

Module 5: Shipment Classification & Customs Clearance

Checkpoints for Pre-Clearance

A. Meaning of Pre-Clearance

Pre-clearance refers to verification of shipment documents and compliance before submission to customs.

B. Pre-Clearance Checkpoints

- Correct shipper & consignee details
- Accurate invoice value
- Proper product description
- HSN code mentioned
- Country of origin
- Quantity & weight matching
- Packaging compliance
- Restricted/prohibited item check
- Export/Import license (if required)

C. Importance

- Avoid shipment hold
- Prevent penalties
- Reduce clearance delay

Documentation Required for Customs Clearance

A. Mandatory Documents

- Commercial Invoice
- Packing List
- Airway Bill (AWB)
- Bill of Entry (Import)
- Shipping Bill (Export)
- KYC documents
- GST/IEC certificate
- Authorization letter

B. Supporting Documents (If Required)

- Product certificate
 - MSDS (for chemicals)
 - FSSAI license (for food)
 - BIS certificate
 - Insurance copy
-

Identifying the Right HSN Code

A. What is HSN?

HSN (Harmonized System of Nomenclature) is a standardized coding system for classifying goods.

B. Structure

- 2-digit: Chapter
- 4-digit: Heading
- 6-digit: Subheading
- 8-digit: National classification

C. Process to Identify HSN

1. Understand product description
2. Identify product category
3. Refer to customs tariff book
4. Check explanatory notes
5. Confirm applicable GST/custom duty

D. Importance

- Determines duty rate
 - Prevents penalties
 - Ensures compliance
-

Customs Clearance Documentation Process

A. Export Process

1. Shipment booking
2. Document verification
3. Shipping bill filing
4. Customs examination

5. Clearance approval

B. Import Process

1. Arrival of shipment
 2. Filing Bill of Entry
 3. Duty assessment
 4. Payment of duty
 5. Customs release
-

Duties and Taxes in Clearance

A. Import Duties

- Basic Customs Duty (BCD)
- Integrated GST (IGST)
- Social Welfare Surcharge
- Anti-dumping duty (if applicable)

B. Export Duties (if applicable)

C. Calculation Base

Duty is calculated on:

- Assessable value
 - CIF value (Cost + Insurance + Freight)
-

Compliance Documentation

A. Product Compliance

- Safety standards
- Certification requirements

B. Geography Compliance

- Restricted countries
- Trade agreements
- Sanctioned nations

C. Packaging Compliance

- Hazardous labels
- Proper marking

- Export packaging norms

D. Statutory Requirements

- DGFT compliance
 - RBI regulations
 - Customs notifications
-

Customs Clearance Through Brokers

A. Role of Customs Broker

- Documentation filing
- Duty calculation
- Liaison with customs officer
- Shipment release

B. Process

1. Submit documents to broker
2. Broker files declaration
3. Duty assessment
4. Payment
5. Clearance

C. Advantages

- Expert handling
- Faster clearance
- Compliance assurance