

More customs benches sought for faster resolution, clearing backlog

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TO ADDRESS BACKLOGS and expedite resolution of cases, tax experts and industry executives have asked the government for the capacity expansion of the Customs Authority for Advance Ruling (CAAR), which currently has only two benches — Delhi and Mumbai — in the country.

Sources say that several representations from the industry have been made regarding the same to the finance ministry in the pre-Budget meetings, but the government is unlikely to announce any expansion in the upcoming Budget.

CAAR is a legal body under section 28H of the Customs Act, 1962, that issues clarification and imparts certainty to the taxpayers by addressing doubts and concerns regarding the classification of goods, determination of customs valuation, and other related issues.

With the surge in international trade, in terms of volume and value, it's only logical to expand CAAR as

EXPERT TAKE

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■ Expansion can help deliver rulings within the prescribed time frame of three months

the present two benches are significantly burdened with thousands of applications, say experts.

Amidst sharp rise in trade transactions and regulations becoming more intricate, the demand for specialised knowledge and resources

has intensified. "This has led to a substantial backlog of cases, causing delays that disrupt supply chains and increase business costs," noted Ankur Gupta, practice leader - Indirect Tax at SW India.

Sources say Delhi and Mumbai

benches have issued over 100 and 200 rulings, respectively, in the past 3 years; yet a huge number of applications are pending adjudication.

The Assocham Tax Council has suggested establishment of at least two more benches to cover southern and eastern India, as a considerable number of applications are also filed for trade involved in ports from Chennai, Hyderabad, Kolkata, etc.

Experts say with the expansion, CAAR can integrate additional specialised expertise across various facets of customs law. Different regions encounter distinct challenges concerning customs classification, valuation and determination of origin. "Hence, by broadening its scope and enhancing specialisation, CAAR can elevate the standard of rulings, delivering more accurate guidance to businesses," said Yogesh Kale, executive director, Nangia Andersen.

Also, the expansion can help in delivering the ruling within the prescribed time frame (three months) more consistently by distributing the workload among benches, he said.