that import of up to two pet dogs/cats as baggage is permitted to persons transferring residence to India after two years of continuous stay abroad, subject to the prescribed conditions, health certificates and animal-quarantine examination.

CBIC's Guide explains the specific TR facilitation:

Eligible:

- resident;
- tourist of Indian origin;
- eligible foreign professional.

Up to:

Two pets — cat/dog

under qualifying TR circumstances, subject to:

- advance NOC from AQCS; or
- DGFT import authorisation, as applicable.

Practical Example 1:

Mr. A returns after 3 years abroad with:

- 1 dog;
- 1 cat.

Total pets: 2

He must still satisfy:

Animal Quarantine and Certification Services (AQCS) / Director General of Foreign Trade (DGFT) requirements.

The fact that baggage rules permit the category does not dispense with veterinary/quarantine compliance.

Example 2:

Mr. Aditya Sharma, an Indian resident, was employed in Dubai, UAE, for 3 years. On termination of his employment, he transfers his residence permanently to India and arrives at Chennai International Airport on 15 July 2026.

He brings with him as accompanied baggage:

Particulars	Details
Pet dog — Labrador	1
Pet cat — Persian	1
Total pets	2
Value of dog for Customs purposes	₹60,000
Value of cat for Customs purposes	₹40,000
Total value	₹1,00,000

Before travelling, Aditya obtains the prescribed advance NOC from AQCS, submits the necessary health/veterinary documents and gives prior intimation of the date and time of arrival.

He also properly declares both pets to Customs.

Determine whether the two pets can be imported as baggage, whether DGFT import authorisation is necessary, the Customs declaration procedure and the baggage duty, if any.

Answer:

1. Does Rule 9 itself permit two pets?

Not by itself.

Rule 9 merely provides the statutory link to the regulations of the competent Central Government authorities.

The specific pet-import framework allows dogs and cats up to two in number per passenger as baggage in qualifying transfer-of-residence cases. Current Customs guidance states that import of up to two pet dogs/cats as baggage is permitted to persons transferring residence to India after two years of continuous stay abroad, subject to the prescribed conditions, health certificates and animal-quarantine examination.

Aditya:

- stayed abroad for 3 years;
- is transferring residence to India;
- carries only 2 pets;
- pets are a dog and cat; and
- has obtained advance AQCS clearance.

Therefore, subject to the remaining regulatory conditions:
Both pets can qualify for import under the baggage/TR pet facility.

2. Is DGFT import authorisation required?

On the facts assumed, the import falls within the qualifying baggage/TR route.
Current Customs guidance describes import of up to two dogs/cats as baggage in the qualifying transfer-of-residence situation without an import licence issued by DGFT, subject to the prescribed animal-health/quarantine requirements. Mumbai Customs Zone 3
Therefore:
DGFT import authorisation — Not required on the stated qualifying facts.
This should not be converted into the broader statement that "pets never require DGFT authorisation."
If, for example, the passenger does not satisfy the prescribed TR conditions, or the animal cannot be imported under the baggage route, DGFT authorisation may become necessary.

3. AQCS Advance NOC

This is extremely important after CBIC Circular No. 07/2025-Customs dated 05.03.2025.
The Circular states that the owner must ensure receipt of an advance NOC from the respective AQCS after submission of the requisite documents and must give prior intimation of the date and time of arrival through email. worldtradescanner.com
In the problem:

Advance NOC obtained ✅

Required documents submitted ✅

Arrival intimated in advance ✅

Therefore, this requirement is satisfied.

4. What happens at Chennai Airport?

Circular No. 07/2025-Customs introduced an important passenger facilitation.
The final NOC/quarantine clearance for imported pet dogs and cats can be issued at the port of entry itself under the prescribed arrangement. The Circular also confirms that pet dog/cat imports are permitted through specified ports, including Chennai.
The specified ports include:
Airports: Delhi, Bengaluru, Hyderabad and Kochi
and
Seaports or airports: Mumbai, Chennai and Kolkata.

Therefore:
Chennai is an authorised point for this purpose.

5. Baggage Declaration — CBD-I

The passenger cannot treat the pets as ordinary undeclared personal effects.
Under the Customs Baggage (Declaration and Processing) Regulations, 2026, CBD-I specifically requires disclosure of prescribed declarable items, including pets.
Therefore Aditya should answer YES against the relevant CBD-I declaration relating to pets and proceed through the prescribed Customs clearance procedure.
The practical sequence is:
Advance AQCS NOC → electronic CBD-I declaration → arrival at authorised port → Red Channel/Customs → production of advance NOC and veterinary/health documents → AQCS examination/final quarantine clearance → Customs clearance.

6. Is ₹75,000 GFA applicable to the pets?

Rule 9 puts pet import into a special regulatory framework. The permission to import the animals depends primarily on the applicable pet/TR, DGFT and AQCS conditions.
The ₹75,000 GFA under Rule 5 should therefore not be presented as though a passenger can freely import any pet merely because its value falls within ₹75,000.
GFA does not override the regulatory conditions governing import of live animals.

7. Customs Duty — if leviable

If a pet is imported as dutiable baggage rather than being covered by a specific duty-free treatment, the ordinary baggage duty structure supplied for the 2026 class notes is:

Levy	Rate
BCD	35%
IGST	Nil
SWS	Nil
AIDC	Nil

Accordingly, if the question expressly assumes that the ₹1,00,000 value of the pets is dutiable baggage, the computation would be:
Assessable value = ₹1,00,000
BCD @ 35%: ₹1,00,000 × 35% = ₹35,000
SWS = Nil
IGST = Nil
AIDC = Nil
Customs duty = ₹35,000
However, for a qualifying transfer-of-residence pet facility, the better approach is first to determine whether the applicable pet/TR exemption or concession covers the animals rather than mechanically applying GFA.

RULE 10 — UNACCOMPANIED BAGGAGE

Unaccompanied baggage means baggage travelling separately from the passenger.

Rule 10 generally applies the baggage rules to unaccompanied baggage subject to specific timing conditions.

Baggage arriving AFTER passenger

Normally: baggage should have been in passenger's possession abroad and dispatched within one month after arrival in India.

DC/AC may allow a further period.

Date Example

Passenger arrives: 1 July 2026

Baggage dispatched: 25 July 2026

Within one month.

Condition satisfied.

Example — dispatched late

Passenger arrives: 1 July.

Baggage dispatched: 20 August.

This is beyond ordinary one-month period.

It requires: appropriate permission/extension by DC/AC.

Baggage arriving BEFORE passenger

It may land: up to 2 months before passenger's arrival or within such period, not exceeding one year permitted by DC/AC of Customs

where passenger's delayed arrival is due to circumstances beyond control, such as:

- illness;
- natural calamity;
- disturbed conditions;
- transport disruption;
- travel disruption.

Example

Baggage arrives: 1 June 2026.

Passenger arrives: 20 July 2026.

Gap: about 49 days.

Within 2 months.

Therefore, ordinarily permissible.

Declaration of unaccompanied baggage

Document: CBD-II

The form captures:

- TR/NTR status;
- previous TR concession;
- short visits;
- shipment particulars;

- values of articles.

Transshipment to another Customs station
Suppose baggage lands at Mumbai but passenger wants clearance at Chennai.
Regulation 6 allows transit by:

- air;
- rail;
- road,

subject to prescribed conditions, sealing, uthorized carrier, bond/security etc.

Important operational point — unaccompanied baggage and GFA

The Master Circular distinguishes accompanied and unaccompanied baggage operationally. We should not automatically apply the ordinary accompanied-baggage GFA to unaccompanied baggage; the entitlement must be tested under the applicable baggage/TR provisions.

Practical Problem — Rule 10

Mr. Rajiv Mehta, an Indian resident aged 42, returns to India by air on 1 July 2026 after working in Dubai for eight months. He is not claiming Transfer of Residence benefits.
His used clothes and other daily-use personal effects accompany him and qualify for exemption under Rule 3. He imports the following separately as unaccompanied baggage:

Article	Customs value
New camera	₹90,000
New music system	₹55,000
New kitchen appliances	₹40,000
Total value	₹1,85,000

Additional facts:

- The articles were in Rajiv's possession abroad.
- They were dispatched from Dubai on 25 July 2026.
- They landed at Mumbai on 5 August 2026.
- Rajiv requests clearance at Chennai through transshipment by road.
- All articles are bona fide baggage and none is listed in Annexure-I.
- Assume the applicable General Free Allowance of ₹75,000 is available.
- Baggage duty is BCD at 35%. Assume SWS, IGST and AIDC are Nil.

Determine:

1. Whether Rule 10's timing condition is satisfied.
2. The declaration required.
3. Whether transshipment to Chennai is permissible.
4. The value liable to duty and the customs duty payable.
5. Whether Rajiv's family member may pool another passenger's GFA with his allowance.

Answer

1. Timing condition

Rajiv arrived in India on 1 July 2026 and dispatched the baggage on 25 July 2026.

The dispatch occurred within one month after his arrival:

1 July 2026 → 25 July 2026 = within the ordinary one-month period.

Therefore:

- the baggage was in his possession abroad;
- it was dispatched within one month of arrival; and
- no extension from the Deputy/Assistant Commissioner is required.

The relevant date for this branch is the date of dispatch, not merely the date on which the baggage landed in India. Rule 10 permits a further period if allowed by the Deputy or Assistant Commissioner. Baggage Rules, 2026—Rule 10

2. Declaration

Rajiv must declare the contents electronically in:

CBD-II — Unaccompanied Baggage Declaration Form for Import

CBD-II may be filed by Rajiv or an authorised person. The official guide identifies CBD-II as mandatory where unaccompanied baggage contains dutiable effects and states that it is handled through ICEGATE. CBIC Guide for International Travellers

3. Transshipment

The baggage landed at Mumbai, but Rajiv wants it cleared at Chennai.

Transshipment to another Customs station may be permitted at the passenger's request by:

- air;
- rail; or
- road.

Therefore, movement from Mumbai to Chennai by road is permissible, subject to the prescribed Customs conditions relating to matters such as sealing, authorised carriage and bond/ security. CBIC Guide for International Travellers

4. Duty computation

Because the question expressly states that Rajiv's ₹75,000 GFA is available:

Particulars	Amount
Total value of dutiable articles	₹1,85,000
Less: applicable GFA	₹75,000
Value liable to duty	₹1,10,000
BCD at 35%	₹38,500
SWS	Nil
IGST	Nil
AIDC	Nil
Total customs duty	₹38,500

Calculation: Customs duty payable: ₹38,500.

5. Pooling of allowance

Pooling is not permitted. Rajiv cannot combine his ₹75,000 allowance with the allowance of his spouse, child or another passenger.

RULE 11 — CREW MEMBERS

Final pay-off

Baggage Rules apply normally to crew members at:

final pay-off on termination of engagement.

Otherwise, a crew member may bring articles such as:

- chocolates;
- cheese;
- cosmetics;
- gifts for family/personal use,

up to: ₹2,500

Numerical Example

Crew member brings:

Chocolates/cosmetics: ₹2,300.

Allowance: ₹2,500.

Result

Duty = NIL

Example 2

Gift articles: ₹4,000.

Special crew allowance: ₹2,500.

Excess: ₹1,500.

Any duty/consequences must be considered under the applicable provisions.

Example 3:

Mr. Arjun, a crew member of an international airline operating between Singapore and Chennai, arrives in India on 15 July 2026. He is not on final pay-off and continues to remain employed as a crew member.

He carries the following articles for his personal/family use:

Particulars	Value (₹)
Chocolates	1,000
Cheese	600
Cosmetics	1,400
Gift articles	2,000
Total	5,000

Compute the customs duty payable under the Baggage Rules, 2026.

Solution:

Under Rule 11(2), a crew member of a vessel or aircraft who is not on final pay-off may bring articles such as chocolates, cheese, cosmetics and other gift articles for personal or family use up to ₹2,500 duty-free.

Therefore:

Total value = ₹5,000

Less: Crew allowance = ₹2,500

Value exceeding allowance = ₹2,500

Assuming the excess consists of ordinary baggage articles eligible for the general baggage rate, BCD is 35%: ₹2,500 × 35% = ₹875

For ordinary baggage under the current rate structure considered in our notes, SWS = Nil, IGST = Nil and AIDC = Nil.

Answer: Customs duty payable = ₹875

Example 4:

Mr. Rahul worked as a crew member on a foreign-going vessel. His employment is terminated and he returns to India on final pay-off.

He carries:

- used personal effects;
- one new laptop;
- ordinary household/personal articles worth ₹70,000.

Rule 11(1) states that the Baggage Rules, 2026 apply to crew members at the time of final pay-off on termination of their engagement.

Consequently, his case is not restricted merely to the ₹2,500 concession under Rule 11(2). His baggage entitlement has to be determined under the other applicable provisions of the Baggage Rules, 2026, subject to satisfying their respective conditions.

For example:

Used personal effects → Rule 3 → duty-free

One new laptop → Rule 5 special concession, if he satisfies its conditions.

Other baggage/transfer-of-residence benefits must be examined according to the relevant rules and eligibility conditions.

PART II — CUSTOMS BAGGAGE (DECLARATION AND PROCESSING) REGULATIONS, 2026

These Regulations are equally important for practical questions.

Notification: 15/2026-Customs (N.T.) dated 01.02.2026

Effective: 02.02.2026

They apply to baggage/packages of passengers coming to or going outside India.

GREEN CHANNEL vs RED CHANNEL

Green Channel

Used by passengers who are: not required to report to Red Channel.

Red Channel

For passenger making declaration for:

- payment of duty; or
- goods subject to prescribed import prohibitions.

What articles are strictly prohibited for import?

Prohibitions include narcotic drugs, psychotropic substances, wildlife products, specified live birds and animals, counterfeit currency, and maps/literature showing incorrect Indian boundaries, goods violating any of the legally enforceable intellectual property rights.

Simple memory rule

Nothing to declare → GREEN

Something dutiable/restricted/prohibited to declare → RED

CBD-I — ACCOMPANIED BAGGAGE DECLARATION

Passengers carrying:

- dutiable goods; or
- prohibited goods

must electronically declare accompanied baggage in: CBD-I

before entering Green Channel.

Advance filing

CBD declaration may be filed: up to 3 days before arrival.

Passenger may update accompanied-baggage declaration until:

actual date and time of arrival.

Example

Flight arrival: 20.08.2026, 10:00 AM.

Passenger discovers on 19 August that declared value of his watch was incorrect.

Electronic declaration can be updated until:

actual arrival time, subject to regulation.

Items specifically prompting Red Channel declaration

CBD-I asks about matters such as:

- pets;
- excess jewellery;
- prohibited articles;
- television;
- gold bullion;
- certain food/plant material;
- satellite phone;
- excess currency;
- drones.

If "Yes" is answered at specified entries, passenger is directed to Red Channel.

CBD-II — UNACCOMPANIED BAGGAGE

Used for:

Unaccompanied Baggage Declaration for Import

CBD-III — EXPORT CERTIFICATE

Used where a passenger takes valuable articles out of India and wants hassle-free duty-free re-import.

Example

Indian resident carries:

₹5 lakh diamond jewellery abroad for a family wedding.

To avoid dispute on return:

obtain CBD-III before departure.

CBD-IV — TEMPORARY BAGGAGE IMPORT CERTIFICATE

Used mainly by a tourist temporarily bringing valuable personal articles to India.

The form records details such as:

- description;
- identification;
- model;
- value;
- photograph;

and contains an undertaking to re-export.

CBD-V — DETENTION RECEIPT

Where prohibited/dutiable goods are detained, Customs may issue:

CBD-V

FIVE CBD FORMS —

Form	Purpose
CBD-I	Accompanied baggage declaration
CBD-II	Unaccompanied baggage declaration
CBD-III	Export Certificate
CBD-IV	Temporary Baggage Import Certificate
CBD-V	Detention Receipt

The CBIC Traveller Guide summarises all five forms together.

Mnemonic

I = Import declaration

II = Unaccompanied

III = Export

IV = Temporary Import

V = Detention

DETAINED BAGGAGE

Where baggage contains prohibited/dutiable goods, Customs may detain it.

If ultimately found bona fide and released: no detention charge is levied by Customs on that ground.

Time limit

Detained/unclaimed baggage should generally be:

- cleared; or
- re-exported

within: 6 months which may be extended by up to: another 6 months by Principal Commissioner / Commissioner.

Example

Baggage arrival: 1 March 2026.

Ordinary period: 6 months.

If extension is granted: additional period up to 6 months.

If still not cleared/re-exported, prescribed disposal procedures may follow.

SALE OF UNCLAIMED/DETAINED BAGGAGE

Where goods are sold, sale proceeds are appropriated towards matters such as:

1. sale expenses;
2. freight/other charges;
3. customs duty;
4. custody charges;
5. Government dues;

balance, if any, goes to owner subject to the Regulations.

DECLARATION FOR MINOR

Passenger below 18:

Declaration may normally be filed by: family member or legal guardian.

If minor is travelling alone, the Regulations contain a specific proviso permitting filing by that passenger.

RECORD RETENTION

Declarations and supporting documents must be retained for: 5 years from filing.

baggage declaration rules 2026.

PENAL CONSEQUENCES

Non-declaration, misdeclaration or concealment can lead to:

- confiscation;
- redemption fine;
- penalty;
- prosecution in serious cases.

The CBIC Guide expressly warns that walking through Green Channel while carrying undeclared dutiable/restricted goods can attract action.

COMPREHENSIVE PRACTICAL NUMERICAL — EXAM TYPE

Mr. R, Indian resident aged 45, returns from UAE by air after 2 years 4 months.

During preceding two years:

- visits to India = 4 months;
- no TR concession availed in preceding 3 years.

He carries:

Article	Value
Used personal effects	₹1,00,000
One new laptop	₹1,20,000
Ordinary new gifts	₹1,10,000
Eligible household articles under TR	₹7,20,000

Step 1 — Used personal effects

Rule 3.

₹1,00,000 — Nil duty

Step 2 — Laptop

Age >18.

One new laptop.

Rule 5 specific concession.

₹1,20,000 — Nil duty

Step 3 — Ordinary gifts

Value = ₹1,10,000

GFA = ₹75,000

Dutiable: ₹35,000.

Duty: ₹35,000 × 35% = ₹12,250

Step 4 — TR goods

Stay abroad >2 years.

Conditions:

- foreign stay satisfied;
- Indian short visits 4 months < 6 months;
- no preceding concession.

TR limit: ₹7,50,000.

Goods: ₹7,20,000.

Nil duty

TOTAL

Customs duty = ₹12,250

COMPREHENSIVE JEWELLERY EXAMPLE

Mrs. A stayed abroad 3 years.

She brings:

- used personal effects ₹1,50,000;
- eligible jewellery 36g worth ₹7 lakh;
- ordinary gifts ₹95,000;
- household TR articles ₹7,40,000.

Assume all TR conditions fulfilled.

Personal effects

Nil duty.

Jewellery 36g ≤ female allowance 40g.

Nil duty under Rule 6.

Ordinary gifts ₹95,000 − ₹75,000 = ₹20,000.
Duty: ₹20,000 × 35% = ₹7,000
TR goods ₹7,40,000 < ₹7,50,000. Nil duty.

Answer:

Total illustrative customs duty = ₹7,000

COMPREHENSIVE FAMILY EXAMPLE — NO POOLING

Husband and wife each qualify for ₹75,000 GFA.
Husband carries one camera: ₹1,30,000.
Wife carries gifts: ₹60,000.
Husband
Allowance = ₹75,000.
Dutiable: ₹55,000.
Duty: ₹55,000 × 35% = ₹19,250
Wife ₹60,000 < ₹75,000.
Nil duty.
Husband cannot use wife's unused: ₹15,000 allowance.
Total ₹19,250

FOREIGN TRADE POLICY

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1. Extension of the RoDTEP Scheme

The Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) has been extended periodically through notifications issued under the Foreign Trade Policy 2023.
Initially, Advance Authorisation holders, Export Oriented Units and Special Economic Zone units were outside the scheme's coverage. RoDTEP benefits were subsequently extended to eligible exports made by these categories, subject to the applicable periods, notified rates, value caps and other conditions.

Notification No. 35/2025 dated 30 September 2025 extended the scheme to eligible exports made by:

- Domestic Tariff Area units;
- Advance Authorisation holders;
- Export Oriented Units; and
- Special Economic Zone units

up to 31 March 2026.
Thereafter, Notification No. 74/2025-26 dated 31 March 2026 continued the RoDTEP scheme for all eligible export products for a further six-month period, from 1 April 2026 to 30 September 2026.

During this extended period, the rates and value caps specified in Appendix 4R and Appendix 4RE, as applicable on 31 March 2026, continue unchanged. All other terms and conditions governing the scheme also remain unchanged.

Current position
Eligible exports made from 1 April 2026 to 30 September 2026 are entitled to RoDTEP benefits at the rates and value caps applicable on 31 March 2026, subject to the existing conditions of the scheme.
Verified against DGFT Notification No. 35/2025 and DGFT Notification No. 74/2025-26.