

OFFICE OF THE PR. COMMISSIONER OF CUSTOMS (NS- I), MUMBAI ZONE-II
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA,
TAL- URAN, DISTRICT-RAIGAD, MAHARASHTRA-400707

F.N. S/22-Gen-20/2020-21/AM (I)/JNCH Pt-I

Dated: 27.08.2021

STANDING ORDER NO. -26/2021

Subject: Verification of the Preferential Certificates of Origin and difficulties being faced by the trade in implementation of the Customs (Administration of Rules of Origin under Trade Agreements) Rules (CAROTAR), 2020- reg.

Attention of all the officers of JNCH is drawn to the Board's, Instructions No-18/2021 dated 17.08.2021 (copy enclosed), on the above subject. Reference is also invited to Board's letter F. No. 15021/18/2020(ICD) dated 13.11.2020 and Instruction No. 20/2020-Customs dated 17.12.2020 pursuant to issuance of Circular No. 38/2020-Customs dated 21.08.2020, conveyed vide JNCH's Standing Order 25/2020 dated 10.09.2020, wherein directions were issued to the field formations to ensure judicious application of CAROTAR, 2020, while following prescribed timelines strictly and avoiding unnecessary delays or use of arbitrary practices during clearance of goods.

2. It has been observed that verification requests are being referred to the Board from Verifying Authorities in terms of Rule 6(1) (b) of CAROTAR, 2020, without citing appropriate grounds and without mentioning any specific information to be sought from the Verification Authority. Further, the Certificates of Origin (CoOs), particularly of RMS interdicted consignments, are being forwarded en mass to the Board for causing verification. Such a mechanical exercise is not only adversely impacting trade facilitation but is also putting a heavy burden on the Board office and the Verification Authorities to get such requests processed and attended to in prescribed time frame.

2.1. In this regard, attention is drawn to Para 4 (1) of the Board's Circular No. 38/2020-Customs dated 21.08.2020 which states that:

"In case several certificates pertaining to identical item are under review or scrutiny, only representative certificates should be forwarded to the Board to cause verification along

with list of all CoOs to which the field formation aims to apply the result of such verification. Representative CoOs may be selected in such a manner to ensure that they cover each of the exporters, importers and the prescribed originating criteria."

Strict compliance of the aforesaid provision, both in letter and spirit, is important to ensure that only representative CoOs are forwarded to the Board. This will reduce the administrative burden, enhance the speed of verification, and eventually result in improved trade facilitation.

2.2. From the above, it also follows that if a product of a given manufacturer/producer has already been verified following due verification process, subsequent consignments of the same product from the same manufacturer/producer imported with a claim to meet the same originating criteria, may not be considered for verification again. In such cases, result obtained in the previous verification may be applied. However, if there is a reason to believe that the same product in a subsequent consignment does not meet originating criteria on the grounds such as modification in manufacturing or other origin related conditions, verification may be requested.

3. Further, amongst the CoOs forwarded to the Board for causing verification in terms of Rule 6(1) (b) of CAROTAR, 2020, it has been noted that many of such requests have been made without mentioning the basis or the reason for causing such verification and merely citing the ground for verification as "RMS Interdiction". In many such cases, there is no mention, even, of the specific information to be sought from the Verification Authority.

3.1. In this regard, attention is invited to Rule 6(1) (b) of CAROTAR, 2020 which stipulates that:-

"... proper officer may, during the course of customs clearance thereafter, request for verification of certificate of origin from Verification Authority where there is reason to believe that the country of origin criterion stated in the certificate of origin has not been met or the claim of preferential rate of duty made by the importer is invalid."

3.2. Attention is also drawn to proviso to Rule 6(1) of CAROTAR, 2020, which states that:-

"Provided that a verification request in terms of clause (b) may be made only where the importer fails to provide the requisite information sought under rule 5 by the prescribed due date or the information provided by importer is found to be insufficient. Such a request shall

seek specific information from the Verification Authority as may be necessary to determine the origin of goods."

3.3. In view of the above, it is reiterated that while forwarding a Verification Request to the Board under Rule 6(1) (b) of CAROTAR, 2020, the proper officer must clearly indicate the reason to believe why goods are not meeting the prescribed origin criteria and also enlist the specific information required to be obtained from the Verification Authority that the proper officer considers necessary to determine the origin.

3.4. The Risk Management System (RMS) has been designed as a decision support system to assist in maintaining an optimum balance between facilitation and enforcement. While RMS interdicts consignment based on rules defined in the system, it does not preclude the Proper Officer from exercising due diligence and satisfying himself that the country of origin criterion stated in the CoO has not been met or the claim of preferential rate of duty made by the importer is invalid, before seeking verification of such CoO from the Verification Authority.

4. The verification requests should be communicated to the Board within the prescribed timelines of CAROTAR, 2020, as explained at Para 4 (IV) of Circular 38/2020-Customs.

5. In view of the above, all the officers and staff of Mumbai Customs, JNCH are hereby advised to ensure that enquiries on origin of imported goods are handled and all verification requests are forwarded to the Board strictly in terms of provisions of CAROTAR, 2020 following prescribed standard procedures, formats and timelines.

Sd/-

(उ. निरंजन/U. Niranjana)

प्रधान आयुक्त, सीमाशुल्क / Pr. Commissioner of Customs

Copy to:

1. The Pr. Chief Commissioner of Customs, Mumbai Zone-II, Nhava Sheva.
2. The Pr. Commissioners/ Commissioners of Customs, NS-I,NS-II,NS-III, NS-V,NS-G and NS-Audit, Nhava Sheva.
3. Additional/Joint/Dy./Asstt. Commissioners of Customs, Nhava Sheva.
4. Sections/Groups/Docks/RMSFC, Nhava Sheva through JNCH website.
5. AC/DC, EDI for uploading on JNCH website.

Instruction No. 18/2021-Customs

F.NO. 456/319/2021-Cus.V(Pt.1)
GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS

North Block, New Delhi – 110001

Dated: Aug 17th, 2021

To

All Principal Chief Commissioners/Chief Commissioners of Customs/
Customs (Preventive)
All Principal Chief Commissioners/Chief Commissioners of GST
All Principal Chief Commissioners/Chief Commissioners of Customs & GST
All Directors General under CBIC

Sir/Madam,

Subject: Verification of the Preferential Certificates of Origin and difficulties being faced by the trade in implementation of the Customs (Administration of Rules of Origin under Trade Agreements) Rules (CAROTAR), 2020 – regarding.

Reference is drawn to Board's letter F. No. 15021/18/2020(ICD) dated 13.11.2020 and Instruction No. 20/2020-Customs dated 17.12.2020 pursuant to issuance of Circular No. 38/2020-Customs dated 21.08.2020, wherein directions were issued to the field formations to ensure judicious application of CAROTAR, 2020, follow prescribed timelines strictly and avoid unnecessary delays or use of arbitrary practices during clearance of goods.

2. However, despite the aforesaid directions, Board has been receiving a number of representations from the trade as well as partner countries regarding the difficulties being faced on account of implementation of CAROTAR, 2020.

3. It has been observed that bulk verification requests are still being consistently referred from the filed formations to the Board for getting the verification done from Verifying Authorities in terms of Rule 6(1)(b) of CAROTAR, 2020, without citing appropriate grounds and without mentioning any specific information to be sought from the Verification Authority. Further, the Certificates of Origin (CoOs), particularly of RMS interdicted consignments, are being forwarded *en mass* to the Board for causing verification. Such a

mechanical exercise is not only adversely impacting trade facilitation but is also putting a heavy burden on the Board office and the Verification Authorities to get such requests processed and attended to in prescribed time frame.

3.1 In this regard, attention is drawn to Para 4 (i) of the Board's Circular No. 38/2020-Customs dated 21.08.2020 which states that-

"In case several certificates pertaining to identical item are under review or scrutiny, only representative certificates should be forwarded to the Board to cause verification along with list of all CoOs to which the field formation aims to apply the result of such verification. Representative CoOs may be selected in such a manner to ensure that they cover each of the exporters, importers and the prescribed originating criteria."

Strict compliance of the aforesaid provision, both in letter and spirit, is important to ensure that only representative CoOs are forwarded to the Board. This will reduce the administrative burden, enhance the speed of verification, and eventually result in improved trade facilitation.

3.2 From the above, it also follows that if a product of a given manufacturer/producer has already been verified following due verification process, subsequent consignments of the same product from the same manufacturer/producer imported with a claim to meet the same originating criteria, may not be considered for verification again. In such cases, result obtained in the previous verification may be applied. However, if there is a reason to believe that the same product in a subsequent consignment does not meet originating criteria on the grounds such as modification in manufacturing or other origin related conditions, verification may be requested.

4. Further, amongst the CoOs forwarded to the Board for causing verification in terms of Rule 6(1)(b) of CAROTAR, 2020, it has been noted that many of such requests have been made without mentioning the basis or the reason for causing such verification and merely citing the ground for verification as "RMS Interdiction". In many such cases, there is no mention, even, of the specific information to be sought from the Verification Authority.

4.1. In this regard, attention is invited to Rule 6(1)(b) of CAROTAR, 2020 which stipulates that-

*"... **proper officer** may, during the course of customs clearance or thereafter, request for verification of certificate of origin from Verification Authority where there is **reason to believe** that the country of origin criterion stated in the certificate of origin has not been met or the claim of preferential rate of duty made by the importer is invalid."*

4.2. Attention is also drawn to proviso to Rule 6(1) of CAROTAR, 2020, which states that-

*“Provided that a verification request in terms of clause (b) may be made only where the importer fails to provide the requisite information sought under rule 5 by the prescribed due date or the information provided by importer is found to be insufficient. Such a request shall seek **specific information** from the Verification Authority as may be necessary to determine the origin of goods.”*

4.3 In view of the above, it is reiterated that while forwarding a Verification Request to the Board under Rule 6(1)(b) of CAROTAR, 2020, the proper officer must clearly indicate the reason to believe why goods are not meeting the prescribed origin criteria and also enlist the specific information required to be obtained from the Verification Authority that the proper officer considers necessary to determine the origin.

4.4 Here it is pertinent to state that the Risk Management System (RMS) has been designed as a decision support system to assist in maintaining an optimum balance between facilitation and enforcement. While RMS interdicts a consignment based on rules defined in the system, it does not preclude the Proper Officer from exercising due diligence and satisfying himself that the country of origin criterion stated in the CoO has not been met or the claim of preferential rate of duty made by the importer is invalid, before seeking verification of such CoO from the Verification Authority.

5. Lastly, it is important to underline that verification requests should be communicated to the Board within the prescribed timelines of CAROTAR, 2020, as explained at Para 4(iv) of Circular 38/2020-Customs.

6. In view of the above, officers under your charge may be advised to ensure that enquiries on origin of imported goods are handled and all verification requests are forwarded to the Board strictly in terms of provisions of CAROTAR, 2020 following prescribed standard procedures, formats and timelines.

7. Any difficulties faced or doubts arising in the implementation of these instructions or CAROTAR, 2020 may please be brought to the notice of Board.

8. Hindi version follows.


17/08/2021

(Hemant Kumar)
OSD (FTA Cell)

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