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Ref. No.MAIT/PY/2539

September 28, 2022

Shri Ashwani Vaishnaw  
Hon'ble Minister for Communications, Electronics &  
Information Technology and Railways  
Government of India

Hon'ble Sir,

***Greetings from MAIT!***

Let us take this opportunity to extend our heartiest compliments to you for your exemplary leadership in the Ministry of Communications, IT & Railways. With your dynamic efforts and contribution, India is embracing an era of Amrit Kaal.

**Lack of Clarity in Tariff interpretation of Routers:** Sir, your support was instrumental for solving the electronics H/w industry concerns w.r.t. duty interpretations on Display Assembly; however, a similar issue w.r.t. Routers Classification is troubling the telecom industry where we request for your urgent intervention as there are burgeoning concerns relating to classification of routers and associated ambiguities in their applicable duties. These ambiguities have emerged for both importers and local manufacturers alike. This lack of clarity on Routers classification has led to investigations being initiated by DRI, which are ongoing and, in some cases, have led to issuance of show cause notices, to several firms which are importing/manufacturing products like 4G LTE Router / 4G LTE MiFi Router, ONU/ONT Router, Wireless Router, and ADSL + Modem.

**Brief of the issue:** Industry has so far been importing 4G LTE Router / 4G LTE MiFi Router, ONU/ONT Router, Wireless Router, and ADSL + Modem availing benefit of exemption for Routers under Notification No. 24/205-Customs dated 1<sup>st</sup> March 2005 and amended via Notification No.36/2019-Customs dated 30<sup>th</sup> December 2019. Being an ITA 1 product **the Rate of BCD applicable to the entry of 'Router', as specified in the First Schedule is "Zero duty"**.

DRI, however, has taken a stand that the said products are not Routers/CPE but essentially OTN Product or MIMO Product or LTE products or switches, and hence they cannot be imported under zero duty under Notification no 24/2005-customs.

In this regard, MAIT has made multiple submissions to the concerned Government stakeholders including DOT & CBIC requesting the following: -

- i. Clarify the classification of the Routers under the Customs tariff and their eligibility to concessional rate of duty under SI. No. 13N and SI No.13P, respectively, under Notification no 24/2005-customs.
- ii. Pause the show cause notices and the summons, letters and emails being issued to the trade asking for extensive documentation and information, from multiple customs offices across the country, till clarity on matter is given by the Customs.

- iii. No retrospective taxation on imports being done before the date of clarification from GoI in case the clarification specifically mentions that the exemption on the products namely 4G LTE Router / 4G LTE/MIMO MiFi Router, ONU/ONT Router, Wireless Router, ADSL + Modem duty is NOT applicable.

The undersigned met senior officials at CBIC and DoT and further on the advice of CBIC, MAIT shared a detailed technical document on Routers with photographs, description of technology, functionality and HSN Classification (under which the product falls) with both DoT and CBIC.

**Continued Notices and Visits by DRI:** While the Industry has repeatedly approached both DoT and CBIC, we have been informed by our Industry members that DRI continues to issue further notices and has also started visiting offices of companies on this issue. Sir, we would like to assure that the industry is respectful of all laws of the land. All that the Industry is seeking is a quick clarification on the matter so that business is not disrupted in any manner. It is our collective understanding that classifying routers on the basis of overlaid technology is incorrect and is causing unnecessary harm to business (more so when the equipment is under ITA-1). The earlier representations and technical note submitted by MAIT are also enclosed for your kind perusal and use.

**We would request your assistance in the matter so that a clarity is given and the same can put all speculations to rest. We would also request that the issue of tariff should not be applied in a retrospective manner.**

Look forward to your support.

With regards,



Col. AA Jafri, Retd.  
Dy. COO  
(Acting Director General – MAIT)

Enclosures:

1. MAIT's Representation to Secretary, Revenue & CBIC on concerns relating to Routers classification and duty implications.
2. MAIT's representation to DoT/CBIC for confirming Technical Classification of Routers enabling Customs Field officials to assess correct duty structure or exemption with Technical Document.