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August 10, 2022

Shri Tarun Bajaj, IAS  
Secretary – Revenue  
Ministry of Finance

**Subject: - Concerns relating to, 1) New Customs HSN entries w.e.f. 1<sup>st</sup> of May 2022, 2) Multi-state investigations on IEC holders (decentralised)**

Respected Sir,

Greetings from **MAIT**, India's apex industry body empowering IT, Telecom & Electronic Hardware Sectors!

This bears reference to the concerns raised by our member companies regarding new HSN entries and method in which investigations are being conducted by revenue agencies such as DRI and SIIB, which are ongoing and, in some cases, have led to issuance of show cause notices to several firms which are importing/manufacturing smart speakers and, wireless headphones, devices with or without MIMO technology (Multiple input multiple output).

Kindly allow us to divide the representation into two (2) issues as below: -

**Issue 1:** - Customs introduced new 8-digit HSN entries in customs tariff to cover 'wireless speakers' /'TWS'/'Other - wireless headphone/earphones' under 8518 21 10, 8518 22 10, 8518 29 10, 8518 30 11, or 8518 30 19, effectively from 1<sup>st</sup> of May'22. The latest HS2022 publication from WCO doesn't include any amendments to cover such goods under the heading 8518. Therefore, if a product is not covered under the scope of HSN 6-digit level at WCO (E.g.: 8518 22 or 8518 30), then it cannot be covered at 8-digit level (E.g.: 8518 22 10 or 8518 30 11).

**Request:** - The Harmonized System (HS) of the World Customs Organization (WCO) provides commodity/product codes and description up to 6-digit levels (e.g.: 8518 21) and the member countries of WCO (including India) are allowed to extend the codes up to any level subject to the condition that nothing changes at the 6-digit levels as determined by the WCO.

In the Finance Bill 2022, the Government has not made any 4-digit (heading) or 6-digit (sub-heading) level changes in the customs tariff, however introduced new entries at 8-digit level (tariff items), though it doesn't come under the scope of said heading or sub-headings as governed by the WCO. We place our reliance on the WCO classification opinion from the 46<sup>th</sup> Session, and Board Circular No. 36/2013-Customs dated 09/05/2013, wherein the BT wireless headset/earphones are held to be classified under HSN 8517 62. Introducing a new tariff item for similar goods under 8518 30 is in contradiction to the said WCO classification opinion and Board Circular. We anticipate these new entries may only create churn in classification of similar communication devices such as 'smart speakers', 'True Wireless Stereo (TWS)', and 'other- wireless Headphone/earphones' in India which are otherwise classified under the sub-heading 8517 62 across the globe. Therefore, we seek intervention for removal for these new HSN entries at the soonest.

**Issue 2:** - Various customs and revenue investigation agencies such as SIIB and DRI are handling investigations by sending notices for significant documentation to the same IEC holder from different state offices such as Chennai, Lucknow and Mumbai. While one state office enquires an IEC holder from valuation aspect, the same department from a different state office enquires for HSN clarification from the same IEC holder. This involves tons of physical documentation and information which is already available with the Customs in their systems such as past bills of entry and line entry level details for several years.

**Request:** - We wish to propose centralisation of these enquiries from any one state office if there is the same IEC holder involved. This will help faster processing of necessary requests from the customs agencies. In support of environmental sustainability, we also propose to do away physical submission of import documentation as this information is already stored in customs system as is accessible to customs agencies. Any other type of submission may also be allowed in electronic form on email or electronic data exchange.

We are willing to provide any further information that would aid in early clarification. We look forward to your favourable consideration.

With regards,



Col. Ali Akhtar Jafri, Retd.  
Dy. COO  
(Acting Director General - MAIT)

CC: Shri Vivek Johri, IRS, Chairman-CBIC, Ministry of Finance