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**SUB: Implementation of Risk Management System (RMS) in Imports at ICD Borkhedhi
– Regarding.**

Attention of all Importers, Custom House Agents (CHA) and members of the Trade is invited to the Authorized Economic Operator (AEO) Programme replacing earlier Accredited Client Programme (ACP) is being implemented. The details of this program are set out in the CBEC circular No 33/2016-Cus dated 22/07/2016, issued from F.No.450/179/2009-Cus.IV(Pt).

The detailed procedure for clearance of the Bills of Entry (B/Es) under the Indian Customs EDI System (ICES) after the introduction of the RMS is given below.

2. The Risk Management System in Imports will be made operational at ICD Borkhedhi from 30th January 2017.

3. The **objective of the RMS** is to strike an optimal balance between facilitation and enforcement and to enable low risk consignments to be cleared based on the acceptance of the importer's self assessment and without examination. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance without compromising the interests of revenue. With the introduction of the RMS, the present practice of routine assessment, concurrent audit and examination of almost all Bills of Entry will be discontinued and the focus will be on **quality assessment, examination and Post Clearance Audit** of the selected B/Es in order to ensure that the resources of the department are utilized more effectively.

4. **RMS mechanism:** The purpose of RMS is to facilitate a large number of Bills of Entry, which are perceived to be compliant with the Customs Laws and Regulations. Such self assessed B/Es will be processed by the RMS to evaluate the risk in the B/E if any, and duty will be calculated and challan will be generated by ICES based on declaration/ self assessment by the importer. The goods will be ready for out of charge on the basis of the importer's declaration/ self assessment and without any assessment /examination by the officers. Thus, when Bills of Entry are filed through ICEGATE or Service Center, importers would be able to obtain, the copies of their self assessed Bills of Entry and Challan within a very short time. After payment of duty,

goods can be cleared on presentation of the required documents for Customs Out of Charge to the Shed Appraiser/Superintendent posted at the shed concerned. Some Bills of Entry will, however, be selected by the RMS and sent for assessment and/or examination by the officers based on risk parameters and also on a random basis. Similarly, Bills of Entry may get selected for action based on specific intelligence available. Further, if any non-compliance is noticed, the system may also select such Bills of Entry for Assessment and/or Examination. All such Bills of Entry which are selected for action will be processed in the ICES as per the treatment and instructions communicated by the RMS.

5. **The RMS Process:** Declaration of Bills of Entry and the Import General Manifest (IGM) filed electronically in the ICES either through the Service Centre or through ICEGATE mode will be forwarded to the RMS. The RMS will process the data in the Bill of Entry and IGM through a series of steps and generate an electronic output for the ICES. This output will determine whether the Bill of Entry will be taken-up for action (appraisement or examination, or both, by the officers) or such self assessed Bill of Entry is given Out of Charge directly, i.e. after duty payment but - without assessment and examination.

6. **Authorized Economic Operator (AEO):** Importers with a known track record of compliance and meeting the specified criteria, called AEO, will be given assured facilitation. The BEs filed by such importers would be cleared without any assessment and examination by the officers based on the self declaration. CBEC Circular No: 33/2016 – Cus dated 22/07/2016 on the subject may be referred in this regard. For details please visit www.cbec.gov.in or www.icegate.gov.in, from where the application form can be downloaded. All eligible Importers are advised to apply to the Designated AEO Programme Manager and avail the benefits of the scheme. Once granted AEO status, the benefits of AEO scheme may be availed by the importer across all Ports/Airports/ICDs/CFs in India, where RMS is rolled out. Though most AEO Bills of Entry will be selected for 'no assessment & no examination' based on the importer's self assessment, the RMS will select a small percentage of Bills at random for assessment/examination. Soon after filing a Bill of Entry in the ICES by the AEO, the system will generate the Bill of Entry Number and print a copy of the B/E with the TR6 challan for duty payment. The Importer/CHA shall proceed to the bank for duty payment (if any) before proceeding to take out of charge for the goods. Though self assessment facility is given to the AEO importers and examination waiver is also given to them, the Compulsory Compliance Requirements (CCRs), (as mentioned in Para-10), for the import of goods must be fulfilled by the Importer/CHA before seeking out of charge. Therefore, it is advisable that the CHA/Importer keeps ready all the certificates, permits, licenses or any other documents which are essential for the clearance of the goods or for availing any duty exemption. After goods registration is done in the system, the Customs Officer at the docks/sheds will check the marks and numbers of the consignment (or seal number in the case of FCL containers) and send the B/E for Out of Charge after collecting all the necessary documents (as mentioned in Para-12). A small percentage of Bills of Entry filed by the AEO will be selected by the system for assessment or examination, either on random basis or on the basis of certain criteria fixed in the system.

7. **Bond Management:** The RMS will not alter the existing process and movement of Bill of Entry in the ICES but for the abolition of the concurrent audit and changes in Bond management. Importers/CHAs filing Bs/E shall note the following:

a) **Bond Details:** For B/Es filed in Groups other than Export Promotion Groups, the Importer/CHA has to specify the running EDI bond number, if any, at the time of filing a B/E. The Bond debits will be system driven. The existing system of approval of the quantum of bond debit during assessment will be dispensed with. In view of this, it is advisable that the Importer/CHA should get their bonds registered in the Bonds section before filing B/E and procure a bond number. In all those cases where running bonds are not available at the time of filing the B/E, the Importer/CHA must go to the Bond Section soon after the B/E is assessed either by the system or the Officers for bond debits. This will apply to all types of bonds like warehouse, end-use, re-export, provisional duty et al.

b) **SVB Issues:** Wherever there is a relationship between the importer and the supplier, CHA/Importer must indicate this in the relevant column in the Annexure filed at the Service Center/ICEGATE. SVB File number, Name of the Custom House, details of SVB loading like load on duty/value/both and whether loading is provisional or final should be submitted properly in the annexure to the B/E. The ICES will assess the B/E provisionally/finally based on this indication. Failure to indicate valid SVB details in the annexure would lead to non-facilitation.

c) **Undertaking:** If there is any undertaking to be given by the Importer for availing any notification claimed in the B/E, it is advisable that details of such undertaking be given at the time of filing the annexure itself.

d) **Central Excise Certificates:** In case the goods to be cleared are covered by Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996, the Importer/CHA, must indicate the details of such certificates in the annexure to the B/E.

e) **Miscellaneous Certificates:** For availing specific notification benefit, the Importer is required to submit certain Customs Duty exemption certificates from designated authorities like Directorate General of Hydrocarbons, Directorate of Health Services, Ministry of Defence, et al. Importers must mention the details of all such certificates in the Annexure to the B/E while filing at the ICEGATE/Service Centre.

It may please be noted that goods registration cannot be done without proper debit of bonds. As regards undertakings, certificates etc., either the appraising officer/superintendent of customs in the group or the Out of charge officer will verify the documents physically, depending upon the facilitation extended to the B/E. For expeditious clearance of goods, it is necessary that the Importer/CHA is equipped to comply with all the bond- related requirements before filing the B/E and relevant details are given in the annexure filed at ICEGATE/Service Centre to avoid any undue delays.

8. **Amendments in B/E and IGM:** The existing procedure for amendments in the ICES will continue. Whenever the Importer/CHA desires to seek an amendment to a Bill of Entry, even if such a B/E is not selected for action, the concerned Dy./Astt. Commissioner in charge of Custom House and the (Group A.O./Supdt. Of Customs) should be contacted.

9. **Assessment of Bills of Entry:** Bills of Entry selected by the RMS for assessment will be sent to Appraising group. Present assessment process in ICES will continue except with the change that concurrent audit will be abolished and replaced by Post Clearance Audit (PCA). The instruction for assessment given by the RMS will be followed by the group. The Compulsory Compliance Requirements (CCRs) suggested by the RMS will be examined by the Group. The Appraiser/Superintendent of Customs, in the group will give examination order in the system. The existing query module in EDI will continue.

10. **Single Window Interface for Facilitation of Trade (SWIFT):** The CBEC has since developed integrated declaration under which all the information required for import clearance by the concerned Government Agency has been incorporated into the electronic format of the Bill of Entry. The CBEC has issued a Circular No. 10/2016 dated 15th march 2016. The detail procedure and guide in form of SWIFT Referencer is available at www.icegate.gov.in under the menu Single window. The SWIFT Programme is currently available for Participating Government Agency (PGA) as described in the said CBEC circular. The RMS has a consolidated database of the compliance requirements arising out of various other Allied Acts which are administered by other government departments (OGDs) for which SWIFT Programme is not available. For each customs tariff head mentioned in the B/E, requirements under each of the Allied Acts (including the Foreign Trade Policy) are printed on the B/E. In addition to the CCRs which are CTH specific, the RMS prints the list of crucial documents/Certificates/Undertakings etc to be collected for each exemption notifications claimed in the B/E. Importers and CHA's are advised to study the Allied Acts and Notifications and prepare the necessary documentation before filing B/E.

11. **Examination and Out of Charge (OOC):** Based on the RMS output a Bill of Entry may be sent for examination alone without any assessment. Such Bills of Entry will be examined by the officers based on the system examination order and suggested CCRs. All other Bills of Entry selected for examination will be processed as per the examination order given by the Group and the instructions given by RMS along with the suggested CCRs. The system of goods registration followed by examination and out of charge will continue. In the case of Bills of Entry which are not selected for examination, the officers will inspect only the marks and numbers, or seal number of the container and integrity of the seal as the case may be, and proceed to give "out of charge" (OOC) after the Importer/CHA complies with the CCRs and produces the required documents. In case of Ex-bond Bills of Entry, the OOC will be given by Superintendent (Bond Section).

12. **Documents submission:** It is essential that all the documents are submitted to the proper officer (AO/Superintendent) before getting Out of Charge to the goods. In addition to the documents required for CCRs, the following documents, where-ever applicable, shall be submitted by the CHA/Importer and docketed after affixing the signature on each of them:

- (i) The Customs copy of the B/E [First Check/ Finally Assessed) along with the TR6 challan;
- (ii) Copy of the BL and HBL, as the case may be;
- (iii) Copy of Invoice & Packing List;
- (iv) B/E declaration with GATT declaration duly signed by the Importer / CHA;
- (v) COO Certificate, wherever required;
- (vi) Copies of Duty Exemption Certificates or any other document essential in granting exemption benefit for any notification in the B/E;
- (vii) Technical write-up, product literature, catalogue, manual, analytical reports, CE certificates etc (depending on the item of import and the periodicity of such imports by the same importer, the Importer may be asked to give a copy of these documents or else the B/E No and Date with which such documents were already given shall be mentioned);
- (viii) Copy of the Purchase Order, Contract, Sale Agreement ;
- (ix) Copy of the Letter of Credit;
- (x) NOC from ADC, wherever required;
- (xi) Copy of Delivery Order; and
- (xii) Copy of Bond /Undertaking, if any.

All these documents should be neatly kept in a docket, which will have a check list on the top, containing the documents listed supra. The Check list shall be signed by the OOC officer and the representative of the CHA/Importer.

In case of Ex-bond Bill of Entry, the docket should be handed over to the Superintendent (Bond Section).

13. Post Clearance Audit (PCA): The existing system of concurrent audit shall be abolished and replaced by a Post-Clearance Compliance Verification (Audit) function. The objective of the Post Clearance Verification Programme is to monitor, maintain and enhance compliance levels, while reducing the dwell time of cargo. The selection for PCA will be done by the RMS. The Bills of Entry selected for this purpose will be processed for PCA in ICES. The officers posted in the PCA section will verify the compliance from the documents selected by the RMS. The officers will scrutinize the on screen data and may also look at the documents submitted by the Importer/CHA at the time of out of charge. The demand note on account of any short levy will be raised by the PCA section with the prior approval of the Additional/Joint Commissioner in charge. Barring cases requiring detailed investigation, in all cases the department will issue a consultative letter to the importer, where a potential short levy is discovered during audit. The consultative letter will set out the grounds for the auditor's view in the matter and seek the importer's response thereto. In the event, the department's view is acceptable to the importer; he may pay the duty difference voluntarily. In case there is no agreement, the formal processes of demand notices, adjudication etc., would follow. **Undue delay in responding to the Consultative Letter may lead to non-facilitation (in any case within 30 days).**

14. DATA Quality: The RMS is designed in a manner whereby Importers/CHAs giving proper data in the B/E filed will be facilitated. The system identifies the shortcomings in any Bill of Entry and directs such Bills of Entry for action. Hence, the trade can get maximum benefit out of the system by ensuring that the information submitted in all relevant fields of the Bill of Entry is

complete and accurate. Where data quality is found deficient, the Importers/CHAs would be advised to make improvements in their submissions. The stress is on self assessment of the Bill of Entry which will be processed by the system based on declaration and if found compliant, such Bills of Entry may be sent to out of charge without any action i.e. assessment or examination. It hardly needs emphasis that compliance in all its dimensions is in the mutual interest of the Government and the Trade and Industry and it will enable the Government to give increasing levels of facilitation. **It is expected from all importers/CHA's that they have suitable mechanisms in place to ensure that their declarations are accurate, sufficient and factually correct. While all the fields in the bills of entry must be meticulously filled, particular attention must be paid to ensure that the following details for every item in a Bill of Entry are precise, complete and unambiguous:-**

1. Applicable Customs Tariff Heading.
2. Applicable Central Excise Tariff Heading.
3. Item Description.
4. Generic description.
5. Manufacturer's name.
6. Model.
7. Brand
8. Country of Origin.
9. Port Of Shipment
10. Number of units.
11. Unit Quantity Code. (UQC)
12. Unit price

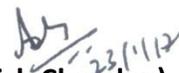
Any mis-declaration in the B/E will be viewed seriously and Importer/CHA will be penalized according to the Law.

15. **Re-imports**: All Bills of Entry wherein either one or more items are imported on re-imports basis claiming any related notification, **it is hereby advised to file a Bill of Entry, seeking first check to verify identity of the goods.** Importer should enter proper text in the designated field while seeking first check. System will send all such Bills of Entry to officers concerned with relevant instructions.

16. **Expectations from the Trade**: For gaining the maximum benefit of facilitation, it is necessary that the Trade makes use of the ICEGATE for submitting their documents to expedite the processing of their Bills of Entry. Advance filing of documents will also enable quicker clearance of goods. Importers/CHAs are further advised to use the Digital Signatures while filing their documents in ICES, to avoid misuse by imposters. Please visit <http://www.icert.gov.in/> to see more on digital signatures.

17. In case of any difficulties faced in the implementation of the Risk Management System, the Local Risk Manager (LRM), whose address and contact particulars are given below, may be contacted:

Shri Rakesh Deepak,
Joint Commissioner of Customs (Prev./S.I.I.B/Audit) and Local Risk Manager (L.R.M.)
Office of the Commissioner,
Customs, Central Excise & Service Tax, Nagpur – II Commissionerate
Civil Lines, Telengkhedhi Road, Nagpur - 440001
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(Ashish Chandan)
Commissioner
Customs, Central Excise and Service Tax,
Nagpur- II Commissionerate

To,
All Concerned.

Copy to:

1. The Chief Commissioner, Customs, Central Excise and Service Tax, Nagpur Zone, Nagpur.
2. The Director General, Directorate General of Systems, Customs & Central Excise, 4th & 5th Floor, Hotel Samrat, Kautilya Marg, Chanakya Puri, New Delhi – 110021
3. The Additional Director General, Risk Management Division, Directorate of Revenue Intelligence, Central Board of Excise and Customs, 13, Sir Vithaldas Thackersey Marg, Opposite Patkar Hall, New Marine Lines, Mumbai – 440020
4. The Assistant Commissioner, ICD, Borkhedhi, Nagpur – II
5. The Assistant Commissioner (Systems), Nagpur – II with a request to upload the Public Notice on the official website of Nagpur – II Commissionerate
6. M/s. Distribution Logistics Infrastructure Pvt. Ltd., Integrated Logistics Park, ICD, Borkhedhi, Nagpur – 441108.
7. Office Copy