

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE
TRIBUNAL
BANGALORE**

REGIONAL BENCH - COURT NO. 1

Customs Appeal No.20647 of 2024

(Arising out of Order-in-Appeal No.061/2024 dated 14.03.2024 passed
by the Commissioner of Customs (Appeals), Bangalore.)

Veeresh Kumar PM

A3221, Brigade Meadows,
Kanakapura Road, Kaggalipura,
Bengaluru – 560 082.

Appellant(s)

VERSUS

The Commissioner of Customs

Airport and Air Cargo Complex,
(AP and ACC), Review Complex,
Devanahalli,
Bengaluru – 560 300.

Respondent(s)

APPEARANCE:

Shri J. C. Patel with Mrs. Shilpa Balani, Advocates for the Appellant
Shri Vikalp Jain, Superintendent (AR) for the Respondent

CORAM:

HON'BLE MR. P. A. AUGUSTIAN, MEMBER (JUDICIAL)
HON'BLE MRS. R. BHAGYA DEVI, MEMBER (TECHNICAL)

FINAL ORDER NO. 20962 / 2026

DATE OF HEARING: 11.06.2026

DATE OF DECISION: 20.08.2026

PER: R. BHAGYA DEVI

This appeal is filed by the appellant Shri Veeresh Kumar PM,
Bangalore against Order-in-Appeal No. 061/2024 dated

14.03.2024 passed by the Commissioner of Customs (Appeals), Bangalore.

2. The issue in brief is that the appellant had imported keyboards for automatic data processing unit which are classifiable under Customs Tariff Heading (CTH) 8471 6040 of the Customs Act, 1962 and no duties liable to be paid. However, since the keyboards were imported for personal use, the same were classifiable under CTH 9804 9000 and assessed to 10% Basic Customs Duty (BCD) and assessed to IGST @ 28% vide IGST Notification No.1/2017-IGST dated 28.06.2017 (Sl. No. 227) and this was upheld by the Commissioner (Appeals) in the impugned order. Aggrieved by this, the appellant is in appeal before us.

3. Learned Counsel for the appellant submits that since "Keyboard" for Automatic Data Processing Machine is specifically covered by CTH 8471 6040 in which rate of duty is "Free" by Tariff, the same is not dutiable and is, therefore, not covered by CTH 9804 9000 when imported for personal use. He submits that for any goods to fall under CTH 9804, they should in the first place be dutiable. Further submits the Commissioner (Appeals) at Para 8 of the impugned order had observed that the keyboard is not classifiable under chapter heading 9804 but however classified the same under 9804 and upholds the order of the original authority which is contrary to his observations. Relying on the decision of the Hon'ble Supreme Court in the case of **Associated Cement Companies Ltd v CC: 2001 (128) ELT 21 (SC)** submits that when a Heading in Chapter 98 of the Customs Tariff refers to "Dutiable Goods", it cannot cover those goods for which under Chapters 1 to 97 the rate of duty is "Free".

3.1 He further submits that for the same reason, for IGST, it cannot fall under Sr. No. 227 of Schedule IV of Notification

No.1/2017-IGST-Rate, which covers "All dutiable articles intended for personal use" of heading 9804. It is also stated that the Commissioner (Appeals) has himself in Para 8 of Order-in-Appeal held that Keyboard cannot fall under CTH 9804 but has upheld the assessment under CTH 9804. The Commissioner (Appeals) has merely proceeded on the basis that since the Keyboard was imported for personal use, it will fall under CTH 9804 and not under CTH 8471 6040. He has completely ignored the submission that CTH 9804 covers only dutiable goods which are imported for personal use and that Keyboard is not dutiable since it is specified in CTH 8471 6040 where rate of duty is 'free'.

3.2 In his additional submissions dated 29.06.2026, the learned counsel has further submitted that electronic goods when imported for personal use are exempted from foreign trade rules and restrictions in terms of Clause 3(i) of Foreign Trade (Exemption from application of Rules in certain cases) Amendment Order 2017, are not dependent or conditional on its assessment to duty.

4. The Learned Authorized Representative (AR) on behalf of the Revenue submits that the appellant had imported goods through courier for personal use and the assessment pertains to the period after introduction of GST Regime and hence, the decision of the Hon'ble Supreme Court relied upon by the appellant was not applicable as the facts are distinguishable. Referring to Section 3(7) of the Customs Tariff Act, 1975 read with Section 5(1) of the Integrated Goods and Service Tax Act, 2017 submits that imported goods are liable to integrated tax. Hence, the assessment made by the authorities needs to be upheld.

5. Heard both sides. At the outset the claim of the appellant *that electronic goods when imported for personal use are exempted from*

foreign trade rules and restrictions in terms of Clause 3(i) of Foreign Trade (Exemption from application of Rules in certain cases) Amendment Order 2017, are not dependent or conditional on its assessment to duty’, needs to be brushed aside since the Chapter Heading 9804 Note 6 clearly states that “6. Heading 9804 is to be taken not to apply to articles imported under an import licence or a Customs Clearance Permit”. In other words, goods that require licence cannot be imported for personal use. For understanding the same the Chapter Notes of Chapter Heading is reproduced below:

Chapter 98

Project imports; laboratory chemicals; passengers' baggage, personal importations by air or post; ship stores

- 1. This Chapter is to be taken to apply to all goods which satisfy the conditions prescribed therein, even though they may be covered by a more specific heading elsewhere in this Schedule.**
2. Heading 9801 is to be taken to apply to all goods which are imported in accordance with the regulations made under section 157 of the Customs Act, 1962 (52 of 1962) and expressions used in this heading shall have the meaning assigned to them in the said regulations.
3. Heading 9802 covers all chemicals, organic or inorganic, whether or not chemically defined, imported in packings not exceeding 500gms or 500 millilitres and which can be identified with reference to the purity, markings or other features to show them to be meant for use solely as laboratory chemicals.
- 4. Headings 9803 and 9804 are taken not to apply to: (a) motor vehicles; (b) alcoholic beverages; and (c) tobacco and manufactured products thereof.**
5. Heading 9803 is to be taken not to apply to articles imported by a passenger or a member of a crew under an import licence or a Customs Clearance Permit either for his own use or on behalf of others.
- 6. Heading 9804 is to be taken not to apply to articles imported under an import licence or a Customs Clearance Permit.**
7. Heading 9804 is to be taken not to apply to printed books

As per the Tariff (Schedule I) the keyboard imported by the appellant is classifiable under CTH 8471 as seen from the tariff headings listed below:

8471 60 - Input or output units, whether or not containing storage units in the same housing:

8471 60 10 --- Combined input or output units u Free

--- Printer :

8471 60 24 ---- Graphic printer u Free

8471 60 25 ---- Plotter u Free

8471 60 29 ---- Other u Free

8471 60 40 --- Keyboard u Free

8471 60 50 --- Scanners u Free

8471 60 60 --- Mouse u Free

8471 60 90 --- Other u Free

9804 All Dutiable Goods Imported for Personal Use

9804 10 00 - Drugs and medicines kg. 35%

9804 90 00 - Other kg. 35%

As seen from the above all dutiable goods imported for personal use which does not require **an import licence or a Customs Clearance Permit, alone can be classified under CTH 9804.**

Coming to the present case we find that the undisputed facts are that the appellant had imported keyboard through courier for personal use which is rightly classifiable under 8471 where specific entry finds place and it is freely importable, hence question of classifying the same under CTH 9804 does not arise since this heading includes only dutiable goods imported for personal use. For keyboard to be classifiable under CTH 9804 and once it is for personal use the goods are liable to be classified under CTH 9804. Similarly the IGST notification also suggests that only dutiable goods are classifiable under CTH 9804 as seen from the notification reproduced below.

[Notification No. 1/2017-Integrated Tax (Rate), dated 28-6-2017]

Rate of IGST on specified goods — Schedule I to VI

In exercise of the powers conferred by sub-section (1) of section 5 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government, on the recommendations of the Council, hereby notifies the rate of the integrated tax of-

- (i) 5 per cent. in respect of goods specified in Schedule I,
- (ii) 12 per cent. in respect of goods specified in Schedule II,
- (iii) 18 per cent. in respect of goods specified in Schedule III,
- (iv) 28 per cent. in respect of goods specified in Schedule IV,
- (v) 3 per cent. in respect of goods specified in Schedule V, and
- (vi) 0.25 per cent. in respect of goods specified in Schedule VI appended to this notification (hereinafter referred to as the said Schedules), that shall be levied on inter-State supplies of goods, the description of which is specified in the corresponding entry in column (3) of the said Schedules, falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Schedules.

SCHEDULE I - 5%

S. No.	Chapter/ Heading/ Sub-heading/ Tariff item	Description of Goods
(1)	(2)	(3)
1.	0303	Fish, frozen, excluding fish fillets and other fish meat of heading 0304
263.	9804	Drugs or medicines including their salts and esters and diagnostic test kits specified at S. No. 180 above and Formulations specified at S. No. 181 above, intended for personal use.

SCHEDULE II - 12%

S. No.	Chapter/ Heading/ Sub-heading/ Tariff item	Description of Goods
(1)	(2)	(3)
1.	0101 21 00, 0101 29	Live horses
241.	9804	Other Drugs and medicines intended for personal use

SCHEDULE III - 18%

S.	Chapter / Heading / Sub-	Description of Goods
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No.	heading / Tariff item	
(1)	(2)	(3)
1.	0402 91 10, 0402 99 20	Condensed milk
452.	9802	Laboratory chemicals
453.	Any Chapter	Goods which are not specified in Schedule I, II, IV, V or VI

SCHEDULE IV - 28%

S. No.	Chapter / Heading / Sub-heading / Tariff item	Description of Goods
(1)	(2)	(3)
1.	1703	Molasses
227.	9804	All dutiable articles intended for personal use

6. The Hon’ble Supreme Court in the case of **Associated Cement Companies Ltd. vs. Commissioner of Customs: 2001 (128) E.L.T. 21 (S.C.) dated 25.01.2001** while considering the classification of drawings under CTH 98.03 observed as follows:

“15. xxxxxxxxxxxx
Section 2 of the Customs Tariff Act provides for the rates at which the customs duty is levied under the Customs Act, 1962. As specified in First and the Second Schedule, Chapter 98, *inter alia*, applies to passengers’ baggage and Heading No. 98.03 states that on “all dutiable articles, imported by a passenger or a member of a crew in his baggage”, customs duty will be paid at the standard rate of duly of 150%.

24. According to Section 12 of the Customs Act, duty is payable on goods imported into India. The word “goods” has been defined in Section 2(22) of the Customs Act and it includes in sub-clause (c) “baggage” and sub-clause (e) “any other kind of movable property”. It is clear from mere

reading of the said provision that [any moveable article] brought into India by a passenger as part of his baggage can make him liable to pay customs duty as per the Customs Tariff Act. An item which does not fall within sub-clause (a), (b), (c) or (d) of Section 2(22) will be regarded as coming under Section 2(22) (e). Even though the definition of the goods purports to be an [inclusive one], in effect it is so worded that all tangible movable articles will be the goods for the purposes of the Act by residuary clause 2(22)(e). Whether movable article comes as a part of a baggage, or is imported into the country by any other manner, for the purpose of the Customs Act, the provision of Section 12 would be attracted. Any media whether in the form of books or computer disks or cassettes which contain information technology or ideas would necessarily be regarded as goods under the aforesaid provisions of the Customs Act. These items are movable goods and would be covered by Section 2(22)(e) of the Customs Act.

25. The rate at which the customs duty is to be imposed has to be such as may be specified in the Customs Tariff Act. This is stipulated by Section 12 of the Customs Act. Thus the two Acts have to be read in conjunction with each other.

26. Section 2 of the Tariff Act states that the rate at which duties of customs shall be levied under the Customs Act are specified in the First and Second Schedules to the said Act.

Re : Whether heading No. 98.03 applicable

59. [Prior to 26th May, 1995] goods which were imported by the appellants through couriers were taxed under Chapter 98 of the Customs Tariff Act. Heading No. 98.03 provides that "all dutiable articles, imported by a passenger or a member of a crew in his baggage" was taxable at the standard rate of 150 per cent. This rate of duty was, of course, subject to such exemptions which were issued from time to time.

60. With effect from 26th May, 1995, when the President gave his assent to the Finance Bill, 1995, the Customs Tariff Act stood amended as a result whereof goods imported through courier services were exempted from the operation of Chapter 98. A circular dated 30th May, 1995 issued by

the Ministry of Finance, Govt. of India specifically provided that henceforth imports by couriers shall not be classified as baggage under Heading No. 98.03. The practice of charging a uniform duty at the rate of 80 per cent *ad valorem* on articles imported through couriers in terms of exemption notification dated 1st March, 1994 was to be discontinued with immediate effect. Couriers Imports (Clearance) Regulations, 1995 were framed and notified on 26th May, 1995 as a result of which the imports through courier were to be classified as imports falling under the respective customs tariffs and headings. One of the results of the framing of the said Regulations was that the goods imported by couriers were to be divided into three categories which are (a) documents, (b) samples and free gifts, and (c) dutiable goods.

Heading of Chapter 98 clearly shows that the same is applicable to passengers' baggage. As a matter of fact, in each of the present cases, the technical material which was received was cleared as part of passenger baggage. Whether the courier or the person bringing the technical material was a person nominated by the collaborator or by the appellants is of no consequence because the levy under Section 12 of the Customs Act is on the goods imported into India. In other words, the subject-matter of the tax is not the person importing or exporting but the subject-matter of the tax is the goods imported. If such goods are imported as a part of the baggage then by virtue of Heading No. 98.03 rate of duty prescribed therein has to be paid. The underlying principle prior to May, 1995 in relation to taxing the passengers' baggage was that the said baggage which contained dutiable articles was not to be taxed separately as articles but the baggage as a composite unit was to be taxed in its entirety, after giving a credit for the free allowance which was available to the passenger.

64. We, therefore, concur with the conclusion of the Tribunal and the Commissioner that the provisions of Chapter 98 were rightly applied on the facts of these cases.

72. It was contended by Mr. Bulchandani on behalf of appellant that at the time when the drawings were imported into India, the import of the

same was free and even if the drawings were to be regarded as part of the baggage of Mr. Kato, thereby applying the provisions of Heading No. 98.03, even then no duty could be imposed.

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74. We find force in the contention of the appellant. Heading No. 98.03 of Chapter 98 of the Schedule in the Tariff Act imposes a prescribed duty of 150 per cent on 'dutiable articles' imported by a passenger or a member of a crew in his baggage. What is, therefore, to be seen is whether the drawings and designs were dutiable articles. Heading No. 49.06 under Chapter 49 of the Customs Tariff for the year 1992-93 provides as follows :

"Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts, photographic reproductions on sensitised paper and carbon copies of the foregoing"

75. The rate of duty specified therein in Column (4) was "free". According to Section 78 of the Customs Act, the rate of duty and tariff value applicable to baggage shall be the rate and valuation in force on the date on which a declaration is made for clearing the baggage. It was the contention of the learned counsel for the appellant that as articles in question would fall under Heading No. 49.06 they were free of duty. Therefore, they could not be regarded as dutiable articles and its value could not be included in the baggage of the passenger for the purpose of levy of customs duty.

In addition thereto, Section 2(14) defines "dutiable goods" as follows :

"dutiable goods" means any goods which are chargeable to duty and on which duty has not been paid".

79. Under the Central Excise Act, 1944 in definition of words "excisable goods" under Section 2(d), the very specification or inclusion of goods in the First and Second Schedule of the Central Excise Tariff Act would make them excisable goods subject to duty. Under the Customs Act, the

provisions seem to be somewhat different. While by virtue of Section 2(22) all kinds of movable property would be 'goods' but it is only those goods which would be regarded as 'dutiable goods' under Section 2(14) which are chargeable to duty and on which duty has not been paid. The expression "chargeable to duty on which duty has not been paid" indicates that goods on which duty has been paid or on which no duty is leviable, and therefore no duty is payable, will not be regarded as 'dutiable goods'. It is only if payment of duty is outstanding or leviable that goods will be regarded as dutiable goods."

80. Section 12 of Customs Act provides that the duties of customs shall be levied at such rates as may be specified under the Customs Tariff Act. When the Customs Tariff Act itself provides that the import of drawings and designs under Heading No. 49.06 is 'free', it must follow that these drawings and designs, though goods, were not chargeable to duty. In view of the difference in the language of the Excise and Customs Acts, the decisions in the cases of *Vazir Sultan* and *Wallace Flour Mills* (supra) may not be very apposite and if no customs duty is chargeable either by reason of tariff not providing for it or because of the exemption notification, those goods will not be regarded as dutiable goods "on which duty has not been paid". It is sufficient in the present case to observe that the drawings and designs which were imported by the appellant were correctly classifiable under Heading No. 49.06 and the tariff itself providing that the import of the same is free, the said drawings and designs were not dutiable articles and, therefore, no customs duty was leviable thereon even as a part of the passenger baggage."

7. Similarly, in the instant case, we find that the keyboard has been imported for personal use, however, the keyboard is otherwise classifiable under CTH 8471 and no duty is charged; since the Tariff itself shows as 'free', the question of charging duty on the same when imported for personal use does not arise and the question of classifying the same under CTH 9804 meant for dutiable articles cannot be justified. Therefore, following the

principles laid down by the Hon'ble Supreme court in the case of **Associated Cement** (supra), we find that only dutiable goods are liable to discharge duty when imported for personal use and since keyboards are freely importable, the liability does not arise.

Appeal is allowed with consequential relief if any.

(Order pronounced in Open Court on 20.08.2026.)

(P. A. AUGUSTIAN)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)