

Customs rule on handling charges illegal

The Supreme Court has held as illegal a customs evaluation rule which allowed the authorities to impose 1 per cent as notional cost of handling charges on goods even if the actual cost is declared. This will benefit especially software companies, which do not import heavy goods. In this case, Wipro Ltd vs Collector of Customs, the computer firm imported software components. It showed handling charges as Rs.65 per kg as per the tariff at Chennai airport. However, the authorities applied Rule 9(2)(ii) as amended in 1990 and added Rs.15,214 per kg to the handling charges. The company challenged the rule in the Madras High Court. It dismissed the petition, leading to the appeal. The Supreme Court set aside the high court ruling and stated that the amended rule was illegal. It did not quash the illegal rule, but read it down and decreed that the clause would apply only when the actual charges are not ascertainable.

(Business Standard)