F. No. GEN/ADJ/COMM/469/2026-Adjn-O/o Pr Commr-Cus-Mundra

	कार्यालय: प्रधान आयुक्त सीमा शुल्क, मुन्द्रा, सीमा शुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- **370421** **OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS,** **CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT-370421** **PHONE:02838-271426/271423 FAX:02838-271425** **Email: adj-mundra@gov.in**	

File. No.: GEN/ADJ/COMM/469/2026-Adjn-O/o Pr Commr-Cus-Mundra
Show Cause Notice No.: 38/2026-27/COMM/N.S./Adjn/MCH

SHOW CAUSE NOTICE

[Issued under Section 28(4) read with 124 of the Customs Act, 1962]

1. Intelligence:

Specific intelligence developed by DRI, Sub Regional Unit Vapi, indicated that ***M/s. Vinny Overseas Ltd., Having registered office B/h, International Hotel, Narol-Isanpur Road, Narol, Ahmedabad, Gujarat, 382405*** (hereinafter referred to as ***"Vinny"*** for the sake of brevity), has mis-declared and mis-classified their import goods to evade applicable Customs Duties including IGST. While the imported goods i.e. ***"Transfer Paper"*** are appropriately classifiable under CTI 48099000, the same were mis-declared as ***"Sublimation Paper"*** and were mis-classified under *CTI 48102200.*

2.1 On perusing the Customs Tariff, it is observed that *"Transfer Paper"* is specifically mentioned and covered under CTH 4809 or 4816, depending upon its dimension. Both these Custom Tariff Heads specifically and clearly include ***"Carbon Paper, Self-Copy Paper and Other Copying or Transfer Papers"***. Further, description of CTH 4809 and 4816 includes papers designed for transfer applications, which in the instant case is the end use of the imported goods. The imported goods are used to transfer the printed designs/text/patterns on the receiving surfaces such as fabrics, glass, ceramics etc. for printing various patterns/designs/text etc. The importer has mis-classified the imported goods under the CTI 48102200 and tried to mislead the customs department by claiming that the imported goods are a kind of coated paper that fall under CTH 4810, which covers ***"Paper and Paperboard of a kind used for writing, printing or other graphic purposes"***. However, contrary to the claim, the use/application of the transfer paper of CTH 4809 or 4816 is quite different being specifically used for transferring designs/patterns/content/text etc on another surface and hence this paper is clearly distinct from other kinds of paper classified under CTH 4810. Further, subheading Note 7 to Chapter 48 clearly elucidates that paper covered under CTI 48102200 is lightweight coated paper having coating on two sides.

2.2 The classification of goods under CTH 4810 is based on the coating material used on the paper, whereas the appropriate classification under CTH 4809 in the present case is based on three aspects (i) Firstly, the CTH 4809 explicitly covers "Transfer Paper" (ii) Secondly, the coating material used in Transfer Paper is irrelevant for its appropriate classification under CTH 4809. Hence, "Transfer Paper" can have any type of coating material (iii) Lastly, the specific description of goods takes precedence over a more general heading and thus CTH 4809 is more specific for "Transfer Paper". Although the imported goods appeared to be clearly and specifically covered under CTH 4809, even if Classification under CTH 4810 is considered, according to GIR 3(a), the heading that provides the most specific description should take precedence over a more general heading. In comparison to CTH 4810 (paperboard coated with inorganic substances), CTH 4809 is more specific because it explicitly covers transfer papers.

2.3 Accordingly, investigation was initiated against ***M/s. Vinny Overseas Ltd. (IEC – 894009265)*** and an analysis of sublimation printing, the core process relevant for classification of the imported goods, was undertaken.

3. <u>SUBLIMATION PRINTING PROCESS AND CHEMISTRY:</u>

3.1 Sublimation printing uses the chemical process of sublimation. Sublimation is the phase transition of a substance directly from a solid to a gas, bypassing the liquid state. By utilizing heat and pressure, the ink used in the process of sublimation transfer undergoes this phase transition by transforming into a gas without leaving any residue on the transfer paper on which the ink is embedded. Sublimation paper is coated with a material that allows it to readily absorb and hold the sublimation ink, while the ink itself is a special type of dye that sublimes under heat. This coating is designed to have a high surface area and be porous, enabling the ink to be absorbed quickly and evenly. The paper's structure allows the ink to be further easily sublimated when exposed to heat and pressure.

3.2 Sublimation inks are typically made with disperse dyes, which are organic molecules that are soluble in organic solvents but not in water. These inks are typically made up of a liquid suspension that contains tiny solid particles of dye. These dyes are dissolved in a solvent, which allows them to be printed and transferred to the sublimation paper. When heated, the dye molecules in the ink transition directly from a solid to a gas phase (sublimation) without going through a liquid phase. The gaseous dye molecules then diffuse into the substrate (like fabric or a coated material) and bond at a molecular level, creating a permanent, vibrant print. The process of sublimation printing consists of Printing of design onto the sublimation paper using sublimation ink. The printed paper is then placed onto the intended substrate and exposed to high heat and pressure. The ink's dyes sublimate, turning into a gas form without passing through a liquid phase. The gaseous dye molecules penetrate the substrate, forming a permanent bond with it. As the substrate cools, the dye molecules re-solidify, becoming part of the substrate itself. This solidification process creates a permanent molecular bond between the dye and the substrate, ensuring excellent colour fastness and durability.

3.3 Sublimation printing is not suitable for all materials. Since the process relies on the dye penetrating the substrate, it is primarily used on polyester fabrics, polyester-coated items like mugs or phone cases and certain synthetic materials specifically designed for transfer printing. The sublimation transfer paper contains sublimable ink receptive coating, which refers to the coating that is provided on the surface of the paper substrate for receipt of the sublimable ink. The sublimable ink receptive coating can be referred to as the functional coating because it functions to hold the dye in a position available for sublimation printing. The sublimable ink receptive coating is specific for sublimable ink and hence, ***Sublimation Paper is a specialised paper used for transfer printing process***.

3.4 During the above-described process of transfer of design/patterns/prints, special paper is being used, the purpose of which is to transfer the design onto the fabrics or on merchandise and this paper is specially coated with chemicals which help in transferring the embedded ink on it during the process of printing text/design/prints on to the other receiving surfaces efficiently and effectively. Hence, the sublimation paper is described as a ***"transfer paper"***. Sublimation paper gives best results while transferring its content on the receiving article and has been defined by the industry as a kind of ***"Transfer Paper".*** On perusing the Customs Tariff, it is noticed that "transfer paper" is specifically classified under **CTH 4809 or 4816**, depending upon its dimension, and both these headings specifically and clearly include ***"Carbon Paper, Self-Copy Paper and Other Copying or Transfer Papers".***

3.4.1 The text of CTH 4809 is extracted here for reference-

"48.09- *Carbon paper, self-copy paper and other copying or transfer papers (including coated or impregnated paper for duplicator stencils or offset plates), whether printed, in rolls or sheets.*

4809.20 - Self-copy paper

4809.90 – Other

This heading covers papers coated, impregnated or otherwise obtained, in rolls or sheets. For the dimensions of the products of this heading, see Note 8 to this Chapter. These papers when not meeting these conditions, fall in ***heading 48.16;*** *for detailed description of these papers see the* ***Explanatory Note to heading 48.16***

The heading ***excludes:***

(a)Stamping foils ***(heading 32.12).***

(b)Sensitised paper (generally ***heading 37.03).***

Note 8: -

Headings 48.03 to 48.09 apply only to paper, paperboard, cellulose wadding and webs of cellulose fibres

(a) *in strips or rolls of a width exceeding 36 cm; or*
(b) *in rectangular (including square) sheets with one side exceeding 36 cm and the other side exceeding 15 cm in the unfolded state.*

3.4.2 The text of CTH 4816 is extracted here for reference-

48.16 - Carbon paper, self-copy paper and other copying or transfer papers (other than those of heading 48.09), duplicator stencils and offset plates, of paper, whether or not put up in boxes.

4816.20 - Self-copy paper
4816.90 - Other

*This heading covers papers coated, or sometimes impregnated, in such a way that one or more copies of an original document can be made by applying pressure (e.g., by the impact of a typewriter key), moisture, ink, etc. Such papers fall in this heading only if presented in rolls of a width not exceeding 36 cm or in rectangular (including square) sheets of which no side exceeds 36 cm in unfolded state, or cut into shapes other than rectangles (including squares); otherwise, they fall in **heading 48.09**. For duplicator stencils and offset plates there are no conditions as to size. The papers of this heading are usually put up in boxes.*

They can be grouped in two categories, according to the reproduction process involved:

(A) ***PAPERS REPRODUCING THE ORIGINAL DOCUMENT BY TRANSFER OF ALL OR PART OF THEIR COATING SUBSTANCE OR IMPREGNANT TO ANOTHER SURFACE***

This category includes:

(1) ***Carbon or similar copying papers****.*

These consist of paper which has been coated or sometimes impregnated, with fatty or waxy substances mixed with carbon black or other colouring material. They are used for pen, pencil or typewriter copying onto ordinary paper. These papers may be:
(a) thin paper used for interleaving and for one time or repeated use, or
(b) ordinary-weight coated paper which usually forms part of a set. This group also covers hectographic carbon paper for duplicators, used to make a master sheet which in turn serves as a printing "plate" to produce more copies.

(2) ***Self-copy papers****.*
Self-copy papers, also known as carbonless copy papers, may be put up in fan-fold form. Pressure applied by means of an office machine or a stylus on the original sheet produces a reaction between two different ingredients normally separated from each other either in the same sheet or in two adjacent sheets, reproducing the impression of the original.

(3) ***Heat transfer papers****.*
These are coated on one side with a thermosensitive substance, for use in an infra-red copying machine to make a copy of an original document by transferring

a dye compounded with the coating substance on to a sheet of ordinary paper (heat transfer process).

(B) ***COPYING PAPER, DUPLICATOR STENCILS AND OFFSET PLATES USING PROCESSES OTHER THAN THOSE DESCRIBED IN (A) ABOVE***

This category includes:

(1) ***Paper for duplicator stencils and duplicator stencils****.*

Papers for duplicator stencils are thin, strong, unsized papers proofed by coating or impregnating with paraffin or other wax, collodion or preparations of similar products. Pressure applied by means of a typewriter, a stylus or any other appropriate instrument perforates the surface coating with the textual matter or patterns to be reproduced. Duplicator stencils are usually provided with a detachable thick paper backing attached to the top edge which is specially perforated to allow for the fixing of the prepared stencil on to the duplicator, and they are sometimes interleaved with a paper for making a carbon copy. Furthermore, stencils generally bear guide marks and various other printed particulars. The heading also includes framed addressing machine stencils.

(2) ***Paper for offset plates and offset plates****.*

Paper for offset plates has a special coating on one side rendering it impervious to lithographic ink. The plates are used on office-type offset machines for the reproduction on ordinary paper of texts or designs applied to them by hand, with a machine or by any other marking process. The papers of this heading may also be in fan-fold form and combine two or more of the reproduction processes described above. A typical example is a paper coated on one side with a special ink by means of which (as with carbon paper) a reverse image of a text or design can be formed on a second paper similar to the plates described in paragraph (B) (2) above. When this second paper is placed on a suitable duplicating machine, the ink deposited on its reverse side is transferred to ordinary paper as a positive image of the original, and many copies can be made.

Copying or transfer papers, bearing texts or designs for reproduction, remain classified in this heading, whether or not bound in sequence.

3.5 The description of CTH 4809 and 4816 clearly includes papers designed for transfer applications. The end use of paper being imported in the instant case is to print designs/patterns/texts on the said paper for further transfer to other receiving surfaces, which indicates that this kind of paper has a specific coating that enables transfer of designs/patterns/texts printed on it on to other surfaces such as textile or other materials. In common parlance, the "Sublimation paper" imported by the importer is a kind of transfer paper.

Further, the imported sublimation paper is coated on one side with special coating of thermo-sensitive substances, as defined in **heat transfer paper**.

3.6 The importer has classified the goods under CTH 4810. Text of CTH 4810 is reproduced as under-

4810 Paper and paperboard, coated on one or both sides with kaolin (china clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or rectangular (including square) sheets, of any size.

-Paper and paperboard of a kind used for writing, printing or other graphic purposes, of which more than 10 % by weight of the total fibre content consists of fibres obtained by a mechanical or chemi-mechanical process:

4810.22 -- Light-weight coated paper

- Other paper and paper board

48109900 -- Other

3.6.1 Further, in terms of note to CTH 4810 –
The heading excludes: -
(a) ..
...
...
(d) Copying papers of heading 48.09 or 48.16.

3.6.2 It is clear from the above that **CTH 4810** covers papers of a kind used for writing, printing or other graphic purposes like Imitation Art Paper, Art Paper, Chrome Paper or Paper Board etc. The transfer paper imported by the importer is exclusively and specifically covered under CTH 4809 and is quite distinct from Imitation Art Paper, Art Paper, Chrome Paper or Paper Board, Kraft paper and paperboard and multi-ply paper and paperboard etc which are covered under the CTH 4810.

3.6.3 The **CTH 4810** elucidates that –

The heading covers paper and paperboard of a kind used for writing, printing or other graphic purposes, including such paper of a kind used in printers or in photocopying apparatus (light-weight coated paper of this category is defined in subheading Note 7; the expression "wood fibres" in the definition does not cover bamboo fibres), kraft paper and paperboard and multi-ply paper *and paperboard (described in the Explanatory Note to heading 48.05), provided they are coated with kaolin or other inorganic substances.*

Subheading Note 7 clearly elucidates as under –

***7.**- For the purposes of subheading 4810.22, "Light-weight coated paper" **means paper, coated on both sides,** of a total weight not exceeding 72 g/m , with a coating weight not exceeding 15 g/m^2 per side, on a base of which not less than 50 % by weight of the total fibre content consists of wood fibres obtained by a mechanical process.*

3.7 Comparison of CTH 4809 and 4810:

From the combined reading of the explanatory notes to CTH's 4809 and 4810, it is evident that heading 4810 covers papers of a kind used for writing, printing or other graphic purposes and it clearly covers ***Imitation Art Paper, Art Paper, Chrome Paper or Paper Board, Insulating paper, insulating press board, Multi-ply etc.*** The transfer paper imported by the importer is exclusively and specifically covered under the heading 4809 and the same is quite different from Imitation Art Paper, Art Paper, Chrome Paper or Paper Board or Paper Board, Insulating paper, insulating press board, **)**, kraft paper and paperboard and multi-ply paper and paperboard etc. As per explanatory notes to heading 4810, the heading covers paper and paperboard of a kind used for **writing, printing or other graphic purposes**, including such paper of a kind used in **printers or in photocopying apparatus**.

3.7.1 Further, the Subheading Notes under CTH 4810 state about the Subheadings 4810.13, 4810.14, 4810.19, 4810.22 and 4810.29 and elucidates that -

The paper and paperboard covered by these subheadings are those which, in the uncoated state, fall in heading 48.02.

3.7.2 Thus, it is relevant to go through the **heading 48.02 which** clearly covers as under-

4802- Uncoated paper and paperboard, of a kind used for writing, printing or other graphic purposes, and non-perforated punch-cards and punch tape paper, *in rolls or rectangular (including square) sheets, of any size, other than paper of heading 48.01 or 48.03; hand-made paper and paperboard.*

3.7.3 It is very clear from the above that the CTH 4810 covers papers of a kind used for writing, printing or other graphic purposes like Imitation Art Paper, Art Paper, Chrome Paper or Paper Board, kraft paper and paperboard and multi-ply paper and paperboard etc. Whereas the transfer paper imported by the importer is exclusively and specifically covered under CTH 4809 and is quite different from Imitation Art Paper, Art Paper, Chrome Paper or Paper Board, Kraft paper and paperboard and multi-ply paper and paperboard etc. Further, ***the Heading 4810 clearly excludes copying or Transfer papers of heading 4809 or 4816***.

3.8 Study of chapter 48 reveals that CTH 4806 onwards is related to coated paper of various kinds and *transfer paper* is one type of coated paper having special coated chemicals enabling copying or transfer application using one of the several processes viz.

3.8.1 Normal mechanical process is applied in case of carbon paper, self-copying paper etc.

3.8.2 In "Heat Transfer Paper", the coating chemical binds with the ink and the transfer of pattern/content/design takes place under heat application.

3.8.3 In "Sublimation Transfer Paper", the surface coating chemical on the paper has receptors for sublimation ink and the transfer of pattern/content/design takes place with the help of sublimation machine under heat and pressure.

3.9.1 The above explanation shows that transfer paper is also a coated paper having a chemical coating useful for transfer application and that it is specifically covered under CTH 4809/4816. Furthermore, the customs tariff heading does not specify any specific composition for the coating chemical. Hence, the composition of chemical coating on the paper whether organic or inorganic is immaterial as far as classification of transfer paper is concerned.

The classification of any item is done based on General Interpretative Rules and the specific heading is always preferred over general heading and hence the heading under 4809/4816 being more specific for transfer paper as per description is to be preferred before the heading 4810.

3.9.2 In this background, it was seen that the importer has mentioned vague/incomplete description in the Bills of Entry filed by them, as ***"Sublimation Paper"*** while classifying their imported goods under CTI 48102200, when as per the technical specification of the imported goods, it appeared to be **"Transfer Paper"** appropriately classifiable under CTI 48099000.

4. Accordingly, an investigation was initiated by Directorate of Revenue Intelligence by way of summons to the concerned persons of ***"Vinny"***.

5. <u>STATEMENTS RECORDED:</u>

5.1 Statement of **Shri Puransing Hemsing Chauhan S/o Shri Hemsing Chauhan, Export Incharge of M/s. Vinny Overseas Limited,** was recorded on 20.01.2025 **(RUD-1),** wherein, he inter-alia stated that:

(i) He is looking after the purchases and import in M/s Vinny Overseas Limited. Shri Hiralal J Parekh, Director of M/s Vinny Overseas Limited contacts overseas supplier and places order for purchase of Sublimation Paper and other items. After getting commercial invoice, packing list, CoO, Bill of Lading on whatsapp directly from overseas supplier as well as from Shri Hiralal J Parekh, Director of M/s Vinny Overseas Limited, he forwards these import related documents to the CHA M/s Gangaben Devshi Shipping Pvt. Ltd., who in turn sends the draft Bill of Entry and after verification the CHA is communicated to file Bill of Entry on ICEGATE.

(ii) That the CTH and item description is declared by the overseas supplier in their documents viz. Bill of Lading, commercial invoice, CoO, packing list and the same is used by M/s Vinny Overseas Limited for filling of the Bills of Entry. M/s Vinny Overseas Limited is engaged in the import of Sublimation Paper, sublimation ink and inkjet printing machine from China.

(iii) That the Sublimation Paper is used in textile industry for printing designs/text/pattern onto fabric using inkjet printing machine and it is a coated paper. The sublimation ink is used for printing on sublimation paper and is a special ink being used for printing designs/pattern/text on sublimation paper.

(iv) That inkjet Printing machine is a digital printing machine used for printing designs/pattern on the sublimation paper. The printed sublimation paper and fabric together are fed into fusion machine, where by the application of Heat and pressure the design/text/pattern already printed on sublimation paper is transferred onto fabric.

(v) That the “Premium Coated Paper” and “Sublimation Paper” as declared by M/s Vinny Overseas Limited have been used for the same application i.e for printing design/text/pattern etc onto fabrics. He doesn’t know why the HSN 48109900 & 48099000 have been used in the local sales invoice However the same item has been imported under CTI 48102200 and Shri Hiralal J. Parekh, Director of M/s Vinny Overseas Limited might be able to explain about the same.

(vi) That the HSN and item description used by M/s Vinny Overseas are as per declaration by the overseas supplier in their documents i.e. Bill of lading, commercial invoice, packing list and CoO. Shri Hiralal J. Parekh, Director of M/s Vinny Overseas Limited contacts the overseas supplier for placing orders of sublimation paper/premium coated paper. He might have the idea, why item description and HSN was changed.

(vii) After going through the explanatory notes and Chapter notes/subnotes etc. He stated that the description sublimation Paper/Premium Coated Paper used by M/s Vinny Overseas Ltd. in their documents, relates to paper having the same application and should be classified under CTH 4809 or 4816 as per dimension being a transfer Paper. Further the CTH 4810 seems to cover “Paper and Paperboard of a kind used for writing, printing or other graphic purposes”, whereas the purpose and use of paper imported by M/s Vinny Overseas Ltd. has no connection with writing, printing and graphics purpose (means to communicate the information) as the imported goods by M/s Vinny Overseas Ltd is meant for transfer of design/patterns/Text etc. onto fabrics and it is basically a transfer paper. Further the "light-weight coated paper" means paper, coated on both sides". The imported Sublimation Paper is appropriately classifiable under CTI 48099000. M/s Vinny Overseas have wrongly availed benefit of APTA Notification No. 50/2018 dated 30.06.2018 by mis-classifying these subject goods under wrong CTI 48102200 and the imported goods have been classified as per market trend and the invoices of overseas suppliers.

5.2 Statement of **Shri Devendrasinh Bhupatsinh Jadeja, G-Card Holder in M/s. Gangaben Devshi Shipping Private Limited (Customs Broker M/s. Vinny Overseas Limited),** was recorded on 22.01.2025 **(RUD-2),** wherein, he inter-alia stated that:

(i) M/s Gangaben Devshi Shipping Private Limited is a Private Limited company engaged in customs clearance work and M/s Vinny Overseas Limited has imported "Sublimation Paper", "Inkjet Printer", "Premium Coated Paper" etc. through M/s Gangaben Devshi Shipping Private Limited.

(ii) M/s JSR Shipping Services India Pvt. Ltd. provides the pre-shipment documents of M/s Vinny Overseas Limited viz. CoO, packing list, commercial invoice, Bill of lading etc. and after preparation the check list is sent to M/s JSR Shipping Services India Private Limited, who after verification directs to file Bill of Entry. After filling of Bills of Entry on ICEGATE, duty payment is done either by M/s JSR Shipping Services India Private Limited or by M/s Vinny Overseas Limited themselves.

(iii) CTH of the imported goods is decided by M/s JSR Shipping Services India Pvt. Ltd. The CTH and item description mentioned in the import documents supplied by overseas supplier is used for filling of Bill of Entry and the checklist documents are sent to M/s JSR Shipping Services India Private Limited for verification. After approval of Ms JSR Shipping Services India Private Limited, Bills of Entry are filed.

(iii) The Sublimation Paper being imported is used in the textile industry. That the Bills of Entry is filed based on the pre-shipment documents provided by the importer. Classification earlier used by the importer has been changed to CTI 48099000 and no CoO Benefit is being availed by the importer with this CTI. He doesn't have the idea about the product i.e Premium Coated Paper being imported currently. The Sublimation Paper imported is in rolls of width 1.47m and length several hundred meters.

(iv) As per the statement of Puransing Hemsing Chauhan, Export Incharge of M/s Vinny Overseas Limited dated 20.01.2025, Sublimation Paper is a coated paper used in textile industry for printing and transferring of designs/pattern onto fabrics. Hence, Sublimation Paper is a kind of transfer paper which is used for transferring ink/designs onto other surface (fabrics) and as per the composition information of sublimation paper, coating comprises mainly of “starch” which is an organic compound.

(v) After going through the explanatory notes and chapter heading etc, he stated that Sublimation paper imported by M/s Vinny Overseas Ltd. should be classified under CTH 4809 or 4816 as per dimension being a transfer paper. As per CTH 4810, coating on paper falling under CTH 4810 is comprised of inorganic material, however imported sublimation paper has organic coating of starch, hence the same cannot fall under CTH 4810. Further, CTH 4810 seems to cover “Paper and Paperboard of a kind used for writing, printing or other graphic purposes”, whereas the purpose and use of paper imported by M/s Vinny Overseas Ltd. has no connection with writing, printing and graphics purpose (means to communicate the information) as the imported goods by M/s Vinny Overseas Ltd are meant for transfer of design/patterns/Text etc. onto fabrics and are basically a kind of transfer paper.

(vi) Imported Sublimation Paper is appropriately classifiable under CTI 48099000. M/s Vinny Overseas have wrongly availed benefit of APTA Notification No. 50/2018 dated 30.06.2018 by mis-classifying these subject goods under the wrong CTI 48102200.

5.3 Statement of **Shri Ashish Gupta, Director M/S JSR Shipping Services India Private Limited (Forwarder of M/s Vinny Overseas Limited),** was recorded on 11.02.2025 **(RUD-3),** wherein, he inter-alia stated that:

(i) M/s JSR Shipping Services India Private Limited is a Private Limited Company engaged in the freight forwarding and logistics services and is providing forwarding services to M/s Vinny Overseas Limited for their imported products “Sublimation Paper”, “Inkjet Printer”, “Premium Coated Paper” etc. cleared through Custom Broker M/s Gangaben Devshi Shipping Private Limited.

(ii) CTH of the imported goods has been decided by M/s Vinny Overseas Limited only. They have submitted a letter to M/s JSR Shipping Services India Private Limited dated 21.06.2023 wherein they have confirmed that their import goods are sublimation paper covered under CTI 48102200. He also stated that the checklist for the import consignments are regularly being approved by M/s Vinny Overseas Limited. They just know that the Sublimation Paper being imported by M/s Vinny Overseas Limited is being used in the textile industry.

(iii) That they don’t know about the Premium Coated Paper being imported by M/s Vinny Overseas Limited and technically have no any idea about the product. Shri Hiralal J. Parekh, Director of M/s Vinny Overseas Limited might be able to explain about the same as he is in touch with the overseas suppliers.

(iv) As per the statement of Puransing Hemsing Chauhan, Export Incharge of M/s Vinny Overseas Limited dated 20.01.2025, Sublimation Paper is a coated paper being used in textile industry for printing and transferring of designs/pattern onto fabrics. Hence, Sublimation Paper is a kind of transfer paper. As per the composition information of sublimation paper, coating comprises mainly of “starch” and “Polyvinyl Alcohol (PVA)” which are organic compounds.

(v) After going through the explanatory notes and chapter heading notes and sub-notes etc. It can be stated that the sublimation paper imported by M/s Vinny Overseas Ltd. should be classified under CTH 4809 or 4816 as per dimension being a transfer paper. In view of chapter heading notes and sub-notes, CTH 4810, coating on paper comprised of inorganic material, however imported sublimation paper has organic coating of starch, hence cannot be covered under CTH 4810. Further CTH 4810 seems to cover “Paper and Paperboard of a kind used for writing, printing or other graphic purposes”, whereas the purpose and use of paper imported by M/s Vinny Overseas Ltd.

has no connection with writing, printing and graphics purpose (means to communicate the information) as the imported goods by M/s Vinny Overseas Ltd are meant for transfer of design/patterns/Text etc. onto fabrics and are basically a transfer paper. Further the CTI 48102200 covers light weight coated paper, which is coated on both the sides. However, he doesn't have any idea whether the paper is coated on single side or both the sides. The imported goods are appropriately classifiable under CTI 48099000 and M/s Vinny Overseas Limited has misclassified the product to wrongly avail benefit of APTA Notification No. 50/2018 dated 30.06.2018.

5.4 Statement of **Shri Hiralal Parekh, Director of M/s Vinny Overseas Limited** was recorded on 18.03.2025 **(RUD-4),** wherein, he inter-alia stated that:

(i) M/s Vinny Overseas Limited is a Limited company engaged in the import of Sublimation Paper, sublimation ink, inkjet printing machine for printing on fabrics using imported sublimation paper, printing machine and sublimation ink.

(ii) He contacts overseas supplier and places orders for purchase of Sublimation Paper and other items and the company provides commercial invoice, packing list, CoO, Bill of Lading to their CHA M/s Gangaben Devshi Shipping Private Limited, who in turn sends draft Bills of Entry. After verifying draft Bills of Entry, he ask their CHA to file Bill of Entry on ICEGATE.

(iii) CTH and item description is provided by the overseas supplier in their documents viz. Bill of Lading, commercial invoice, CoO, packing list and the same has been used by M/s Vinny Overseas Limited for filling of the Bills of Entry

(iv) Base Paper is uncoated paper and he doesn't know about the transfer paper technically. However, sublimation paper is a paper used in textile industry for printing designs/text/pattern onto fabric using inkjet printing machine and it is a type of transfer paper and the sublimation paper imported in M/s Vinny Overseas Limited is paper coated on one side.

(v) Sublimation ink is special ink used for printing designs/pattern/text on sublimation paper and is very efficient and gives better result for Printing on Polyester. Disperse dye is used for the manufacturing of sublimation ink. It is a special ink which is used for printing designs/pattern/text on sublimation paper.

(vi) Inkjet Printing machine is a digital printing machine which is used for printing designs/pattern on the sublimation paper. Printed sublimation paper and fabric are fed together into fusion machine and by the application of Heat and Pressure the design/text/pattern already printed on sublimation paper is transferred onto fabric. The imported sublimation paper is used for transferring of designs/patterns onto fabrics and it is a kind of transfer paper.

(vii) "Premium Coated Paper" and "Sublimation Paper" as declared by M/s Vinny Overseas Limited have been used for the same application i.e for printing design/text/pattern etc onto fabrics. These are transfer papers. They have used HSN 48109900 & 48099000 in the sale invoices as per the market trend in Surat as many entities were using the HSN48109900 & 48099000. Further as per their purchase of the same paper from the sellers from Surat, they used the same HSN as per the invoice supplied by the seller of sublimation paper from Surat. They are the actual end user of goods and have sold sublimation paper to other customers is very small quantity.

(viii) They have used the HSN and item description as declared by the overseas supplier in their documents i.e. Bill of lading, commercial invoice, packing list, CoO. CTI has been changed to 48099000 now as the whole market is importing this paper currently under CTI 48099000.

(ix) As per the composition information provided by the overseas supplier, coating is mainly of Starch, PVA and latex. Further, the minor constituents are silicon dioxide and other additives

(x) After going through the explanatory notes, subnotes to Chapter 48, it is evident that sublimation paper/Premium Coated Paper description used by M/s Vinny Overseas Ltd. relates to paper having the same application and should be classified under CTH 4809 or 4816 as per its dimensions. Further the CTH 4810 seems to cover "Paper and Paperboard of a kind used for writing, printing or other graphic purposes", whereas the purpose and use of paper imported by M/s Vinny Overseas Ltd. has no connection with writing, printing and graphics purpose (means to communicate the information) as the imported goods are meant for transfer of design/patterns/Text etc. onto fabrics and are basically a transfer paper. Further the "light-weight coated paper" means paper, coated on both sides". Whereas the paper imported by M/s Vinny Overseas Ltd. is coated on one side only.

(xi) The imported Sublimation Paper should be classified under HSN/CTI 48099000 being a transfer paper. M/s Vinny Overseas Limited has wrongly availed benefit of APTA Notification No. 50/2018 dated 30.06.2018 by mis-classifying these subject goods under wrong CTI 48102200.

6. <u>SCRUTINY OF DOCUMENTS:</u>

6.1. During scrutiny of the documents submitted, it has been noticed that *M/s. Vinny Overseas Ltd.* has been engaged in the import of paper with declared description in Bills of Entry as ***"Sublimation Paper"*** and cleared the goods under the CTI 48102200 to claim undue benefit of lower IGST @12% and preferential rate of Customs Duty by availing the benefit of Notification No. 50/2018-cus dated 30.06.2018. Evidently the goods imported by them are ***'Transfer Paper'*** specifically covered under CTI 48099000. Thus, the imported goods which are in the nature of 'Transfer Paper' have been mis-declared by importer by using vague and mis-leading description ***"Sublimation Paper".***

6.2.1 The goods classified under CTI 48102200 attracted BCD@7% by availing the benefit of BCD exemption under Sr. No.609 of Notification No. 50/2018-Cus dated 30.06.2018 for preferential rate of Customs Duty available under the said CTI and concessional IGST@12% available under CTI 48102200. Whereas under the correct CTI i.e. 48099000, the goods imported from China by *Vinny* are leviable to BCD@10%, SWS@10% and IGST@18%.

6.3 The imported goods being *"Transfer Paper"* are not classifiable under CTH 4810 as they have specific use of transferring the content/design/text printed on the paper on to another surface. This kind of paper is mainly used in textile industry for printing various designs/text/content on the polyester fabrics.

Thus, the imported goods are transfer paper accurately classifiable under CTH 4809 or 4816, as per the dimension, attracting IGST @ 18% and no exemption of BCD is allowed for this CTH under Notification No. 50/2018-Cus dated 30.06.2018. Hence there was mis-declaration by the importer while filling the Bills of Entry by using mis-leading item descriptions like ***"Sublimation Paper".***

6.4 As per the specifications, the imported paper is a paper coated on one side which is used for printing various designs/text/content on the fabrics and this whole process of sublimation transfer is carried out successfully by the virtue of the coating material on the transfer paper. The coating material on the paper enables the transfer of its content on to the fabrics. The heat sublimation transfer printing paper coating process has been described in various available literature and sources and in this regard the patent application filed by Zhejiiang Jinze Paper Technology Ltd. application no. CN201610693773.1A **(RUD-5)** clearly describes that the coating on the sublimation transfer paper is compatible with sublimation ink and it mainly consist of starch, polyvinyl alcohol, carboxymethyl cellulose as base material. The paper imported by the importer is this kind of specialised paper which is meant for transfer of patterns/designs/text etc. onto Polyester fabrics and other surfaces. In this regard the CTH 4809 and 4816 cover *"Carbon paper, self-copy paper and other copying or transfer papers (including coated or impregnated paper for duplicator stencils or offset plates), whether or not printed, in rolls or sheets"*

6.4.1 Both CTH 4809 and 4816 cover transfer paper, the difference being in the Dimension of roll/sheet, and it. Such paper is covered under CTH 4816 if presented in rolls of a width not exceeding 36 cm or in rectangular (including square) sheets of which no side exceeds 36 cm in unfolded state, or cut into shapes other than rectangles (including squares); otherwise, they fall in heading 48.09.

6.4.2 In his statement dated 18.03.2025, the Director of *M/s. Vinny Overseas Ltd.* has admitted that the imported sublimation paper is a one side coated paper on which designs/ photos/ text/ patterns etc. are firstly printed using inkjet printer wherein the sublimation ink is used. This sublimation printing paper having designs/ photos/ text/ patterns etc. printed on it are then put into heat press machine along with fabric, wherein by applying pressure and heat, the print is released/ transferred on the desired surface.

6.5 It is further seen that the importer "*Vinny*" has admitted that the paper imported by them is one side coated paper under description as *"Sublimation Paper"* and is a kind of ***"transfer paper"*** which is used for transfer of patterns/designs/text/contents etc. printed on it onto the fabrics and other surfaces with the help of Sublimation Ink and sublimation machine. The importer accepted that as per the General Explanatory Sub-Heading Notes to Chapter 48, the paper imported by them i.e Sublimation Paper is coated in one side only and CTI 48102200 seems to cover ***"Paper and Paperboard of a kind used for writing, printing or other graphic purposes",*** whereas the purpose and use of paper imported by them is transferring of designs onto fabrics .The importer has cleared the goods under CTI 48102200 to wrongly avail ineligible benefit of Notification 50/2018-Cus dated 30.06.2018 claiming benefit of BCD exemption of 30% under Serial Nos. 609 of APTA Notification No.50/2018-cus dated 30.06.2018 as well as for payment of less IGST @12% instead of 18% applicable under the correct CTI 48099000 in case of import from China.

6.6 The **Material Safety Data Sheet's (MSDS) (RUD-6)** of overseas supplier namely ***(i)*** Million Ton Trading groups Ltd. and **(ii)** SHAOXING DINGJIN PAPER CO.,LTD clearly indicates under **Section 3 and Section 2 of MSDS** related to composition/information on ingredients that the apart from Paper the ***other ingredients are starch and CMC (Carboxy Methyl Cellulose).*** The overseas suppliers have also described the product as ***"Sublimation Transfer Paper"*** and that the goods are used in clothing, home textiles, etc. for pattern printing and transfer on fabrics containing fibres. The importer too has agreed that the "Material Safety Data Sheet" provided elucidates that the major chemical composition of coating material present on the Sublimation paper imported by them consists of Carboxy Methyl Cellulose and starch.

6.7 Suppliers of sublimation Paper from several countries into India viz. *"Million-Ton Trading Group Limited,China",* Neenah *Coldenhove B.V.,Netherland, Nanjiang Yiqia Digital Co Ltd., China, Suzhou Long-Term Digital Technology, China*, C.A Paper, South Korea have described about the product on their web pages **(RUD-7)** which clearly indicates that the Sublimation Paper is a *"Transfer Paper".*

6.8 During the statement, it was ***agreed by the importer*** that the sublimation paper or sublimation transfer paper should be classified under CTH 4809 or 4816 as per dimension. He also agreed that CTH 4810 seems to cover "Paper and Paperboard of a kind used for writing, printing or other graphic purposes", whereas the purpose and use of paper imported by them has no connection with writing, printing and graphics purpose (means to communicate the information) as it is meant for transfer of design etc. onto fabrics and it is basically a transfer paper. Further, the end user of goods clearly explained in his statement that in market the imported paper is known as transfer paper having application of transferring of design on fabrics only and that no other paper can transfer the design on polyester fabrics in such an efficient way. He explained that this transfer of design on fabrics is possible due to special coating on the surface of paper.

6.9 It appears that the importer has indulged in suppression of crucial information and wilful mis-statement with the intent to evade customs duty by mentioning ***"Sublimation Paper"*** in the item description and classified the imported goods under CTI 48102200 under the cover of such purposeful misleading description, while fully knowing that their goods are "***Sublimation Transfer Paper***" a kind of **"*Transfer Paper*"**. The importer in his statement has also admitted the fact that they themselves decide the CTH of the imported goods to be declared to customs authorities. As per technical specification of the above said imported goods, *"Transfer Paper"* is appropriately classifiable under CTI 48099000.

7. <u>DISCUSSION ON EVIDENCES: -</u>

7.1 Sublimation Printing Process and Chemistry has been discussed in the above paras. Furthermore -

7.1.1 "Merium Webster" dictionary has defined the transfer paper as-

a paper coated with a special preparation for transferring a design or imprint to another surface by heat, pressure, or moisture

7.1.2 Ministry of Education, Government of India on the webpage ***https://sathee.prutor.ai/article/chemistry/chemistrysublimation/#:~:text=What%20is%20sublimation?%20Sublimation%20is%20a%20process,such%20as%20fabrics%2C%20mugs%2C%20and%20other%20substrates*** **(RUD-8)** has described the process of sublimation and sublimation printing in details, the principle behind it and its application. It has been described that ***Dye sublimation printing*** is a digital printing technology that uses ***heat to transfer dye onto materials such as paper, fabric and plastic***. This process is often used for creating high-quality prints on t-shirts, mugs and other promotional items.

7.1.3 It has been described that Sublimation printing involves the following steps:

1. **Image Creation**: A digital image is created using a computer and design software.
2. **Printing**: The image is printed onto sublimation transfer paper using a sublimation printer. The printer uses heat to transfer the dye from the ink cartridges onto the paper.
3. **Heat Transfer**: The ***transfer paper*** is then placed onto the substrate and heat is applied using a heat press or other heat source. This causes the dye to vaporize and penetrate the substrate, creating a permanent and vibrant image.

7.1.4 Sublimation printing can be used on variety of materials including: Fabrics (such as polyester, nylon, and spandex), Mugs, Metal, Glass, Ceramics, Wood, Plastic.

7.1.5 The forgoing paras clearly elucidates that the sublimation printing is carried out on specialised paper called "***Dye sublimation transfer paper /transfer paper*".**

7.2 It is notable that Sublimation inks are specifically designed to undergo this phase transition from solid to vapour phase and they typically contain

Sublimation dyes (e.g., Proxel GXL) that can be converted into gas when heated, **Resin such as** Vinyl chloride-vinyl acetate copolymer and other polymeric amides, which help bind the ink to the paper, **Solvents** like 2-methoxy-1-methylethyl acetate, N-butyl acetate, and butan-2-ol help disperse the ink and dyes and **Other additives such as** Petroleum distillate, propylene glycol, and acetates can also be included to adjust ink properties. Sublimation paper is designed to hold and release the sublimation ink when heated. They have a specialized coating that a**bsorbs the ink,** hold the ink and helps to bind the ink particles together and allows them to be released when heated.

7.3. Sublimation printing Process starts with **Printing of** image onto the sublimation paper using a printer with sublimation ink. When the paper is heated, the sublimation ink transitions from solid to gas. The gaseous ink is transferred from the paper to the substrate (e.g., fabric, mug). The ink infuses into the surface of the material, creating a permanent, durable image.

7.4 Sublimation transfer paper and method for sublimation printing has been described in various literature and journals. One of the patent applications filed in USA Publication No.US2008/0229962 A1 dated 25.09.2008 **(RUD-9)** has defined the whole process and the chemistry behind it.

7.5 PRINCIPLES OF CLASSIFICATION INCLUDING GENERAL INTERPRETATIVE RULES:

7.5.1 Classification of imported/export goods is governed by the Customs Tariff Act, 1975 which contains two Schedules. The First Schedule applies in respect of imports and specifies the nomenclature that is based on the Harmonized Commodity Description and Coding System referred to as “Harmonized System” or simply “HS”, developed by the World Customs Organization (WCO), applied uniformly in different countries. The nomenclature also specifies the Customs duty rates (Tariff) and is called the “Indian Customs Tariff” or “Tariff Schedule”.

7.5.2 The Harmonized System (HS) provides commodity/product codes and description of various goods up to 4-digit (Heading) and 6-digit (Sub-heading) levels only and member countries of WCO are allowed to extend the codes up to any level subject to the condition that nothing changes at the 4-digit or 6-digit levels. India has developed 8-digit level classification for indigenous products.

For purposes of uniform interpretation of the HS, the WCO has published detailed Explanatory Notes to various headings/subheadings. This forms the basis for interpreting the HS.

7.5.3 The process of arriving at a particular heading/subheading code, either at four-digit, six Digit or eight-digit level for a commodity in the Tariff Schedule is called "classification". The titles of Sections, Chapters and Sub-chapters are provided for ease of reference only. For legal purposes the texts of the Section Notes, Chapter Notes, Subheading Notes, Supplementary Notes, Headings, Subheadings, and the General Rules for Interpretation of Import Tariff (GIR) is relied upon to determine the classification of an item in order to determine the leviable rate of duty.

7.5.4 In this regard GIR 1 stipulates that the classification of goods is determined by the terms of the headings and any relevant Section or Chapter Notes.

The heading *4809 explicitly covers "Carbon Paper, Self-Copy Paper, and Other Copying or* ***Transfer Papers****, Plates (including coated or impregnated paper for duplicator stencils or offset), whether or not printed, in rolls or sheets."*

This description perfectly matches the function and use of transfer paper which is used to transfer designs (whether text or images) onto another recipient surface in presence of heat and pressure. The term "Transfer Papers" in the heading is key here, and Sublimation Transfer Paper is directly covered into this category as it is specifically designed for transfer applications. The broader intended use of the paper (i.e., transferring design/patterns etc. onto other surfaces) qualifies it under the heading 4809 or 4816 as per dimension.

7.5.5 When goods are classifiable under two or more headings, GIR 3 provides a hierarchy to determine the correct classification. GIR 3(a) mandates that the heading that provides the most specific description should take precedence over a more general heading. In comparison to CTH 4810 (paperboard coated with inorganic substances), CTH 4809 is more specific because it explicitly covers transfer papers. Since specificity prevails over generality, heading 4809 is applicable. The legal principal has been applied many times by legal forums that when goods are classifiable under multiple headings, the most specific description prevails. In the present case, the heading 4809 is the more specific heading, as it refers directly to "transfer papers."

7.5.6 It is relevant to mention that Rule 6 applies after the heading has been determined. It states that the classification of goods in the subheadings of a heading shall be determined according to the terms of those subheadings and any related subheading notes. Thus, classification at the subheading level is to be determined mutatis mutandis by applying the Rules 1-5 of GIR. At the subheading level, HS Code 48099000 (Other Transfer Papers) is the correct subheading for Transfer Paper. The imported paper falls into the "Other" category under the heading 4809, as it is not specifically carbon or self-copy paper but is still a transfer paper by its attribute and characteristics.

7.6 In view of the above, the imported goods appear to be rightly classifiable under the heading **-4809 (transfer paper) i.e. *"Carbon Paper, self-copy paper and other copying or transfer papers (including coated or impregnated paper for duplicator stencils or offset plates), whether or not printed, in rolls or sheets"* or under the heading -4816 instead of Heading 4810 applicable for the "*Paper and paperboard, coated on one or both sides with kaolin (china clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or rectangular (including square) sheets, of any size.***

8. <u>DISCUSSION ON MIS-DECLARATION/MIS-CLASSIFICATION: -</u>

8.1 The importer has indulged in suppression of crucial information with the intent to evade customs duty by mis-declaration and mis-classification of the imported goods. They have declared the imported goods under CTI 48102200 which covers *"Paper and Paperboard of a kind used for writing, printing or other graphic purposes and is a paper of a kind used in printers or in photocopying apparatus"*, whereas the imported paper is quite different in application and is specifically used for transferring designs/pattern/content/text etc on another surface and hence has a clear cut intended use. Although the imported goods are "Transfer Paper" having specific application for printing on fabrics and other surfaces, the intended use has been suppressed by the importer in their documents submitted at the time of import. It is also clear from the discussions above that the paper covered under CTI 48102200 is double side coated paper, however the transfer paper covered under CTI 48099000 is a single side coated paper. The importer has deliberately used vague description of goods in order to hide its true nature and purpose and mis-declared the goods as ***"Sublimation Paper"*** although the goods are clearly *"Transfer Paper"*. The imported paper being *Sublimation Transfer Paper* are appropriately classifiable under the CTH 4809 and CTI 48099000.

8.2 Further, investigation has revealed that the importer himself has decided the CTH and communicated to the Customs Broker to use the CTI 48102200 to gain benefit of lower Customs Duty and lower IGST. They have further mis-declared the imported goods ***"Sublimation Paper"*** to suppress the crucial information that the imported goods are *"Transfer Paper"* and classified it under CTI 48102200, while being well aware that Sublimation Paper has its specific application in the textile industry and is used for transferring prints/designs/patterns on other hard surfaces and the same is classifiable as a Transfer Paper under 48099000. The importer has mis-classified and mis-declared the goods i.e Transfer Paper under CTI 48102200 which is applicable to *coated paper with* Paper and Paperboard of a kind used for ***writing, printing or other graphic purposes and is a paper of a kind used in printers or in photocopying apparatus and which are Paper and paperboard, coated on one or both sides with kaolin (china clay) or other inorganic substances, with or without a binder, and with no other coating, whether or not surface-coloured, surface-decorated or printed, in rolls or rectangular (including square) sheets,*** of any size and has thereby availed benefit of APTA Notification No. 50/2018-Cus dated 30.06.2018 (Sr. No. 609), claiming benefit of BCD exemption of 30%. It is also clear from the discussions above that the paper covered under CTI 48102200 is double side coated paper, however the transfer paper covered under CTI 48099000 is a single side coated paper. Further, the importer had made payment of less IGST @12% under CTI 48102200 when IGST @18% is applicable for the imported product under appropriate CTI 48099000. ***The imported goods are transfer paper which***

are not covered under the CTI 48102200 hence the benefit availed by the importer under APTA Notification No. 50/2018-Cus dated 30.06.2018 is improper and hence the tariff item is not eligible for preferential tariff treatment as per the provisions of Section 28 DA (10)(i) of Customs Act,1962.

8.3 Material Safety Data Sheet's (MSDS) of overseas supplier namely ***(i)*** Million Ton Trading groups Ltd. and **(ii)** SHAOXING DINGJIN PAPER CO.,LTD clearly indicates under **Section 3 and Section 2 of MSDS** related to composition/information on ingredients that the apart from Paper the ***other ingredients are starch and CMC (Carboxy Methyl Cellulose).*** It is pertinent to mention that both these chemicals are ***Organic compounds.*** Since, the item covered under heading 4810 is ***Paper and paperboard, coated on one or both sides with kaolin (China clay) or other inorganic substances hence the possibility of classification under the CTH 4810 is outrightly deniable on account of the nature of chemical coating on the paper.***

8.4 Investigation has also revealed that many importers in India have imported the same goods under appropriate CTH i.e. 4809 or 4816, as per dimensions of the goods. The list of **"Fifty-Four"** importers and some of the Bills of Entry filed by various importers are annexed as **(RUD-10).** Further, the importers namely Vidhya Fashion, Raj Paper Converter and DCC Print Vision LLP, Gujarat Flotex Pvt. Ltd. etc have imported Transfer Paper describing it accurately and completely as "Sublimation Paper"/ "Sublimation Transfer Paper" vide Bills of Entry no. 5197191 dated 23.08.2024, 4855928 dated 03.08.2024 and 5031862 dated 13.08.2024, respectively (all filed in Nhava Sheva) under the correct CTI 48099000. These details are tabulated as under

Table No.1: Details of some of the Importers importing same goods under appropriate CTI i.e. 48099000

S. No.	Name of Supplier	Product Description	CTI	BE No.	BE date	Name of Importer
1	Suzhou Long-Term Digital Technology	Sublimation Paper	48099000	5031862	13-08-2024	Vidhya Fashion
2	Hansol Paper Co	Sublimation	4809900	485592	03-08-	Raj Paper

	Ltd.,South Korea	Transfer Paper	0	8	2024	Converter
3	Neenah Coldenhove B.V.,Netherland	Sublimation Paper	4809900 0	519719 1	23-08-2024	DCC Print Vision LLP
4.	Hansol Paper Co Ltd.,South Korea	Sublimation Paper	4809900 0	727523 5	09.08.2023	Priyam Enterprise
5	Nanjiang Yiqia Digital Co Ltd	Sublimation Paper	4809900 0	401607 6	03-01-2023	Gujarat Flotex Pvt. Ltd
6	Million-Ton Trading Group Limited,China	Sublimation Transfer Paper	4809900 0	437047 2	27-01-2023	Gujarat Flotex Pvt Ltd
7	Suzhou Long-Term Digital Technology,Chin a	Sublimation Paper	4809900 0	548238 7	12-04-2023	Orange-O-Tech Pvt Ltd
8	Million-Ton Trading Group Limited, China	Heat Transfer Paper/Sublim ation Paper	4809900 0	374385 1	15-12-2022	Suchitra Dyeing and Printing Mills Pvt. Ltd.

8.5 Since the introduction of self-assessment of imported goods in 2011, gradually most goods are RMS facilitated by the Customs department. Intervention by the Customs if any is based on the specific parameters or other intelligence-based inputs. In this scenario the imported goods are cleared based on the declaration by the importer and discrepancy remain unnoticed by the customs authority if the same is not brought out by the importer themselves. In the present case too, most of Bills of Entry are RMS facilitated and the importer has not declared the specific details of the imported goods and has not declared that the imported goods are ***"Transfer Paper"*** rather the correct description was intentionally hidden to take undue benefit.

8.6 In view of the above, it appears that the importer has tried to mislead the Customs authority by declaring the imported goods i.e *"Transfer Paper"* as ***"Sublimation Paper"*** and thus mis-declared and mis-classified the goods to evade customs duty. It appears that the mis-declaration and mis-classification on the part of the importer was wilful with malafide intent, in order to gain undue benefit.

9. <u>LEGAL PROVISIONS:</u>

The legal provisions contravened in the instant case are highlighted below.

9.1 **Section 17(1)** of the Customs Act, 1962 reads as: -

"Section 17. *Assessment of duty. – (1) An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50,* ***shall****, save as otherwise provided in section 85****, self-assess*** *the duty, if any, leviable on such goods…"*

9.2 Section 28(4) of Customs Act, 1962 provides duties not levied or not paid or short-levied or short- paid or erroneously refunded.

(1) Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or interest payable has not been paid, part-paid or erroneously refunded, by reason of-

(a) collusion; or

(b) any wilful mis-statement; or

(c) suppression of facts,

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been so levied or not paid or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice.;"

9.3 **Section 28AA of Customs Act, 1962** provides for levy of *interest on delayed payment of duty:-*

9.3.1 *"Notwithstanding anything contained in any judgment, decree, order or direction of any court, Appellate Tribunal or any authority or in any other provision of this Act or the rules made there under, the person, who is liable to pay duty in accordance with the provisions of section 28, shall, in addition to such duty, be liable to pay interest, if any, at the rate fixed under sub- section (2),* *whether such payment is made voluntarily or after determination of the duty under that section.*

9.3.2 *Interest at such rate not below ten percent and not exceeding thirty-six percent, per annum, as the Central Government may, by notification in the Official Gazette, fix, shall be paid by the person liable to pay duty in terms of section 28 and such interest shall be calculated from the first day of the month succeeding the month in which the duty ought to have been paid or from the date of such erroneous refund, as the case may be, up to the date of payment of such duty."*

9.4 Section 28DA. Procedure regarding claim of preferential rate of duty. -

(2) The fact that the importer has submitted a certificate of origin issued by an Issuing Authority shall not absolve the importer of the responsibility to exercise reasonable care.

(10) Notwithstanding anything contained in this section, the preferential tariff treatment may be refused without verification in the following circumstances, namely:-

(i) the tariff item is not eligible for preferential tariff treatment;

(ii) complete description of goods is not contained in the certificate of origin;

(iii) any alteration in the certificate of origin is not authenticated by the Issuing Authority;

(iv) the certificate of origin is produced after the period of its expiry, and in all such cases, the certificate of origin shall be marked as "INAPPLICABLE".

9.5 Section 111(m) of the Customs Act, 1962 provides for *confiscation of improperly imported goods as under:*

"111. Confiscation of improperly imported goods, etc. –The following goods brought from a place outside India shall be liable to confiscation:

(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case baggage with the declaration made under Section 77 in respect thereof or in the case of goods under transshipment, with the declaration for transshipment referred to in the proviso to subsection (1) of Section 54."

9.6 Sec. 112 of Customs Act, 1962 provides for penalty for improper importation of goods, etc. – "*Any person,*

(a) who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under Section 111, or abets the doing or omission of such an act, or

(b) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under Section 111,"

9.7 Section 114A of the Customs Act, 1962 provides for penalty for short-levy or non-levy of duty in certain cases-

"Where the duty has not been levied or has been short- levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any wilful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-section (8) of section 28 shall also be liable to pay a penalty equal to the duty or interest so determined:

Provided that where such duty or interest, as the case may be, as determined under sub-section (8) of section 28, and the interest payable thereon under section 28AA, is paid within thirty days from the date of the communication of the order of the proper officer determining such duty, the amount of penalty *liable to be paid by such person under this section shall be twenty-five per cent of the duty or interest, as the case may be, so determined;"*

9.8 CBEC's Circular No. 17/2011 dated 08.04.2011 on self-assessment reads as under.

> *"…..'Self-Assessment' of Customs duty in respect of imported and export goods by the importer or exporter, as the case may be.* ***This means that while the responsibility for assessment would be shifted to the importer/exporter, the Customs officers would have the power to verify such assessments and make re-assessment, where warranted****.*
>
> *….*
>
> *2…….* ***The importer or exporter at the time of self-assessment will ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported/export goods while presenting Bill of Entry or Shipping Bill.;"***

10. <u>SUMMARY OF INVESTIGATION</u>:

From the facts discussed in the foregoing paras, documentary evidences gathered during the investigation, oral evidences gathered from recording of statements of various persons, the following facts emerge:

10.1 The imported goods are rightly classifiable under 4809 as ***"Transfer Paper"*** by virtue of its purpose, evident from its use in the process of transferring of design/text/contents printed on it onto another surface. The imported goods are transfer papers which are specifically placed under heading 4809 or 4816, depending on dimension of goods. The importer himself has stated that the imported goods i.e. **Sublimation Paper** is used for sublimation printing and is a technique where designs are transferred to fabric or to any hard surfaces using time pressure, heat and ink and never disputed about the use of this paper. The importer also agreed that the imported paper under CTH 4810 covers ***"Paper and Paperboard of a kind used for writing, printing or other graphic purposes"*** whereas the paper imported by them is used for transferring of design on polyester fabrics. Further the coating material on the paper consists of Carboxy Methyl Cellulose and Starch which are organic compounds and hence the classification under CTH 4810 is liable to be rejected on this ground alone. Even the end user of the goods clarified that the imported paper is a ***"Transfer Paper"*** having specific use. The evidences gathered clearly demonstrate that the paper imported by ***"Vinny"*** is a transfer paper and therefore, it appears that the said item cannot be classified under CTH 4810. The description of Chapter heading 4809 clearly covers *"Transfer Paper"* under it.

10.2 CTH 4810 covers "*Paper and Paperboard of a kind used for writing, printing or other graphic purposes"* and is *a paper of a kind used in printers or in photocopying apparatus*" which has clearly been explained in the explanatory notes to Chapter 48, whereas the purpose of the transfer paper of CTH 4809 or 4816 is quite different from writing, printing or other graphic purposes and it's use for printers and photocopy. It is specifically used for transferring designs/pattern/content/text etc. on another surface and hence has a clear cut intended use of transfer of design/text/contents printed on it to another surface.

10.3 GIR 1 stipulates that the classification of goods is determined by the terms of the headings and any relevant Section or Chapter Notes. It is relevant that CTH 4809 explicitly covers "Carbon Paper, Self-Copy Paper, and Other Copying or **Transfer Papers**, Plates (including coated or impregnated paper for duplicator stencils or offset), whether or not printed, in rolls or sheets." This description perfectly matches the function and use of *"sublimation paper"*, which is used to transfer designs (whether text or images) onto fabric or other materials through heat and pressure. The term "Transfer Papers" in the heading is key here, and sublimation paper is a kind of transfer Paper as described by the suppliers on the Web Pages related to these companies. Hence the same is directly classifiable in this category as it is specifically designed for transfer applications. As per explanatory note to CTH 4809/4816, ***"Copying or transfer papers, bearing texts or designs for reproduction, remain classified in this heading"***.

10.4 Even if it is claimed that goods are classifiable based on other aspects, when goods are classifiable under two or more headings, GIR 3 provides a hierarchy to determine the correct classification. **GIR 3(a) mandates that the heading that provides the most specific description** should take precedence over a more general heading. In comparison to CTI 48102200 and 48109900 (paperboard coated with inorganic substances), CTI 48099000 is more specific because it explicitly covers other transfer papers.

10.5 It is further established during the investigation that the importer has decided the CTH of the imported goods himself and had directed the Custom broker to file the Bills of entry under the CTH 4810 and used the description of goods as per their intention to miss-classify the imported goods under CTH under which the exemption benefit of Customs Duty was available.

10.6 It is further established during the investigation that, ***"Vinny"*** has deliberately used the different description of imported goods and tried to suppress the fact that the imported goods are Transfer Paper. The description of imported goods used during the import is ***"Sublimation Paper"*** which was mis-declared to link it to coated Paper with coating of inorganic substances hence CTI 48102200 was used while filling Bill of Entry at the time of import. It is also relevant to point out the importer has changed the CTI deliberately in order to avail the benefit of Notification No. 50/2018 dated 30.06.2018 under CTH 4810 and to gain benefit from less payment of IGST @12% under this CTH. The facts discussed in the foregoing paras also reveal that the correct classification of the impugned goods is under CTH 4809.

11. CONTRAVENTION OF STATUTORY PROVISIONS:

11.1 Section 17 of the Customs Act, 1962, was substituted with effect from 08.04.2011 introducing self-assessment for goods imported by the importers. The impugned goods viz. *"Transfer Paper"* was self-assessed by ***"Vinny"*** and Bills of Entry were filed wherein wrong CTI was declared and ineligible Exemption Notification was claimed for the said imported goods. In the self-assessment era, a lot of trust is reposed on the importers and it is obligatory on the part of importers to declare correct and truthful particulars such as description of the goods, classification, applicable rate of duties, etc. The importer has not declared the specific details of the imported items and has not declared that the imported goods is a ***"Transfer Paper"*** in their various Bills of Entry. It is also pertinent to mention that ***"Vinny"*** has declared the description as ***"Sublimation Paper"*** and cleared the goods under CTI 48102200, which is the CTI for coated paper having coating of Kaolin and China clay. Since the imported goods are covered under specific heading of transfer paper, classification of this paper under a general heading is ruled out. Since the CTH 48099000 is not covered under Notification No. 50/2018 dated 30.06.2018, *hence the tariff item is not eligible for preferential treatment in terms of Section 28DA (10) (i) of the Customs Act, 1962.*

11.2 During investigation, the importer has categorically accepted in their statement and various literature and product details available on the web pages of suppliers have clearly brought out that the imported goods are "Transfer Paper" and are covered under CTI 48102200. Further the supplier in their MSDS had themselves declared the product as **Sublimation Transfer Paper**. In view of the facts discussed, it is gathered that the mis-declaration as well as mis-classification was done to gain benefit of less IGST payment @12% instead of 18% as well as to avail the benefit of the 30% BCD exemption as per Notification No. 50/2018 at Sr. No.609 respectively for the goods imported from China. In view of the discussed facts in the preceding paragraphs, the importer i.e. ***"Vinny"*** had not declared the true and correct facts at the time of import before the Customs authorities, thereby they appear to have indulged in wilful mis-declaration and mis-classification and consequent wrong availment of exemption Notification and less IGST payment. They appear to have suppressed the facts with the intent to evade payment of applicable Customs duties.

11.3 Therefore, in the wake of the above deliberate acts of wilful mis-statement and suppression of facts on the part of the importer leading to the evasion of Customs duty, it appears that provisions related to extended period beyond the normal period of two years is squarely applicable and invokable in the present circumstances to demand differential Customs Duty under the provisions of Section 28(4) of the Customs Act, 1962, along with interest under the provisions of the Section 28AA, ibid.

11.4 Liability to Confiscation of the imported goods of *M/s. Vinny Overseas Ltd. (IEC –* 894009265*)*: Further, in view of the above, it appears that Importer has wilfully mis-declared, mis-stated and suppressed facts regarding the correct classification, function, and use of the impugned goods at the time of clearance of the same vide various Bills of Entry (as detailed at **Annexure – A**) during the period ***06.07.2023 to 04.11.2024*** and discharged less Customs Duty as well as IGST by mis-declaring and mis-classifying the imported goods. Due to this deliberate act of ***M/s. Vinny Overseas Ltd.*,** Customs duties totaling **₹1,13,59,561/- (Rupees One Crore Thirteen Lakh Fifty Nine Thousand and Five Hundred Sixty One only)**,were short-paid in respect of various Bills of Entry as detailed in **'Annexure – A'** to this show cause notice. Further, by these deliberate acts of mis-declaration leading to mis-classification with an intent to evade Customs duty by ***"Vinny"*** also appears to have rendered the impugned goods with total Assessable Value of **₹ 13,13,87,104/- (Rupees Thirteen Crore Thirteen Lakh Eight Seven Thousand and One Hundred Four only)** liable to confiscation under Section 111(m) of the Customs Act, 1962.

11.5 Penalty under Section 112(a) of the Customs Act, 1962: It also appears that the impugned goods were mis-declared and mis-classified in order to evade the duty on the goods imported by ***"Vinny"*** and hence the duty was short levied on account of suppression, mis-declaration and misclassification, of the said goods, which was rendered liable to confiscation under Section 111(m) of the Customs Act, 1962. Further, by these deliberate acts of mis-declaration leading to mis-classification with an intent to evade Customs duty, ***"Vinny"*** also appears to have rendered the impugned goods with total Assessable Value of **₹ 13,13,87,104/- (Rupees Thirteen Crore Thirteen Lakhs Eighty Seven Thousand and One Hundred Four only)** liable to confiscation under Section 111(m) of the Customs Act, 1962 and themselves liable to Penalty under Section 112(a) of Customs Act,1962. However, the said goods are not physically available for confiscation.

11.6 Penalty under Section 114A of the Customs Act, 1962- It also appears that the impugned goods were mis-declared and mis-classified to evade the duty on the goods imported by ***M/s. Vinny Overseas Ltd. (IEC – 894009265)*** and hence the duty was short levied on account of suppression, mis-declaration and misclassification, of the said goods. This omission and commission by the importer has led to the short payment of Customs Duty in respect of imported goods under various Bills of entry by way of mis-declaration, **wilful mis-statement or suppression of facts and hence the importer has rendered themselves liable to penalty under section 114A** of the Customs Act, 1962.

12. Annexures having details of assessable value and duty not paid Port-wise is prepared as below**: <u>Table A</u>**

Sr. No.	**B/E No. & Date**	**Assessable value (in ₹)**	**Duty payable (in ₹)**	**Port of Import**
1	**2**	**3**	**4**	**5**
2.	**As per Annexure-A**	**10,20,93,584/-**	**91,66,048/-**	**(INMUN1)**
3.		**1,65,40,569/-**	**12,16,036**	**(INSBI6)**
4.		**1,27,52,951/-**	**9,77,477/-**	**(INNSA1)**
	Total	**13,13,87,104/-**	**1,13,59,561/-**	**---**

13. As per Section 110AA of the Customs Act, 1962 read with notification 28/2022-Customs (NT) dated 31.03.2022, the Adjudicating Authority in the instant case shall be **The Pr. Commissioner/Commissioner of Customs**, Mundra Port ,Mundra (**INMUN1).**

14. Now, therefore, ***M/s. Vinny Overseas Ltd., having registered office B/h, International Hotel, Narol-Isanpur Road, Narol, Ahmedabad, Gujarat, 382405***, is hereby called upon to show cause in writing to the Pr. Commissioner/ Commissioner of Customs, Mundra Port, Mundra having his office at Port User Building, MP&SEZ, Mundra, District-Kutchh (Gujarat) within 30 days from the receipt of this notice as to why,

(i) The declared classification of impugned goods imported under the Bills of Entry detailed in the **Annexure-A** under CTH 48102200 should not be rejected and the same should not be re-classified under CTH 48099000.

(ii) The benefit of the exemption Notification No. 50/2018 at Sr. No. 609 for the impugned goods availed should not be disallowed in terms of **Section 28DA(10)(i) of the Customs Act, 1962** as the tariff item is not eligible for preferential tariff treatment.

(iii) The benefit of lesser IGST @12% under CTI 48102200 should not be denied and the same should not be determined at the eligible rate of 18% under CTH 48099000.

(iv) The impugned imported goods with the total assessable value of **₹ 13,13,87,104/- (Rupees Thirteen Crore Thirteen Lakhs Eighty Seven Thousand and One Hundred Four only)** in respect of Bills of Entry as mentioned in '**Annexure – A'** to this notice should not be held liable for confiscation under the provisions of section 111(m) of the Customs Act, 1962.

(v) Penalty should not be imposed on ***M/s. Vinny Overseas Ltd. (IEC – 894009265)*** under **Section 112(a)** of the Customs Act, 1962 for their acts of commission or omission which have rendered the imported goods liable to confiscation.

(vi) The differential duty amount of **₹1,13,59,561/- (Rupees One Crore Thirteen Lakhs Fifty Nine Thousand and Five Hundred Sixty One only),** in respect of Bills of Entry mentioned in **Annexure–A** to this notice, should not be demanded and recovered under the provisions of Section 28(4) of the Customs Act, 1962.

(vii) Interest at the appropriate rate on the above said duty amount from the date of importation of the goods till the payment of such duty under Section 28 AA of the Customs Act, 1962 should not be demanded.

(viii) Penalty should not be imposed on ***M/s. Vinny Overseas Ltd. (IEC – 894009265)*** under **Section 114 (A)** of the Customs Act, 1962 on account of mis-statement and suppression of facts leading to evasion of Customs Duty.

15. The noticee may submit their written reply to this Show Cause Notice to the adjudication authority within 30 days of the receipt of this show cause notice. The above noticee is further advised to indicate in his written submission whether they desire to be heard in person before the case is adjudicated. If no mention is made about this in the written submission, it would be presumed that they do not desire to be heard in person. They are also required to produce at the time of showing cause all evidences on which they intend to rely upon in support of their defence.

16. The noticee should note that, if no cause is shown by them against the action proposed to be taken within 30 days from the date of receipt of this show cause notice or if they do not appear before the adjudicating authority i.e. Principal Commissioner of Customs, Port User Building, MP& SEZ, Mundra, District- Kutchh (Gujarat) when the case is posted for hearing, the case will be decided *ex-parte* on the basis of the material evidence available on record.

17. This notice is issued without prejudice to any other action that may be taken against all of them or any other person(s) under the provisions of the Customs Act, 1962 or any other law for the time being in force.

18. This show cause notice is being issued on the basis of evidences available on record and relied upon documents as discussed in the aforementioned paragraphs.

19. The Department reserves the right to add, alter, amend, modify or supplement this notice at any time on the basis of any evidence, material facts related to export of goods under investigation and any other export by the said exporter, which may come to the notice of the Department after issuance of this notice and prior to the adjudication of the case.

20. The list of documents relied upon for the issuance of this notice is attached as **Annexure-B** to this notice. All the relied upon documents are enclosed herewith.

Encl.:
(i) Annexure –A regarding duty calculation.
(ii) Annexure-B along with RUDs

Digitally signed by
Nitin Saini
Date: 17-08-2026
14:20:04

(Nitin Saini)
Commissioner of Customs,
Customs House, Mundra.

File No.: GEN/ADJ/COMM/469/2026-Adjn-O/o Pr Commr-Cus-Mundra
SCN No. 38/2026-27/COMM/N.S./Adjn/MCH

By Speed Post/Regd. Post/E-mail/Hand Delivery
Noticee:

1. M/s. Vinny Overseas Ltd, B/h, International Hotel, Narol-Isanpur Road, Narol, Ahmedabad, Gujarat, 382405

Copy Submitted to: -

1. The Additional Director, DRI Ahmedabad Zonal Unit, 15 Magnet Corporate Park, S.G. Highway, Near Sola Flyover, Thaltej, Ahmedabad-380054

2. The Deputy Commissioner (EDI), Customs House, Mundra with a request to upload the Show Cause Notice in departmental official website.

3. Notice Board