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Ref. No.MAIT/PY/2541

September 30, 2022

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

Hon'ble Sir,

Greetings from MAIT!

We take this opportunity to extend our heartiest compliments to you for your exemplary leadership in the Ministry of Communications, IT & Railways. We are writing this mail to bring to your attention the issue of "Switches Classification" which is troubling the telecom industry whereby industry understanding is Non-carrier ethernet switches, POE switches and transceivers qualify for 10% duty while DRI has taken a stand that the said products are not non-carrier ethernet switches & liable for 20% duty.

Lack of Clarity in Tariff interpretation of Switches:

This lack of clarity on Switches classification has led to investigations being conducted by DRI, which are ongoing and, in some cases, have led to issuance of show cause notices, to several firms which are importing/manufacturing **non-carrier ethernet switches, POE switches and transceivers**.

Brief of the Issue:

According to the Industry interpretation, Non-carrier Ethernet Switches should be given BCD exemption as per Notification No.57/2017 applicable for products falling under the HTS classification 85176290 & **liable for 10%**.

However, DRI has taken the stand the said products come under 20% duty as they are not non-carrier ethernet switches and some of the companies have received show-cause notices & thereafter DRI visits to their offices.

Chronology of Meetings/Submissions by MAIT to CBIC/DoT:

On behalf of the industry, MAIT raised the issue through meetings at CBIC and DoT and made multiple submissions to the concerned Government stakeholders. The chronology of the discussions and industry submissions is as below:

1. **March 23, 2022:** MAIT submitted the representation to Principal Commissioner of Customs, Bengaluru
2. **May 12, 2022:** MAIT sent the same representation to TRU, CBIC (North Block)
3. **May 17, 2022:** TRU, CBIC had called for a meeting to discuss the issue in detail and requested MAIT to share Technical Write-up on Switches (Carrier & Non-Carrier Ethernet Switches)
4. **May 19, 2022:** MAIT shared the technical write up on Switches (Carrier & Non-Carrier Ethernet Switches) after seeking inputs from its members

5. **June 09, 2022:** The case had been referred to Department of Telecommunications from CBIC to seek more clarity on the issue. MAIT members had a meeting with DDG (IC), DoT in which DoT requested to share more details from MAIT on the issue
6. **September 05, 2022:** MAIT submitted the technical note describing Switches (Carrier & Non-Carrier Ethernet Switches)

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. 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.

Look forward to receiving positive consideration of our request.

With regards,



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

Enclosures:

1. MAIT's Representation to Customs, Bengaluru and the CBIC on clarification and duties on Telecom Products
2. Technical Note shared with DoT on Carrier Ethernet Switches & Non-Carrier Ethernet Switches
3. Addendum to Technical write-up on Non-carrier Ethernet Switches, POE switches and Transceivers shared with DoT