CNK & Associates LLP Chartered Accountants

Quarterly Insights July 2025

Customs and Foreign Trade Policy (FTP)

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Customs

Amendment to CAROTAR, 2020: "Proof of Origin" Now Replaces "Certificate of Origin"

<u>Circular No.14/2025- Customs dated 21st April</u> 2025

The CBIC has issued an important amendment to the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR, 2020), aligning with global practices.

The term **"Certificate of Origin" has been officially replaced with "Proof of Origin."** This change reflects the global move toward selfcertification and aims to simplify procedures, reduce paperwork, and facilitate smoother trade under various trade agreements.

The term "Proof of Origin" now includes both **certificates issued by designated authorities** and **self-declarations made by eligible exporters**, provided under respective trade agreements. However, the type of proof required will still depend on the provisions of each specific agreement. To support this transition, guidelines from <u>Circular No. 38/2020 dated 21st August 2020</u> remain applicable and must be read alongside this update.

For all verification requests under trade agreements, stakeholders must now contact the **Directorate of International Customs (DIC)**. The FTA Cell at DIC will handle the uploading and circulation of specimen seals and signatures of foreign officials authorized to issue origin documents. These records are vital for investigations and compliance, and the FTA Cell will also forward copies to DRI, and non-EDI locations as needed.

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Simplified Procedures for Air Cargo Movement and Transshipment

<u>Circular No.15/2025-Customs dated 25th April</u> 2025

In line with the 2025-26 Budget's focus on improving air cargo infrastructure—especially for high-value and perishable goods—the CBIC has introduced key reforms to streamline customs and transshipment procedures. Most notably, the ₹20 transshipment permit fee has been eliminated, reducing compliance burdens for stakeholders. The procedure for temporarily importing Unit Load Devices (ULDs), used for air cargo, has been harmonized with marine container rules, allowing movement outside customs areas based on a continuity bond and subject to security and tracking compliance.

Additionally, the CBIC highlighted the availability of the **"All-India National Transshipment Bond"** (introduced in 2022) and the digitized transshipment request facility via ICEGATE, aiming to reduce paperwork and improve operational efficiency. Stakeholders are encouraged to make use of these digital platforms to ease cargo movement.

ICETAB Implementation Extended to Export Examination and Clearance

<u>Circular No.17/2025-Customs dated 19th June 2025</u> CBIC has announced the extension of ICETAB (Integrated Customs Examination Tool for Automated Border) for export examination and clearance starting 19th June 2025, following its successful implementation in import consignments.

This digital platform allows examining officers to view all relevant Shipping Bill details, including examination orders, RMS instructions, and supporting documents, without relying on physical paperwork. Officers can also upload 4 key images of the cargo directly to the ICETAB, with these records stored in the e-sanchit repository for future reference. A detailed advisory on ICETAB's use will be issued by DG Systems. In urgent cases where digital reporting is not feasible, prior permission from the Assistant Commissioner mandatory. is Commissioners are advised to conduct weekly reviews to address any issues in coordination with DG Systems. Stakeholders are requested to publicize this circular through suitable Trade/Public Notices and ensure officers are wellinformed and trained on the new process.

Foreign Trade Policy (FTP)

Revision in Fee Structure under FTP 2023 for Import Monitoring and Export Licensing

Public Notice No. 2/2025-26

The DGFT has amended Appendix 2K of the FTP 2023, introducing a provision for Registration Fees under various Import Monitoring Systems (SIMS/ CIMS/ NFMIMS/ PIMS), effective immediately. The updated appendix also outlines revised application fees for a range of trade services. These include:

- ₹500 for Importer Exporter Code (IEC),
- ₹1,000 for Export Licenses and Duty Credit Scrips, and CIF-based tiered fees for Advance Authorization applications
- ₹100 for MSMEs up to ₹1 crore and ₹5,000 above ₹1 crore.
- Non-MSMEs and restricted imports will incur 0.1% of CIF value, subject to a ₹500-₹1,00,000 range.
- Other services like license amendments, duplicate certificates, and late IEC updates are charged between ₹200 and ₹1,000, ensuring better regulation and service transparency in India's foreign trade framework.
- ₹500 for first re-validation of authorizations,
- ₹1,000 for second re-validation,

- ₹5,000 for enlistment as an authorized agency, and up to ₹10,000 for certification agencies under Appendix 2G.
- Fees vary for other services like enhancement of authorization value, verification under FTAs, and issuance of preferential certificates. Payments must be made online through the DGFT portal or e-Miscellaneous Payments System (eMPS) using internet banking, cards, or UPI.

Refunds of application fees are only permitted under specific conditions, such as overpayment, non-submission of applications, or exempted categories. Eligible applicants can submit online refund requests through the refund management system. The refund process involves verification by jurisdictional authorities, and sanctioned refunds must be claimed within 3 months of issuance. Additionally, in case of reissuance of authorizations or scrips, adjustments of previously paid fees may be permitted.

New Field Introduced in eBRC for Services Exports

Notification No. 12/2025-26 dated 26th May 2025

The Directorate General of Foreign Trade (DGFT) has announced the introduction of a new field titled 'Mode of Export of Services' in the Electronic Bank Realisation Certificate **(eBRC)** format, effective 1st May 2025. This enhancement aligns with WTO's GATS(General Agreement on Trade in Services) classification and aims to improve the granularity of services export data. Exporters certifying eBRCs will now need to specify the relevant mode of export—Cross-Border Supply, Consumption Abroad, Commercial Presence, or Presence of Natural Persons—while completing the process.

This update follows previous trade notices and strengthens India's export data practices in line with international standards. Detailed user manuals are available on the DGFT website, and stakeholders are encouraged to share feedback or seek assistance through the DGFT Helpdesk.

Clarification on Export Obligation Period for Imports under QCOs

Notification No. 20/2025-26 – DGFT dated 23rd June 2025

The Central Government has amended Para 2.03(A)(i)(g) of the FTP 2023 to clarify the Export Obligation **(EO)** period for imports under mandatory Quality Control Orders **(QCOs)**. Effective immediately, the EO period remains as per Para 4.40 of the Handbook of Procedures. However, it is specifically restricted to 180 days from the date of clearance of import consignments for chemical products granted QCO exemption by the Department of Chemicals & Petrochemicals (DCPC).

This amendment refines the earlier provision, which also included textile products under the 180day restriction. Now, the 180-day EO period applies only to chemical products, offering clearer compliance guidance for Advance Authorisation holders, EOUs, and SEZ units.

KEY TAKE AWAY

- "Certificate of Origin" is now replaced with "Proof of Origin" to support global self-certification standards.
- ICETAB, earlier used for imports, is now extended to exports, enabling fully digital cargo examination and clearance.
- A new field in eBRC now requires exporters to mention the mode of service export from 1st May 2025.
- The export obligation period for QCO-exempt chemical imports is capped at 180 days.
- DGFT has revised its fee structure for trade services, with online payment and refund options now available.



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